

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

July 2, 2002 Annual Access Charge
Tariff Filings

ACS of Anchorage, Inc.
Tariff FCC No. 1

WCB/Pricing 02-12

Transmittal No. 16

Opposition of ACS of Anchorage, Inc.

ACS of Anchorage, Inc. (“ACS”), through its attorneys, hereby opposes the Petition of GCI to Suspend and Investigate (the “GCI Petition”) ACS’s above-referenced tariff transmittal (“Transmittal 16”).¹ Transmittal 16 raises no substantial questions of lawfulness and, as such, should be permitted to take effect without suspension or investigation by the Commission.

The Commission has already properly determined that the issues GCI raised in its earlier petition in this proceeding to suspend and investigate ACS’s 2002 annual access tariff filing (the “July 2002 Tariff”)² did not warrant a full investigation of the July 2002 Tariff.³ This new GCI Petition is nothing more than a tired retread of those earlier arguments, and the Commission should reject it as such.

¹ ACS of Anchorage, Inc., Tariff FCC No. 1, Transmittal No. 16 (filed July 30, 2002). GCI filed its petition to suspend and investigate this transmittal on July 31, 2002.

² See *July 2, 2002 Annual Access Charge Tariff Filings*, WCB/Pricing 02-12, Petition of GCI to Suspend and Investigate (filed June 24, 2002) (“GCI Annual Access Petition”).

³ *2002 Annual Access Tariff Filings*, WCB/Pricing No. 02-12, Order on Reconsideration, DA 02-1833 (rel. July 31, 2002), at para. 5 (“*2002 Annual Access Reconsideration Order*”).

(A) The Commission has already considered and rejected GCI's arguments. In the *2002 Annual Access Reconsideration Order*, the Commission acknowledged the revision to its forecast that ACS made in Transmittal 16 and concluded that, “[i]n light of this revision, we find that no further investigation of ACS’s annual access tariff rates is warranted.”⁴ Because the GCI Petition raises no new arguments, the Commission similarly should decline to suspend and investigate ACS’s Transmittal 16.

(B) ACS has already fully explained its forecasting technique.

Although GCI argues that ACS should produce additional information regarding its forecasting techniques, no additional information is needed. *First*, because the Commission has terminated its investigation into ACS’s July 2002 Tariff, any additional information regarding the forecast ACS used in that tariff is irrelevant to any ongoing Commission proceeding.

Second, in Transmittal 16, ACS has already fully disclosed all necessary information about its forecasting methodology. ACS has both provided a detailed description of its forecasting technique and the underlying data that ACS used, and published the actual monthly minute-of-use data on which it relies, so that other parties may replicate and verify ACS’s results.⁵ This is, in fact, far more information than is typically disclosed in documents supporting tariff filings by other carriers in the industry.

⁴ *Id.*

⁵ ACS of Anchorage, Inc, Tariff FCC No. 1, Transmittal No. 15, Description and Justification at 1-3. While ACS inadvertently omitted to make the changes to the affected tariff page, Transmittal 16 corrects this error by making the rate changes contemplated by the D&J in Transmittal No. 15.

(C) Transmittal 16 incorporates a reasonable and conservative demand forecast. While GCI continues to argue that ACS should adopt GCI's local switching demand forecast of 483 million minutes, it fails to articulate any basis upon which to conclude that this forecast is more reasonable than that used by ACS. The Commission has recognized that "there are many different methods that could produce reasonable forecasts for individual LECs."⁶ Transmittal 16 incorporates a forecast that is both reasonable and conservative for at least two reasons.

First, ACS's forecast in Transmittal 16 is reasonable because it incorporates a demand forecasting technique that, to ACS's knowledge, is more sophisticated than any being used for this purpose in the industry today. While ACS continues to believe that the 12-month linear regression forecast underlying its July 2002 Tariff also was reasonable, the three-year technique employs a longer data series and employs sophisticated techniques to correct for "outliers" in the data series.⁷ These adjustments combine to produce a forecast that is likely to be an accurate prediction of the demand ACS will experience in the coming period.⁸

⁶ *1997 Annual Access Tariff Filings*, Memorandum Opinion and Order, 13 FCC Rcd 3815, 3847-48, para. 76 (1997).

⁷ Transmittal 15 D&J at 1-3.

