C. Obstacles to Deployment of DS1-Equivalent Services

ACS's suggestions that the technology to provide rigorous DS1-equivalent services "is proven effective and is accepted by the cable industry as a viable solution for enterprise customers"[141] are also without foundation. GCI has never denied the existence of proprietary technologies that "can *carry* DS1 signals"[142] to provide very basic DS1-equivalent services to certain low capacity business customers.[143] Contrary to ACS's claim, however, there certainly are no "industry-accepted solutions"[144] to provide services for those customers—often including banks and investment firms—that have rigorous quality requirements that necessitate high-level clock synchronization.[145] Indeed, the industry is only now *beginning* to present solutions to these technical barriers.[146]

CableLabs – the internationally recognized standards body for the cable industry – on May 12, 2006 issued its *Business Services over DOCSIS, TDM Emulation Interface Specification* that purports to solve some, but certainly not all, of these clocking issues.[147] Seeing as this specification was issued only weeks ago, there are certainly no products on the market that are certified to meet this standard.[148] It will take some time for vendors to incorporate these standards into their products.[149] Only at that point will GCI be able to perform laboratory and field trials.[150] Moreover, because manufacturers can interpret standards differently, GCI will have to conduct interoperability testing with the various

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[141] *Id.* at 38.

[142] Jackson Statement ¶ 14 (emphasis added).

[143] *See* Haynes Decl. ¶ 22 ("While some companies offer proprietary work-arounds to provide DS1 services over DOCSIS cable networks, the reality is that these work-around solutions are cumbersome, expensive and add additional potential points of service failure. These work-arounds are not a commercially or operationally feasible means to serve the needs of medium and large business customers that have traditionally been served through DS1s. There certainly is no industry standard. Indeed, CableLabs did not even issue a request for proposal ("RFP") for a multi-line MTA for commercial applications until July 2004 and did not issue a request for information ("RFI") for DOCSIS-based equipment to provide DS1 level services until November 2004. To date, CableLabs has not certified any such product.").

[144] Jackson Statement ¶ 13.

[145] Declaration of Dennis Hardman ("Hardman Decl.") ¶ 3, attached hereto as Exhibit G .

[146] *Id.*

[147] *See* CableLabs, *Data-Over-Cable Service Interface Specifications, Business Services over DOCSIS, TDM Emulation Interface Specification* (issued May 12, 2006) (http://www.cablemodem.com/downloads/specs/CM-SP-TEI-I01-060512.pdf).

[148] Hardman Decl. ¶ 4.

[149] *See* Dowling Decl. ¶ 5.

[150] Hardman Decl. ¶ 4.

pieces of its own network.[151] This process will almost certainly raise unforeseen issues that GCI will have to solve before it can responsibly place commercial production orders.[152] Thus, even if GCI finds such CableLabs-certified products to be adequate, full commercial deployment is likely a good two years away.[153]

Despite the lack of certified products, GCI is nonetheless committed to exploring the available technology in an effort to continue expanding its full-facilities-based services and reduce reliance on UNE loops.[154] To that end, GCI is looking at some of the non-standardized products that some manufacturers have begun releasing in the past two or three months that purport to solve some of the DS1 clocking issues.[155] GCI, in fact, began initial lab tests of a DS1 MTA from ARRIS in late May.[156] Even encouraging results, however, would mark only the beginning of any attempt by GCI to deploy such technology. For one, after its experience with network-powered, outdoor-provisioned DLPS for residential services,[157] GCI is understandably wary of deploying non-standardized products before they are embraced by the major MSOs, which drive technology adoption. Moreover, even more so than with CableLabs-certified products, full-scale deployment of these alternative solutions would require rigorous tests and problem-solving measures to ensure that business customers received the level of service to which they have become accustomed.[158]

