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

Federal Communications Commission
Office of the Secretary

In the Matter of)

Tariff Filing Requirements for)
Interstate Common Carriers)

) CC Docket No. 92-13
)
)

To: The Commission

REPLY COMMENTS OF GENERAL COMMUNICATION, INC.

General Communication, Inc. ("GCI") by its attorney hereby replies to the Comments of Alascom, Inc. ("Alascom") filed herein on March 30, 1992. Alascom in its initial comments maintained that the Commission is without authority to permit non-dominant carriers to forego the filing of tariffs. Alascom also argued that it is unfair for the Commission to require dominant carriers to file tariffs while excusing non-dominant carriers from this requirement. Alascom claimed that non-dominant carriers such as GCI derive a competitive advantage over dominant carriers because of the absence of this filing requirement and that forcing non-dominant carriers to file tariffs would be pro-competitive. GCI addressed the basic tariff filing issues in its comments and will not repeat those arguments here. GCI will address below Alascom's claim that the absence of a tariff filing requirement for non-dominant carriers is unfair and hinders competition.

In a proceeding which lasted six years in which Alascom participated, the Commission considered how to classify and regulate carriers subject to its

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jurisdiction. Competitive Common Carrier Services (CC Docket No. 79-252).

The Commission determined there to classify carriers based upon market power:

. . . non-dominant carriers are those lacking market power and, therefore, lacking the ability to set prices contrary to the goals of Communications Act of 1934. . . . full regulatory scrutiny under Title II of firms lacking market power can impose costs on those firms and consumers without offsetting benefits. [Footnote omitted]. We do not believe that such regulation promotes the purposes of, or is required by, the Communications Act. . . . The basic concept of market power is the ability to raise prices by restricting output. . . . Another consistent definition of market power focuses on the ability to raise and maintain prices above the competitive level without driving away so many customers as to make the increase unprofitable.

Competitive Common Carrier Services, 95 F.C.C. 2d 554, 557-8 (1983).

Alascom possesses market power because it has the ability to maintain prices (in Alascom's case its "price" is equal to its cost reimbursement from AT&T) above the competitive level for an extended period -- 12 years under the Joint Services Arrangement. Indeed Alascom's "price" is almost double the level of integrated rates for Alaska services. GCI on the other hand must take the market price as it finds it and has no power to raise its price above the competitive level. Alascom has the ability to exploit its market power through cross-subsidy, predation and other anti-competitive activities indefinitely.

Because Alascom can price without regard to the competitive level, or its own costs, and GCI cannot, Alascom is classified as a dominant carrier and GCI is classified as a non-dominant carrier. The differing classification of

GCI and Alascom gives rise to the differing tariff filing requirements of which Alascom complains. Alascom claims that these differing tariff filing requirements are unfair. This is not the case. GCI lacks market power while Alascom not only possesses market power but has a history of abusing its market power to achieve anti-competitive ends.¹ It would be "unfair" to consumers and service providers alike not to apply closer regulatory scrutiny to a carrier with such market power.

It is particularly important that the Commission apply and enforce conscientiously its tariff filing requirements with respect to Alascom. Not only does Alascom have the ability to price without regard to cost, and cross-subsidize competitive services, but it has clearly done so in the past and has concealed this from the Commission in its tariff filings. For example Alascom priced a major network for the U.S. Government at rates its internal analysis showed were "far below cost" in an obvious attempt to deter competitive

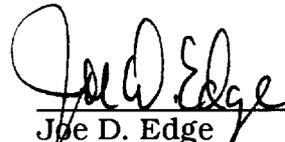
¹Request For Declaratory Ruling Regarding Sham Filings by Alascom, Inc. Before the FCC, FCC 88-48 (released February 26, 1988); Request For Declaratory Ruling Regarding Alascom's Misrepresentations and Misapplications of Its WATS, Tariffs, et al., FCC 88-33 (released February 17, 1988); and Requested For Declaratory Ruling Pertaining to Alascom's Bid to Provide Private Federal Telecommunication Private Line Service, FCC 88-110 (released March 14, 1988). Alascom, apparently feels that a regulatory process which can detect anticompetitive abuses is unfair and itself anticompetitive.

entry.² Of course Alascom's tariff filing did not disclose to the Commission that its rates were far below cost.

If GCI priced its service below cost it would lose money. GCI lacks the market power needed to recoup losses incurred through below-cost pricing and lacks any monopoly service which may be used to cross-subsidize its competitive offerings. GCI also lacks the ability to sustain losses indefinitely or drive its competitor from the market. For these reasons, Alascom and GCI are, and should be, regulated differently.³

Respectfully submitted,

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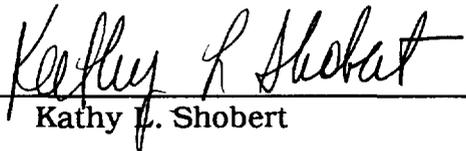
April 29, 1992

²See, Supplemental Filing of GCI Pertaining to Alascom's Bid to Provide Federal Telecommunication Private Line Service, filed April 23, 1987.

³GCI has offered in the past to exchange places with Alascom to relieve Alascom of its weighty regulatory burdens but so far Alascom has not responded favorably.

CERTIFICATE OF SERVICE

I, Kathy L. Shobert, hereby certify that a copy of the foregoing Reply Comments of GCI was mailed this 29th day of April, 1992, postage pre-paid to the following parties.


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