

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

In the Matter of

Qwest Petition for Forbearance Under 47 U.S.C. §160(c) from Title II and *Computer Inquiry* Rules with Respect to Broadband Services

WC Docket No. 06-125

Petition of AT&T Inc. for Forbearance Under 47 U.S.C. §160(c) from Title II and *Computer Inquiry* Rules with Respect to its Broadband Services

Petition of BellSouth Corporation for Forbearance Under 47 U.S.C. §160(c) from Title II and *Computer Inquiry* Rules with Respect to Its Broadband Services

Petition of Embarq Local Operating Companies for Forbearance Under 47 U.S.C. §160(c) from Application of *Computer Inquiry* and Certain Title II Common-Carriage Requirements

WC Docket No. 06-147

Petition of ACS of Anchorage, Inc. for Forbearance from Certain Dominant Carrier Regulation of its Interstate Access Services, and for Forbearance from Title II Regulation of its Broadband Services, in the Anchorage, Alaska, Incumbent Local Exchange Carrier Study Area

WC Docket No. 06-109

**REPLY COMMENTS OF GENERAL COMMUNICATION, INC.**

General Communication, Inc., (“GCI”) hereby responds to comments of ACS of Anchorage, Inc., (“ACS”) filed in the above-captioned forbearance proceedings, in which

ACS requests that “any relief granted to the Petitioners apply immediately to all ILECs.”<sup>1</sup> GCI has already responded to ACS’s dominant carrier regulation forbearance petition,<sup>2</sup> but submits this reply specifically and additionally to oppose ACS’s request to apply any relief granted to the other ILEC petitioners – all of which are subject to price cap regulation – to all ILECs, including those that, like ACS, are subject to rate-of-return regulation.

ACS provides no reason why any forbearance granted to price cap ILECs should apply to ACS and other rate-of-return ILECs. As GCI described more fully in comments submitted in ACS’s<sup>3</sup> and AT&T’s dominant carrier forbearance proceedings,<sup>4</sup> unlike price cap regulation, rate-of-return regulation allows ILECs to cross-subsidize and “shift nonregulated costs to regulated services”<sup>5</sup> with potentially disastrous consequences for competition. Price cap regulation, on the other hand, sets prices irrespective of the costs incurred, thus inhibiting such cross-subsidization and cost-shifting. ACS, in its request to extend forbearance to all rate-of-return ILECs, fails to even mention the potential for cost-shifting, much less explain why any relief granted to price cap ILECs would nevertheless justifiably apply to rate-of-return ILECs.

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<sup>1</sup> *Comments of ACS of Anchorage, Inc.*, WC Docket No. 06-125, at 3 (filed Aug. 17, 2006) (“ACS Comments”).

<sup>2</sup> *See, generally, Comments of General Communication, Inc. on ACS of Anchorage’s Petition for Forbearance from Certain Dominant Carrier Regulation of its Interstate Access Services and from Title II Regulation of its Broadband Services*, WC Docket No. 06-109 (filed Aug. 11, 2006), attached hereto as Exhibit 1.

<sup>3</sup> *Id.* at 24–25.

<sup>4</sup> *See Reply Comments of General Communication, Inc.*, WC Docket No. 06-120 (filed Aug. 8, 2006), at 2–8, attached hereto as Exhibit 2.

<sup>5</sup> *Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC’s Local Exchange Area and Policy and Rules Concerning the Interstate, Interexchange Marketplace*, 12 FCC Rcd 15756, 15817 (¶ 106)(1997).

The difference between price cap regulated carriers and rate-of-return regulated carriers is particularly significant for computing federal universal service support. As a rate-of-return carrier, for example, ACS receives Interstate Common Line Support, which is calculated based on a rate-of-return interstate common line revenue requirement. By contrast, price cap carriers receive Interstate Access Support, which is not tied to the embedded ratebase. Furthermore, unlike ACS, many of the petitioners receive no High Cost Loop Support.

Moreover, ACS cannot seek relief for “all similarly situated carriers . . . and specifically for all ILECs.”<sup>6</sup> ACS cites no procedure that would allow it to seek regulatory forbearance for other parties. Section 10(c) of the Act provides that “[a]ny telecommunications carrier, or class of telecommunications carriers, may submit a petition to the Commission requesting that the Commission exercise the authority granted under this section with respect to *that* carrier or *those* carriers, or any service offered by *that* carrier or carriers.”<sup>7</sup> The Act does not empower the Commission to grant a petition for forbearance with respect to any carrier other than “that carrier or those carriers” that filed the petition. There is no dispute that the Commission has broad authority under

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<sup>6</sup> ACS Comments at 2.

<sup>7</sup> 47 U.S.C. § 160(c) (emphasis added).

Section 10(a) to forbear from applying any regulation or provision to any class of telecommunications carriers or services that meet the statutory forbearance requirements. Clearly, however, the Section 10(c) forbearance petition is designed as a party-specific avenue of relief.

Respectfully submitted,

GENERAL COMMUNICATION, INC.



John T. Nakahata

~~Brita Strandberg~~

Christopher P. Nierman

HARRIS, WILTSHIRE & GRANNIS LLP

1200 18th Street, N.W., Suite 1200

Washington, D.C. 20036-2560

+1 202 730 1300

*Counsel for General Communication, Inc.*

Tina Pidgeon  
Vice President—Federal Regulatory Affairs  
GENERAL COMMUNICATION, INC.  
1130 17<sup>th</sup> St., NW  
Suite 410  
Washington, DC 20036  
+1 202 457-8812

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