In addition to the technical impediments to providing such services with any measure of quality, GCI is faced with operational and customer relations difficulties as well.[159] Traditional DS1 lines over copper wire simply provide data transport that the customer can use as it sees fit.[160] While DS1 services over HFC will eventually provide numerous advantages to traditional DS1, for business customers that operate their own master clocking systems – especially between multiple office locations – GCI would have to provide not only transparent data packet transport, but also coordinate with the customer to account for clock synchronization requirements.[161] This can limit the customer's flexibility to later change equipment or uses for its DS1 services.[162]

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[151] *See* Dowling Decl. ¶ 6.
[152] Hardman Decl. ¶ 4.
[153] *See* Dowling Decl. ¶ 6 (discussing timeline of deployment for CableLabs-certified network-powered eMTAs).
[154] Hardman Decl. ¶ 5.
[155] *Id.*
[156] *Id.*
[157] *See* Sheridan Decl. ¶ 3.
[158] Hardman Decl. ¶ 5.
[159] *Id.* ¶ 6.
[160] *Id.*
[161] *Id.*
[162] *Id.*

Moreover, it may likely require GCI to provide the customer with expensive clocking equipment, which would alter the economics of providing such service.[163]

Beyond the challenges of finding, testing, and deploying an adequate DS1 MTA, GCI is hindered by the fact that DS1 service over HFC consumes large amounts of cable bandwidth.[164] Thus, for instance, in one of the fourteen nodes located in a business section of the North Wire Center of Anchorage, GCI could provide only two DS1 lines over its current HFC plant before reaching upstream bandwidth limits, thereby freezing provision of other services, including video and Internet.[165] As such, GCI will have to undertake a large-scale upgrade of its network capacity before it can provide all of its business customers with DS1 services over its HFC plant.[166] GCI will have to install hundreds of additional amplifiers and upgrade thousands of taps to boost bandwidth capacity.[167] Such an upgrade will add large amounts of time and money to the process.[168]

Moreover, the success of any of this technology to serve as an adequate substitute for providing DS1 service over UNE loops depends on the accessibility of conduit entering commercial buildings. GCI has detailed the obstacles to such access previously in this proceeding.[169]

Contrary to ACS's suggestion that existing technology is the industry standard, recent comments by the industry – including major MSOs, vendors, and trade press – make it absolutely clear that this technology is just leaving the gate and certainly cannot provide an immediate and comprehensive alternative to UNE loops for high-capacity business services. According to one leading communications trade publication, cable voice and broadband services to businesses is "a largely *new area* whose challenges included increased complexity, higher customer expectations and more spending."[170] Industry executives similarly assert that voice and broadband over cable plant for "[b]usiness service is the next big thing,"[171] and ARRIS, for instance, recently stated that "*the next milestone* will be penetration into the more lucrative business services market."[172] Thus, far from being industry standard, these new technologies are just now

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[163] *Id.*
[164] *Id.* ¶ 7.
[165] *Id.*
[166] *Id.*
[167] *Id.*
[168] *Id.*
[169] *See* Brown Decl. ¶¶ 11-19.
[170] Communications Daily, April 13, 2006, at 7 "New Cable Initiative Target Enterprise Market" (emphasis added).
[171] *Id.* (quoting Cox Communications Vice President Gary McCollum).
[172] http://www.arrisi.com/products_solutions/product_families/CES/index.asp (last viewed May 23, 2006) (emphasis added).

emerging and thus do not provide adequate substitutes to the demanding needs of enterprise customers that GCI now serves over UNE loops.

IV. Conclusion

No matter which way the Commission examines the issue, grant of ACS's Petition will give ACS the power to create unnecessary consumer disruption and to inflict brand injury on GCI. Applying Section 10's criteria, the Commission must deny ACS's petition, thereby permitting GCI to complete its orderly migration to UNEs in all Anchorage markets.

