

April 30, 2018

**Ex Parte**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: *Rural Health Care Support Mechanism*, WC Docket No. 02-60

Dear Ms. Dortch:

On April 26, 2018, Ron Duncan, Tina Pidgeon and Chris Niernan of GCI Communication Corp. (“GCI”) and the undersigned met with Commissioner Brendan Carr and Jamie Susskind, Chief of Staff to Commissioner Carr. On April 27, 2018, Ron Duncan, Tina Pidgeon, and Chris Niernan met with Commissioner Michael O’Rielly and Amy Bender, Legal Advisor to Commissioner O’Rielly for wireline issues. Also on April 27, 2018, Ron Duncan, Tina Pidgeon, Chris Niernan, and Julie Veach of Harris Wiltshire & Grannis LLP met with Chairman Ajit Pai and Nirali Patel, Special Counsel to Chairman Pai. In all meetings, GCI and its counsel discussed points we made in previous comments in response to the NPRM.<sup>1</sup> Specifically, we urged rapid completion of the Funding Year 2017 commitments process, as we are already nearly ten months through that year. The delay in completing the commitments and disbursement process is threatening to disrupt GCI’s ability to undertake key network improvements to improve wireless and wireline broadband in Alaska during the coming construction season.

We urged that relief from the current cap is necessary for Funding Year 2017, and likely Funding Year 2018, given the large, continued increases in overall demand and the delayed announcement of the pro-rata reductions, which limits the ability of health care providers and service providers to accommodate reduced support levels. For example, USAC reports over \$450 million in the Rural Health Care account as of December 31, 2017<sup>2</sup>; the Commission and USAC should examine whether a portion of that balance can be applied to Funding Year 2017 or Funding Year 2018 demand in light of the fact that Congress has waived the Anti-Deficiency Act through 2019.<sup>3</sup> Finding additional funds to meet current demand in the short term, pending longer-term reforms in the rulemaking proceeding, will prevent disruption that would result from health care providers having to find additional funds in their health care budgets or being unable to pay their unexpectedly high costs of service due to the proration. Lowering service provider rates, by contrast, when those rates are based on costs and not artificially inflated, would only take away from funds earmarked for rural broadband investment and undertake to administer the program contrary to its statutory mandate.

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We also reiterated GCI's proposals for longer-term reform of the Telecom Program, and we emphasized the need for a system to prioritize support under the Rural Health Care Program. As it currently stands, the pro-rata reductions in the Rural Health Care Program are unique in that they hit the highest cost to serve areas the hardest—in contrast to E-rate, which only has pro-rata reduction within a tier, with all higher discount tiers receiving full funding, and High Cost Loop Support, which reduces support by equal dollar amounts across all recipients.

Sincerely,



John T. Nakahata

*Counsel to GCI Communication Corp.*

cc: Chairman Ajit Pai  
Nirali Patel  
Commissioner Michael O'Rielly  
Amy Bender  
Commissioner Brendan Carr  
Jamie Susskind

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<sup>1</sup> Comments of GCI Communication Corp., WC Docket No. 17-310 (filed February 2, 2018).

<sup>2</sup> See Letter from Charles Salvator, Vice President of Finance and Chief Financial Officer, Universal Service Administrative Co., to Marlene H. Dortch, Secretary, FCC (Jan. 31, 2018), Federal Universal Service Support Mechanisms Fund Size Projections for Second Quarter 2018, Appendices M03 and M04.

<sup>3</sup> See Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, 132 Stat. 348, Division P—RAY BAUM's Act of 2018, Section 201 (extending the prior waiver through December 31, 2019).