



PUBLIC NOTICE

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APPLICATIONS GRANTED FOR THE TRANSFER OF CONTROL OF ALASKA COMMUNICATIONS SYSTEMS GROUP, INC. AND ITS OPERATING SUBSIDIARIES TO PROJECT 8 BUYER, LLC

WC Docket No. 21-23

By this Public Notice, the Wireline Competition Bureau, International Bureau, and Wireless Telecommunications Bureau (together, Bureaus) grant a series of applications filed by Alaska Communications Systems Group, Inc. (Alaska Communications) and Project 8 Buyer, LLC (Project 8) (together, Applicants), pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended (Act),¹ the Cable Landing License Act of 1921,² and sections 1.767, 1.948, 25.119, 63.03-04, 63.18, and 63.24 of the Commission's rules,³ seeking approval to transfer control of various licenses and authorizations held by Alaska Communications' operating subsidiaries to Project 8.⁴

¹ 47 U.S.C. §§ 214, 310(d).

² 47 U.S.C. §§ 34-39; *see also* Exec. Ord. No. 10530, Sec. 5(a), reprinted as amended at 3 U.S.C. § 301 (delegating the President's authority under the Cable Landing License Act to the Commission).

³ 47 CFR §§ 1.767, 1.948, 25.119, 63.03-04, 63.18, 63.24; Joint Application for Consent to Transfer Control of Domestic and International Section 214 Authorizations, WC Docket No. 21-23 (filed Jan. 21, 2021) (Lead Application). The Commission licenses and authorizations subject to the applications are listed in Attachment A to this Public Notice and include domestic and international section 214 authorizations, wireless licenses, a non-common carrier earth station license, and submarine cable landing licenses (Lead Application, together with applications listed in Attachment A, Applications). Applicants filed supplements to the Lead Application on February 16, 2021, March 25, 2021, April 13, 2021, and April 20, 2021. Letter from Karen Brinkmann, Counsel to Alaska Communications, and Phillip R. Marchesiello, Counsel to Project 8 Buyer, to Marlene H. Dortch, Secretary, FCC (filed Feb. 16, 2021) (on file in WC Docket No. 21-23) (First Supplement Letter); Letter from Richard Cameron, Counsel to Alaska Communications, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 21-23 (filed Mar. 25, 2021) (Second Supplement Letter); Letter from Richard Cameron, Counsel to Alaska Communications, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 21-23 (filed Apr. 13, 2021) (Third Supplement Letter); Letter from Karen Brinkmann, Counsel to Alaska Communications, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 21-23 (filed Apr. 20, 2021) (Fourth Supplement Letter).

⁴ Alaska Communications, through counsel, made subsequent filings pointing out that the applications to transfer control included "certain point-to-point microwave licenses held by ACS of Fairbanks License Sub, LLC," some of which "are not yet constructed, having a construction deadline of May 3, 2022." Second Supplement Letter; *see also* Third Supplement Letter. The Second and Third Supplement Letters included affidavits making the showing required by section 101.55(c) of the Commission's rules "to demonstrate that the proposed assignor or transferor has not acquired an authorization or operated a station for the principal purpose of profitable sale rather than public service." 47 CFR § 101.55(c).

On February 16, 2021, the Bureaus released a consolidated public notice seeking comment on the Applications.⁵ No party filed comments or petitions in opposition to the proposed transaction.