Sincerely yours,

John T. Nakahata
Brita D. Strandberg
Christopher P. Nierman
Counsel to General Communication, Inc.

cc: Renee Crittendon
Marcus Maher
Pam Megna
Thomas Navin
Carol Simpson
Julie Veach

Exhibit A

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

In the Matter of	)	
	)	
Petition of ACS of Anchorage, Inc. Pursuant to Section 10 of the Communications Act of 1934, as amended, for Forbearance from Sections 251(c)(3) and 252(d)(1) in the Anchorage LEC Study Area	)	WC Docket No. 05-281
	)	

DECLARATION OF KEVIN SHERIDAN

I, Kevin Sheridan, do hereby declare under penalty of perjury:

1. I am the Director of Field Service for General Communication, Inc. ("GCI"). In this capacity, I am responsible for overseeing the day-to-day deployment, maintenance, and repair of GCI's facilities, including its cable-based Digital Local Phone Service ("DLPS"). Since joining GCI in 1997, I have also served as GCI Regional Manager of Interior and before that Regional Manager of South Central and Arctic.

2. This declaration describes GCI's continuing efforts to provision cable-based DLPS as quickly as is technologically and economically feasible through customer-powered, indoor-provisioned embedded multimedia terminal adapter ("eMTA") units in Anchorage.

I. BACKGROUND

3. As detailed in submissions filed previously in this proceeding,[1] as one of the first Multiple Systems Operators ("MSOs") to deploy cable telephony, GCI decided to use network-powered, outdoor-provisioned technology because it provided the highest quality service at the lowest cost with the least interruption to its already sizeable

[1] *See, e.g.*, Dowling Declaration ¶¶ 3-9.

customer base. Unlike GCI, however, the major MSOs have since adopted customer-powered, indoor-provisioned cable voice service technology. Consequently, all but one manufacturer discontinued production of outdoor, network-powered eMTAs. The lack of vendor competition hampered innovation and price-reduction. By contrast, several competing manufacturers have developed indoor eMTA units for the major MSOs, thus greatly reducing the price and increasing the quality of those units. Accordingly, in its continuing efforts to improve, speed, and lower the cost of deployment of cable telephony, GCI intends to install primarily customer-powered DLPS going forward.

4. As of May 2006, GCI has deployed approximately 1700 lines over customer-powered eMTA units. In whole, GCI expects to deploy 20,000 DLPS lines in Alaska this year, a majority of which are expected to be customer-powered lines located in Anchorage. GCI faces many obstacles, however, that would prevent immediate deployment in all markets in all areas of Anchorage should the FCC foreclose access to UNE loops. In addition, because GCI has deployed a relatively small number of customer-powered eMTAs, it is not yet possible for GCI to anticipate all obstacles that may arise as it moves to widespread deployment of customer-powered DLPS. GCI continues to evaluate alternatives to address these obstacles.

II. SINGLE FAMILY RESIDENCES

5. While GCI is moving quickly to transition its single family home customers to DLPS, it certainly cannot be done overnight. First, GCI must evaluate and in many cases split optical nodes used for customer-powered DLPS.[2] Moreover, GCI

[2] To be sure, the nodes will not require the same power upgrades necessary to deploy network-powered DLPS, *see* Declaration of Gary Haynes ¶¶ 7-8, attached as Exhibit H to *Opposition of General Communication, Inc., to the Petition for Forbearance from*

must add node batteries to ensure that the network itself—not the customer-powered eMTAs—will remain operable for eight hours in the event of a power outage. The node modifications necessary to support customer-powered DLPS will, I expect, take approximately two to three weeks per node, but can only be performed during Anchorage's shortened construction season, which generally runs from sometime in May until late September or early October.[3]

6. Second, GCI must assess each drop as it converts customers to cable-based telephony. GCI must reconfigure and upgrade those drops that it finds to be incapable of supporting high quality voice service—either because age or other defects that are invisible in the provision of video services but that disrupt high quality digital voice service. Upgrading buried drops is impossible during the winter months because of the frozen ground and restrictions by the Municipality of Anchorage.

