

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

In the Matters of

International Comparisons and Consumer Survey
Requirements in the Broadband Data
Improvement Act

GN Docket No. 09-47

A National Broadband Plan for Our Future

GN Docket No. 09-51

Inquiry Concerning the Deployment of
Advanced Telecommunications Capability to All
Americans in a Reasonable and Timely Fashion,
and Possible Steps to Accelerate Such
Deployment Pursuant to Section 706 of the
Telecommunications Act of 1996, as Amended
by the Broadband Data Improvement Act

GN Docket No. 09-137

**REPLY COMMENTS OF GENERAL COMMUNICATION, INC. –
NBP PUBLIC NOTICES # 30, 5, 11, 19**

General Communication, Inc. (“GCI”) commends the Federal Communications Commission (“Commission”) for its intensive focus on improving broadband deployment and services, particularly in our country’s hard-to-serve and under-deployed areas such as tribal lands. Robust broadband can revolutionize life and opportunity in rural, as well as urban, America. GCI is already intensely focused on extending the benefits of advanced services to rural areas, as it is Alaska’s leading supplier of network services for distance learning and telemedicine, and is in the midst of the first-ever statewide rollout of an Alaska wireless network. This wireless network is bringing modern wireless service to hundreds of small villages. Because of GCI’s efforts, residents of those villages can better communicate with one another, summon lifesaving assistance, and roam seamlessly from village to village, and from village to

regional center, to urban center, and to the rest of the world. GCI's ability to provide many of these services at affordable rates depends largely on the assistance of the E-rate, rural health care, high-cost, and low-income programs, all of which work together to encourage and sustain telecommunications infrastructure investment in Alaska.

Yet, as GCI explained in its comments in response to Public Notice #11, the missing link in providing a truly robust broadband network to rural as well as urban Alaska is the middle-mile network. Today, the need to traverse satellites from rural Alaska back to Anchorage, as well as between rural Alaska centers and villages (outside of the Yukon-Kuskokwim Delta areas that are served by the GCI DeltaNet regional microwave network), limits reasonable mass-market broadband throughput to between 56 and 250 kbps for traffic headed to the rest of the world. The only way to improve these throughput speeds, particularly given the growth of Internet traffic, will be to deploy terrestrial-based networks using fiber and/or microwave. Helping to fill in a piece of this puzzle, RUS recently awarded GCI's subsidiary United Utilities, Inc. a grant and loan that will finance the deployment of a hybrid fiber/microwave middle-mile network that will ultimately bring true broadband services to 65 communities in remote southwestern Alaska.¹ Even with this network, however, large portions of Alaska will continue to rely on satellite backhaul. Moreover, all Universal Service Fund ("USF") support mechanisms will remain necessary to ensure that customers throughout the covered region have access to the resulting broadband services, and that the end-user networks meet comparable service standards, as required by statute.

¹ Press Release, Agriculture Secretary Vilsack Announces \$310 Million in Recovery Act Funds for Rural Broadband Projects (Jan. 25, 2010), *available at* http://www.usda.gov/wps/portal/!ut/p/_s.7_0_A/7_0_1RD?printable=true&contentidonly=true&contentid=2010/01/0032.xml. United Utilities is a subsidiary of GCI.

As it considers recommendations to further promote broadband deployment, and in particular how to reform universal service support to do so, the Commission should take care not to undermine the progress being made in under-deployed tribal land areas such as Alaska, which is supported by existing universal service mechanisms. Delivering the middle-mile to the rest of Alaska will require creative solutions, but those solutions cannot be implemented to the detriment of the universal service support that currently funds network deployment and upgrades in Alaska. Universal service reforms that remove the support needed to continue and finance today's buildout would not promote broadband deployment, but rather, would undermine the availability of private financing for Alaska network investment and threaten the long-term sustainability of projects enabled with the assistance of public funding. To avoid unintended and potentially immediate consequences, the Commission should in its upcoming National Broadband Plan be careful about making proclamations about specific changes prior to developing a full record on any particular proposals – especially when addressing the needs of traditionally vulnerable areas, such as tribal lands.

