



July 27, 2012

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street S.W.
Washington, D.C. 20554

Re: Alaska Communications Systems, Notice of *Ex Parte* Communication,
WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92,
96-45, WT Docket No. 10-208, GN Docket No. 09-51

Dear Ms. Dortch:

Pursuant to the requirements of Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, Alaska Communications Systems ("ACS") hereby discloses that, on July 26, 2012, at its offices in Anchorage, Alaska, representatives of ACS met with Geoffrey Blackwell and Irene Flannery of the Commission's Office of Native Affairs and Policy ("ONAP"), and Andrea Sanders, Legislative Assistant for Senator Mark Begich. ACS representatives participating in the meeting were Leonard Steinberg, Mike Todd, Amy Gardner, Lisa Phillips, and the undersigned (by telephone). The materials attached to this letter were displayed or distributed during the meeting.

At the meeting, ACS discussed the challenges ACS faces, and the successes it has enjoyed, in bringing voice and, where adequate transport facilities are available, broadband services to native Alaskans throughout the state. In particular, ACS discussed its recent acceptance of \$4,185,103 in Connect America Fund Phase I ("CAF I") support.¹ ACS explained that, despite this acceptance, the cost of construction of the facilities required to deliver broadband service to 5,401 new locations, required as a condition of the CAF I support, makes such service uneconomic for ACS. ACS is currently evaluating its options, and may seek a partial waiver of the CAF I conditions as an alternative to returning a portion of its CAF I award.

ACS also discussed its concerns regarding the Commission's efforts to develop the Connect America Fund Phase II ("CAF II") universal service support mechanism, which were consistent with ACS's previous advocacy in this proceeding. ACS explained that adoption of the CQBAT model in its present form could not only preclude additional ACS investments in broadband, but could also jeopardize ACS's ability to maintain basic voice services in remote areas of ACS's service territory, including Alaska Native villages it currently serves.

¹ Letter from Amy Gardner, Vice President, Revenue Assurance, ACS, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket Nos. 10-90, 05-337 (filed July 24, 2012).

In connection with CAF II funding, the Commission has imposed considerable additional service obligations in the form of increased broadband deployment and performance requirements. Despite these increased obligations, flaws in the current CQBAT model would sharply curtail the high cost support available to ACS.

ACS identified two primary flaws in the CQBAT model that cause it to substantially understate the costs of service, and therefore the level of support required, in Alaska. *First*, the CQBAT model is based on a limited set of network design options and relies on many network assumptions that are simply not true in Alaska. For example, the CQBAT model assumes that an Internet peering location always is located at a regional tandem within the ILEC LATA. In Alaska, the nearest Internet peering location is in Seattle, Washington. The CQBAT model fails to incorporate the substantial costs of transport associated with hauling traffic via undersea cable between Seattle and Anchorage, the northern landing point of the submarine cable ACS must use to transport this traffic. Moreover, the CQBAT model fails to recognize the substantial additional costs of transporting this traffic hundreds of miles further between Anchorage and distant points in remote areas of Alaska, many of which are not accessible by road, have no access to reliable electric service, and must be served by microwave or satellite facilities.

Second, ACS believes that the inputs to the CQBAT model substantially understate costs in Alaska. Unfortunately, ACS and other parties have had only limited access to the CQBAT model, because the proponents of the model have not made available all of the necessary information about the underlying cost inputs. ACS continues to believe that any model the Commission adopts, along with the input values used to determine support amounts in particular areas, must be available for review by the public, such that the model and all underlying data, formulae, computations, and associated software must be available to all interested parties for review and comment. In addition, all underlying data should be verifiable, engineering assumptions reasonable, and outputs reasonable. Moreover, the public must have access, not just to the underlying source code, but to the input data as well, in order to be able to test the model and offer modifications. Based on the outputs ACS has reviewed, however, ACS does not believe that any Alaska-specific costs were included in the CQBAT model.