7. Third, unlike with GCI's network-powered, outdoor-provisioned DLPS, GCI must access the inside of each home to install the customer-powered eMTAs. This requires first contacting the resident—a task that is not always as easy as it may sound in the age of caller ID and voice mail—and then arranging an appointment with the resident, who may not welcome the attendant scheduling issues and temporary phone service interruptions when they are already satisfied with their service. GCI has made every

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Sections 251(c)(3) and 252(d)(1) of the Communications Act Filed by ACS of Anchorage, WC Docket No. 05-281 (filed January 9, 2006), but many will require time-consuming upgrades nonetheless.

[3] GCI can only estimate the time it will take to upgrade nodes for customer-powered DLPS because the construction season is just now beginning in Anchorage, thus GCI has yet to upgrade nodes for this technology. Indeed, the easements necessary to perform these upgrades are not yet open. GCI has, however, deployed customer-powered DLPS using nodes that have already been upgraded for network-powered DLPS where circumstances warrant.

effort to alleviate these impediments by, for instance, extending installation hours to better meet the needs of the working public, performing installations seven days per week, and offering a variety of service and price incentives. Yet, there is only so much GCI can do if a customer, already receiving service from GCI over UNE loops, substantially delays or understandably declines access to their home due to perceived inconvenience.

8. Fourth, once inside the home, GCI must assess and address any phone jack issues. In many homes, the outlet for the cable wire is often a good distance from any telephone jack, in which case GCI must install new inside wiring or relocate the cable outlet to the phone jacks. This can be a relatively quick and painless process for houses with crawlspaces, but can be very difficult and time-consuming for homes governed by owner associations that require pre-approval for such work.

9. Finally, GCI must split the cable plant to provide for voice, video, and sometimes Internet service. Because splitting reduces signal strength, GCI has to test each wire and then install an amplifier to boost the signal if necessary. Moreover, GCI makes every effort to isolate cable plant that feeds video service to provide future access to other cable or satellite video providers. Finally, for those homes with alarm monitoring systems, GCI has to reconfigure the wiring and install devices to allow for proper alarm system operation.

10. None of these obstacles is insurmountable, given sufficient time and opportunity, but the facts simply do not support ACS's claims that GCI can replace UNEs loops throughout the Anchorage markets "with minimal additional investment"[4]

[4] ACS Reply Comments at 21 n.68.

and "minimum effort."[5] Certainly, denying GCI access to UNE loops will not make these conversion issues easier to resolve.

III. CHALLENGES TO DEPLOYING CUSTOMER-POWERED DLPS IN MDUS

11. Deploying customer-powered DLPS in multiple dwelling units ("MDUs") presents many of the same drop work, inside wiring, and scheduling issues, but also introduces a number of additional challenges. The nature of these challenges differs depending on whether GCI can install the necessary equipment in a building's telecommunications closet ("telco closet")[6] or must install equipment in each customer's dwelling.

A. MDU Telecommunications Closet Deployment

12. The most efficient method of deploying customer-powered DLPS in MDUs is to place the eMTAs in a central telecommunications closet and connect them to the existing wires that run to each individual residence. In most cases, such an arrangement alleviates the need to access each customer's premises. Unfortunately, however, most MDUs in Anchorage do not have the necessary space, power, security, or access to accommodate such a deployment strategy.[7] Moreover, many building owners do not embrace such an arrangement when their tenants already receive GCI phone service through UNE loops. A telecommunications closet must have adequate space to house a good deal of equipment—several eMTAs, a shelf to support the eMTAs, the incoming feed amplifiers to boost the signal, all the telephone house wire, and the

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[5] ACS Reply Comments at 24.

[6] The term "telecommunications closet" may apply to a room dedicated to telecommunications equipment or, as is more often the case, to a part of an existing laundry or boiler room that simply houses such equipment.