I. Any Reforms Must Preserve Today's Universal Service Successes.

It is tempting to think that universal voice service has been achieved, but that assumption is not true for remote areas such as rural Alaska. Existing USF mechanisms are only now beginning to deliver telecommunications services to rural Alaska that are comparable to the nation's urban communities. As the Commission's most recent CMRS Competition Report showed, almost all of rural Alaska has been unserved by any mobile carrier.² GCI's four-year

² *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services*, Thirteenth Report, 24 FCC Rcd 6185, 6358-59 (Maps B-36 and B-37) (2009) (demonstrating the dearth of digital mobile coverage in most of Alaska, and the extent to which existing mobile service corresponds to the road network.) (“*Thirteenth CMRS Competition Report*”).

deployment of wireless service to these rural communities is changing that situation. To remain consistent with Section 254's mandate to provide access in rural areas to telecommunications and information services that are reasonably comparable to urban areas, any universal service reforms must preserve the support needed for ongoing successes such as the GCI rural wireless deployment.

GCI's ability to undertake its rural wireless deployment is a testament to the Commission's tribal lands policies, which have preserved existing levels of universal service support on tribal lands, including Alaska. As the *Thirteenth CMRS Competition Report* showed, Alaska has had no truly statewide digital wireless network that would allow subscribers to travel anywhere in the state and receive wireless service – from village, to regional center, to urban center. Such services do not exist statewide today, and no other carrier has attempted to deploy a statewide telecommunications network. Moreover, because of the large number of unserved areas in Alaska, a statewide service cannot be cobbled together through roaming agreements. Only when GCI's four-year deployment is completed in 2012 will rural Alaskans have wireless services that are more closely comparable with the wireless services available in the lower 48.