ACS offered two alternative solutions previously described in its comments. As a starting point, ACS has urged the Commission, in lieu of support based on the CQBAT model, to continue providing insular price cap LECs, such as ACS, with CAF support at Phase I levels, including both frozen and incremental Phase I support. Doing so would, at a minimum, avert the catastrophic consequences of the significant reductions in current support levels that the current CQBAT model would produce. In connection with this option, ACS has requested that the Commission concomitantly adjust the service requirements otherwise associated with CAF II support, recognizing that the CAF I

support levels were intended only to help defray the costs of providing voice service at affordable rates, and should not be expected also to cover the costs of building, maintaining, and operating broadband-capable networks.

In the alternative, ACS recommends that the Commission develop a model that accounts for the unique cost characteristics of providing voice and broadband services in Alaska. In furtherance of this goal, ACS has provided the Commission with a partial set of Alaska-specific cost inputs, modeled at ACS's own expense, reflecting the extraordinary transport requirements for broadband service in Alaska. If the Commission is determined to proceed with model-based support for Alaska, it should adopt a model specifically for price cap LECs serving insular areas, using cost inputs that the insular LECs supply, to determine the CAF II support to be made available to insular price cap LECs such as ACS. ACS believes that such a separate model is the only way to fully recognize the unique service cost factors for high-cost, difficult to serve insular areas, specifically Alaska.

ACS also expressed dismay at the pricing policies adopted by General Communication Inc. ("GCI") for transport services on its TERRA-SW fiber optic and microwave transport facilities. Despite the fact that GCI constructed these facilities with federal grant funding and loan guarantees awarded under the Broadband Initiatives Program ("BIP") administered by the Rural Utilities Service, GCI continues to insist on excessively high rates for transport using these facilities that are equivalent to rates for satellite-delivered services.

Finally, ACS discussed its plans for implementing the recent guidance issued by ONAP, the Wireline Competition Bureau, and the Wireless Telecommunications Bureau regarding tribal government engagement obligations of communications service providers in connection with the implementation of the Connect America Fund.² Outreach and coordination with Alaska native governments, including the regional corporations and village corporations established under the Alaska Native Claims Settlement Act, is a vitally important component of ACS's service commitment.

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² Public Notice, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, WT Docket No. 10-208, GN Docket No. 09-51, *Office of Native Affairs and Policy, Wireless Telecommunications Bureau, and Wireline Competition Bureau Issue Further Guidance on Tribal Government Engagement Obligation Provisions of the Connect America Fund*, DA 12-1165 (rel. July 19, 2012).

Marlene H. Dortch, Secretary
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In accordance with the Commission's rules, this notice is being filed electronically in the above-referenced dockets. Should you have any questions, please contact the undersigned at (202) 230-4962 or Richard.Cameron@acsalaska.com.

