



WILTSHIRE  
& GRANNIS LLP

April 18, 2011

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Room TW-A325  
Washington, DC 20554

FILED/ACCEPTED  
APR 18 2011  
Federal Communications Commission  
Office of the Secretary

Re: *Comments of GCI*

Dear Ms. Dortch:

General Communication Inc. ("GCI"), hereby encloses for filing an original and four copies of its Comments filed today in in WT Docket No. 10-90 (the "Comments").

GCI respectfully requests that, pursuant to Sections 0.457 and 0.459 of the Commission's rules, 47 C.F.R. §§ 0.457 and 0.459, the Commission withhold from public inspection and accord confidential treatment to the portions of the Comments marked as confidential (the "confidential information"). This document contains trade secrets and commercial, technical and financial information that fall within Exemption 4 of the Freedom of Information Act ("FOIA").<sup>1</sup>

Exemption 4 of FOIA provides that the public disclosure requirement of the statute "does not apply to matters that are . . . (4) trade secrets and commercial or financial information obtained from a person and privileged or confidential."<sup>2</sup> GCI is voluntarily providing this trade secret and commercial and financial information "of a kind that would not customarily be released to the public"; therefore, this information is "confidential" under Exemption 4 of FOIA.<sup>3</sup> Moreover, GCI would suffer substantial competitive harm if the confidential information were disclosed.<sup>4</sup>

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<sup>1</sup> 5 U.S.C. § 552(b)(4).

<sup>2</sup> *Id.*

<sup>3</sup> *See Critical Mass Energy Project v. NRC*, 975 F.2d 871, 879 (D.C. Cir. 1992).

<sup>4</sup> *See National Parks and Conservation Ass'n v. Morton*, 498 F.2d 765 (D.C. Cir. 1974).

## REQUEST FOR CONFIDENTIAL TREATMENT

In support of this request and pursuant to Section 0.459(b) of the Commission's rules,<sup>5</sup> GCI hereby states as follows:

**1. IDENTIFICATION OF THE SPECIFIC INFORMATION FOR WHICH CONFIDENTIAL TREATMENT IS SOUGHT<sup>6</sup>**

GCI seeks confidential treatment of the information marked confidential in its Comments.

**2. DESCRIPTION OF CIRCUMSTANCES GIVING RISE TO THE SUBMISSION<sup>7</sup>**

The Comments is being submitted to the Commission in response to the Commission's notice of proposed rulemaking, *Connect America Fund*, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, WT Docket No. 10-90 (rel. Feb. 9, 2011).

**3. EXPLANATION OF THE DEGREE TO WHICH THE INFORMATION IS COMMERCIAL OR FINANCIAL, OR CONTAINS A TRADE SECRET OR IS PRIVILEGED<sup>8</sup>**

The information for which GCI seeks confidential treatment contains sensitive commercial, financial, and technical information "which would customarily be guarded from competitors."<sup>9</sup> The confidential information includes revenue and operating expense projections for portions of GCI's networks and facilities.

**4. EXPLANATION OF THE DEGREE TO WHICH THE INFORMATION CONCERNS A SERVICE THAT IS SUBJECT TO COMPETITION<sup>10</sup>**

The confidential information contains information relating to operational and revenue matters that could be used by competitors to GCI's disadvantage. GCI has numerous competitors in the provision of telecommunications, broadband and related services in Alaska.

**5. EXPLANATION OF HOW DISCLOSURE OF THE INFORMATION COULD RESULT IN SUBSTANTIAL COMPETITIVE HARM<sup>11</sup>**

Competitors could use the confidential information to GCI's detriment, as it could be used to derive information about GCI's business plans, operations, and revenue requirements.

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<sup>5</sup> 47 C.F.R. § 0.459(b).

<sup>6</sup> 47 C.F.R. § 0.459(b)(1).

<sup>7</sup> 47 C.F.R. § 0.459(b)(2).

<sup>8</sup> 47 C.F.R. § 0.459(b)(3).

<sup>9</sup> 47 C.F.R. § 0.457.

<sup>10</sup> 47 C.F.R. § 0.459(b)(4).

<sup>11</sup> 47 C.F.R. § 0.459(b)(5).

## REQUEST FOR CONFIDENTIAL TREATMENT

**6. IDENTIFICATION OF ANY MEASURES TAKEN BY THE SUBMITTING PARTY TO PREVENT UNAUTHORIZED DISCLOSURE<sup>12</sup>**

The confidential information has been disclosed to employees and others only as necessary, and has not been disclosed to the public.

**7. IDENTIFICATION OF WHETHER THE INFORMATION IS AVAILABLE TO THE PUBLIC AND THE EXTENT OF ANY PREVIOUS DISCLOSURE OF THE INFORMATION TO THIRD PARTIES<sup>13</sup>**

GCI has not previously disclosed the confidential information to the public.

**8. JUSTIFICATION OF THE PERIOD DURING WHICH THE SUBMITTING PARTY ASSERTS THAT MATERIAL SHOULD NOT BE AVAILABLE FOR PUBLIC DISCLOSURE<sup>14</sup>**

GCI requests that the confidential information be treated as confidential for a period of ten years. This period is necessary due to the sensitive nature of the confidential information.

**9. OTHER INFORMATION THAT GCI BELIEVES MAY BE USEFUL IN ASSESSING WHETHER ITS REQUEST FOR CONFIDENTIALITY SHOULD BE GRANTED<sup>15</sup>**

The disclosure of the names of GCI's law enforcement contacts could be used by persons who were subject to law enforcement inquiries to the detriment of GCI's law enforcement contacts.

Respectfully submitted,



Brita D. Strandberg  
*Counsel for General Communication, Inc.*

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<sup>12</sup> 47 C.F.R. § 0.459(b)(6).

<sup>13</sup> 47 C.F.R. § 0.459(b)(7).

<sup>14</sup> 47 C.F.R. § 0.459(b)(8).

<sup>15</sup> 47 C.F.R. § 0.459(b)(9).

**REDACTED FOR PUBLIC INSPECTION**

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

<i>In the Matter of</i>	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing an Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109

**COMMENTS OF GENERAL COMMUNICATION, INC.**

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April 18, 2011

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Lifeline and Link-Up	)	WC Docket No. 03-109

**COMMENTS OF GENERAL COMMUNICATION, INC.**

**INTRODUCTION & SUMMARY**

General Communication, Inc. (“GCI”) files these comments regarding the Federal Communication Commission’s (“FCC” or “Commission”) *Connect America Fund Notice of Proposed Rulemaking*.<sup>1</sup> GCI supports the FCC’s effort to refocus universal service and intercarrier compensation for a 21st Century broadband world. However, GCI warns that failure to tailor both universal service and intercarrier compensation reform to Alaska’s unique needs

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<sup>1</sup> *Connect America Fund, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Lifeline and Link-Up, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, A National Broadband Plan for our Future, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, and GN Docket No. 09-51 (rel. Feb. 9, 2011) (“CAF NPRM”).*

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and market will harm universal service goals and the evolution and deployment of broadband in Alaska.