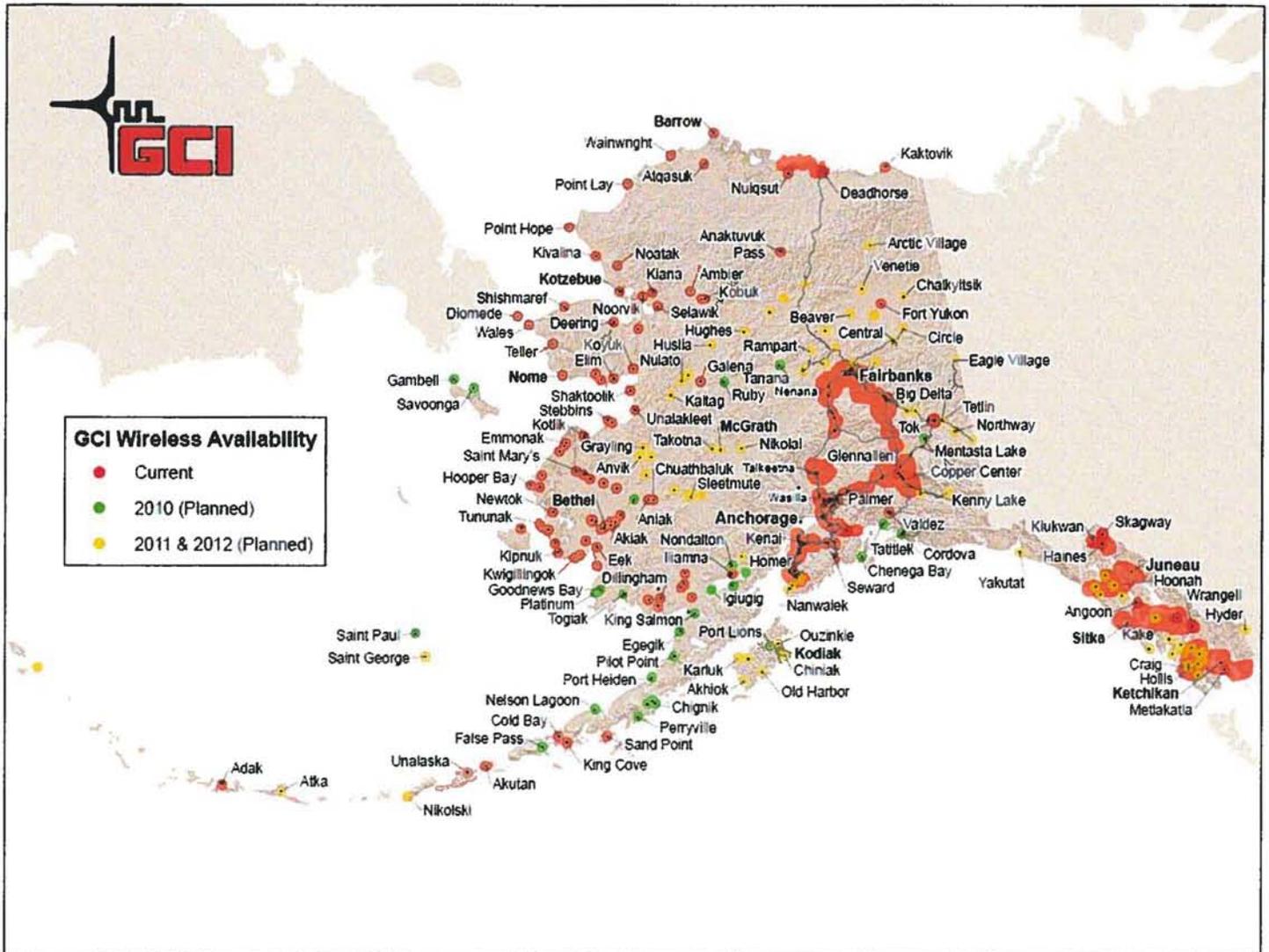
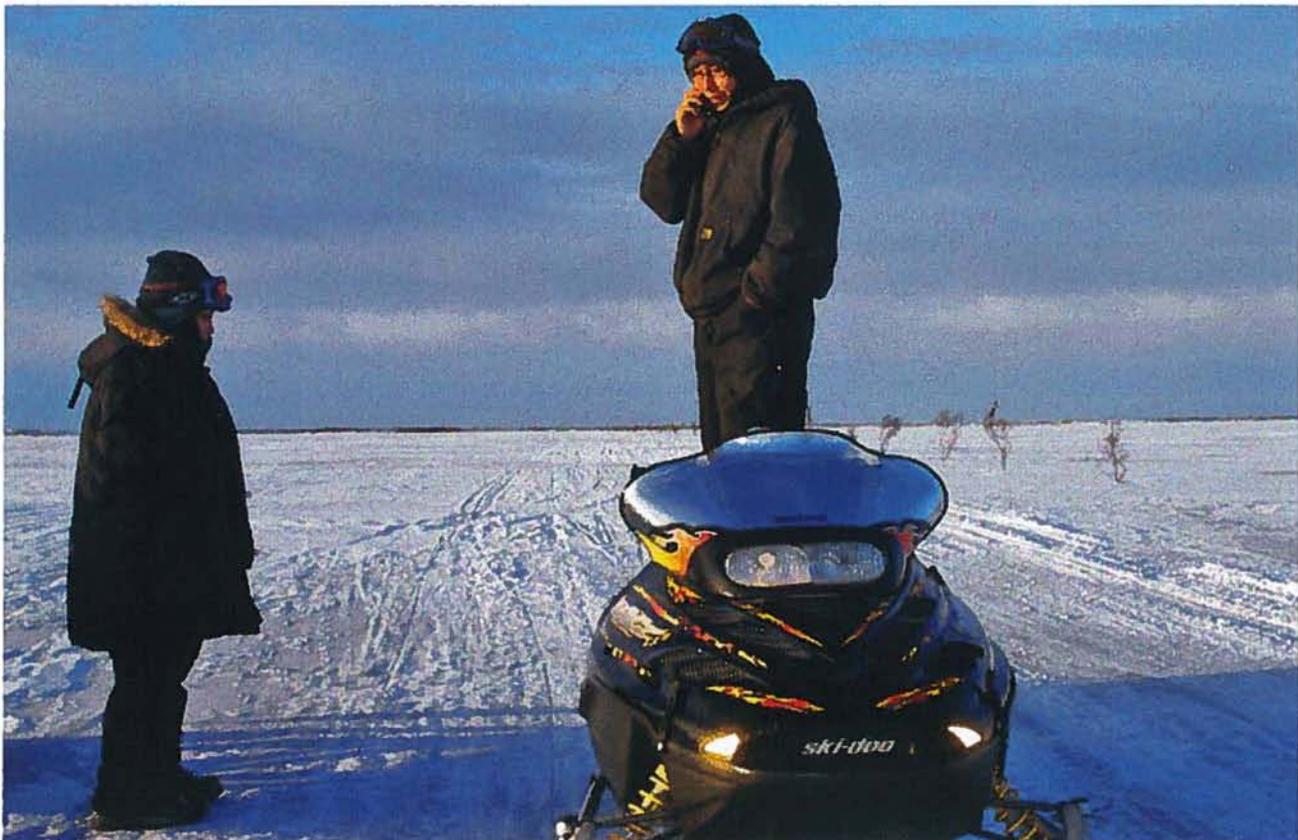


