

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

In the Matter of

Universal Service Reform

Mobility Fund

WT Docket No. 10-208

REPLY COMMENTS OF GENERAL COMMUNICATION, INC.

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INTRODUCTION & SUMMARY

General Communication, Inc. (“GCI”) files these reply comments regarding the Commission’s *Mobility Fund NPRM*.¹ As GCI noted in its initial comments, and as echoed by other commenters in this proceeding, the Mobility Fund as proposed will not bring broadband, whether fixed or mobile, to those portions of Alaska that lack broadband service, nor apparently to many other unserved portions of the lower 48. Therefore, the Commission cannot count on the proposed Mobility Fund to justify a phase-out of CETC high-cost USF support across the board. Such support has been and continues to be critical in Alaska to promote and support the deployment of modern digital wireless services, including wireless broadband. In addition, as part of any Mobility Fund implementation, the Commission should address the need to fund ongoing high operating costs in areas that receive Mobility Fund support, permit the use of Mobility Fund support for wireless backhaul in rural areas, and develop a mechanism to ensure that the Mobility Fund does not support already-planned 3G build outs. Finally, particularly in

¹ *Universal Service Reform; Mobility Fund*, Notice of Proposed Rulemaking, WT Docket No. 10-208 (rel. Oct. 14, 2010) (“*Mobility Fund NPRM*”).

Tribal Lands, multiple designated eligible telecommunications carriers (“ETCs”) in a geographic area should be eligible to receive any Mobility Fund support.

I. COMMENTS CONFIRM THAT THE PROPOSED MOBILITY FUND WILL NOT MEANINGFULLY IMPROVE MOBILE BROADBAND DEPLOYMENT IN ALASKA, AND THAT THE CURRENT TRIBAL LANDS SYSTEM MORE EFFECTIVELY PROMOTES ALASKAN BROADBAND DEPLOYMENT

A. The Proposed Mobility Fund Will Not Meaningfully Improve Mobile Broadband Deployment in Alaska

As GCI stated in initial comments, “[a]lthough well-intentioned, the Mobility Fund as outlined will do little to help those portions of Alaska that lack broadband, whether fixed or mobile.”² If the Mobility Fund is to bring benefit to Alaska, the Commission will need to modify its proposal as applied to Alaska.

Other Alaskans share GCI’s concern. As Alaska Communications Systems (“ACS”) stated, it is “imperative that the Commission consider Alaska’s unique situation when developing the Mobility Fund and avoid formulating rules or mechanisms that put rural Alaskans at a disadvantage in competing for funding.”³ The Alaska Telephone Association (“ATA”) similarly explained that, “[c]learly the proposals in this NPRM have not been offered to benefit Alaskans. Winning bidders would be selected based on the per-unit bid and the number of units to be served. Alaska has neither high density nor large numbers as compared with other regions, so there is little here to generate our enthusiasm and much to cause concern.”⁴ ACS further outlined Alaskans’ shared concern that, “[a]bsent a carve-out, projects in Alaska will never

² Comments of General Communication, Inc. at ii, WT Docket No. 10-208 (filed Dec. 16, 2010) (“GCI Comments”).

³ Comments of Alaska Communications Systems at 1, WT Docket No. 10-208 (filed Dec. 16, 2010) (“ACS Comments”).

⁴ Comments of Alaska Telephone Association at 5, WT Docket No. 10-208 (filed Dec. 16, 2010) (“ATA Comments”).

prevail in a national reverse auction...because deployment in rural Alaska will be more expensive per-unit served when compared to deployment in rural areas of the Lower 48.”⁵