Alaska's telecommunications networks are like none other in the country, and face challenges of distance, climate and supporting infrastructure unlike anywhere else in the United States. Notwithstanding GCI's substantial rural wireless deployments in 2009 and 2010, much of rural Alaska is still waiting to receive the 2G mobile voice services that the rest of the country has enjoyed for over a decade. With respect to the National Broadband Plan's objectives to ensure that every American has access to at least 4 Mbps download and 1 Mbps upload actual throughput from the end user to the Internet and 1 Gbps support for anchor institutions,<sup>2</sup> those objectives will never be achieved in Alaska without hundreds of millions of dollars in capital investment in terrestrial middle mile capacity in addition to further last mile investments.

Satellite facilities will never be able to handle the needed capacity, and are subject to latency that precludes real time applications, including advanced telemedicine and distance learning. Today, the National Broadband Map shows that only a fraction of Alaska has access to broadband with maximum *advertised* speeds of 3-6 Mbps for downloads and .786-1.5 Mbps for uploads.

These hundreds of millions of dollars to support even just the capital costs of upgrading Alaska's infrastructure for broadband service cannot possibly be raised from Alaskan consumers. Alaskans already pay video and mobile voice rates on a par with the rest of the country. Once Alaska fully implements its intrastate access charge reform, end user wireline voice telephone

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<sup>2</sup> Federal Communications Commission, *Connecting America: The National Broadband Plan*, 7-12, 133-164 (2010) ("*NBP*").

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rates will range from near the nationwide average urban local telephone rate of \$25.62<sup>3</sup> to substantially (more than two standard deviations) above that average.<sup>4</sup>

At a time when all indications show that achieving the Commission's broadband objectives in Alaska will require several hundred million dollars in support just for capital investments, let alone operating costs, the interim proposals for both ILEC and CETC support would slash support for Alaskan telecommunications and broadband deployment. Were the NPRM's proposals all adopted, Alaska would likely see its total high cost universal service support drop by approximately 75 percent by 2016. Meanwhile, because of the way that the proposed interim Connect America Fund and Mobility Fund would be structured, virtually no funds from those new mechanisms can be expected to support Alaska telecommunications and broadband deployment and services. Rural Alaska will never win a nationwide reverse auction pegged at supporting the lowest dollar per user deployments because rural Alaska is both high cost to serve – especially to connect over the middle mile – and has extremely small population centers. Such an approach would deepen the digital chasm between rural Alaska and the rest of the country, not ameliorate it.

There is a much less disruptive and more logical path towards achieving universal service reform and modernization in Alaska, other Tribal Lands and perhaps other readily identifiable

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<sup>3</sup> *Trends in Telephone Service*, Industry Analysis and Technology Division, Wireline Competition Bureau, Table 13.1 (September 2010), available at <http://www.fcc.gov/wcb/iatd/trends.html>. The last reported FCC urban rates survey is for rates as of 2007. In that survey, Anchorage, Alaska was reported to have a monthly rate for unlimited local service of \$25.34. Industry Analysis & Technology Division, Wireline Competition Bureau, *Reference Book of Rates, Price Indices and Household Expenditures for Telephone Service*, Table 1.3 (2008) (“*IATD Reference Book Table 1.3*”), available at [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-284934A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-284934A1.pdf). Following completion of intrastate access reform, Anchorage's rates are expected to be among the two lowest in the state.

<sup>4</sup> For the FCC's 2007 survey of urban rates, two standard deviations above the mean was \$36.52. See *IATD Reference Book Table 1.3*.

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“high need” areas. Rather than reducing existing support for both CETCs and ILECs deploying and operating advanced networks on Tribal Lands, the Commission should preserve existing support for all ETCs and high cost programs on Tribal Lands during the interim, and then move directly to a long term (not first phase) reformed Connect America Fund (“CAF”), as long as it can be tailored to Alaska’s unique challenges. Notably, this was the path that all Alaska commenters proposed with respect to CETC support in response to the 2010 NOI. Alaskans have uniformly supported extension of the Tribal Lands exclusion to the CETC cap with respect to CETC support. The same approach be extended to ILEC support. This would avoid the problem and disruption that would come from steep near-term reductions in support, would allow GCI to continue to build out 2G rural wireless service to rural Alaskan villages that do not have it, and would permit continued investments in last and middle mile services between now and the time the reformed CAF is implemented.

With respect to the longer term CAF, no CAF will bring 4 Mbps download and 1 Mbps actual throughput mass market broadband service to rural Alaska or support low latency higher capacity broadband services without directly supporting terrestrial middle mile services by the entities most capable of building and operating them. Today, it would make no sense for GCI or any other provider to invest in 3G or 4G service for rural Alaska because these areas wholly lack the middle mile facilities necessary to support 3G or 4G services. The same would be true for deploying a high capacity rural wireless ISP service based on the 802.11 standards. Without a robust middle mile, an end user served by a very high capacity last mile facility would see throughput to the Internet slow to a trickle. While satellite can provide the middle mile in some cases, the latency satellites introduce precludes many advanced real-time applications, including advanced telemedicine, and, in any event, the capital expenditures that have to be devoted to

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satellite replacement every decade or so would be better used to provide the private share to match federal universal service support for broadband terrestrial middle mile.

Alaska shows why this critical terrestrial middle mile infrastructure is unlikely to be built by providers serving traditional study area service areas: such carriers simply lack the scale necessary to complete such a project. In order to be viable and minimize subsidy support, a successful middle mile project is going to have to pass multiple small LEC regions, and the consumers and anchor tenants located therein – as GCI’s RUS Broadband Initiatives Program (“BIP”)-funded TERRA-SW fiber/microwave backbone will do, and as the TERRA-NW project, for which GCI unsuccessfully sought Round 2 BIP funding, would have done. For these reasons, giving ILECs the “right of first refusal” (or any other preference with respect to receipt of CAF support within their ILEC service area) could be entirely unproductive and would likely lead to higher USF support than would otherwise be necessary.

