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

In the Matter of	)	
	)	
Further Inquiry into Certain Issues	)	WC Docket Nos. 10-90, 07-135,
in the Universal Service-Intercarrier	)	05-337, 03-109
Compensation Transformation	)	CC Docket Nos. 01-92, 96-45
Proceeding	)	GN Docket No. 09-51

COMMENTS OF GTA TELECOM, LLC

GTA Telecom, LLC ("GTA" or the "Company") provides these comments in response to the invitation of the Federal Communications Commission ("FCC" or "Commission") to comment on specific proposals for reform of the universal service fund ("USF") and intercarrier compensation ("ICC") system.[1]

GTA is a rural incumbent local exchange carrier ("RLEC") that provides service on the U.S. territory island of Guam. The Company and its affiliates provide a variety of services to consumers including broadband, video, cellular, and Internet services over its fiber optic network and network services to other carriers including the provision of dark fiber transport and UNEs services to competitive local exchange carriers. As of July 2011, GTA was servicing over 45,000 access lines. In order to maintain and upgrade its fiber optic network, GTA relies on High-Cost USF and ICC as part of its revenues.[2] Accordingly, GTA, and ultimately its subscribers, would be impacted by any actions the FCC takes to reform USF and ICC.

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[1] *Further Inquiry into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Dockets 10-90 et al., FCC Public Notice DA 11-1348 (rel. Aug. 3, 2011) ("Public Notice").
[2] For example, in 2010, revenues from high-cost USF accounted for approximately 20 percent of GTA's overall regulated revenues.

I. The GCI Proposal is Not Appropriate for Guam

In the Public Notice, the FCC seeks comment on whether an "Alaska-specific" set of USF reforms proposed by GCI, or a similar approach, should be adopted for the U.S. Territories.[3] In its proposal, GCI explains that its plan is "tailored" to address the "special circumstances" which exist in Alaska - the "ongoing, first-time deployment of 2G wireless infrastructure" and the "relative lack of broadband services in Alaska Native lands."[4] GCI then summarizes its plan as follows:

> 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.[5]

Neither of these "special circumstances" exists on the U.S. Territory of Guam. Accordingly, the adoption of this tailored approach or a similar approach would not be appropriate. Unlike the circumstances that exist in Alaska in which 2G wireless infrastructure has yet to be deployed, Guam is served by four wireless companies, three of which already offer 3G wireless broadband service today. Also, in contrast to the relative lack of broadband services in Alaska, residents and businesses in Guam have access to broadband with speeds of at least 4 Mbps downstream and 1 Mbps upstream through services provided by GTA and the other wireline broadband provider. Given these circumstances in Guam, there is

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[3] *See* Public Notice at 9.
[4] *See* Letter from Christopher Nierman, GCI, to Marlene H. Dortch, FCC, WC Docket No. 10-90 et al. (filed Aug. 1, 2011) at 1.
[5] *Id.* at 2. The minimum broadband speeds set forth in the proposal are "at least 4 Mbps download and 768 kbps upload." *Id.* at 3.

clearly no need to adopt a proposal for this U.S. Territory, which would involve capping high-cost support in order to ensure that minimum broadband speeds are achieved.

II. GTA Supports the RLEC Plan with Provision to Reduce Impact on Subscribers in Insular Areas

Although Guam does not face the specific circumstances which gave rise to the GCI proposal, Guam does have its own specific circumstances which lead to higher costs in providing telecom and broadband services to this insular area. Last year, GTA filed comments on the FCC's first Notice of Proposed Rulemaking ("NPRM") on USF reform in its National Broadband Plan proceeding.[6] In those comments, GTA described how it relies on USF support to offset the much higher costs associated with the unique challenges in providing the services to the island's inhabitants as the predominant carrier on the island of Guam and as the Carrier-of-Last-Resort. For example, GTA's network must use buried plant to be able to withstand severe weather conditions such as typhoons and still be able to provide communications services through the most exigent circumstances, and GTA must make significant upgrades to meet the needs of expanding military bases as well as schools, hospitals and other anchor institutions.[7] In its comments, GTA then demonstrated that the Commission's proposal to "cap and cut" existing high-cost support would be extremely detrimental to the continued deployment of broadband in Guam and other rural areas and thus contrary to the National Broadband Plan's goals.