Figure 1
GCI Rural Wireless Deployment

Underscoring the importance of preserving the support necessary for this service and the transformational impact of communications technologies, a GCI Field Maintenance Group technician shared a recent story about the significance of GCI’s rural wireless service and the role that Competitive Eligible Telecommunications Carriers (“CETCs”) play in delivering life-saving telecommunications services:

I thought you would enjoy the picture attached, taken yesterday, December 1, as I made a 60-mile swing on the snowmachine trail checking out RW (rural wireless) equipment issues in “The Tundra Villages,” i.e., Atmautluak, Nunapitchuk and Kasigluk. About five miles out of Atmautluak heading back to Bethel I stopped

when I came across these young GCI customers who had a broken chain drive in the middle of a frozen lake. In the old days this would have been a real emergency, but the young man told me, "No problem." He had just used his GCI cell phone to call his dad to come give them a tow back to their house. When I snapped the picture he was on the line with his parts supplier, ordering a new drive chain so he could pick up parts in Kasigluk and hopefully fix the machine same day. The terrain in the middle of the frozen lake was flat enough that standing on the seat gave him the height he needed to complete a call. (The bushes in the picture are actually trail markers planted by Atmaultluk Search and Rescue). These young people acted like it was no big deal at all. It seems that all of us in the GCI Rural Wireless projects have ushered in a paradigm shift for Bush Alaska. I stayed until their tow arrived; their dad was also a GCI Rural Wireless believer, of course.



Photograph by Don Picazo.

Universal service reform designed to better support broadband must not undermine such progress.

GCI's deployment has produced two significant lessons for the Commission to consider as it determines how universal service support might be reconfigured for broadband. First, even

with substantial universal support, it took a larger, non-incumbent with statewide operations to harness the economies of scale in operating both rural and urban networks to make the business case for deployment to rural areas. In the end, this reality will also likely be true for broadband, given the substantial costs of deploying a middle-mile network sufficient to permit advanced broadband offerings in rural Alaska, where satellite is the only middle-mile transport available today. For this reason, as the Commission reexamines universal service support mechanisms, it must be careful not to adopt policies that would preclude or create barriers to companies launching regionwide services, even if that is not how services have historically been provided.