Even with respect to last mile services, ILEC right of first refusal and other proposals to limit high cost support to only one provider would also jeopardize public safety in rural Alaska. As noted above, GCI’s deployment of rural digital wireless service has greatly improved public safety – allowing rural villagers to reach emergency assistance from when they are away from their wireline phones. A one-supported-network rule – which in rural Alaska would likely mean only one network – combined with an ILEC right of first refusal would ensure that rural Alaska permanently lacks modern wireless service and would limit the ability of rural Alaskans to summon help from wherever they need it. In rural Alaska, if support were limited to only one network, public safety concerns would favor a wireless network, which gives the consumer the ability to summon assistance from anywhere within range of a wireless tower, not just from a fixed site. Clearly, the far better alternative would be to recognize that in extremely hard to

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serve areas, support should be directed to both wired and wireline networks, including both capital and operating costs.

Turning to the issue of intercarrier compensation reform, the Commission must also recognize that Alaska has a unique market structure and, with the Regulatory Commission of Alaska's imminent implementation of intrastate access reform, will see intrastate switched access rates reach general parity with interstate rates. Alaska also has no access tandems, connects rural Alaska villages to one another and to major cities via satellite service provided by the long distance carriers, and constitutes a single Major Trading Area, with most related wireless termination and transit issues already resolved among Alaskan carriers. This unique market structure means that any intercarrier compensation reform plan and timeline formulated for lower 48 carriers will not fit the Alaska market.

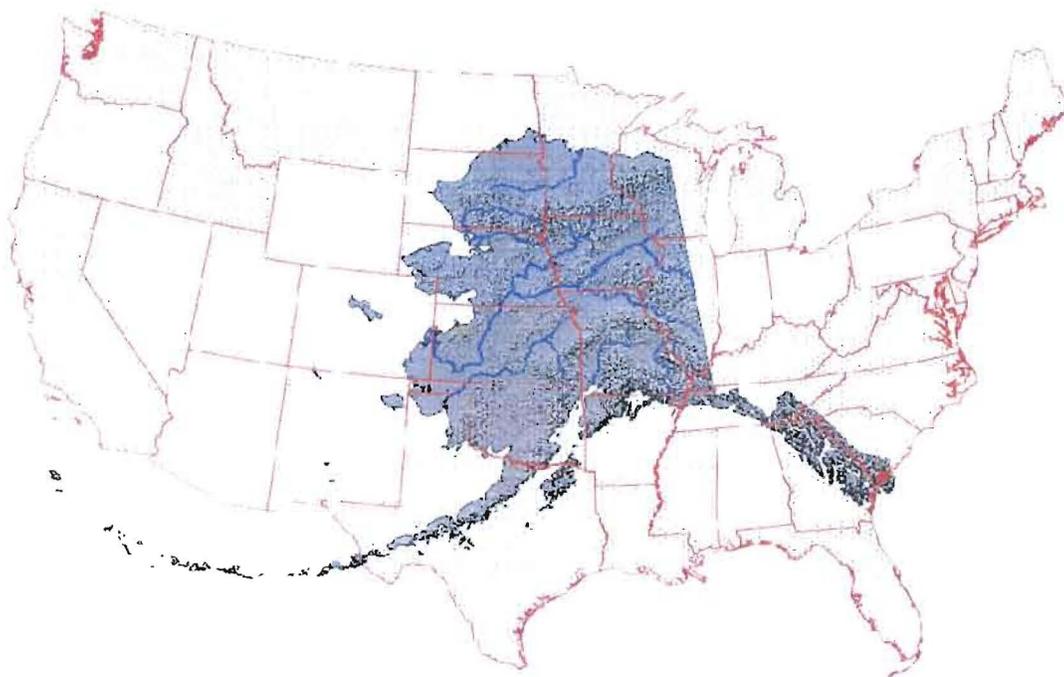
### **I. ALASKA WILL NEED SUBSTANTIAL UNIVERSAL SERVICE SUPPORT TO BRING 21ST CENTURY COMMUNICATIONS TO RURAL ALASKA**

Alaska's unique geography and demographics has meant that deployment of modern telecommunications networks in Alaska trails the lower 48. Alaska also has a very distinctive telecommunications market structure that has developed in part because of Alaska's history of being treated as an entirely separate market from the rest of the United States. GCI has already invested more than a billion dollars to bring telecommunications service to its customers – not only in Alaska's cities and towns, but also in its most remote villages. Yet even with this investment, Alaska has nonetheless not fully achieved even the 20<sup>th</sup> Century communications services that the rest of the country enjoys, much less 21<sup>st</sup> Century communications services,

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including broadband that meets the FCC’s targets.<sup>5</sup> Alaska has been and will remain reliant on Universal Service support to meet the Commission’s goal of “bringing robust, affordable broadband to all Americans” in Alaska.<sup>6</sup>

**A. Alaska is Uniquely Large, Sparsely Populated, and Lacking in Supporting Physical Infrastructure, But Possessing Critical Resources and Strategic Position**



7

**Alaska Superimposed over the United States**

Alaska is geographically and demographically unique, presenting unparalleled challenges in deploying, maintaining, and operating modern telecommunications networks. Covering 570,627 square miles, Alaska is by far the largest state in the Union – twice as large as Texas and

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<sup>5</sup> The broadband service obligation is tentatively defined in the *CAF NPRM* as a minimum of 4 megabits per second (Mbps) downstream and 1 Mbps upstream. *See CAF NPRM* ¶ 24.

<sup>6</sup> *CAF NPRM* ¶ 1.

<sup>7</sup> *Alaska Superimposed over the Continental United States*, USDA Natural Resources Conservation Service, <http://www.ak.nrcs.usda.gov/technical/AKlower48.html> (last visited Apr. 15, 2011).

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four times the size of California.<sup>8</sup> But with a population of only 710,231,<sup>9</sup> Alaska has the lowest population density in the nation, at only approximately 1.2 people per square mile. Even its three largest communities remain small by national standards. Anchorage has only approximately 290,000, ranking 135<sup>th</sup> nationally. Fairbanks has only approximately 98,000 people, ranking 345<sup>th</sup>. Juneau, the state capitol, has approximately 30,000 people, ranking it 818<sup>th</sup> out of the 940 metropolitan and micropolitan statistical areas in the United States.<sup>10</sup> Outside of Anchorage (including its neighboring areas the Matanuska-Susitna Valley and the Kenai Peninsula), Fairbanks (and its suburbs) and Juneau, Alaska's population is generally located in regional centers that are surrounded by small villages.

Robust telecommunications for Alaska is in the national interest. Alaska is second only to Texas in oil production and reserves,<sup>11</sup> and the ability to explore and extract oil and natural gas in a technologically sophisticated manner is important both for energy and environmental policy. Moreover, Alaska is on the front lines of global climate change, and a robust telecommunications network is necessary to support that research. Finally, and not least, Alaska has long had a critical strategic position, as the area of the United States located closest to Russia, China, and both Koreas. National defense agencies have long had substantial assets in Alaska that require a modern telecommunications infrastructure.

