

December 8, 2017

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 December 5, 2017, Chris Nierman of General Communication, Inc. (“GCI”) and I met separately with: Dr. Jay Schwarz, Wireline Advisor to Chairman Pai; Claude Aiken, Legal Advisor, Wireline, to Commissioner Clyburn; Amy Bender, Legal Advisor, Wireline, to Commissioner O’Rielly; Travis Litman, Chief of Staff and Senior Legal Advisor to Commissioner Rosenworcel; and Trent Harkrader, Ryan Palmer, Radhika Karmarkar, Regina Brown, Soumitra Das, Carol Pompanio, Arielle Roth, and Preston Wise, all of the Wireline Competition Bureau. On December 6, 2017, I spoke with Jamie Susskind, Chief of Staff to Commissioner Carr. Due to our own oversight, we are filing this a day late. In each of these conversations, we addressed the draft Notice of Proposed Rulemaking and Report and Order scheduled for consideration at the Commission’s December 14, 2017 meeting.

We made the following points in these meetings:

- GCI appreciates that the draft seeks comment on GCI’s long term proposal for prioritizing service to highly rural areas, while requiring Telecom Program beneficiaries to have more “skin-in-the-game” by bearing a minimum percentage of the costs, even if that is greater than the urban rate. GCI also appreciates that the Order would permit rollover of unexpended funds to fund amounts by which FY2017 commitments may exceed the existing budget.
- Paragraph 15 of the draft, which references the amount by which the outlays from the Telecom Program would have risen if limited to inflation from 2001 to 2016 ignores the fact that the capacity being purchased by health care providers has increased. In fact, the amount of capacity being purchased as increased, with per MB prices falling, at least in GCI’s case.

- In Section III.A.2, the Commission should also seek comment on how best to allocate the funding shortfall within any given priority tier (if the Commission adopts some system of priority). The FCC's USF mechanisms utilize two different means: under E-rate, within a given priority tier, a funding shortfall is allocated on based on a uniform percentage applied to all funding requests supported for that tier; under the HCLS mechanism, the nationwide cap is enforced by reducing support to each beneficiary by an equal dollar amount. GCI believes that the HCLS mechanism is more appropriate for the rural health care program which, like HCLS, focuses on high costs of rural service.
- In III.B.2, the Commission should seek comment on permitting providers to utilize non-public rates received from third party carriers, whether embodied in contracts or only quotes, to determine the average rural rate. With interexchange services, Ethernet, and much of DS-1 and DS-3 services detariffed, or soon to be detariffed, publicly available rates are less common, and even when available may not be the best evidence of market-based rates.

Please do not hesitate to contact me if you have any questions regarding this matter.

Sincerely,



John T. Nakahata

Counsel to General Communication, Inc.

cc: Jay Schwarz
Travis Litman
Trent Harkrader
Ryan Palmer
Regina Brown
Carol Pompanio
Preston Wise

Amy Bender
Jamie Susskind
Claude Aiken
Radhika Karmarkar
Soumitra Das
Arielle Roth