Second, as a corollary, the Commission should avoid artificial restrictions on Eligible Telecommunications Carrier (“ETC”) entry. GCI’s rural wireless deployment would not have been possible had the Commission limited support, for example, to one wireline and one wireless ETC, even just in urban Alaska. Although much of rural Alaska is unserved by any wireless carrier, some regional centers had an existing rural wireless carrier affiliated with the Incumbent Local Exchange Carrier (“ILEC”), and the urban centers of Anchorage, Fairbanks, and Juneau are served by multiple ETCs, both wireless and wireline. Had GCI been unable to enter *all* markets as an ETC, its rural wireless deployment – fueled by statewide economies of scale – would not have been possible. In the urban areas and regional centers with earlier-authorized ETCs, including the ILEC, GCI would not have been able to obtain an ETC authorization for wireline or wireless service. Because it is infeasible to enter a market to compete against a subsidized competitor,³ such a “one wireline/one wireless” ETC policy would have prevented

³ See *Western Wireless Corporation Petition for Preemption of Statutes and Rules Regarding the Kansas State Universal Service Fund Pursuant to Section 253 of the Communications Act of 1934*, Memorandum Opinion and Order, 15 FCC Rcd. 16227, 16231 (¶8) (2000) (“A new entrant faces a substantial barrier to entry if its main competitor is receiving substantial support . . . that is not available to the new entrant. A mechanism that makes only ILECs

GCI from developing a statewide business case. That would have ensured that rural Alaska was not developed, because neither the small, rural ILECs nor the existing urban-focused wireless carriers were doing so.

Open entry through success-based USF support remains critical to ensuring that the market can bring the best solutions to bear for consumers. Whether through first-in-time, comparative selections, lotteries, or auction mechanisms, government is ill-suited to pick winners in the market for any long-term period. The fact that no other ETC in Alaska has sought to do what GCI is now doing with a statewide wireless deployment shows that to promote universal service, the market must remain able to adapt and embrace new business models through entry.

For these same reasons, the Commission should reject proposals to tie universal service obligations to carrier-of-last-resort (“COLR”) requirements – which are ill-defined and vary from state to state. As GCI pointed out in its comments on Public Notice #19, the Regulatory Commission of Alaska (“RCA”) has not created specific criteria for designating a different COLR, but in practice incumbent and competitor obligations do not differ. Indeed, there is actually no regulation or order in Alaska that defines the duties of a COLR. Rather, ILECs provide service in accordance with their tariffs, which include line-extension provisions. The line-extension tariffs vary, but typically oblige the incumbent to provide a certain amount of

eligible for explicit support would effectively lower the price of ILEC-provided service relative to competitor-provided service by an amount equivalent to the amount of the support provided to ILECs that was not available to their competitors. Thus, non-ILECs would be left with two choices -- match the ILEC's price charged to the customer, even if it means serving the customer at a loss, or offer the service to the customer at a less attractive price based on the unsubsidized cost of providing such service. A mechanism that provides support to ILECs while denying funds to eligible prospective competitors thus may give customers a strong incentive to choose service from ILECs rather than competitors. Further, we believe that it is unreasonable to expect an unsupported carrier to enter a high-cost market and provide a service that its competitor already provides at a substantially supported price.”). This is equally true for competition among CETCs as between a CETC and an ILEC ETC.

construction at no cost, beyond which the consumer has to bear any additional expenses. The same is true for competitive providers like GCI.