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<sup>8</sup> *2010 Census Data*, U.S. Census Bureau available at <http://2010.census.gov/2010census/data/>.

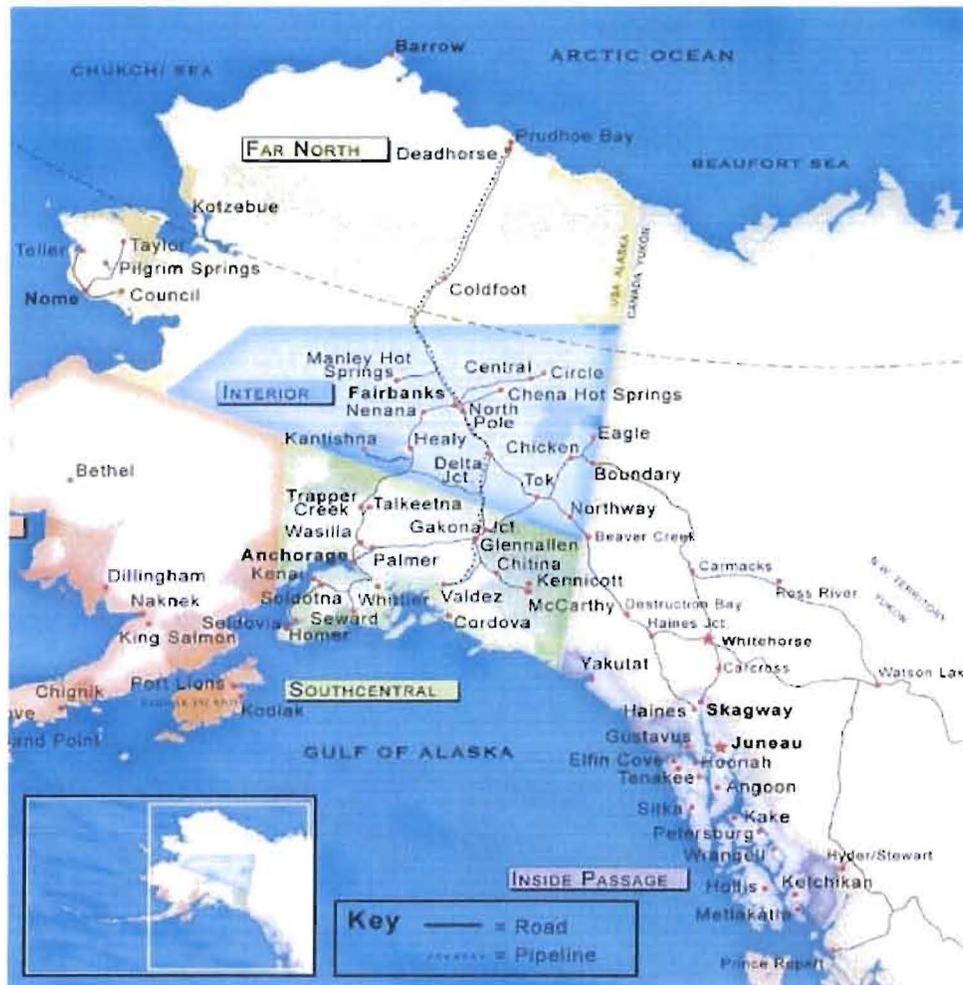
<sup>9</sup> *Id.*

<sup>10</sup> *Cumulative Metropolitan and Micropolitan Statistical Area Estimates*, U.S. Census Bureau, <http://www.census.gov/popest/metro/CBSA-est2009-pop-chg.html>.

<sup>11</sup> *Map of Alaska Energy Resources*, U.S. Energy Information Administration, <http://www.eia.doe.gov/state/state-energy-profiles.cfm?sid=AK> (last visited Apr. 18, 2011); *Crude Oil Proved Reserves, Reserves Changes, and Production*, U.S. Energy Information Administration, [http://www.eia.gov/dnav/pet/pet\\_crd\\_pres\\_a\\_EPC0\\_R01\\_mmbbl\\_a.htm](http://www.eia.gov/dnav/pet/pet_crd_pres_a_EPC0_R01_mmbbl_a.htm) (last visited Apr. 18, 2011).

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Adding difficulty to delivering telecommunications services in Alaska, the highway and rail systems – usual routes for telecommunications rights of way – are extremely limited. Most of Alaska’s geographic area is not connected by roads, making it impossible to use road rights-of-way to lay fiber and provision broadband services, as is commonly done in the lower 48. Similarly, rail networks and pipelines are also limited, as both run only up the center of the state south to north.



**Alaska Road and Pipeline Map**

As a result, over 200 rural communities are accessible only by airplane, boat, or snowmachine. Population centers in these off-road communities are particularly tiny, with larger regional hubs like Barrow and Nome boasting populations of only about 4,000 and 3,500,

