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Christopher Nierman
(202) 457-8815
cnierman@gci.com

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Portals II, Room TW-A325
Washington, DC 20554

Re: *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92; *High-Cost Universal Service Support*, WC Docket No. 05-337; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *Connect America Fund*, WC Docket No. 10-90; *A National Broadband Plan for Our Future*, GN Docket No. 09-51; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45; *Lifeline and Link-Up*, WC Docket No. 03-109; *Universal Service Contribution Methodology*, WC Docket No. 06-122; *Numbering Resource Optimization*, CC Docket No. 99-200; *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98; *Intercarrier Compensation for ISP-Bound Traffic*, CC Docket No. 99-68; *IP-Enabled Services*, WC Docket No. 04-36

Dear Ms. Dortch:

On July 29, Tina Pidgeon (via telephone), Megan Delany, and Chris Nierman of General Communication, Inc. ("GCI") met with Carol Mattey, Brad Gillen, and Amy Bender of the Wireline Competition Bureau and Susan McNeil of the Wireless Telecommunications Bureau to discuss the need to tailor universal service and intercarrier compensation reform to Alaska's unique challenges and market. Recognizing the special circumstances presented by the ongoing, first-time deployment of 2G wireless infrastructure, relative lack of broadband services in Alaska Native lands, and consistent with the Commission's findings in connection with the tribal lands exclusion from the CETC interim cap,[1] GCI discussed reform proposals that address Alaska's communications needs better than reforms that may be appropriate for the contiguous United States.

[1] *See High-Cost Universal Service Support Federal-State Joint Board on Universal Service; Alltel Comm'c'ns, Inc., et al. Petitions for Designation as Eligible Telecomms. Carriers; RCC Minnesota, Inc., and RCC Atlantic, Inc. New Hampshire ETC Designation Amendment*, Order, 23 FCC Rcd 8834, 8848 ¶ 32 (2008).

Specific and separate consideration to USF reforms in Alaska is well-contemplated in the record of this proceeding.[2] It further is not clear whether the "funding targets" for areas served respectively by price-cap LECs and rate-of-return LECs outlined in the Joint Association Letter,[3] take into account Alaska's unique challenges – or at all. As broadly anticipated, therefore, GCI outlines here a framework for USF support for Alaska, as discussed in Friday's meeting.

Briefly, GCI proposes to cap high-cost support for both ILECs and CETCs in Alaska, which will permit carriers to continue current and planned wireless and broadband deployment, but will stem fund growth. As a condition of receiving that support, all ETCs must commit to offer minimum broadband speeds where terrestrial middle-mile facilities are available. More specifically, GCI proposes the following, to apply at least for the duration of a more broadly applicable reform plan:[4]

To stop growth while retaining high-cost support in Alaska to further wireless and broadband deployment and sustain local service:

- For ILECs, freeze total study area support at 2011 levels.
- For CETCs, freeze per-line support per study area at 2011 levels, as deaveraged.
  - This would not foreclose future ILEC deaveraging consistent with the frozen totals per study area.

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2 *See e.g., 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 at ¶¶ 242, 254, 259, 411 (rel. Feb. 9, 2011); Ex parte letter of National Cable & Telecommunications Association, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; and GN Docket No. 09-51 Attachment at 3 (filed July 29, 2011); Comments of Smith Bagley, Inc., WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, and GN Docket No. 09-51 at 6, 9 (filed Apr. 18, 2011); Comments of the Regulatory Commission of Alaska, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, and GN Docket No. 09-51 (filed Apr. 18, 2011); Comments of The Alaska Telephone Association, WC Docket Nos. 10-90, 07-135, 05-337, CC Docket Nos. 01-92, and GN Docket No. 09-51 (filed Apr. 18, 2011).

3 Ex parte letter of AT&T, CenturyLink, FairPoint Communications, Frontier, Verizon, and Windstream, WC Docket Nos. 10-90, 07-135, 06-122, 05-337, 04-36, 03-109; CC Docket Nos. 01-92, 99-200, 99-68, 96-45, 96-98; and GN Docket No. 09-51 at Attachment 1 (filed July 29, 2011) ("America's Broadband Connectivity Plan Framework").

4 For example, America's Broadband Connectivity Plan Framework proposes that USF funding be held constant for a ten-year term.