B. The Current High-Cost Support Regime and Tribal Lands Exception More Effectively Support Alaskan Broadband Deployment

By contrast, the Commission’s current High-Cost support regime and the Tribal Lands exception in particular have proven to be effective in promoting and supporting Alaskan mobile broadband deployment. As GCI has noted to the Commission previously, under the existing Tribal Lands exception to the CETC cap, GCI is conducting a landmark statewide deployment of modern 2G digital wireless services to areas of rural Alaska that never before had such service.⁶ GCI is pleased that the Commission has recently recognized the importance of the Tribal Lands exception by not including any changes to that exception in its December 30, 2010 Order amending the interim cap rules.⁷

GCI again urges that “the Commission [] not assume that a Mobility Fund will justify a phase-out of high-cost USF support across the board for wireless carriers in Tribal Lands such as Alaska. Rather, for Alaska and other tribal areas, the inadequacy of the Mobility Fund underscores the need to retain the current Tribal Lands exception to the CETC cap in order to support continued expansion of wireless service to unserved areas.”⁸ ACS similarly urged that the Commission “preserve and even expand the current CETC support mechanism for Tribal lands including Alaska, which has accelerated the deployment of mobile broadband.”⁹

⁵ ACS Comments at 3.

⁶ *See, e.g.*, GCI Comments at 1.

⁷ *See High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Order, WC Docket No. 05-337, CC Docket No. 96-45 (rel. Dec. 30, 2010).

⁸ GCI Comments at ii.

⁹ ACS Comments at 9.

Other non-Alaskans agree that the Mobility Fund should not replace the current High-Cost support system. For instance, the Rural Telecommunications Group (“RTG”) highlighted the importance of High-Cost support, stating,

“The proposed one-time Mobility Fund cannot be used to replace ongoing high-cost support for wireless competitive eligible telecommunications carriers and should not be viewed as any kind of substitute for continued high-cost support. Rural wireless carriers will require ongoing support so that they may continue to provide advanced wireless services to high-cost, hard-to-serve areas. RTG opposes any Mobility Fund that is simply a ‘bone’ thrown to the rural wireless industry to replace ongoing high-cost support and specifically requests the FCC acknowledge in its order that there must be a mechanism for ongoing support of advanced wireless service in rural areas.”¹⁰

Moreover, the task of building adequate middle mile facilities to support all types of broadband deployment in rural Alaska, including anchor tenants, enterprises, and fixed and mobile mass market users, requires aggregating all of the demand. Without the current High-Cost support provided under the Tribal Lands regime, there will be no migration to terrestrial backbone facilities for rural Alaska – which is critical to evolving advanced applications such as telemedicine.

II. THE MOBILITY FUND AS PROPOSED IS INADEQUATE TO MEET THE MOST SIGNIFICANT 3G DEPLOYMENT PROBLEMS IN RURAL AREAS

While GCI is concerned primarily about the affect of the proposed Mobility Fund on Alaska, GCI is part of a wide consensus of large, small, rural, and national carriers, as well as other organizations which believe that the proposed size of the Mobility Fund is inadequate. As GCI stated in its initial comments, “[t]he proposed Mobility Fund would be a one-time \$100-\$300 million fund to expand current generation (*i.e.* 3G) wireless service. At that level of

¹⁰ Comments of the Rural Telecommunications Group, Inc. at 6, WT Docket No. 10-208 (filed Dec. 16, 2010) (“RTG Comments”).

expenditure, the Mobility Fund would be inadequate to significantly impact the support needs for those rural areas least likely to receive 3G wireless services without universal service support.”¹¹

The Rural Cellular Association (“RCA”) agrees. “The proposed funding level of \$100 - \$300 million is wholly insufficient to have a meaningful impact on the current mobility gap.”¹² RTG similarly stated that, “[t]he current proposed size of the fund will help only a few areas in a few states that lack 3G services.”¹³ According to CTIA-The Wireless Association® (“CTIA”), “available evidence indicates that the proposed \$100 million to \$300 million is nowhere close to the sufficient amount required by statute.”¹⁴

Individual small and large carriers alike share this concern. According to the United States Cellular Corporation (“U.S. Cellular”), “the problem with the Commission’s proposed approach is that the amount of support needed to bring advanced broadband technologies to unserved areas dwarfs the amount of funding the Commission is proposing to allocate.”¹⁵ AT&T Inc. noted that “this proposal is a potentially useful, but – with a budget of only \$100 million to \$300 million – by no means sufficient, first step to close the Commission-recognized ‘mobility gap.’”¹⁶ T-Mobile USA, Inc. (“T-Mobile”) further stated that the “proposed funding amount is simply too small to make deployment of mobile broadband services economically attractive in

¹¹ GCI Comments at 2.