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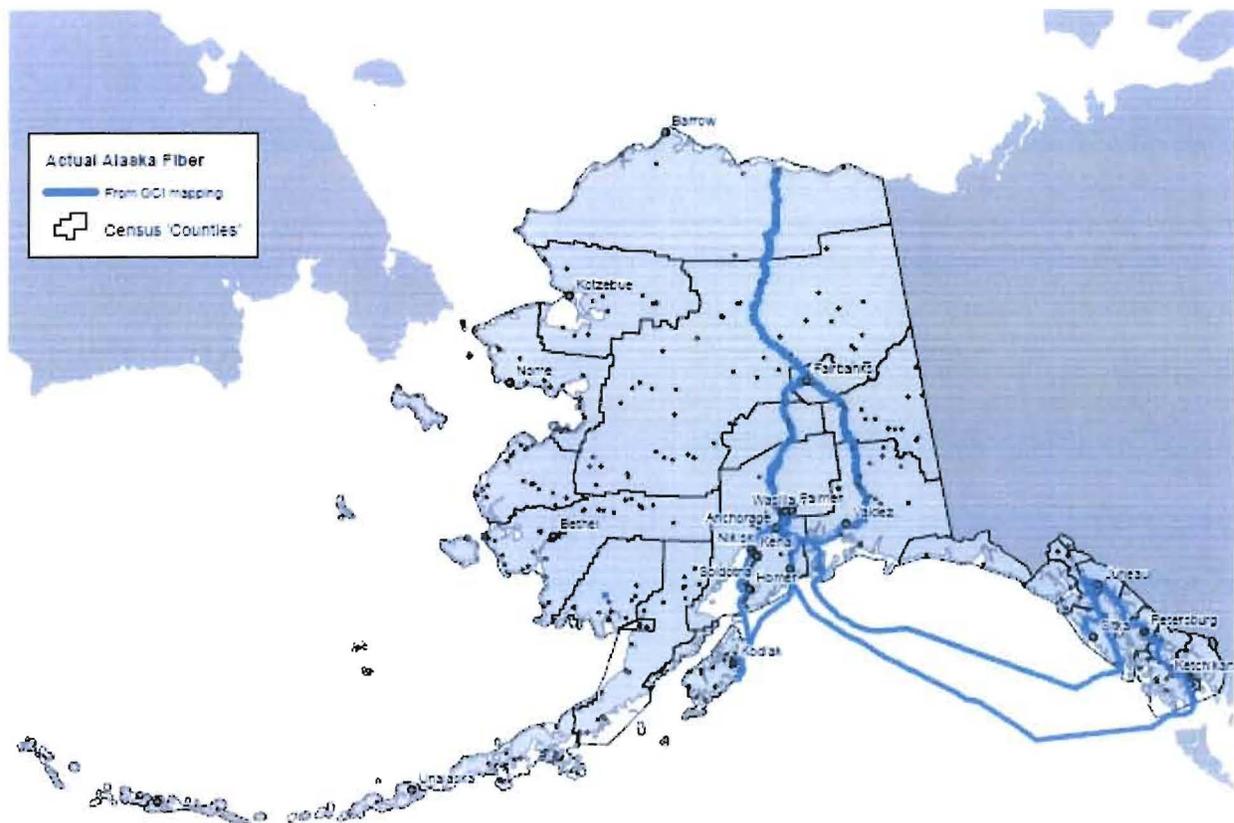
respectively. Approximately 120 Alaskan villages have fewer than 1,000 residents, and many have fewer than 100 residents, with many isolated villages, such as Kupreanof, Kasaan, Bettles, and False Pass, having fewer than 50 residents.<sup>12</sup> In total, 32 percent of Alaskans live in rural communities that are highly dispersed, not connected to any road system, and with ingress and egress limited to air and, depending on the season, waterways or ice transportation.<sup>13</sup> Moreover, populations in rural Alaska fluctuate seasonally. In rural communities with fish processing facilities, such as Dillingham, King Salmon, and St. Paul, the population can increase dramatically during the summer fishing season, as fishing boats dock to unload their catch and as workers migrate for temporary work in the factories.

Fiber has been deployed along the existing road system, but as illustrated below, even this deployment leaves vast areas of Alaska, which are dotted by communities dispersed throughout, unserved by terrestrial network.

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<sup>12</sup> See *Alaska Community Database Custom Data Queries*, Alaska Dept. of Commerce, Community, and Economic Development, [http://www.commerce.state.ak.us/dca/commdb/CF\\_CUSTM.htm](http://www.commerce.state.ak.us/dca/commdb/CF_CUSTM.htm) (aggregating population figures for each Alaskan city, along with the type of municipal corporation, as this figure does not include unincorporated communities).

<sup>13</sup> See *State Fact Sheets: Alaska*, United States Department of Agriculture, Economic Research Service, <http://www.ers.usda.gov/statefacts/ak.htm> (last visited Apr. 7, 2011).



**Alaska Fiber Map**

The lack of roads throughout the overwhelming majority of the state is mirrored in other infrastructure necessary to support telecommunications networks. In these off-road areas, there is no extensive power grid. Outside of the Alaska Railbelt, which essentially runs from Homer, south of Anchorage, up to Fairbanks, power is not distributed through an intertied grid.<sup>14</sup> Rather, each community generates its own power, primarily through the use of diesel generators that burn fuel often costing rural power companies up to \$7 per gallon.<sup>15</sup> Recently, utilities have begun adding wind turbines to the diesel generation systems, but these have generally slowed

<sup>14</sup> *New Energy for Alaska*, Alaska Power Association (March 2004), <http://www.alaskapower.org/docs/New-Energy-For-Alaska.pdf>.

<sup>15</sup> *See id.*; *Wind-Diesel Systems in Alaska: A Preliminary Analysis* Institute of Social and Economic Research, University of Alaska, (September 2010) available at [http://www.iser.uaa.alaska.edu/Publications/researchsumm/wind-diesel\\_summary.pdf](http://www.iser.uaa.alaska.edu/Publications/researchsumm/wind-diesel_summary.pdf).