Applicants and Description of Transaction

Alaska Communications, a publicly traded Delaware corporation, through its operating subsidiaries provides telecommunications and broadband services.⁶ Alaska Communications' operating subsidiaries are: (1) ACS of Alaska, LLC, an incumbent local exchange carrier (LEC) serving two study areas that encompass (a) the City and Borough of Juneau (the Juneau Study Area) and (b) Eielson Air Force Base and Fort Wainwright (the Greatland Study Area); (2) ACS of Fairbanks, LLC, an incumbent LEC serving the City of Fairbanks and certain nearby areas; (3) ACS of the Northland, LLC, an incumbent LEC serving two study areas: (a) Sitka Borough and certain non-contiguous Bush areas, including part of Prince of Wales Island, Yakutat, Northway, Border City, and parts of the Aleutian Island chain (the Sitka Bush Study Area) and (b) Kenai, Soldotna, Kodiak, and areas outside Fairbanks, including Delta Junction, Nenana, and North Pole (the Glacier State Study Area); (4) ACS of Anchorage, LLC, an incumbent LEC serving the Anchorage area, including Joint Base Elmendorf-Richardson, and certain small communities such as Girdwood and Hope;⁷ and (5) ACS Long Distance, LLC, a long-distance provider serving within Alaska, and between Alaska and other states, using a combination of its own facilities and those of other facilities-based carriers.⁸ Through its subsidiaries, Alaska Communications also provides broadband and business data services to residential, enterprise, and wholesale customers in its incumbent LEC areas and in other locations in Alaska.⁹ ACS Internet offers limited wholesale services (such as terrestrial and undersea cable capacity) to carrier-customers in Oregon, on a private (non-common carrier) contractual basis and is a licensee of a transmit/receive earth station license.¹⁰ Through its two domestic undersea cable systems, the AKORN and NorthStar Cable Systems, Alaska Communications offers wholesale fiber optic cable capacity between Alaska and Oregon.¹¹

Project 8, a Delaware limited liability company, is a newly formed holding company held by ATN International, Inc. (ATN) and Freedom 3 Investments IV, LP (Freedom), for the purposes of

⁵ *Applications Filed for the Transfer of Control of Alaska Communications Systems Group, Inc. to Project 8 Buyer, LLC; Pleading Cycle Established*, WC Docket No. 21-23, Public Notice, DA 21-178 (WCB/IB/WTB rel. Feb. 16, 2021). In a subsequent amendment filed on July 1, 2021, the Applicants withdrew their request for a waiver of section 96.31 of the Commission's rules to allow ATN to control 50 megahertz of Priority Access Licenses (PALs) for a temporary period to provide ATN with an opportunity to sell a 10 megahertz PAL in the Kenai Peninsula Borough to bring it into compliance with the 40 megahertz aggregation limit set forth in the Commission's rules. See Amendment/Supplement to Joint Applications for Transfer of Control of the Operating Subsidiaries of Alaska Communications Systems Group, Inc., WC Docket No. 21-23. Instead, the Applicants filed the same waiver request as an amendment to SAL Spectrum's (an affiliate of ATN) pending Auction 105 long-form application. See Amended Application of SAL Spectrum, LLC for 3.5 GHz Priority Access Licenses, Form 601, ULS File No. 0009223630 (filed July 13, 2021).

⁶ Lead Application, Exh. 1 (Description of the Parties, Description of the Transaction, Public Interest Statement, Administrative Matters) at 19.

⁷ *Id.*, Exh. 1 at 19-21.

⁸ *Id.*, Exh. 1 at 20.

⁹ *Id.*, Exh. 1 at 20-21.

¹⁰ *Id.*, Exh. 1 at 21. Alaska Communications does not provide mobile wireless services to the public, and, through its operating subsidiaries, has fixed wireless services licenses used to complete the provision of local exchange, interexchange, and broadband services, particularly in rural and remote areas. *Id.*

¹¹ *Id.* ACS Cable Systems, LLC is the licensee for the AKORN system, SCL-LIC-20071025-00018, and NorthStar License Corporation is the licensee for the NorthStar system, SCL-LIC-19940617-00002, SCL-MOD-20020725-00090, SCL-LIC-19960308-00001, and SCL-MOD-20020725-00091.