¹² Comments of Rural Cellular Association at iii, WT Docket No. 10-208 (filed Dec. 16, 2010) (“RCA Comments”).

¹³ RTG Comments at 3.

¹⁴ Comments of CTIA – The Wireless Association at 11, WT Docket No. 10-208 (filed Dec. 16, 2010) (“CTIA Comments”).

¹⁵ Comments of U.S. Cellular at 14, WT Docket No. 10-208 (filed Dec. 16, 2010) (“U.S. Cellular Comments”).

¹⁶ Comments of AT&T Inc. at 2-3, WT Docket No. 10-208 (filed Dec. 16, 2010) (“AT&T Comments”).

some areas...[T]he proposed Mobility Fund would not even begin to cover a significant portion of costs even in those areas in which one-time funding might be sufficient.”¹⁷

III. SUPPORT FOR ONE-TIME CONSTRUCTION COSTS WITHOUT SUPPORT FOR ONGOING OPERATIONS AND MAINTENANCE COSTS WILL CONFINE MOBILITY FUND SUPPORT TO LOWER COST AREAS

As proposed, the Mobility Fund structure will confine Mobility Fund support to lower cost areas. GCI noted in its initial comments that, “[i]n Alaska – and likely elsewhere – the areas that most lack broadband, including mobile broadband, are those with both high network construction costs and high operating costs.”¹⁸ The current Mobility Fund structure would benefit only areas in which the upfront capital costs stand as the lone obstacle to 3G deployment, *i.e.*, areas in which 3G has not been deployed, but which could sustain the operations and maintenance costs without ongoing support. Similar concerns raised by other commenters further validate the need to preserve the current High-Cost support mechanism for Tribal Lands in addition to any Mobility Fund support.

ATA shares GCI’s concern as applied to Alaska specifically, stating that “if ongoing operations cannot be supported, a provider will not enter the market or will leave the market having accepted and wasted support that could have been used effectively elsewhere,” and further highlighting the unlikelihood “[t]hat expansion into and sustained operations in currently unserved areas can be accomplished with one-time support.”¹⁹

Commenters expressed similar concerns related to Tribal Lands generally. For instance, the National Tribal Telecommunications Association (“NTTA”) “strongly endorses the Joint

¹⁷ Comments of T-Mobile USA, Inc. at 5,6, WT Docket No. 10-208 (filed Dec. 16, 2010) (“T-Mobile Comments”).

¹⁸ GCI Comments at ii.

¹⁹ ATA Comments at 2.

Board recommendation to provide continuing operating subsidies to carriers where service is essential but where usage is so slight that there is not a business case to support ongoing operations, even with substantial support for construction.”²⁰ The Telecommunications Industry Association (“TIA”) explained that,

“[w]hile a one-time payment will aid deployment and upgrades of much-needed infrastructure, it could result in difficulties in the future supporting mobile services in the event that an infrastructure buildout to an unserved area is funded, but, due to sparse or scattered populations, the business case for service in the area remains unsustainable. These areas could include tribal areas, which the Commission has noted as having less access to telecommunications services than any other portion of the population due to a large number of connectivity issues.”²¹

GCI agrees with the Independent Telephone & Telecommunications Alliance (“ITTA”) that “the Commission should not perpetuate presumptions that capital expenditures alone are sufficient to bring broadband to rural America, either by wired or mobile sources. Rather, the presumption should be that, in areas where a business case for broadband deployment does not exist, on-going support will be necessary to maintain networks.”²²

