

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Universal Service Reform – Mobility Fund	)	WT Docket No. 10-208
	)	
Petition for Waiver of Cordova Wireless Communications, Inc.	)	DA 12-1627

**COMMENTS OF ALASKA COMMUNICATIONS SYSTEMS**

Alaska Communications Systems (“ACS”),<sup>1</sup> hereby submits these comments in response to the Public Notice (“Public Notice”)<sup>2</sup> issued in the above-captioned proceedings, seeking comment on the Petition of Cordova Wireless Communications, Inc. (“Cordova Wireless”), for waiver of the Commission rules governing phase-down of the legacy competitive eligible telecommunications carrier (“CETC”) support that it receives in connection with service it provides in Cordova, Alaska.

Citing the financial burden of new service Cordova Wireless has recently launched in and around Yakutat, Alaska, Cordova Wireless seeks a partial waiver of the phase down of CETC support, due to commence in July, 2014. The waiver would arrest the phase down, to permit Cordova Wireless to continue to receive legacy CETC high cost support at frozen levels for the indefinite future.

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<sup>1</sup> In these comments, “Alaska Communications Systems” signifies the operating subsidiaries of Alaska Communications Systems Group, Inc., which include the incumbent local exchange carriers (“ILECs”), ACS of Alaska, Inc., ACS of Anchorage, Inc., ACS of Fairbanks, Inc., and ACS of the Northland, Inc., as well as the additional operating subsidiaries, ACS Wireless, Inc., ACS Long Distance, Inc., ACS Internet, Inc., ACS Cable, Inc., Alaska Fiber Star, and WCI Cable. Together, these ACS companies provide retail and wholesale wireline and wireless telecommunications, information, broadband, and other services to residential and business customers in the State of Alaska and beyond, using ACS’s intrastate and interstate facilities.

<sup>2</sup> Public Notice, WC Docket No. 10-90, WT Docket No. 10-208, *Wireless Telecommunications Bureau Seeks Comment on Cordova Wireless Communications, Inc. Petition for Waiver of Universal Service Rules*, DA 12-1627 (rel. Oct. 11, 2012).

The Cordova Wireless Petition states that Yakutat is an extremely remote area that has a small population consisting of over one-third Alaska Natives. ACS understands well both the importance and the challenges of providing service to the state's native populations. Of the 565 federally recognized tribal entities, 229 are located in Alaska.<sup>3</sup> The 2010 Census found that Alaska Natives comprise approximately 15 percent of the population of Alaska, among the highest concentrations in the nation.<sup>4</sup> ACS itself serves at least fifty bush communities with populations ranging from 14 to just over 1000, and encompassing at least 44 different tribes. This total, representing nearly 8 percent of the total number of federally recognized tribes in the United States, is a tremendous number for ACS, which serves just 130,000 access lines located within a single state. And, of course, the entire state of Alaska is comprised of the regions under the jurisdiction of the Alaska Native Regional Corporations created by the Alaska Native Claims Settlement Act, 43 U.S.C. §§ 1601 *et. seq.*

Ultimately, the genesis of the Cordova Wireless request is the extremely high cost of providing service – both voice and broadband – across vast, remote, sparsely populated tracts of Alaska outside of its larger communities, Anchorage, Fairbanks, and Juneau. Throughout the 2000's, Alaskan wireless CETCs eagerly embraced the Commission's invitation to use CETC support to build and expand their wireless networks into areas that were previously uneconomic to serve absent such support. For these many years, federal CETC support has enabled

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<sup>3</sup> Bureau of Indian Affairs, "Indian Entities Recognized and Eligible To Receive Services From the United States Bureau of Indian Affairs," *Federal Register*, 75 Fed. Reg. 60810 (2010).

<sup>4</sup> U.S. Census Bureau, "Alaska QuickFacts from the US Census Bureau," available at: <http://quickfacts.census.gov/qfd/states/02000.html> (showing 2011 estimate for "American Indian and Alaska Native persons" of 14.9 percent, compared to 1.2 percent for the nation as a whole).

expansion of mobile networks beyond the geographic reach and levels of capacity that the sparsely populated mobile markets otherwise may have been able to bear. In doing so, this support has permitted CETCs to deliver critically needed communications services to consumers and businesses throughout unserved and underserved areas of Alaska, such as Yakutat. In remote areas of Alaska, these services are essential to deliver the well-recognized benefits of improved educational, economic, cultural, and social opportunities. At least as important, however, in such remote areas where gravely dangerous threats can and do emerge quickly, the ability to communicate a call for help from a mobile device can literally make the difference between life and death.