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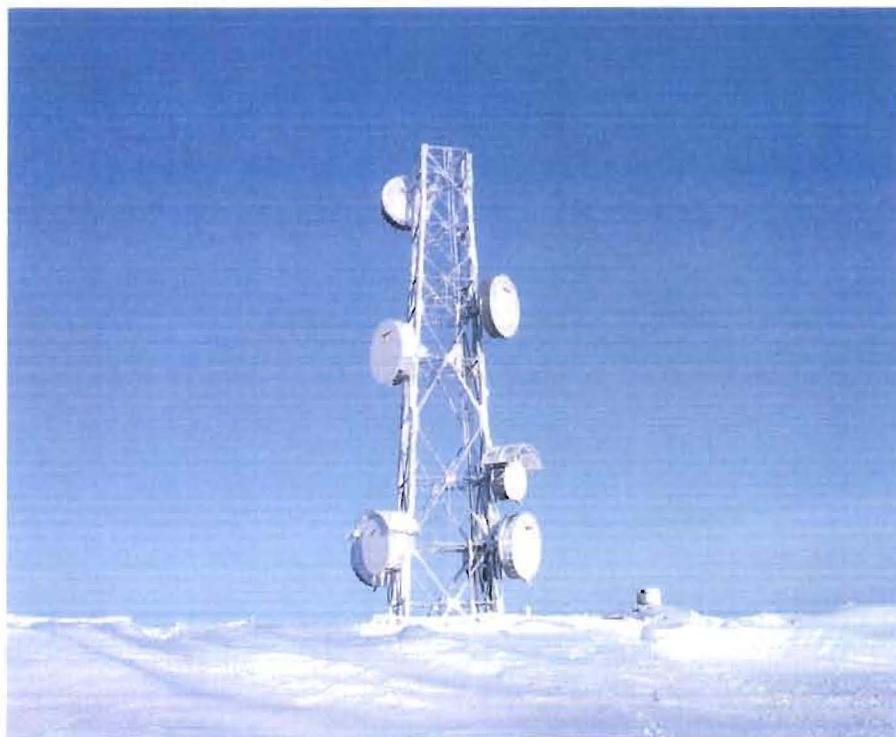
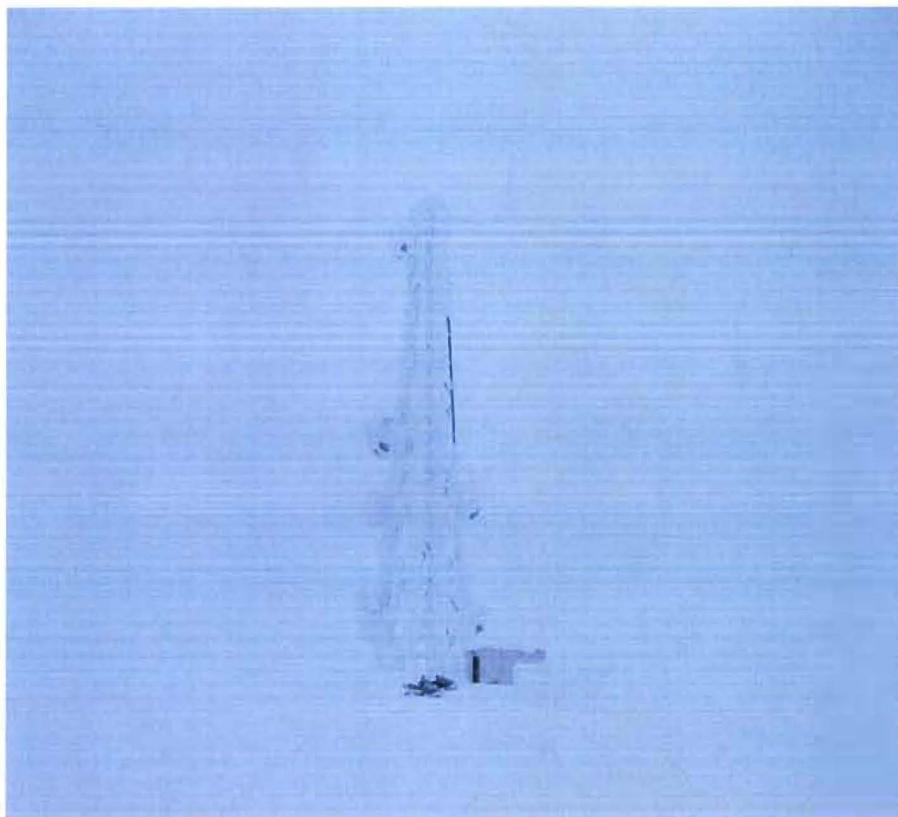
price increases rather than providing price reductions. There are a small number of communities in rural Alaska that use hydroelectric or other renewable resources, but they are atypical. As a result, power in these isolated areas can be extremely expensive. Many of these rural communities pay more than \$0.50 per kWh,<sup>16</sup> five times the national average for commercial retail electricity, which is about \$0.10 per kWh.<sup>17</sup> In some villages in southwestern Alaska, electric power costs over \$.90 per kWh. For some middle mile facilities that are not close to any established communities, GCI has to install its own diesel generators and fly in diesel fuel twice per year.

And, of course, Alaska is far north of any other part of the United States, with much harsher and longer winters. In most parts of Alaska, construction is not permitted or even possible between approximately October and April. Telecommunications infrastructure, such as microwave towers, must be built to withstand extreme conditions.

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<sup>16</sup> See *Table of Small Commercial Rates*, Alaska Village Electric Cooperative (December 16, 2010), <http://www.avec.org/downloads/Small%20Commercial%20Rates.pdf>.

<sup>17</sup> See *Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State*, U.S. Energy Information Administration (March 11, 2011), [http://www.eia.doe.gov/cneaf/electricity/epm/table5\\_6\\_a.html](http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_a.html).



**Frozen Microwave Towers**

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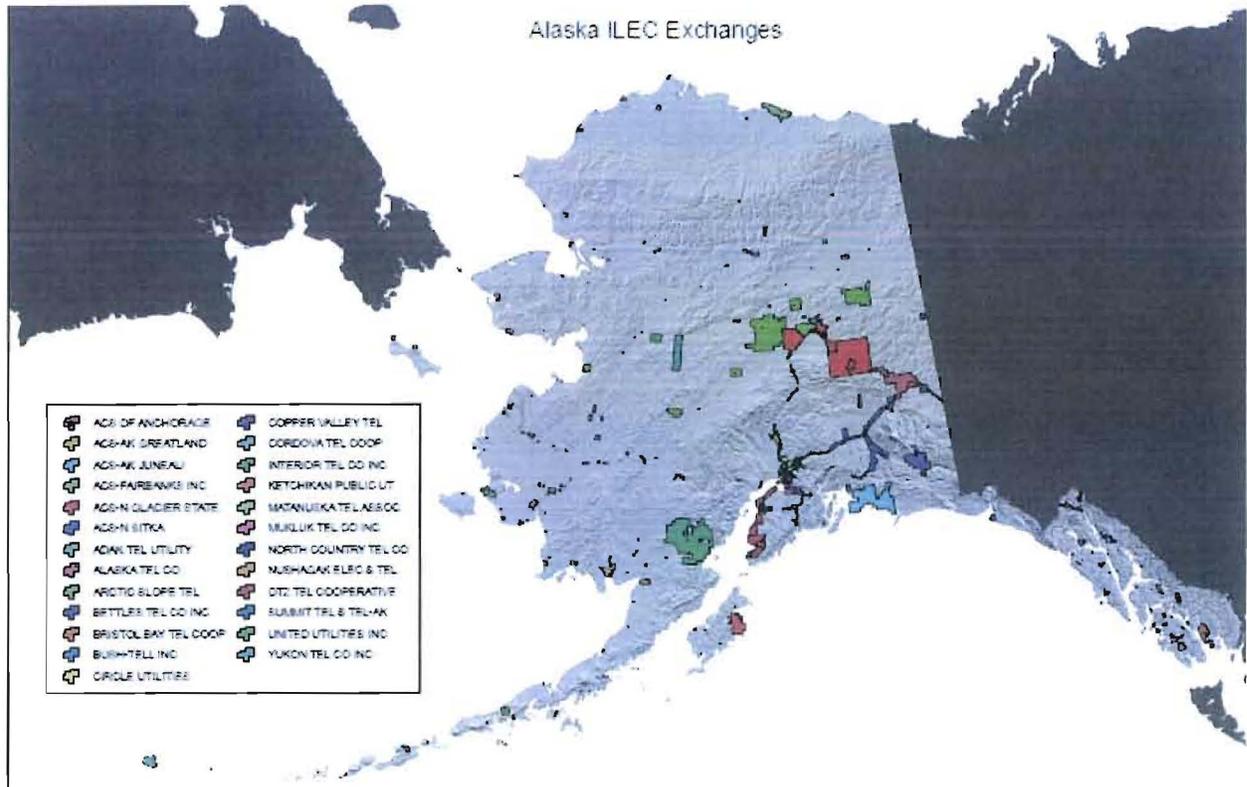
And without roads (or in the ocean, year-round ice-free access to facilities), maintenance is particularly challenging.