Very truly yours,



Richard R. Cameron
Assistant Vice President and Senior Counsel



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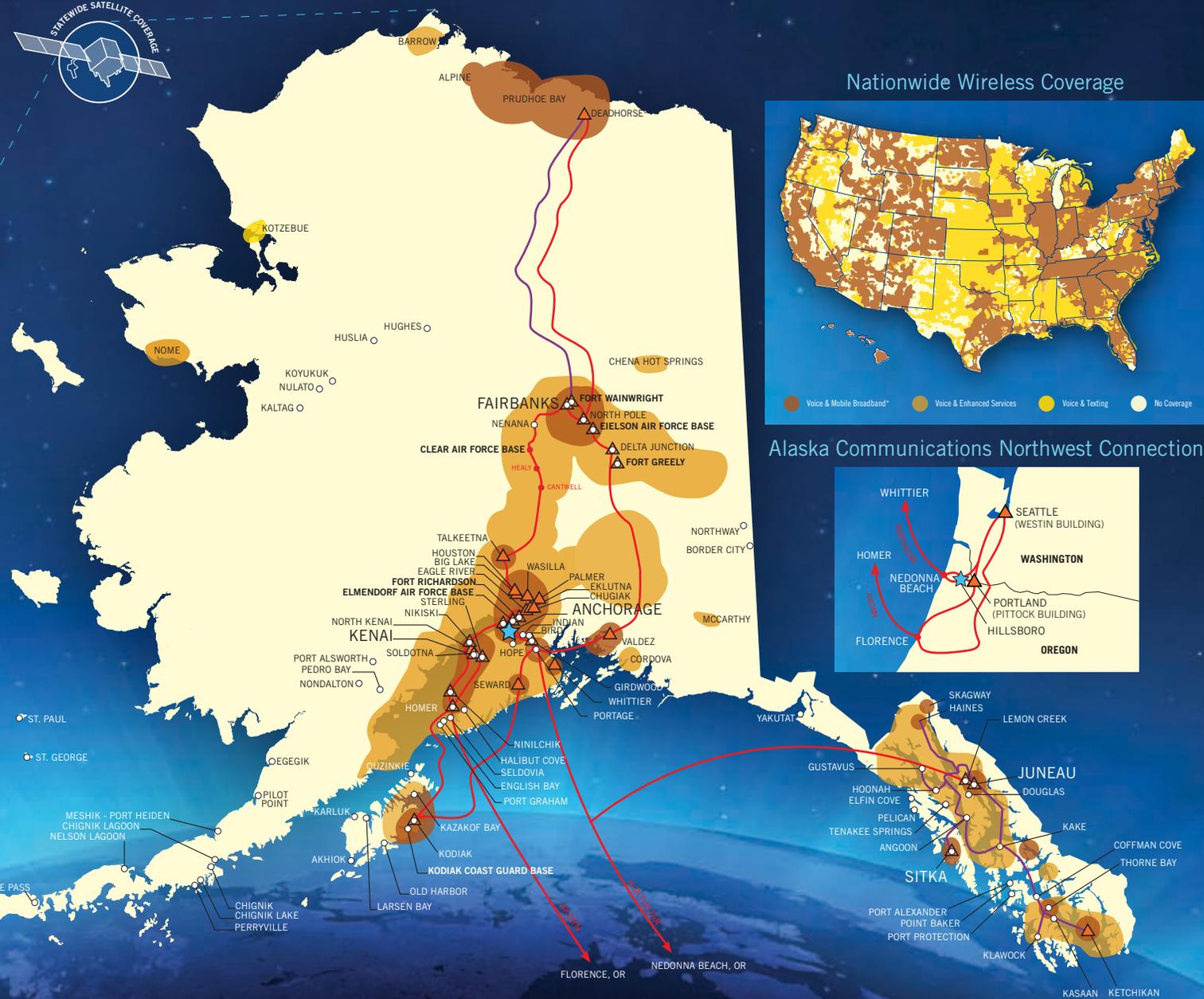
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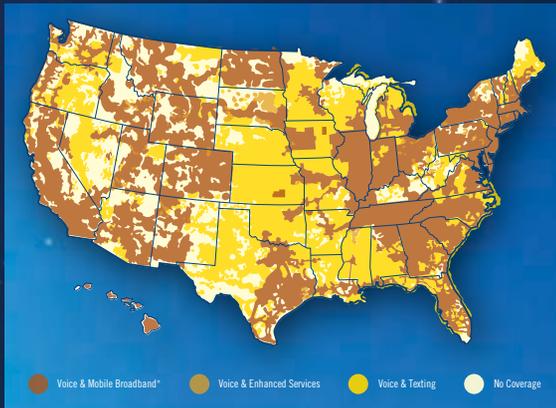
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MPLS / Ethernet Locations	Voice & Texting
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Microwave Links	



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*Available in 2014/15. This map is a geographical representation and coverage subject to approval. Services include both wired and leased assets. Services may not be available at all times or in all locations. Equipment, configuration, environment or other conditions may adversely affect service. Network coverage includes planned 2015 coverage enhancements.