acquiring Alaska Communications.¹² Project 8 is a wholly owned subsidiary of ALSK Holdings, LLC (ALSK Holdings), a Delaware limited liability company.¹³ ATN, a publicly traded Delaware corporation, will control Project 8 through ALSK Holdings (52% voting interest and 50.67% equity interest in ALSK Holdings).¹⁴ One individual and one entity hold an interest in ATN of 10% or more: Cornelius B. Prior, Jr., a U.S. citizen (26.4% of ATN's stock), and BlackRock Fund Advisors, a U.S. entity (10.1% of ATN's stock).¹⁵ Freedom, a Delaware limited partnership, holds, directly and indirectly through its wholly owned subsidiary, F3C AK, LLC (F3C AK), a 48% voting interest and 49.43% equity interest in ALSK Holdings.¹⁶ Through a series of intermediate U.S. entities, Freedom is ultimately controlled by the following U.S. citizens: Jason Block, Erik Glover, and Daniel Tamkin.¹⁷

Pursuant to an Agreement and Plan of Merger (Merger Agreement), dated December 31, 2020, by and among Project 8, its wholly owned subsidiary, Project 8 MergerSub, Inc. (Merger Sub), a Delaware corporation, and Alaska Communications, Merger Sub will merge with and into Alaska

¹² *Id.*, Exh. 1 at 22. The affiliates of ATN provide wholesale wireless or fixed wireless consumer broadband services in the U.S. Virgin Islands, Arizona, California, Colorado, Montana, Nevada, New Mexico, Texas, Utah, and Wyoming, and incumbent LEC and other telecommunications services in the U.S. Virgin Islands. *Id.* at 12. Freedom does not provide telecommunications services. *Id.* at 12-13.

¹³ *Id.*, Exh. 1 at 12-13.

¹⁴ *Id.*, Exh. 1 at 22.

¹⁵ *Id.*, Exh. 1 at 23. BlackRock Fund Advisors is a subsidiary of BlackRock, Inc. (BlackRock), a publicly traded Delaware corporation. BlackRock is an investment entity and neither it nor its subsidiaries have the power to manage, operate, or control ATN and they do not have the power to individually elect members of the Board of ATN. The majority of BlackRock's board members are U.S. citizens. First Supplement Letter at 1-3. Applicants list telecommunications entities in which they state that BlackRock has reported an ownership interest of less than 17%, including several competitive telecommunications entities serving Alaska. *Id.* at Attach A (FCC-Regulated Businesses that List Their Principal Business as Communications or Telecommunications in Which BlackRock Qualifies as a Disclosable Interest Holder). While BlackRock will hold an indirect minority ownership interest in Alaska Communications post-transaction, neither BlackRock nor the entities in which it has an ownership interest will have any control over, or ability to influence its operations or management, as confirmed by Applicants. First Supplement Letter at 4 ("Aside from their normal-course voting rights as common stock shareholders, neither BlackRock nor the BlackRock Subsidiaries hold any additional rights to participate in the management or operations of ATN. They do not have the power to individually elect or block the election of any officer or director of ATN, and they have no control over, or involvement in, the day-to-day operations or management of the businesses of ATN and its subsidiaries."). As a result, there is no risk of cost shifting among affiliates that may receive high cost support under different mechanisms of fixed model-based support and cost-based support, and thus we do not find it "necessary" to apply a condition capping support. See *Joint Application of W. Mansfield Jennings Limited Partnership and Hargray Communications Group, Inc. for Consent to the Transfer of Control of ComSouth Corporation Pursuant to Section 214 of the Communications Act of 1934*, WC Docket 18-52, Memorandum Opinion and Order, 33 FCC Rcd 4780, 4783, 4789, para. 27, n.72 (2018); *Domestic Section 214 Application for the Transfer of Control of Lavaca Telephone Company, Inc. to Dobson Technologies Inc.*, WC Docket No. 20-389, Order on Reconsideration, FCC 21-63, para. 14 (2021).

¹⁶ Lead Application., Exh. 1 at 22.

