

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

In the Matter of)
)
Schools and Libraries Universal Service) CC Docket No. 02-6
Support Mechanism)
)

REPLY COMMENTS OF GENERAL COMMUNICATION, INC.

General Communication, Inc. (“GCI”), by its undersigned counsel, hereby submits this reply to comments filed in response to the Notice of Proposed Rulemaking in the above captioned-proceeding (“NPRM” or “Notice”). GCI concurs with the other comments submitted in this matter regarding the need to safeguard the benefits of this program, simplify the administrative burden, and at the same time reduce waste, fraud, and abuse.

I. BACKGROUND

GCI is a facilities-based telecommunications and cable services provider serving over 220 communities in Alaska via its fiber optic transmission facilities, cable system, metropolitan area networks, undersea cable, and satellite transmission facilities. In addition to providing local, long distance, and cable television services to Alaskan consumers, GCI is a leader in the introduction of satellite-provided broadband service in rural Alaska. This includes provisions of Internet service to many isolated schools across Alaska.

II. DISCUSSION

Most of the parties that submitted initial comments in this matter were in general agreement regarding several major issues. There was very little support for changing the

discount matrix for Priority 1 services.¹ Many commenters agreed that funds that were spent in good faith to promote the objectives of the program should not be recouped for technical violations, and that funds should not be recouped from a service provider that is not at fault for a rule violation.² Most commenters also favored changes to reduce the administrative complexity of the program, including allowing multi-year application approval.³ GCI agrees with the other commenters on these points.

Several commenters also recommended that the competitive bidding requirements be substantially modified or eliminated.⁴ Those commenters stated that applicants often receive no bids, or only one bid, in response to the posting of a Form 470.

GCI's experience regarding competitive bidding is substantially different from other commenters, and GCI strongly supports a continued requirement for competitive bidding in most instances. In GCI's experience, competitive bids have been submitted for the vast majority of Form 470 postings for service in Alaska. In many instances, GCI was the newcomer to the market, and GCI was able to win the competitive bid over established service providers. This increased competition in the market.

The competitive bidding requirement has also prompted technological innovation and produced significant price reductions. Because of competitive forces, GCI developed new and more efficient means to use expensive satellite bandwidth. As a result, for a given bandwidth, prices have dropped by more than 50%, and as much as 75%, since the program first began. The reduced prices are saving funds and allowing schools to purchase greater levels of bandwidth.

¹ See, e.g., School E-Rate Coordinator's Alliance Comments at 4; American Association of School Administrators/Association of Educational Service Agencies Comments at 3; United Utilities Comments at 2.

² See, e.g., Verizon Comments at 2-3; Quest Comments at 9-10.

³ See, e.g., American Association of School Administrators/Association of Educational Service Agencies Comments at 4.

⁴ See, e.g., School E-rate Coordinator's Alliance Comments at 7-8; American Association of School Administrators/Association of Educational Service Agencies Comments at 4; Pennsylvania Department of Education Comments at 5.

In short, in GCI's experience, the competitive bidding requirement has accomplished its intended purpose, prompting technical innovation and reducing prices. For that reason, GCI strongly supports a continued requirement for applicants to solicit and consider competitive bids in most instances.

Any relaxation of the competitive bid requirements should be very limited. Perhaps, as suggested by the Pennsylvania Department of Education, the competitive bidding requirement could be relaxed for contracts for some services that do not exceed a certain level, such as \$75,000 per year for local and interexchange services.⁵

VI. CONCLUSION

Based on the foregoing, GCI urges the Commission to retain the requirement for applicants to solicit and consider competitive bids in most instances. Any relaxation of the competitive bidding requirement should be limited.

Respectfully submitted,

By: /s/ _____

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⁵ See Pennsylvania Department of Education Comments at 5.