ACS Bush Communities

July 26, 2012

Community	Population*	Regional Corporation*	Village Corporation*	Tribal - Federally Recognized*	Accessibility (Road, Air, Water)*	Backhaul Type	Distance to Closest Fiber (Air Miles)	Closest Fiber Location
Akhiok	82	Koniag, Inc.	Akhiok-Kaguyak, Inc.	Native Village of Akhiok	Air, Water	Satellite	88	Kodiak
Akutan	1,040	Aleut Corp.	The Akutan Corp.	Native Village of Akutan	Water, Float Plane	Satellite	483	Levelock
Angoon	466	Sealaska Corp.	Kootznookoo Inc.	Angoon Community Assoc.	Water, Float Plane	Microwave	39	Sitka
Atka	58	Aleut Corp.	Atkam Corp.	Native Village of Atka	Air, Water	Satellite	823	Levelock
Alcan Border (Border City)	24	Doyon, Ltd.			Road	Satellite	80	Tok
Chignik	102	Bristol Bay Native Corp.	Far West, Inc.	Chignik Bay Tribal Council	Air, Water	Satellite	202	Levelock
Chignik Lagoon	77	Bristol Bay Native Corp.	Chignik Lagoon Native Corp.	Native Village of Chignik Lagoon	Air, Water	Satellite	205	Levelock
Chignik Lake	69	Bristol Bay Native Corp.	Chignik River Limited	Chignik Lake Village	Air	Satellite	209	Levelock
Coffman Cove	170	Sealaska Corp.			Water, Float Plane	Satellite	53	Petersburg
Egegik	113	Bristol Bay Native Corp.	Becharof Corp.	Egegik Village	Air, Water	Satellite	64	Levelock
Elfin Cove	18	Sealaska Corp.			Water, Float Plane	Microwave	82	Juneau
English Bay (Nanwalek)	276	Chugach Alaska Corp.	The English Bay Corp.	Native Village of Nanwalek	Air, Water	Satellite	24	Homer
False Pass	37	Aleut Corp.	Isanotski Corp.	Native Village of False Pass	Air, Water	Satellite	385	Levelock
Gustavus	460	Sealaska Corp.			Air, Water	Microwave	61	Juneau
Halibut Cove	77	Cook Inlet Region, Inc.			Water, Float Plane	Microwave	11	Homer
Hoonah	753	Sealaska Corp.	Huna Totem Corp.	Hoonah Indian Assoc.	Air, Water	Microwave	51	Juneau
Hughes	78	Doyon, Ltd.	K'oyit'ots'ina, Ltd.	Hughes Village	Air	Satellite	103	Juneau
Huslia	299	Doyon, Ltd.	K'oyit'ots'ina, Ltd.	Huslia Village	Air	Satellite	167	Pump Station 5
Kake	579	Sealaska Corp.	Kake Tribal Corp.	Organized Village of Kake	Air, Water	Satellite	42	Petersburg
Kokhanok	179	Bristol Bay Native Corp.	Kokhanok Native Corp.	Kokhanok Village	Air, Water	Satellite	79	Levelock
Kaitag	205	Doyon, Ltd.	Gana-a-yoo Ltd.	Village of Kaitag	Air	Satellite	229	Pump Station 5
Kariuk	37	Koniag, Inc.	Koniag, Inc.	Native Village of Kariuk	Air, Float Plane	Satellite	75	Kodiak
Kasaan	66	Sealaska Corp.	Kavilto Inc.	Organized Village of Kasaan	Air, Water	Satellite	87	Petersburg
Klawock	813	Sealaska Corp.	Klawock Heenya Corp.	Klawock Cooperative Assoc.	Air, Water	Satellite	85	Petersburg
Koyukuk	97	Doyon, Ltd.	Gana-a-yoo Ltd.	Koyukuk Native Village	Air, Water	Satellite	245	Pump Station 5