¹⁷ *Id.*, Exh. 1 at 4-9, 24 and Attach B (Pre- and Post-Consummation Organization Diagrams for Alaska Communications Systems Group, Inc.). Jason Block, Erik Glover, and Daniel Tamkin hold their interest in Freedom through Freedom 3 Capital, LLC, a Delaware entity, and Jason Block and Daniel Tamkin also hold their interest in Freedom through Freedom 3 GP IV, LLC (Freedom 3 GP), a Delaware entity. *Id.*, Exh. 1 at Attach. B(3) (Post Consummation Ownership Diagram; Freedom) at 47-48. Applicants state that there are passive investor members of Freedom 3 GP, which are all U.S. citizens or U.S. entities, and are not involved in the management or operation of Freedom 3 GP. *Id.*, Exh. 1 at n.15 and Attach. B(3) at 48.

Communications.¹⁸ As a result of the transaction, Alaska Communications will continue as the surviving corporate entity and will become a wholly owned subsidiary of Project 8.¹⁹

Applicants assert that a grant of the Applications will serve the public interest, convenience, and necessity.²⁰ They maintain that ATN is “uniquely qualified” to control Alaska Communications because it has “significant expertise deploying, upgrading, maintaining, and operating communications networks and service businesses in rural, tribal, island-based, and other insular and underserved markets in the United States, the Caribbean region, South America, and Bermuda.”²¹ Further, the Applicants state that they are “committed to Alaska Communications fulfilling its obligations to rural and other underserved populations under the CAF [Connect America Fund] Phase II program, E-rate, and other FCC universal service programs.”²² Applicants submit that the proposed transaction will be at the holding company level, and customers will continue to receive service under the current rates, terms, and conditions of service post-closing.²³ Applicants maintain that the proposed transaction will not result in a reduction in competition, as their service areas do not overlap, and that the proposed transaction will enhance competition by providing Alaska Communications with “access to significant capital resources needed to upgrade networks and offer innovative services at competitive prices.”²⁴ Finally, Applicants assert that through the transaction, Alaska Communications will have access to increased financial resources and greater technical resources that could benefit customers.²⁵ Specifically, Applicants assert that the transaction will “provide Alaska Communications with access to greater technical and financial resources that will improve its ability to expand and improve its broadband network,”²⁶ noting the financial and technical difficulties unique to deployment in Alaska due to its “harsh weather and terrain, as well as a disperse, largely rural population many of whom live in remote and inaccessible locations not served by roads.”²⁷

Grant of Applications

We find, upon consideration of the record, that the proposed transfer will serve the public interest, convenience, and necessity.²⁸ As Applicants explain, ATN, Freedom, and their affiliates do not compete with Alaska Communications, and neither ATN nor Freedom has a market presence in Alaska or provides overlapping telecommunications services in the markets outside of Alaska where Alaska Communications has limited facilities-based operations.²⁹ There are no adverse competitive harms resulting from the proposed transaction, and no commenter has raised claims of other potential harms. In addition, we expect the proposed transaction is likely to benefit the public interest, particularly with regard to Alaska Communications’ access to increased capital and investment to expand its broadband network, including its expectation that it will extend broadband services to more than 6,000 previously unserved locations that are not subject to existing CAF support requirements but are adjacent to network expansions already

¹⁸ *Id.*, Exh. 1 at 24-25.

¹⁹ *Id.*

²⁰ *Id.*, Exh. 1 at 25-26.

²¹ *Id.*, Exh. 1 at 27.

²² *Id.*, Exh. 1 at 29.

²³ *Id.*, Exh. 1 at 30-31.

²⁴ *Id.*, Exh. 1 at 30.

²⁵ *Id.*, Exh. 1 at 11-14.

²⁶ Fourth Supplement Letter at 1.

²⁷ *Id.* at 2.

²⁸ See 47 U.S.C. § 214(a); 310(d); and 47 CFR § 63.03.