With respect to rural carriers generally, the RCA stated that “[i]n providing support for high-cost areas, it is essential for the FCC to fund not only capital expenditures, but also on-going operating expenditures.”²³ GCI further agrees with RTG that “[n]etworks deployed using Mobility Fund support will require permanent, ongoing support.”²⁴

²⁰ Comments of National Tribal Telecommunications Association, filed by Eric Jensen, at 16, WT Docket No. 10-208 (filed Dec. 15, 2010) (“NTTA Comments”).

²¹ Comments of Telecommunications Industry Association at 9-10, WT Docket No. 10-208 (filed Dec. 16, 2010) (“TIA Comments”).

²² Comments of Independent Telephone & Telecommunications Alliance at 3, WT Docket No. 10-208 (filed Dec. 16, 2010) (“ITTA Comments”).

²³ RCA Comments at 10.

²⁴ RTG Comments at i.

Industry associations and large carriers also share concerns regarding the effect of ongoing operating costs. According to CTIA,

“Given that wireless technologies experience a high proportion of ongoing costs, the Commission should be sure to adopt a support mechanism – whether through the Mobility Fund or Connect America Fund – that provides sufficient support for wireless broadband, including the ongoing costs of providing service...Not taking these ongoing support needs into consideration would very likely jeopardize the success of the Mobility Fund.”²⁵

T-Mobile added, “[O]f the billions of dollars required to fund a wireless network covering all unserved areas, the bulk of the cost will be incurred in ongoing operational expenses...[T]he Commission should make available sufficient support to fund the ongoing costs of mobile broadband networks in rural areas.”²⁶

IV. BACKHAUL SHOULD BE A PERMISSIBLE USE OF THE MOBILITY FUND

There is a lack of adequate middle-mile facilities in rural areas. As GCI previously noted, in rural Alaska, the absence of broadband middle-mile capable of expanding with demand is the most significant barrier to higher speed broadband services of any type – wireline or wireless.²⁷ GCI concurs with ACS that “[i]ncreased backhaul capacity is a prerequisite for provision of mobile broadband service in Alaska.”²⁸ Indeed, “[b]ackhaul is an essential component of 4G service, and one of the largest hurdles to the deployment of mobile broadband in Alaska.”²⁹ Thus, the Commission should “[a]llow mobility funds to be used for backhaul

²⁵ CTIA Comments at 6, 11.

²⁶ T-Mobile Comments at 4, 5.

²⁷ *See, e.g.*, GCI Comments at 2-3.

²⁸ ACS Comments at 8.

²⁹ *Id.*

investment.”³⁰ Even if carriers can use the Mobility Fund for backhaul, however, Mobility Fund support alone will not be sufficient to bring broadband to rural Alaska.

V. THE PROPOSED MOBILITY FUND LACKS SAFEGUARDS AGAINST FUNDING PROJECTS THAT WOULD BE BUILT WITHOUT ADDITIONAL SUPPORT

GCI reaffirms that the FCC should not waste limited universal service dollars to fund “3G build out in areas in which the applicant or another provider would have built out 3G without Mobility Fund support,” and that “the proposed Mobility Fund lacks safeguards against funding projects that would have been built without additional USF support.”³¹

Other commenters agree. AT&T noted that “it would be an inefficient use of federal universal service dollars to pay a carrier to provide a service when that carrier likely would have provided that same service...in a year or so without any Mobility Fund support...[I]f the Commission chooses to fund upgrades, it will never have any assurance that these upgrades would not have been made without Mobility Fund support.”³² Windstream Communications, Inc. (“Windstream”) also advocated for “a safeguard to ensure that support is not directed toward areas where there is already a rational economic case for deployment, or where the investment can be supported by current prices.”³³

VI. AT LEAST IN TRIBAL LANDS, MULTIPLE PROVIDERS IN A GEOGRAPHIC AREA SHOULD BE ELIGIBLE FOR MOBILITY FUND SUPPORT

If the FCC proceeds with its proposed reverse auction mechanism, it should utilize auction criteria that will not be skewed against rural Alaska.³⁴ Any auction model should allow

³⁰ *Id.* at 2.