Larsen Bay	89	Koniag, Inc.	Koniag, Inc.	Native Village of Larsen Bay	Air, Water	Satellite	62	Kodiak
Port Heiden (Meshik)	101	Bristol Bay Native Corp.	Meshik Inc.	Native Village of Port Heiden	Air	Satellite	162	Levelock
Nelson Lagoon	45	Aleut Corp.	Nelson Lagoon Corp.	Native Village of Nelson Lagoon	Air, Water	Satellite	273	Levelock
Nikolski	16	Aleut Corp.	Chalikva Corp.	Native Village of Nikolski	Air	Satellite	627	Levelock
Nondalton	178	Bristol Bay Native Corp.	Kijik Corp.	Nondalton Village	Air, Water	Satellite	94	Levelock
Northway	76	Doyon, Ltd.	Northway Natives Inc.	Northway Village	Air, Road	Satellite	44	Tok
Nulato	275	Doyon, Ltd.	Gana-a-yoo Ltd.	Nulato Village	Air	Satellite	277	Pump Station 5
Old Harbor	208	Koniag, Inc.	Old Harbor Native Corp.	Village of Old Harbor	Air, Water	Satellite	53	Kodiak
Ouzinkie	178	Koniag, Inc.	Ouzinkie Native Corp.	Native Village of Ouzinkie	Air, Water	Satellite	10	Kodiak
Pedro Bay	47	Bristol Bay Native Corp.	Pedro Bay Corp.	Pedro Bay Village	Air, Water	Satellite	86	Homer
Pelican	83	Sealaska Corp.			Water, Float Plane	Microwave	58	Sitka
Perryville	130	Bristol Bay Native Corp.	Oceanside Corp.	Native Village of Perryville	Air, Water	Satellite	235	Levelock
Pilot Point	88	Bristol Bay Native Corp.	Pilot Point Native Corp.	Native Village of Pilot Point	Air, Water	Satellite	105	Levelock
Point Baker	14	Sealaska Corp.			Float Plane, Helicopter	Microwave	41	Petersburg
Port Alexander	62	Sealaska Corp.	Tanalian, Inc.	Native Village of Port Graham	Water, Float Plane	Satellite	76	Sitka
Port Alsworth	156	Cook Inlet Region, Inc.			Air	Satellite	97	Homer
Port Graham	169	Chugach Alaska Corp.	The Port Graham Corp.	Native Village of Port Graham	Water, Float Plane	Satellite	23	Homer
Port Protection	53	Sealaska Corp.			Water, Float Plane	Microwave	42	Homer
St. George	97	Aleut Corp.	St. George Tanaa Corp.	Saint George Island	Air, Water	Satellite	499	Petersburg
St. Paul	481	Aleut Corp.	Tanadgusuk Corp.	Saint Paul Island	Air, Water	Satellite	504	Levelock
Seldovia	243	Cook Inlet Region, Inc.	Seldovia Native Association, Inc.	Seldovia Village Tribe	Air, Water	Microwave	15	Homer
Tenakee Springs	145	Sealaska Corp.			Water, Float Plane	Microwave	41	Sitka
Thorne Bay	496	Sealaska Corp.			Float Plane (Air via Klawock; Ferry via Hollis)	Satellite	78	Petersburg
Yakutat	656	Sealaska Corp.	Yak-Tat Kwaan Inc.	Yakutat Tlingit Tribe	Air, Water	Microwave	217	Juneau
Tutka Bay	Not Available	Not Available	Not Available	Not Available	Not Available	UNK	10	Homer

*Alaska Community Database Community Information Summaries. State of Alaska, Alaska Department of Commerce, Community, and Economic Development. July 23, 2012.
 <http://www.commerce.state.ak.us/dca/commdb/CF_CIS.htm>