[7] Security can be problematic as telecommunication closets are frequently located in publicly accessible areas, such as laundry rooms or boiler rooms.

intermediate blocks to tie down the wire—and still leave sufficient room for maintenance and repairs.[8] The telecommunications closet must also be secure to protect the equipment, but at the same time allow GCI to access the building and the telecommunications closet for repairs and maintenance, whether day or night.

13. Moreover, GCI must install new wiring to the intermediate block and then to individual eMTAs, and in certain cases "clean up" or upgrade the wiring that connects to the individual dwellings so that it functions at the higher standard necessary to provide digital service rather than traditional phone service.

14. Multiple dwelling condominiums insert additional complexity and delays, as the condominium board must pre-approve any work on the premises.

15. Despite these obstacles, GCI has scoured Anchorage for opportunities to deploy DLPS through telco closets in MDUs. The Alpine Apartment complex in the Central Wire Center, for example, presented GCI with the relatively rare combination of characteristics necessary to support deployment. First, this complex, which is comprised of 6 buildings with a total of 386 apartments, provided plenty of space to house all of the equipment in a secure environment. More importantly, the owner of the complex provided permission to use not only the space, but provided the necessary access to the building and power supplies. ACS's suggestion that GCI's successful deployment at Alpine evidences an ability to deploy DLPS in all MDUs is simplistic and misleading.[9]

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[8] GCI is currently testing a 12-line eMTA, which may alleviate some of the space concerns when available for deployment. *See* Press Release, ARRIS, *ARRIS Announces General Availabilty of Touchstone® Multiline E-MTAs,* (June 19, 2006) *available at* http://www.arrisi.com/press/pressdetail.asp?id=317. This exemplifies GCI's continuing efforts to address operational impediments to converting from UNE loops to its own full-facilities-based DLPS.

[9] *See* ACS April 3, 2006 Ex Parte Submission at 4.

As noted, Alpine did not present the typical MDU setting in Anchorage. Moreover, the picture that ACS proffers as evidence of GCI's equipment at Alpine depicts only a portion of the equipment that GCI placed in but one of the six buildings in the Alpine complex. Thus any suggestion that this picture displays the sum total of the equipment required to service the entire complex is utterly misleading. Moreover, this set-up—which would have to be replicated several times over to provide service throughout the Alpine complex—is one of the most efficient arrangements GCI has been able to secure, and certainly not representative of the company's MDU experience to date, as claimed by ACS.

B. MDU In-dwelling Deployment

16. For those MDUs that do not have sufficient telco closet space to house the necessary eMTAs and other equipment, two additional obstacles arise beyond the obvious need to access each resident's home. First, as in single family homes, the phone jacks are traditionally not near the cable outlet. Unlike in single family homes, however, it is difficult to run additional cable to the phone jack in an apartment building or other MDU, that is even if the building owner or condominium board permits such additional cable wiring either inside or outside of the building.

17. But first, however, GCI must identify, isolate, and trace the line from the dwelling all the way back to the main building jack, which can be a time-consuming process in the MDU setting. Then GCI must either remove or "cap" the line to prevent stray radio frequency or electric current from interfering with its DLPS service. In all this, however, GCI must maintain the integrity of the line so that other service providers (or GCI) can use the line if necessary.

IV. SMALL BUSINESSES

18. In attempting to deploy DLPS to small businesses, GCI faces many of the same challenges that it faces in deploying cable voice service to residential customers, with three noteworthy additions.

19. First, as discussed in more detail in the Declaration of Dennis Hardman, GCI can meet only very simple business needs over its cable voice service.

20. Second, small business customers are understandably even more sensitive than residential customers to the service interruptions required to install DLPS. As such, GCI faces longer delays in its attempts to coordinate with small business customers and is mostly limited to off-hour installation.