The Commission's decision to freeze per-line CETC support at 2011 levels and establish a phase-down, even in remote areas of Alaska, casts a pall on this success. The phase-down that will start in July 2014, less than two years from now, threatens to disrupt CETC services, not only in Cordova and Yakutat, as suggested in the Cordova Wireless petition, but in many remote areas of the state that are difficult and costly to serve. It is possible that some facilities and services originally funded with CETC support can be maintained during the phase-down, now that CETC support has assisted with the initial capital construction costs. ACS believes, however, that there are many more areas where providers will be unable to sustain their current levels of service without further support, and will be forced to curtail operations or discontinue services, as Cordova Wireless indicates will be necessary in Cordova and Yakutat.<sup>5</sup>

With the details of support under the new Mobility Fund Phase II still to be announced, the Commission should anticipate additional petitions for waiver from CETCs facing similar

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<sup>5</sup> See Cordova Wireless Petition at 9.

circumstances to those of Cordova Wireless. As is the case with the Cordova Wireless petition, these subsequent petitions are likely to involve both areas where the carrier is currently providing supported services as a CETC, and new areas where service is critically needed, where it may have acceded to local pleas for new or improved coverage.<sup>6</sup> The Commission should be prepared to grant all such meritorious petitions in order to advance its fundamental universal service goals, and avoid the resulting reductions or denials of service that may otherwise ensue.

The need is particularly acute in Alaska. As ACS's comments in these proceedings have explained in detail, the costs of providing service in Alaska, and between Alaska and points in the Lower 48 States, are particularly high. As is illustrated by the Cordova Wireless petition, a combination of topographic, climatological, and demographic factors elevate costs of all services – wireline, wireless, and Internet access alike – far above those prevailing elsewhere in the nation. Transport facilities must traverse great distances, often across forbidding mountains, deep valleys, and ocean channels. The nearest Internet Point-of-Presence is in Washington state, affecting the costs of wireless and wireline broadband Internet access for all ETCs. The road network is extremely limited, with access to many sites available only by air, barge, snow machine, or other off-road conveyances. The short construction season slows the pace of deployment for new facilities, and drives up the costs of labor during the summer months. Weather conditions year round often hinder or prevent site access and, even in fair conditions, the round trip travel time necessary to complete a service or repair call may take multiple days.<sup>7</sup>

Even where service can be made available, low population density in many areas limits the economic viability of services, making the business case challenging at best. In many remote

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<sup>6</sup> See Cordova Wireless Petition at 2-3.

<sup>7</sup> See Cordova Wireless Petition at 4-5.

areas of Alaska, there are few residents and even fewer businesses. While these facts make it difficult for carriers to sustain service, they also make telecommunications connectivity to the rest of the state, nation, and world even more vitally important to those people who make their home there.

With the details of CAF Phase II and Mobility Fund Phase II currently unsettled, the Commission should take every opportunity available to ensure adequate support to Alaska, in order to avert the potentially disastrous impact of the Phase II transition. While the CAF Phase II cost model and support mechanism are still under consideration by the Commission, the current cost model produces dramatic reductions in support for wireline services in Alaska, even as new Commission rules condition receipt of such support on costly new investments in broadband. Similarly, while the details of Mobility Fund Phase II are still being developed, the Commission's Mobility Fund Phase I auction included substantial wireless broadband buildout conditions that discouraged potential bidders. The high costs of service in Alaska, coupled with the limited revenue opportunities from such services offered in remote areas, mean that in an auction setting, carriers in Alaska have an inherent structural difficulty competing against carriers from elsewhere in the nation. Because unserved areas of Alaska are likely to be generally more difficult and costly to serve than unserved areas of other states, Alaskan carriers face an uphill battle in support auctions, which may limit their success and ultimately result in insufficient levels of support for facilities and services in Alaska.

In the recent Mobility Fund Phase I auction, for example, GCI Communication Corp. ("GCI") was the only carrier to win support for services to be deployed in Alaska, and even GCI garnered just barely more than one percent of the nearly \$300 million awarded by the

Commission.<sup>8</sup> Moreover, as indicated by the Commission's *USF/ICC Transformation Order*, the \$500 million budget for Mobility Fund Phase II represents a significant *decrease* from the \$579 million in CETC support that flowed to small and regional wireless CETCs in 2010.<sup>9</sup> It is unlikely that wireless CETCs will be able to continue to maintain their current networks and expand mobile wireless broadband services with reduced support. If the Commission expects CETCs to continue extending mobile broadband networks, support must be sufficient, and some tailoring of the broadband requirements imposed in connection with Mobility Fund Phase II support must be permitted in unique environments such as Alaska.

One opportunity for the Commission to ameliorate the impending crisis in Alaska is to grant waivers wherever possible to enable additional support to flow to Alaska under the Commission's existing transition mechanisms or, at a minimum, to prevent decreases in such support. By doing so, the Commission will enable Alaskan carriers to deploy facilities and improve services to the greatest extent possible during the current transitional Phase I. Such additional support will therefore help to shorten the leap to Phase II, minimizing customer dislocation and service losses that otherwise may ensue.

The Commission should therefore grant the Cordova Wireless Petition, as a means of preserving the flow of critically needed support to Alaska, and look favorably on additional, similar waiver petitions that other, similarly situated Alaskan CETCs are likely to file.

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<sup>8</sup> Public Notice, *Mobility Fund Phase I Auction Closes, Winning Bidders Announced For Auction 901*, DA 12-1566 (rel. Oct. 3, 2012), at Appendix A.

<sup>9</sup> *Connect America Fund*, WC Docket No. 10-90, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, 26 FCC Rcd 17663 ¶¶ 495, 501 (2011) ("*USF/ICC Transformation Order*") (subsequent history omitted).

For the foregoing reasons, ACS hereby requests that the Commission grant the Cordova  
Wireless Petition for Waiver, as discussed herein.

Respectfully submitted,



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