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[6] Comments by GTC Telecom, LLC, WC Docket No. 10-90 et al. (filed July 12, 2010).

[7] Since its privatization, GTA has invested $75 million into its network and has recently announced plans to invest another $10 million.

GTA is cautiously optimistic that by seeking comment on the RLEC Plan in the Public Notice, the FCC is signaling that for RLECs, the FCC has rejected its earlier proposals to "cap and cut" existing high-cost support. GTA recognizes, however, that the backdrop of the Public Notice is the FCC's more recent "near-term" proposals in its second NPRM[8] which impact high-cost loop support ("HCLS"), local switching support ("LSS"), interstate common line support ("ICLS") and safety net additive ("SNA") support. GTA strongly opposes the imposition of these proposals as record evidence clearly shows that these proposals would have a detrimental impact on RLECs.[9] Instead, GTA urges the Commission to instead adopt the RLEC plan with the minor change explained below to reduce the financial impact on subscribers in insular areas.

A. The RLEC Plan Offers a "More Measured and Reasonable Alternative" to the FCC's Proposals

The RLEC Plan "orients the USF towards broadband-capable networks and ensures affordable end-user rates in a manner consistent with the four principles for USF and ICC reform" set forth in the FCC's Second NPRM. Unlike the FCC's "one-size-fits-all" proposals that contain reverse auctions, the RLEC Plan uses a "surgical and deliberate" approach which has been carefully designed to ensure that

> the benchmarks, cost allocations, and ultimate recovery mechanisms will (i) sustain broadband-capable networks in high-cost areas where they exist today; (ii) provide a reasonable opportunity to recover the costs associated with existing investments; (iii) promote the responsible "edging out" of

[8] *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, and Lifeline and Link-Up*, WC Dockets No. 10-90 et al., FCC 11-13 (rel. Feb. 9, 2011) ("Second NPRM").

[9] *See, e.g.,* John Staurulakis, Inc. Notice of *Ex Parte* Presentation, WC Dockets No. 10-90 et al. (filed March 29, 2011); ITS Telecommunications Systems, Inc. Notice of *Ex Parte* Presentation, WC Dockets No. 10-90 et al. (filed June 10, 2011); BEK Communications Cooperative Notice of *Ex Parte* Presentation, WC Dockets No. 10-90 et al. (filed June 24, 2011).

> broadband into unserved areas at a reasonable pace; and (iv) control growth in the fund.[10]

This "measured and reasonable" approach is consistent with the balanced approach advocated by Commissioner Clyburn when the Second NPRM was released. In her statement she recognized the need for "providing adequate time for entities to adjust to any proposed transition" and ensuring that "areas currently served by wireline or wireless providers, that would not be served but for Universal Service Fund support, continue to receive their service." She also urged that in its reform efforts, the Commission "not harm the success we have already achieved" and "carefully consider whether new approaches to providing support require certain conditions that may not be achievable in those geographic areas where few have ventured to serve without financial assistance from the Fund and the ICC regime." Additionally she noted that from her travels across the country, "including to some of the hardest-to-serve areas in our nation, a one-size-fits-all approach will not achieve the goals of universal service." She also urged that the FCC and industry work together to "help find a solution so that we can do what is required to reform the Universal Service Fund and the intercarrier compensation regime and make available both voice and affordable broadband services to all American homes."[11] The RLEC Plan is indeed a plan that meets these objectives while building upon the successes that have been achieved by USF and does so in a way that provides rate-of-return companies with the

[10] Comments of NECA, NTCA, OPASTCO, and WTA, WC Docket No. 10-90 et al. (filed April 18, 2011) ("RLEC Plan") at v.
[11] See Statement of Commissioner Mignon L. Clyburn (Feb. 8, 2011) at 2-3.

certainty that is required to continue to invest in providing quality telecom and broadband to rural America.

