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April 17, 2002

EX PARTE – Via Electronic Filing

Ms. Marlene Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Re: CC Dockets No. 96-98, 98-147, 01-338, 96-45, 98-77, 98-166, 00-256

Dear Ms. Dortch:

On April 16, 2002, Ron Duncan and Frederick W. Hitz, III, of General Communication Inc. ("GCI"), and I, representing GCI, met with the following individuals separately: Commissioner Kevin Martin and Dan Gonzalez, Senior Legal Advisor; Commissioner Kathleen Abernathy and Matthew Brill, Legal Advisor; and Commissioner Michael Copps and Jordan Goldstein, Senior Legal Advisor.

The summary of our presentation is attached.

In accordance with FCC rules, a copy of this letter is being filed in each of the above-captioned dockets.

Sincerely,

John T. Nakahata
Counsel to General Communication, Inc.

Attachment

General Communication Inc.
6 Myths about Telecommunications Competition

***Myth*:** **The Telecommunications Act of 1996 isn't benefiting ordinary consumers, especially in rural areas.**

***Fact*:** **When ILECs are forced to open markets, CLECs such as GCI can provide a competitive choice for residential and business consumers, even in rural areas.**

- Consumers vote for competition and choice with their feet. GCI serves 40% of lines in Anchorage, covering residential and business customers. It has already reached 15% in Fairbanks, having launched service in Fall 2001, and 3% in Juneau, which began service earlier this year.
- Prices for the most popular residential service package have dropped 26% since GCI entered the Anchorage market in 1997.
- The ILEC now does business servicing and cutovers at night, rather than during the business day.
- In Fairbanks and Juneau, when GCI announced it was entering, the ILEC finally started providing advanced data services such as PRI ISDN.
- In Anchorage, when the ILEC raised retail rates this year, GCI held the line.
- GCI is expanding its local service outside of Alaska's 3 cities (two of which are rural under FCC definitions).

***Myth*:** **The FCC needs to limit unbundling to give CLECs an incentive to deploy their own facilities.**

***Fact*:** **CLECs have every incentive to get off of ILEC networks as fast as possible.**

- ILECs are unwilling and uncooperative sellers. Hidden costs of dealing with the ILEC are very high.
- UNE entry relies on regulators to maintain a strong commitment to competition. **But no other networks are ubiquitous yet.**
- Cable telephony using the cable network (i.e. not including twisted pair) will be a reality, but is still in development.
- Even when operational in commercial networks, cable telephony will not reach substantially all businesses. In Anchorage, cable passes only 50% of business customers.
- Fixed wireless has not panned out so far, at least for more urban settings.
- Substantial barriers remain to extending, or even providing service off of, fiber rings, including access to buildings and conduits.
- Some ILEC network configurations do not permit loop unbundling.

***Myth*:** **Unbundling prevents ILECs from upgrading their networks to provide advanced services.**

***Fact*:** **ILECs are upgrading without changes in unbundling rules.**

- The ILEC in Anchorage, Fairbanks, and Juneau recently sought a state rate increase on the grounds that it was converting its entire network to a packet-based ATM network. During testimony, ACS made clear that relief from unbundling rules was not a condition of its request.

Myth: **Availability of cable modem services shows that broadband markets are competitive.**

Fact: **Cable modems give residential consumers a choice in broadband services, but do not reach or provide services for many businesses.**

- Cable plant passes only about 50% of Anchorage businesses.
- Cable modem offerings are not well suited for higher-end business needs. GCI provisions these offerings using DSL-qualified loops with GCI's own electronics.
- Without this UNE-based alternative, businesses will be down to only one supplier in many areas. Barriers to fiber-builds and building access problems prevent simply building additional ring facilities.
- This highlights the extent to which the Commission must carefully examine relevant product and geographic markets before removing any element from the list of unbundled elements.

Myth: **When a CLEC succeeds in entering local markets, ILEC interstate access charges can be deregulated.**

Fact: **Although ILEC retail end user rates can be deregulated as CLECs demonstrate they have entered local markets, ILEC access charges to carriers will always be subject to market power.**

- FCC analysis of CLEC access charges is equally applicable to ILEC access charges in markets with evolving competition: once the end user selects the access provider, the interconnecting long distance carrier has only one source of originating and terminating access service.

Myth: **Concerns for universal service and advanced services deployment in rural communities mean that competition should be limited.**

Fact: **Competition, not monopoly, will do the best job of ensuring that rural America benefits from universal service and has access to advanced services.**

- Advanced services can be provided over many different architectures and technologies. GCI, for example, is providing high-speed data service to the Alaska bush using unlicensed wireless combined with satellite. Other providers are using direct-to-user satellite systems.
- GCI is continuing to expand its voice telephony offerings into rural areas. GCI has made a bona fide request that includes the Kenai Peninsula and Kodiak Island, south of Anchorage.