21. Finally, GCI does not have cable plant in many small business areas. Even where cable is "near"[10] a commercial building, few businesses subscribe to cable television services and thus most are not currently wired with GCI's cable plant. Contrary to ACS's claims that "GCI could extend its facilities to most of its customers at relatively low cost due the short distances that likely exist between GCI's existing facilities and almost all residential and many enterprise customer locations,"[11] distance is not the sole or even most important determinant of the ability, time, money, and effort required, to connect small business customers to GCI's cable plant. Indeed, only a small number of businesses can be reached with an aerial drop; most can be reached only through buried conduit. In turn, access to buried conduit requires access to existing conduit or the ability for GCI to lay its own conduit. As discussed in previous

[10] ACS Reply Comments at 40.
[11] ACS Reply Comments at 41.

submissions, ACS has been less than accommodating in providing conduit access.[12] Moreover, seasonal, economic, and operational issues constrain GCI's ability to lay its own conduit (which, again, can only be done during the May to September/October construction season).

22. Connecting cable to small business customers in a typical strip mall, for example, is much more difficult than placing a drop to a single family home. Connecting to such businesses often requires boring or digging up asphalt parking lots and accessing conduit. Underground drop installation requires not only property owner permission and access coordination, but also presents seasonal obstacles. As discussed, the construction season is short and GCI can dig only from late May to September or October depending on the temperatures. Thus, even where GCI's cable plant passes sufficiently "near" to small business locations to transmit sufficient signal strength and can meet the needs of small businesses, deploying service over its own last-mile facilities is more complicated and time-consuming than ACS suggests.[13]

Respectfully submitted,

Kevin Sheridan
Director of Field Service
General Communication, Inc.
2550 Denali Street
Anchorage, AK 99503

[12] *See* Declaration of Blaine Brown ¶¶ 18-19, attached as Exhibit J to *Opposition of General Communication, Inc, to the Petition for Forbearance from Sections 251(c)(3) and 252(d)(1) of the Communications Act Filed by ACS of Anchorage,* WC Docket No. 05-281 (filed January 9, 2006).

[13] ACS Reply Comments at 24 (claiming that GCI will be able to serve "any customer . . . with minimum effort in the near future."); *id.* at 41 ("GCI can easily reach premises within 400 feet of its feeder plant.").

Exhibit B

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

In the Matter of	)	
	)	
Petition of ACS of Anchorage, Inc. Pursuant to	)	
Section 10 of the Communications Act of 1934, as	)	WC Docket No. 05-281
amended, for Forbearance from Sections 251(c)(3)	)	
and 252(d)(1) in the Anchorage LEC Study Area	)	
	)	

DECLARATION OF G. NANETTE THOMPSON

I, G. Nanette Thompson, do hereby declare under penalty of perjury:

1. I am the Vice President – Federal Policy at General Communication, Inc. ("GCI"). In this position, my primary responsibility is to analyze and advocate GCI's position on policy issues. I have held this position since September 2004. Before joining GCI, I served as a Commissioner (from 1995-1996 and 1999-2004) on the Regulatory Commission of Alaska ("RCA"), including serving as Chairman from 1999-2003.

2. In this statement, I discuss the RCA's recently adopted rules and their effect on ACS's discretion with respect to rates for its service, explaining that these regulations do not include a requirement that ACS's rates in Anchorage be just and reasonable. I also explain that the new rules remove strict price regulation for most services, including bundled service. Finally, I explain the discretion available to carriers, including ACS and GCI, to tailor contract offerings and prices in the business market to particular customer needs.

Background

3. On August 5, 2005, the RCA adopted regulations that, among other things, allow for substantial deregulation of nondominant carriers. A copy of these regulations is

attached as Exhibit GNT-1. These rules, coupled with the RCA's grant of ACS's petition to be declared nondominant in Anchorage (which GCI did not oppose) on February 22, 2006, provide ACS substantial freedom to raise its rates. The key provision in this respect is 3 AAC § 53.243, which governs retail services in a competitive local exchange market where there is no carrier with dominant carrier status.