- For Alaska as a whole, establish a statewide cap.
    - If the total amount of ILEC and CETC support in any given year exceeds the statewide cap (as forecast as of a specific date), apply reductions necessary to meet the cap in the following order:[5]
        - First, reduce by 15% the CETC per-line support disbursed for each individual line that exceeds the average monthly high-cost support in all smaller study areas (fewer than 500 lines) in Alaska.[6]
        - Second, if necessary, reduce by 10% the ILEC study-area support and CETC per-line support in larger study areas (500 lines or more) that are served by fiber facilities and that currently receive no High Cost Loop Support, *i.e.*, where barriers to providing broadband services are minimal.
        - Third, if necessary, reduce all other high-cost support by a percentage required to meet the cap.

To ensure that continued high-cost support payments facilitate the provision of broadband services, while recognizing and further assessing middle-mile constraints:

- Five years after the effective date, all ILECs and CETCs providing wireline or wireless service in areas where the ILEC is price-cap regulated and served by fiber middle-mile facilities (*i.e.*, not reliant on satellite or microwave facilities for any piece of the middle mile) on the effective date will offer broadband service speeds of at least 4 Mbps download and 768 kbps upload to at least two-thirds of the residential locations within that ILEC service area.
- Five years after the effective date, all ILECs and CETCs providing wireline or wireless service in areas where the ILEC is price-cap regulated and served by microwave middle-mile facilities (*i.e.*, not reliant on satellite for any piece of the middle mile) on the effective date will offer broadband service at speeds to be determined to at least two-thirds of the residential locations within that ILEC service area.
- In areas where the ILEC is rate-of-return regulated, ILECs and CETCs will meet these benchmarks in seven years after the effective date.
- ETCs in areas where terrestrial middle-mile facilities (*i.e.*, fiber or microwave) are subsequently deployed must meet the above broadband service requirements within five years of the year that the corresponding terrestrial middle-mile service was made available.

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5 GCI proposes these reductions solely in the context of an overall support freeze that is a necessary first step to preserve and advance universal service for Alaska.

6 That amount was approximately $400 per month over the first half of 2011, but GCI proposes to use the monthly average from the calendar year prior to the effective date new Commission rules.

- Waivers may be granted based on specific circumstances.
- Five years from the effective date, the Commission will assess the development of terrestrial and satellite middle-miles services and determine whether any changes to the terrestrially-served broadband commitments are necessary and whether to impose increased broadband obligations in microwave-served and satellite-served areas.

Although GCI did not offer a specific proposal regarding intercarrier compensation reform, we did note the potential need for different reforms for Alaska as a whole and GCI in particular from those implemented in the lower 48 states.

As discussed in previous filings,[7] Alaska has a unique market structure. Alaska constitutes a single MTA, was never part of a Bell Operating Company, and has never had a system of access tandems. Instead, IXCs have interconnected directly with local end offices and, in some cases, remote switches. Except with respect to traffic to and from some wireless carriers, transit services, as they have developed in the lower 48, do not exist in Alaska.

Although Alaska historically had very high intrastate access charges, that changes coincidentally effective the date of this filing. Last summer, the Regulatory Commission of Alaska adopted an intrastate access reform plan that will begin implementation today.[8] As a result, Alaska intrastate access rates for end office switching will be approximately equal to interstate access rates, and long distance carriers must ensure parity between their interstate and intrastate long distance rates by offering consumers intrastate plans that mirror interstate plans. For non-access traffic, including wireline-to-wireline local traffic, many intercarrier arrangements provide for bill-and-keep compensation. In cases in which traffic from a long distance carrier transits a LEC to reach a wireless carrier or when GCI, as a wireline CLEC, receives long distance traffic, agreements are in place to pay compensation equivalent to the intrastate local switching rate or other reasonable terminating rates. In other words, Alaska is already moving towards the Commission's goal of a more rational intercarrier compensation system. Applying intercarrier compensation reforms designed for the lower-48 to Alaska would likely disrupt these existing arrangements and undo progress towards the very goals the Commission has articulated.

In addition, GCI is relatively unique as a universal service-supported CLEC that provides service mostly over its own wireline facilities, as well as over some UNEs. Thus, to the extent that national intercarrier compensation reform proposes access recovery to incumbent wireline providers, there is no reason to exclude GCI from participation in an access recovery mechanism.

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[7] Comments of General Communication, Inc., WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, and GN Docket No. 09-51 at 40 (April 18, 2011).

[8] *Consideration of Modifying Alaska Access Charge Policies and the Use of the Alaska Universal Service Fund to Promote Universal Service in Alaska,* Alaska Regulatory Commission, Order No. 8 R-08-3 and Order No. 4 R-09-3, Alaska Regulatory Commission (rel. Apr. 18, 2010).

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Pursuant to Commission rules, a copy of this letter is being filed electronically.

Please contact the undersigned with any questions.

Sincerely,

/s/

Chris Nierman
Director, Federal Regulatory Affairs

cc: Meeting Participants