



1200 EIGHTEENTH STREET, NW  
WASHINGTON, DC 20036

TEL 202.730.1300 FAX 202.730.1301  
WWW.HARRISWILTSHIRE.COM

ATTORNEYS AT LAW

November 14, 2007

Ex Parte

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: *Federal State Joint Board on Universal Service, High Cost Universal Service Support*, WC Docket No. 05-337, CC Docket No. 96-45

Dear Ms. Dortch:

On November 13, 2007, I met with Scott M. Deutchman, Legal Advisor to Commissioner Michael J. Copps, on behalf of GCI. We discussed GCI's letter of May 31, 2007, setting forth GCI's proposal for an exclusion to a CETC universal service funding cap for any tribal lands and Alaska Native Regions. The proposal would apply only to tribal lands and Alaska Native Regions, and not to neighboring parts of a study or service area. This follows the model used for the Tribal Lands Lifeline program.<sup>1</sup>

We also noted that when a CETC provides service that substitutes for, rather than supplements, the service provided by the ILEC, paying support to each ETC based on their own costs unnecessarily eliminates market-driven incentives for efficiency. In that case, because the service is a substitute, the better approach would be to pay each provider for the residential accounts that they serve, with the amount set for both at either the ILEC's costs, the most efficient (or modeled) costs, or at the current per line rate frozen and perhaps decreased over time. All of these alternatives preserve competitive neutrality by paying each ETC that actually provides substitute service the same amount for serving the same customer in the same location. In such a system, any fears of "cherry-picking" can be addressed through disaggregation of support.

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<sup>1</sup> 47 C.F.R. § 54.400(e). The Commission has stayed the application of the definition only with respect to "near reservation" areas. See *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscriberhip in Unserved and Underserved Areas, Including Tribal and Insular Areas*, Order and Further Notice of Proposed Rulemaking, 15 FCC Rcd 17112 (2000).

**HARRIS, WILTSHIRE & GRANNIS**

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Please contact me if you have any questions.

Sincerely,



John T. Nakahata  
*Counsel to General Communication, Inc.*

cc: Scott Deutchman