

**General Communication Inc. – Joint Board Notice on High Cost Fund and
ETC Designation, CC Docket No. 96-45**

Five basic principles should guide reform of the current mechanisms:

Principle No. 1: Provide adequate, but not excessive, support. High cost support must be adequate to ensure that rates are affordable and reasonably comparable, but support should be the lowest amount necessary to achieve these objectives.

Principle No. 2: Deliver support to the service provider. High cost support should be paid to the service provider that pays the cost of facilities employed to deliver the service to the end user customer. High cost support should not be paid to all potential providers of service, regardless of whether they are actually providing the supported service to the end user customer.

Principle No. 3: Ensure equal opportunity for support. The support paid to the appropriate provider should be the same for all competitors, regardless of the facilities they employ, the manner in which they procure facilities, or the metric used to determine the per-line support level.

Principle No. 4: No double payments. If one carrier gets high cost support for providing a line to a household, another provider should not also get support for providing (or being able to provide) a line to the same household.

Principle No. 5: Let the market work as it would in the absence of subsidies. Other than permitting more consumers to purchase service, high cost support should not alter the competitive signals that the market would send to ILECs and CETCs in the absence of support payments.

To better target high cost support to areas and services that truly need it, GCI recommends that the Joint Board and the Commission take the following six steps to change the current high cost support mechanisms:

Recommendation No. 1: Eliminate duplicate high cost support payments to ILECs when a CETC serves the end user through a method other than resale.

Recommendation No. 2: Cap per-line high cost support within a study area upon CETC entry.

Recommendation No. 3: Reduce per-line high cost support when a market can be served at a lower cost.

Recommendation No. 4: Limit high cost support to a single line to a home or business.

Recommendation No. 5: Consolidate study areas within a state for high cost support purposes.

Recommendation No. 6: Define the upper limit of “affordable” and “reasonably comparable” rates.