²⁹ Lead Application, Exh. 1 at 31.

required under the CAF program.³⁰ In addition, Applicants affirm that “more than 35% of CAF-supported locations to which Alaska Communications has deployed broadband will receive speeds of 25/3 Mbps or higher, rather than the 10/1 Mbps required under CAF Phase II.”³¹

Pursuant to sections 4(i) and (j), 5(c), 214(a), 214(c), 303(r), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 155(c), 214(a), 214(c), 303(r), 309, 310(d), the Cable Landing License Act, 47 U.S.C. §§ 34-39, and sections 1.767, 1.948, 25.119, 63.03, 63.04, 63.18, and 63.24 of the Commission's rules, 47 C.F.R. §§ 1.767, 1.948, 25.119, 63.03, 63.04, 63.18, 63.24, and pursuant to the authority delegated under sections 0.51, 0.61, 0.91, 0.131, 0.261, 0.283, 0.291, and 0.331 of the Commission's rules, 47 CFR §§ 0.51, 0.61, 0.91, 0.131, 0.261, 0.283, 0.291, 0.331, we grant the Applications listed in Attachment A to this Public Notice.

Pursuant to section 1.103 of the Commission's rules, 47 CFR § 1.103, the consent granted herein is effective upon the release of this Public Notice. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 CFR §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Michele Berlove, Wireline Competition Bureau, (202) 418-1477; Dennis Johnson, Wireline Competition Bureau, (202) 418-0809; David Krech, International Bureau, (202) 418-7443; Clay DeCell, International Bureau, (202) 418-0803; Linda Ray, Wireless Telecommunications Bureau, (202) 418-0257.

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³⁰ Fourth Supplement Letter at 2-3. The Commission finds a claimed benefit to be cognizable only if it is transaction-specific, is verifiable, and is likely to flow through to consumers and not inure solely to the benefit of the company. See *Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations, et al.*, WT Docket 18-197, Memorandum Opinion and Order, Declaratory Ruling, and Order of Proposed Modification, 34 FCC Rcd 10578, 10671, para. 214 (2019); *Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd 9581, 9604, para. 50 (2017) (citing *AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, WC Docket No. 06-74, Memorandum Opinion and Order, 22 FCC Rcd 5662, 5761, para. 202 (2007)).

³¹ Fourth Supplement Letter at 3.

ATTACHMENT A

SECTION 214 AUTHORIZATIONS

A. International

<u>File Number</u>	<u>Authorization Holder</u>	<u>Authorization Number</u>
ITC-T/C-20210121-00013	ACS Long Distance, LLC	ITC-214-19960612-00248
ITC-T/C-20210121-00014	NorthStar License Corporation	ITC-214-20000330-00209

B. Domestic

WCB grants the application to transfer control of domestic section 214 authority in connection with the proposed transaction.

CABLE LANDING LICENSES

<u>File Number</u>	<u>Licensee</u>	<u>License Number</u>
SCL-T/C-20210120-00005	ACS Cable Systems, LLC	SCL-LIC-20071025-00018
SCL-T/C-20210120-00003	NorthStar License Corporation	SCL-MOD-20020725-00090 SCL-LIC-19940617-00002 SCL-MOD-20020725-00091 SCL-LIC-19960308-00001

EARTH STATION LICENSE

<u>Call Sign</u>	<u>Authorization Holder</u>	<u>Authorization Number</u>
E170205	Alaska Communications Internet, LLC	SES-MOD-20201214-01370

SECTION 310(d) APPLICATION

<u>File Number</u>	<u>Licensee</u>	<u>Lead Call Sign</u>
0009368555 ³²	ACS Wireless License Sub, LLC	WMN700
0009370199	ACS of Anchorage License Sub, LLC	WLC603
0009370202	ACS of Fairbanks License Sub, LLC	WMS885
0009370204	ACS of the Northland License Sub, LLC	KNKH871
0009370207	ACS Long Distance License Sub, LLC	WNEH752
0009453199	Alaska Communications Internet, LLC	WRLA814

³² This application is the lead application for the wireless applications.