### **B. Alaska Has a Distinctive Telecommunications Market Structure**

In addition to its unique geographic and demographic environment, Alaska has a distinctive telecommunications market structure. Alaska was never part of the Bell System and is not served by any Bell Operating Company. Wireline service delivery historically has been fragmented. Alaska has 24 ILEC study areas, six of which are operated by Alaska Communications Systems (“ACS”). Aside from the ACS study areas (Anchorage, Fairbanks, Juneau, Glacier State, Greatland, Sitka), the Matanuska Telephone Association, Inc. (“MTA”) in the Matanuska-Susuitna Valley bordering Anchorage, and GCI’s affiliate United Utilities, Inc. (“UUI”) in the Yukon-Kuskokwim Delta (“Y-K Delta”), all other ILECs serve fewer than 10,000 access lines, with six serving fewer than 300 lines.<sup>18</sup> Many of these ILEC exchanges are isolated from other exchanges and not adjacent to other exchanges.

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<sup>18</sup> HC18 - CETC Reported Lines by Incumbent Study Area - High Cost Loop Support - 2Q2011, Universal Service Administrative Company *available at* <http://www.usac.org/about/governance/fcc-filings/2011/quarter-2.aspx> (“USF Projections”).



Alaska ILEC Exchange Areas

As a CLEC, the operator of many of Alaska’s cable systems, and the owner of its UUI ILEC affiliate via a 2008 acquisition, GCI now provides wireline voice services in Anchorage, Fairbanks, and Juneau, as well as to some of Alaska’s rural regional centers, including Nome and Bethel.

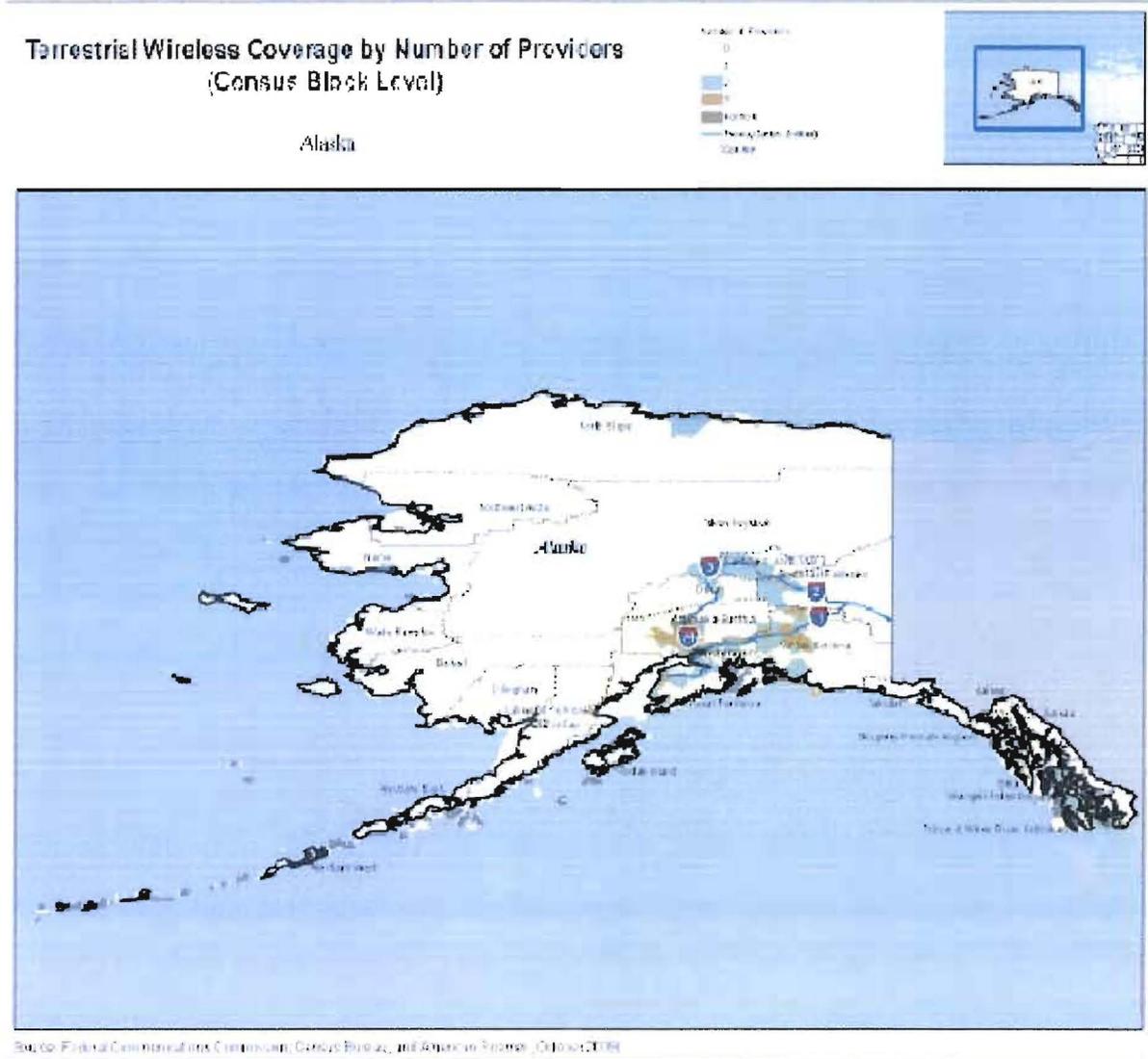
As the FCC has found in its CMRS competition reports, very little wireless service of any kind had previously been available in much of Alaska, particularly outside of the road network.<sup>19</sup> For rural Alaska, wireless service previously existed, if at all, in only a few regional centers.<sup>20</sup>

<sup>19</sup> *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, Fourteenth Report, 25 FCC Rcd. 11407, 11449 ¶ 43 and Appendix D-5 (rel. May 20, 2010) (“Fourteenth Mobile Wireless Competition Report”).

<sup>20</sup> *Id.*

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Even then, the absence of roaming arrangements or high roaming rates, and in some cases, even the old legacy technology and design of the system itself tended to limit service. Outside of the regional centers, terrestrial mobile wireless service was virtually non-existent. As discussed further below, that state of affairs has only recently begun to change, as GCI has introduced modern digital wireless services to these areas for the first time, and some incumbents have elected to follow.



