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ATTORNEYS AT LAW

3 October 2008

Ex Parte

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

Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Federal State Board on Universal Service, CC Docket No. 96-45; High Cost Universal Service Support, WC Docket No. 05-337

Dear Ms. Dortch:

Yesterday, October 2, Tina Pidgeon of General Communication, Inc. (“GCI”), John Nakahata of this firm, and the undersigned met with Don Stockdale, Jennifer McKee, Jay Atkinson, Al Lewis, Victoria Goldberg, Rebekah Goodheart, Matt Warner, Randy Clarke, and Tom Buckley of the Wireline Competition Bureau, and Lisa Gelb of the Office of General Counsel.

In that meeting, GCI explained that in order to ensure a level competitive playing field, reforms should provide for symmetrical rates in all locations so that no carrier in a given area is able to charge different rates for the exchange of traffic than a competing carrier in the same area. Proposals like ITTA’s to steal a competitive advantage by placing companies like GCI within the same rate pool as the RBOCs are patently discriminatory and must be summarily rejected. Similarly, no so-called “access replacement fund” should be available to incumbents unless it is available on the same terms to competing carriers.¹

¹ See Comments of General Communication, Inc., WC Docket No. 05-337; CC Docket No. 96-45, at 48-49 (filed Apr. 17, 2008) (“GCI April 2008 USF Reform Comments”) (explaining the Commission’s legal obligation to shift implicit subsidies from access charges to explicit universal service support mechanisms).

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GCI also discussed Alaska's particular service needs and network architecture, explaining that any intercarrier compensation and universal service reforms must take these unique challenges and characteristics into account.

- ***Tribal Lands:*** The conditions the Commission cited in adopting the existing tribal lands exception to the interim cap on CETC funding will not expire if the cap expires, and any long-term reform must therefore continue to recognize the needs of these regions, including Alaska.²
- ***Inapplicability of LATA Rules:*** Alaska was never an RBOC state, and LATA-based rules consequently have little or no bearing on Alaska carriers. There are, for example, no tandems in Alaska. As a result, any rules for Alaska governing points of interconnection must apply on a local calling area basis, as proposed by the Intercarrier Compensation Forum.³ By the same token, CMRS compensation in Alaska has been a difficult and contentious issue in large part because Alaska is a single MTA.
- ***Long-Haul Transport:*** In Alaska, transport between local calling areas is in many instances provided by an IXC. At least two providers, GCI and Alascom provide that service today outside of the access regime and without subsidy. This long-haul transport should remain outside of these structures, and any argument to the contrary should be dismissed as a transparent effort to subsidize market entry through regulatory intervention.
- ***Tariff No. 11:*** GCI noted that the rates for interstate switched wholesale service elements for CONUS to Alaska transport, including switching and transport for bush and non-bush areas, are set by statute at Tariff 11 levels (reduced by 3% annually).⁴
- ***Existing ICAs:*** GCI also explained that reforms should not undo voluntary industry arrangements. GCI has a number of interconnection agreements that provide for bill and keep for traffic subject to reciprocal compensation. Undoing such voluntary agreements would create confusion and upset settled commercial expectations. For this reason, at the expiration of any existing agreements, the Sections 251 and 252 process should be followed for any replacement agreement, including

² *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Alltel Communications, Inc., et al. Petitions for Designation as Eligible Telecommunications Carriers; RCC Minnesota, Inc. and RCC Atlantic, Inc. New Hampshire ETC Designation Amendment*, 23 FCC Rcd 8834, 8848 (2008).

³ Intercarrier Compensation Forum Comments, CC Docket No. 01-92, Appendix D (filed on Mar. 23, 2005) (noting application of certain proposed rules "in a non-LATA state" to "local calling areas").

⁴ P.L. 108-447, Division J, sec. 112, at 537 (2004).

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those where default intercarrier compensation rules might otherwise apply.

In addition, GCI reiterated points it has made in prior filings in the above-captioned dockets, noting in particular the devastating harm to Alaska consumers and competition that would arise from elimination or reduction of ICLS or LSS for competitive carriers. First, elimination of access to such support would impose immediately greater harms than even implementation of the interim cap, which the Commission already recognized would deny desperately needed deployment of infrastructure to tribal lands. Second, and as detailed in the attached filing, elimination of LSS and ICLS for CETCs would put competitive carriers in Alaska like GCI at a potentially insurmountable competitive disadvantage by forcing them to compete with carriers receiving USF subsidies that exceed those available to competitive carriers by up to \$35.⁵ Even if GCI retains the theoretical pricing flexibility to recover such disparities from its subscribers (a concept that defies logic), those subscribers will simply refuse to purchase service from GCI if they are priced above the incumbent's.

Sincerely yours,



Brita D. Strandberg
Counsel to General Communication, Inc.

cc: Don Stockdale, Jennifer McKee, Jay Atkinson, Al Lewis, Victoria Goldberg, Rebekah Goodheart, Matt Warner, Randy Clarke, Tom Buckley, Lisa Gelb

⁵ Letter from John T. Nakahata, Counsel to General Communication, Inc. to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 05-337; CC Docket No. 96-45 (filed June 4, 2008) (copy attached); GCI April 2008 USF Reform Comments at 41-56.