⁸ Indeed, GCI's latest petition suggests that it cannot be satisfied by any forecast. Having criticized ACS's original forecasting methodology, GCI now criticizes ACS for adopting a different and more sophisticated one. Moreover, GCI appears equally guilty of shifting its forecasting techniques. While it originally advocated a forecast using annualized data, GCI Annual Access Petition at 7, GCI now argues in favor of a forecast that uses "normalized" monthly data based on billed minutes of use per day. GCI Petition at 8. GCI fails, however, to explain why the three-year forecasting technique ACS actually employed is unreasonable or why such "normalization" would produce a more reliable forecast.

Second, ACS's forecast is conservative because it ignores the likely effects of a recent increase in local rates in the Anchorage market – effects that ACS believes could support a lower demand forecast than the one Transmittal 16 uses. In late November, 2001, as part of the ongoing rate case ordered by the Regulatory Commission of Alaska (“RCA”), ACS implemented an interim 24 percent local rate increase.⁹ ACS anticipates that the RCA will issue a final order setting permanent rates later this year. As a result of this local rate increase, ACS expects its market share losses in Anchorage to continue to accelerate, particularly if the RCA establishes permanent local rates that are comparable to the interim rates now in effect. This rate increase, with the attendant market share losses it is likely to precipitate, will place additional downward pressure on ACS's interstate switched access demand, yet this effect is not taken into account in ACS's demand forecast.

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⁹ In approving the sale of ACS's predecessor, Anchorage Telephone Utility from the city of Anchorage to ACS's parent corporation, the RCA's predecessor, the Alaska Public Utility Commission, directed ACS to file “revenue requirement, cost-of-service, and rate design studies” by July 2, 2001. *Application filed by Alaska Communications Systems, Inc., for Authority to Acquire a Controlling Interest in the Municipality of Anchorage d/b/a Anchorage Telephone Utility a/k/a ATU Telecommunications, Holder of Certificates of Public Convenience and Necessity Nos. 120 and 513 Authorizing the Provision of Telecommunications Public Utility and Public Pay Telephone Service*, Docket No. U-98-173, Order Holding Procedural Matters in Abeyance, Affirming Oral Cancellation of the Hearing, Accepting Stipulation, and Approving Applications, Subject to Conditions, Order No. 7 (Apr. 9, 1999), at 8. The present rate case is the result of ACS's compliance with this directive. *See ACS of Anchorage, Inc., d/b/a Alaska Communications Systems, ACS Local Service, & ACS, Revenue-Requirement, Cost-of-Service, and Rate Design Study Filings Required Pursuant to U-98-173(7), and the Depreciation Study Filing Required Pursuant to U-96-78(1), U-01-34, Order Opening Docket of Investigation to Receive Filings*, Order No. 1 (Mar. 27, 2001).

For the foregoing reasons, the Commission should reject GCI's Petition to Suspend and Investigate ACS's Transmittal 16, and allow this Transmittal to take effect as scheduled.

Respectfully submitted,

ALASKA COMMUNICATIONS SYSTEMS, INC.

Leonard A. Steinberg
General Counsel
ALASKA COMMUNICATIONS SYSTEMS, INC.
510 L Street, Suite 500
Anchorage, Alaska 99501
(907) 297-3000

/s/ Richard R. Cameron
Richard R. Cameron
LATHAM & WATKINS
Suite 1000
555 Eleventh Street, N.W.
Washington, D.C. 20004-1304
(202) 637-2200

Its Attorneys

Certificate of Service

I, Richard R. Cameron, hereby certify that a copy of the foregoing Opposition of ACS of Anchorage, Inc. to the Petition to Suspend and Investigate in this proceeding was served, via e-mail (except otherwise noted) on the following persons this 2nd day of August, 2002. A paper copy of this document will be mailed via United States mail, first class postage prepaid, to any recipient so requesting.

Tamara L. Preiss, Chief
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
tpreiss@fcc.gov

Judy Nitsche, Assistant Chief
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
jnitsche@fcc.gov

Jeffrey H. Dygert, Deputy Chief
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
jdygert@fcc.gov

Joe D. Edge
Tina M. Pidgeon
Drinker, Biddle & Reath, LLP
Counsel for General Communications, Inc.
1500 K Street, N.W, Suite 1100
Washington, D.C. 20005
edgejd@db.com
pidgeontm@db.com

/s/ Richard R. Cameron
Richard R. Cameron
richard.cameron@lw.com