³¹ GCI Comments at iii, 9.

³² AT&T Comments at 5.

³³ Comments of Windstream at 5, WT Docket No. 10-208 (filed Dec. 16, 2010).

³⁴ *See* GCI Comments at 5-6.

multiple providers in a geographic area to be eligible for Mobility Fund Support, at least in Tribal Lands. Multiple supported providers will not only enhance competition, but it will also advance the availability of technology options. It will take time before every network platform is united on LTE. Until then, some users will still be tied to GSM or CDMA networks. Limiting support to only one provider in rural areas would thus impose numerous technology limitations.

Alaskan commenters agree. ATA posited that, “[w]ith support being proposed for only one entity in each area, we envision situations where customers might be deprived of a choice of providers because of the support....[I]f one entity was to receive a contribution to revenue unavailable to every other entity considering entry, customers in that area would be unlikely to enjoy *the benefits of competition*.”³⁵ ACS stated that the Mobility Fund should, “[s]upport multiple carriers in the same geographic area in Alaska,” and that, “[i]n high-cost areas such as Alaska, competition is not viable without subsidies to all carriers in the market.”³⁶ Therefore, “the availability of competitive services will be significantly diminished or eliminated altogether if support is limited to a single provider.”³⁷

Support for multiple winners in a service area is not limited to Alaskan commenters. Other rural areas would also be negatively impacted by a single-winner model. As U.S. Cellular noted, “[a] single-winner reverse auction model would not serve the interests of consumers in rural and high-cost areas because it would, by definition, significantly reduce competition in these areas. This reduction in competition would stifle incentives for lower prices, for improved service quality and coverage levels, and for the development of advanced broadband services.”³⁸

³⁵ ATA Comments at 2, 3.

³⁶ ACS Comments at 2, 5.

³⁷ *Id.* at 6.

³⁸ U.S. Cellular Comments at iv.

CTIA also cautioned that in areas served by one or more providers offering something less than 3G service, “the selection of a single winner will have an acute impact on the competitive environment and on the choices available to consumers,” and that “the Commission should be careful about the potential competitive effects of single-winner reverse auctions.”³⁹

VII. MOBILITY FUND RECIPIENTS SHOULD BE REQUIRED TO BE ETCs BEFORE RECEIVING MOBILITY FUND SUPPORT

Mobility Fund Recipients should be required to be designated as ETCs in geographic areas before receiving any Mobility Fund support. As ITTA notes, requiring Mobility Fund recipients to be ETCs “is an appropriate first step; meaningful initial minimum requirements should be instituted...The statute's enumerated ETC obligations are a logical starting point for formulating Mobility Fund recipient obligations.”⁴⁰

ACS, on the other hand, claims that an ETC-only requirement will predetermine Mobility Fund recipients and deny funding for providers that might be best positioned to serve certain areas.⁴¹ AT&T also “recommends that the Commission scrap its proposal to require applicants for Mobility Fund support to obtain generic ETC status for the areas they propose to serve prior to applying for funding.”⁴² GCI does not oppose ACS’s and AT&T’s proposals as long as an applicant receives its ETC designation before it receives Mobility Fund support. Otherwise, Mobility Fund support could go to providers which lack the technical or other qualifications to provide service and/or that are not required to serve all residents of an unserved study area that

³⁹ CTIA Comments at 7; *See also* T-Mobile Comments at 7 (opposing “the proposal in the NPRM to limit support to a single winner in any given service area”).

⁴⁰ ITTA Comments at 15.

⁴¹ ACS Comments at 2, 6.

⁴² AT&T Comments at 6.