As the Commission has previously observed, limiting universal service support to “only to those carriers that assume the responsibilities of ILECs” would “chill competitive entry into high cost areas” and “violate the principle of competitive neutrality.”⁴ Competition and new technologies should reduce the actual cost of providing universal service over time.⁵ And as Chairman Genachowski recently explained, “promoting competition is one of government’s most powerful tools for spurring innovation because competition is the mother of invention,” and is “the right long-term answer for the country, and for the broadest array of businesses and consumers.”⁶

Finally, GCI urges the Commission to be careful in framing and announcing its recommendations in the National Broadband Plan. Financing network investment in rural areas such as Alaska is always tricky. If the Commission casts doubt over a significant portion of carriers’ current universal service support, even if it may have some new mechanisms in mind, it could freeze investment in rural Alaska. Such a freeze would harm, not help, the goals of the National Broadband Plan. The Commission must take special care not to disturb or disrupt the

⁴ *Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776, 8857-58 (¶ 144) (1997) (citation omitted); *see also id.*, 12 FCC Rcd. at 8855-56 (¶ 142) (rejecting proposals to include COLR obligations on ETCs, in part, because “section 214(e) does not grant the Commission authority to impose additional eligibility criteria”); *see also Federal-State Joint Board on Universal Service*, Recommended Decision, 12 FCC Rcd. 87, 170 (1996).

⁵ S. Rep. No. 104-23, at 26 (1995).

⁶ Julius Genachowski, Chairman, Federal Communications Commission, Remarks at the Innovation Economy Conference: Innovation in a Broadband World at 5 (Dec. 1, 2009) available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-294942A1.pdf.

delicate business cases of planned or ongoing projects to extend service to tribal lands, including Alaska, as it embarks upon the post-National Broadband Plan phase of its efforts.

II. Broadband Deployment in Alaska Requires Maintaining and Promoting an Economic Basis for Middle-Mile Investment.

As GCI described in its comments on NBP Public Notice #11, the number one obstacle to bringing broadband of at least 1 mbps (or more) to rural Alaska is the lack of non-satellite-based middle-mile facilities. Most rural Alaskans depend almost entirely on satellite technology to transport traffic across the middle mile. But satellite service is expensive, and has limited throughput capacity, inherent latency, and thus is not ideal for widespread, intensely-used broadband services for the mass market. Satellite links simply cannot deliver economically feasible, urban-quality residential broadband Internet service. The challenge, therefore, is to replace satellite middle-mile transport with technologically and economically viable terrestrial middle-mile delivery, both within these remote, off-road regions and between these regions and the Internet backbone.⁷

Today's various universal service support mechanisms – high-cost, low income, rural health care, and schools and libraries support – are all important parts of funding a statewide network that can deliver broadband. Reducing any of these support mechanisms in Alaska will only make it more challenging for companies to build the business case to support the necessary middle-mile deployment. Thus, as discussed above, preserving today's tribal lands treatment will be an important part of promoting future broadband deployment. Changing the existing system without a clear replacement will harm, not promote, broadband network deployment by making it even harder to attract private capital to support investment in these areas.

⁷ Comments of General Communication, Inc. – NBP Public Notice #11, GN Docket Nos. 09-47, 09-51, 09-137 at 2 (filed November 4, 2009).

Ultimately, however, unless the federal government creates significant additional Broadband Technology Opportunities Program/Broadband Initiatives Program-type funding, the Commission will need to be open to adapting regulation to different and creative business solutions to promote non-satellite middle-mile deployment in Alaska. It is hard to predict what those solutions are, but a key ingredient will be the Commission's willingness to act quickly to review and approve such solutions. The Commission expressly should *not* adopt regulatory barriers to available solutions, whether they may exist today or be developed in the future.

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As the Commission considers what steps to recommend to further promote broadband deployment, and in particular how it might reform universal service support to do so, GCI urges the Commission to take care not to undermine the progress that existing universal service mechanisms support in under-deployed tribal land areas such as Alaska. The Commission's tribal lands policy for CETC support has resulted in such progress, and should be preserved. While creative solutions will be needed to deliver the middle-mile solutions that Alaska needs, the Commission should not implement those solutions to the detriment of the universal service support that is currently being used to fund network deployment and upgrades in Alaska.

Respectfully submitted,

/s/

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