RCA Authority to Ensure Rates are Just and Reasonable

4. Section 53.243 provides that carriers may implement rate changes for most services without RCA approval by posting advance notice of changes on the carrier's website and making an informational filing with the RCA. By the express terms of the regulation, rate changes permitted by Section 53.243 will be denied by the RCA if they are discriminatory; specifically, if they "grant a customer an unreasonable preference or advantage" or "subject a customer to an unreasonable prejudice or disadvantage." 3 AAC § 53.243(h). The regulation does not include a requirement that rates be just and reasonable or require that rate changes that result in unjust and unreasonable rates be denied or modified. In addition, the regulations only apply to "retail" services, and thus do not impose even nondiscrimination obligations on the rates and terms of wholesale service.

5. In other contexts, by contrast, the RCA does have express authority to deny and require modification of rates or terms and conditions that are not just and reasonable. For example, Section 53.240, which governs retail services in a competitive local exchange market where there is a dominant carrier, provides that the Commission will deny and require modification of rates or terms and conditions of service that "are not just and reasonable." 3 AAC § 53.240(d).

6. In my opinion, the omission of specific just and reasonable language in Section 53.243 means that a rate filed under that provision will not be denied or modified on the ground that it is not just and reasonable. For this reason, I disagree with ACS's claim that "state regulation will ensure that ACS's rates and practices are just [and] reasonable."[1]

7. I believe this is the case notwithstanding the language in the RCA's governing statute granting the RCA authority generally to ensure that rates are just and reasonable. *See* AS 42.05.381. As a practical matter, the RCA would be unlikely to go beyond the grounds provided for by regulation in order to invalidate rates. I believe it is even more unlikely that the RCA would rely on a ground that appears to have been deliberately excluded from the relevant regulatory section, as the just and reasonable ground appears to have been excluded here. The standards for review of dominant carrier rates in 3 AAC 53.240(d) include just and reasonable, while the standards for review of retail rates for which there is no dominant carrier in 3 AAC 53.243(h) do not.

8. The new regulations also do not include any mechanism for substantive pre-implementation rate review, meaning that there is no clear opportunity for the RCA to review whether rates are, in fact, just and reasonable. ACS claims that the new regulations "relate[] only to tariff filing procedures" and "do[] not impact the RCA's authority to regulate rates and practices."[2] While technically accurate, these statements incorrectly suggest that ACS will continue to be subject to rigorous reviews of its rates to ensure, for example, that they are cost-based or do not reflect market power.

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[1] Letter from Elizabeth R. Park, Latham & Watkins, to Marlene H. Dortch, Secretary, Federal Communications Commission at 1 (May 10, 2006).
[2] *Id.*

As a practical matter, rigorous rate review has taken place as part of the tariff filing and review procedure. The changes to the tariff filing procedure therefore effectively remove the RCA's opportunity to conduct a rigorous rate review. At minimum, the RCA will have no opportunity to act before any changes pursuant to Section 53.243 go into effect. And, based on my experience at the RCA, I expect that the RCA will act to deny or modify changes only if and when a complaint challenging changes made pursuant to Section 53.243 is filed. This is substantially less oversight than the RCA traditionally exercised over dominant carriers.

Pricing Freedom

9. Section 53.243 grants nondominant carriers, including ACS, significant pricing freedom in the Anchorage business and residential markets.

10. For most services, a nondominant carrier may implement rate and other service changes by (1) posting a notice summarizing the changes on its web site and leaving the notice on the website for 30 days; (2) filing an informational filing with the RCA; and (3) providing email notice to any customer requesting email notice. These provisions apply to all services except services not covered by Section 53.243 (line extension services, construction services, subdivision services agreements, and interexchange carrier access services, including special access services) and residential or single-line business services. For stand-alone residential and single-line business services, carriers may raise rates by not more than 8% per calendar year. This cap, however, expires on June 30, 2010, at which point carriers will face no regulatory restraint on their ability to raise prices for these services. Notably, this cap on rates does not apply to bundled services or new and repackaged services.