### Alaska's Current Terrestrial Wireless Coverage

Given the practicalities of geography and regulatory history, transport and backhaul between and among villages, regional centers, and urban Alaska is carried by interexchange carriers. The Regulatory Commission of Alaska ("RCA") has long maintained a policy against tandem switching, which could otherwise have allowed ILECs to monopolize a portion of the competitive transport market. Accordingly, interexchange carriers interconnect directly with

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Alaska ILECs at their local end office switches. Given the lack of roads, transport even between villages and regional centers in rural Alaska must generally occur over satellite. GCI and AT&T (which is an Eligible Telecommunications Carrier in far fewer areas of roadless, rural Alaska than GCI) are the primary facilities-based providers of middle-mile backhaul from roadless, rural Alaska to the fiber terminals, utilizing both microwave and satellite facilities.

### **C. Throughout Alaska, Competition Has Driven Service Improvements and the Extension of New Services, Including Wireless.**

As the largest provider of telecommunications and information services in Alaska, and one that provides local wireline, wireless, and interexchange communications, GCI is the only carrier that delivers Internet and voice services nearly statewide to Alaska's governmental, commercial, and residential users. Compared to rural incumbents which historically serve small territories, GCI is able to leverage economies of scale – both financially and in terms of physical infrastructure and connection to “urban” networks – that are critical to overcoming the unique challenges that rural Alaska presents.

GCI is certificated as an ETC throughout nearly all of the state.<sup>21</sup> In Alaska, GCI is the largest provider of connectivity to anchor tenants such as schools, libraries, rural health care institutions, and federal and state governments. Today, GCI can deliver connectivity to locations outside the road network using its satellite facilities and is increasingly able to do so using terrestrial facilities. GCI provides cable modem service in the regional centers where it has cable facilities, and provides basic wireless Internet service of approximately 256 Kbps (local connectivity) to approximately 125 rural Alaska communities. As discussed in more detail below, GCI is also in the middle of rolling out modern digital wireless services to more than 170

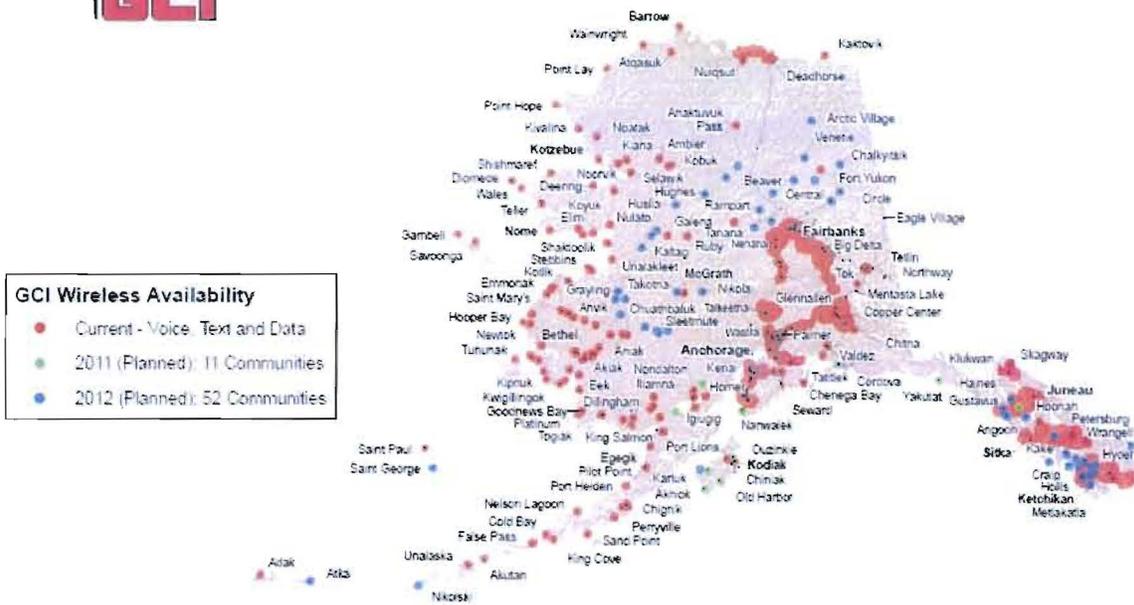
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<sup>21</sup> The exceptions currently include the area served by the Alaska Telephone Company and the tiny study areas of a few very small LECs.

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rural Alaska communities statewide – establishing the basic platform for future mobile wireless broadband. In most of these communities GCI is deploying 2G wireless voice and data service for the first time, using local mobile switching centers that allow local (and emergency) calls to continue uninterrupted in the event satellite service fails.

GCI’s rural wireless deployments forcefully demonstrate the positive effects of competition on universal service. GCI generally receives no more support per eligible subscriber than ILECs in the same area and has used this support to revolutionize wireless communications services throughout the state. Today, GCI brings mobile wireless service to almost 140,000 Alaskans, many of whom live in villages that previously lacked mobile wireless service entirely or that had access to only limited wireless capability.



**GCI Wireless Network Deployment (current and planned through 2012)**

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Such ubiquitous modern wireless service in Alaska's rural areas can be provided only through a statewide network that takes advantage of economies of scale from urban population centers in a way that Alaska's incumbent carriers cannot. GCI was able to build out wireless networks to serve these rural communities only when it could share substantial resources and infrastructure, including backhaul facilities and core network equipment in Anchorage, not just with the regional centers, but also with urban centers. Among other things, the core facilities in Anchorage provide the Home Location Router functions, SS7 signaling, and support for 2G data services such as GPRS and EDGE, and network monitoring. As a result, where Rural Local Exchange Carriers ("RLECs") have entered the wireless market, GCI is typically launching wireless service in more locations within the ILEC service area than the ILEC itself serves using its own wireless affiliates.<sup>22</sup>

The difficulty of supporting a business case to provide wireless and broadband services to the mass market in rural areas remains true notwithstanding the fact that GCI is also the predominant provider of broadband services to anchor tenant institutions across Alaska, including schools, libraries, regional health corporations, and federal and state governments. In other words, wireless and broadband services in rural Alaska will not arrive simply because GCI also serves the anchor tenants in those areas. While anchor tenants are critical to developing a business case for the terrestrial middle mile facilities necessary to support mass market broadband, GCI would not be deploying wireless voice services today in rural Alaska without both the statewide efficiencies and the high cost universal service support it receives.

The Tribal Lands exception has been critical to supporting rural Alaskan wireless deployments. The chart below details GCI's estimated USF support received in 2010, as well as

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<sup>22</sup> Compare GCI Wireless Network Deployment Map with *TelAlaska Cellular Coverage Map*, TelAlaska, <http://www.telalaska.com/cellular/cellular.aspx> (last visited Apr. 18, 2011).