B. The Proposal in the Consensus Letter to Increase SLCs Should be Modified to Ensure Subscribers in Insular Areas are not Unduly Burdened

In the Consensus Letter, the RLEC Plan was modified to incorporate a framework which, among other things, proposes to "reduce certain terminating switched access and reciprocal compensation rates to $0.0007 per minute."[12] The Consensus Letter further explains,

> [a]s part of the transition, the FCC will be expected to provide for an intercarrier compensation restructure mechanism for rate-of-return carriers. The residential rate benchmark level for the restructure mechanism for rate-of-return carriers should be $25. [Subscriber Line Charges ("SLC")] caps would increase by $0.75 per line, per year for six years with no further increases in later years.

While GTA supports the RLEC Plan, this provision in the framework of the Consensus Letter which would increase SLC caps by $4.50 over a six year period would unduly burden consumers in Guam. This is due to the fact that Guam has a relatively higher amount of low-income consumers than in the contiguous United States. For example, data from the Bureau of Labor Statistics show that as of March 2011, Guam's unemployment rate was 13.3 percent. This

[12] Letter from Walter B. McCormick, Jr., United States Telecom Association, Robert W. Quinn, Jr., AT&T, Melissa Newman, CenturyLink, Michael T. Skrivan, FairPoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, Michael D. Rhoda, Windstream, Shirley Bloomfield, NTCA, John Rose, OPASTCO, and Kelly Worthington, WTA, to Chairman Julius Genachowski, Commissioner Michael J. Copps, Commissioner Robert M. McDowell, Commissioner Mignon Clyburn, FCC, WC Docket No. 10-90 et al. (filed July 29, 2011) ("Consensus Letter"). The Consensus Letter explains that terminating end office rates would be reduced to $0.005 per minute. At a certain point, the FCC would then determine whether continued transition to the $0.0007 "should be slower or faster."

rate is higher than unemployment rates in the continental U.S.[13] Further, over twenty percent of Guam's population utilizes food stamps.[14] Additionally, increasing the SLC caps would burden the large military population which inhabits Guam. Guam currently serves as a strategic military installation for the U.S. Navy and Air Force, and is slated to house the relocation of 8,000 Marines from Okinawa.[15]

Because of these unique characteristics, GTA proposes that rate-of-return RLECs serving in Guam and other similarly situated insular areas be exempted from the requirement to increase SLC caps by $4.50 to the benchmark level. Instead, the revenue which would have come from the increased SLC caps would come from additional funds from the recovery mechanism. One further note, for Guam RLECs, there would be no funds needed from the recovery mechanism to replace reduction in terminating switched intrastate access charges because Guam does not have intrastate rates.

III. Conclusion

For the reasons demonstrated herein, GTA urges the FCC to adopt the RLEC Plan with an exemption from the requirement to increase SLC caps for rate-of-return RLECs serving insular areas where increasing SLC caps would be unduly burdensome to consumers. Revenue that would have come from the increased SLC caps should come

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[13] The June 2011 preliminary statistics show the number of jobs on Guam decreased 1,250 in the latest quarter and by 830 jobs or 1.3 percent from the comparable period one year ago. **http://www.dol.guam.gov/index.php?option=com_content&view=article&id=483&Itemid=608**

[14] As of the end of 2010, Guam had an overall population (including military) of 180,692. The number of persons on a monthly average that were taking food stamps at that time were estimated to be 36,926, which is approximately 20.4 percent of the overall population.

[15] GTA uses USF subsidies to provide mission critical infrastructure facilities to the military that not only connect the on-island bases, but also provide connectivity to the U.S. mainland.

from additional funds from the recovery mechanism. Adoption of this modified RLEC Plan will reduce the financial impact on Guam subscribers, and will allow GTA to continue the broadband deployment that the Commission seeks to support.

Respectfully Submitted,

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