

Issues for Discussion

1. The 80% take rate used in the model is unrealistic for Alaska, due to the presence of a subsidized competitor through much of ACS's service territory.
2. The undersea cable module should include a spur to Juneau and additional landing points in the Kenai peninsula, reflecting the realities of laying cables in Alaska.
3. The amount of the undersea cable costs allocated overall to delivery of residential voice and broadband traffic should be 50%, not 34%.
4. The model understates annual charge factor (ACF) for undersea cable costs for AK.
5. ACS proposed adjustments (plant mix, soil type, CapEx) result in a Middle Mile cost per foot of \$6.69 rather than \$5.76 produced by version 3.1.4 (or \$5.83 under version 3.2), after application of the 50% special access/private line allocation factor, and other sharing algorithms contained in the model. This represents an increase of approximately 16% (15% under version 3.2) in Middle Mile costs.
6. Given the significant number of locations to which ACS would deploy broadband, the short construction season, and material supply and labor constraints in Alaska, ACS requires 10 rather than 5 years to complete statewide build-out.
7. ACS should be classified as "small" rather than "medium" sized, and its OpEx adjusted accordingly.
8. Does the Bureau believe that the model should cap a carrier's recoverable costs based on historic cost levels? If so, which costs, and why?
9. What concerns or questions does the Bureau have about ACS's proposals?