Business Market Pricing Flexibility

11. In the business market, both ACS and GCI have substantial additional pricing discretion. First, both ACS and GCI have filed tariffs that allow them to offer individual business customers significant annual discounts (ACS's tariff authorizes discounts of $150 per line per year; GCI's tariff authorizes discounts of $200 per line per year) without making any regulatory filings. See Exhibit GNT-2.

12. Second, Section 53.243 permits a carrier to implement special contracts without RCA approval by posting information on the carrier's website and making an informational filing at the RCA. Carriers can use special contracts to provide individualized pricing and service to business customers. The ability to implement special contracts without RCA approval therefore gives carriers significant freedom to negotiate individual agreements with business customers.

Respectfully submitted,

G. Nanette Thompson
General Communication, Inc.
Vice President – Federal Policy
2550 Denali Street
Anchorage, AK 99503

Exhibit C

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

In the Matter of	)	
	)	
Petition of ACS of Anchorage, Inc. Pursuant to Section 10 of the Communications Act of 1934, as amended, for Forbearance from Sections 251(c)(3) and 252(d)(1) in the Anchorage LEC Study Area	)	WC Docket No. 05-281
	)	

DECLARATION OF GENE STRID

I, Gene Strid, do hereby declare under penalty of perjury:

1. I am Vice President and Chief Engineer, Network Services, for General Communication, Inc. ("GCI"). In this capacity, I have overall responsibility for the engineering and operation of GCI's core network. I have been with GCI since January 1990. Before joining GCI, I was a telecommunications network engineering consultant, the engineer-in-charge of the Alaska branch office for Gillespie, Prudhon & Associates. I am a Professional Engineer, registered in the State of Alaska. I have been working as a telecommunications engineer in Alaska since August 1974.

2. In this statement, I discuss GCI's use of wireless local loops ("WLLs") in Anchorage, and its ability to quickly deploy wireless local loops to provide service to business and residential customers. In particular, I explain why ACS's suggestion that GCI could use WLL to replace a large number of UNE loops in the Anchorage markets within a commercially reasonable time is incorrect.

3. GCI does currently use a handful of WLLs to provide voice service in Anchorage, using three already-constructed base stations. GCI uses WLL on a case-by-case basis, often to provide temporary service, and has not designed its network to

replace UNEs throughout Anchorage. In addition, the existing network is not designed for provision of high capacity services, and GCI therefore cannot provide DS1 or other multi-megabit capacity services over its existing WLL network.

4. Furthermore, it is difficult to add customers to GCI's existing WLL network in some portions of Anchorage, particularly where heavy trees, local buildings, and/or hills and valleys impede reception. For example, it is often difficult or impossible to serve customers in the furthest southern parts of Anchorage using GCI's existing WLL network.

5. In order to use WLLs to replace a significant number of UNEs, GCI would have to embark on a large-scale network design, construction, provisioning, and installation process, which would take a substantial period of time. Consequently, as Gina Borland previously explained, replacing UNEs with WLLs in the Anchorage markets would require GCI to start essentially from square one.[1] The time necessary to complete such a project would be measured in years, not months, and GCI could certainly not complete this process quickly enough to provide service to residential or business customers within a commercially reasonable time.

6. With respect to high capacity services, I am unaware of any service provider currently using WLLs to successfully provide DS1-equivalent service on any significant scale. It is my understanding that entities that have pursued this business model, such as Teligent and Winstar, have encountered insurmountable technical and economic obstacles. If GCI were to undertake such a project, it would be time-

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[1] *See* Declaration of Gina Borland ¶ 48, attached as Exhibit A to *Opposition of General Communication, Inc. to the Peition for Forbearance from Sections 251(c)(3) and 252(d)(1) of the Communications Act Filed by ACS of Anchorage,* WC Docket No. 05-281 (filed January 9, 2006).

consuming and difficult, and success would not be a foregone conclusion, particularly within the timeframe that ACS proposes to discontinue providing UNEs at regulated rates.

Respectfully submitted,

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Exhibit D