October 6, 2011

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
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

Dear Ms. Dortch:

General Communication, Inc. ("GCI") hereby provides further comments on the intercarrier compensation provisions of the Joint ILEC Framework, including the ABC Plan and RLEC Plan as modified by that Framework.[1] As GCI has further examined these mechanisms, particularly in light of the ABC Plan's Draft Rules filed October 3, 2011,[2] it has become clearer that while many of the broad objectives of these rules would create a workable transition, there are some specifics that need to be adjusted in order for the rules to achieve the objectives of unified and harmonized intercarrier compensation rates and reduced arbitrage. GCI believes that, except as noted, these changes have general applicability, and should not be limited to Alaska.

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1 *See* Letter from Kathleen Grillo, Verizon, et al. to Marlene H. Dortch, Federal Communications Commission, WC Docket Nos. 10-90 et al. (July 29, 2011) ("ABC Plan"); Letter from Walter B. McCormick, Jr., United States Telecom Association, et al. to Julius Genachowski, Michael J. Copps, Robert M. McDowell, and Mignon Clyburn, Federal Communications Commission, WC Docket Nos. 10-90, et al. (July 29, 2011) ("Joint ILEC Framework"); Comments of NECA, NTCA, OPASTCO, and WTA, WC Docket No. 10-90 et al. (filed Apr. 18, 2011) ("RLEC Plan").

2 *See* Ex parte from Jonathan Banks, US Telecom, to Marlene Dortch, Federal Communications Commission, at Attachment 1, WC Docket Nos. 10-90 et al. (filed Oct. 3, 2011) ("ABC Plan Draft Rules").

1. The ABC Draft Rules abandon the *CLEC Access Orders* structure without explanation, subjecting CLECs operating in highly rural areas to the same access transition as urban, price cap ILECs. Rather than requiring all CLECs to follow the price cap LEC access rate transition, as the ABC Draft Rules would do, the Commission should continue to utilize the CLEC access charge rules, particularly 47 C.F.R. § 61.26. Under that rule, CLECs are capped at the rates charged by the competing ILEC (subject to an exception in certain rural areas).[3] There is no apparent reason why the Commission should abandon this framework now. For example, both GCI and Mukluk Telephone Co. have switches located in and serving the Nome, Alaska area. It is fundamentally irrational to require GCI to reduce its access rates faster than Mukluk when both are serving this highly rural community, particularly when the CLEC's rates are at or below the competing ILEC's.

2. The access rate transition must address the situation when interstate rates *exceed* intrastate rates. The ABC Plan Draft Rules, and the modified RLEC framework, assume that intrastate access rates are always higher than interstate access rates. But in fact, in 20 of 25 ILEC study areas in Alaska, interstate end office access rates exceed intrastate rates. This means that, under these proposals, approximately 80 percent of Alaska study areas will not be able to unify interstate and intrastate access rates until the very end of the transition. In addition, the ABC Plan Draft Rules as drafted would actually require intrastate access rates to be *raised* to match interstate access rates when interstate access rates are higher. It is unlikely that this situation is unique to Alaska. A better approach – more consistent with the stated objectives of these plans – would be to reduce the higher of interstate or intrastate access rates to the lower of such rates over the first two years, so that all study areas have unified intrastate and interstate access rates after two years.

3. Set a final target access rate that makes sense for the market. This proposed change is Alaska-specific, because of Alaska's isolation from the telecommunications markets of the Lower 48. ACS has asked that it not be required to reduce access rates below a filing entity average traffic sensitive charge of $.0095. While that particular formulation would preclude establishing uniform statewide access termination rates, there may be a relatively low end office termination level (such as $.002) above $.0007 that could achieve the Commission's goals in Alaska, while minimizing the amount of access replacement support (and thus added demands on the high cost fund), and still result in a statewide uniform access termination rate that minimizes arbitrage and jurisdictional disputes.[4] It is important to note that reciprocal compensation and access are unlikely to be completely unified in Alaska because of the prevalence of bill-and-keep arrangements for reciprocal compensation.

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[3] GCI charges the same rates as the competing ILEC and does not utilize the rural CLEC benchmark.

[4] Alaska also has some ILECs that have a $0 intrastate end office local switching and information surcharge rate. It may make sense to permit those entities to institute such a charge, subject to the statewide uniform rate, as a means of offsetting other access reductions, and thus further reducing the amount of access replacement support.

4. Prohibit *any* increase in originating or terminating interstate or intrastate switched access rates. The ABC Plan summary and Joint ILEC Framework for rate-of-return carriers clearly proposed this,[5] but the ABC Plan Draft Rules permit a degree of offsetting price increases within the same service bands.[6] This is an issue particularly with respect to the traffic sensitive basket, which includes end office local switching, but also includes other elements such as database queries, billing name and address, local switching trunk ports (as defined in 47 C.F.R. § 69.106), and signaling transfer point port termination (as defined in 47 C.F.R. § 69.125).[7] The ABC Plan Draft Rules, unlike the ABC Plan summary, cap all interstate access rates only if the price cap LEC elects to do so in order to be removed from price cap regulation.

5. Access reform end user rate benchmarks should be calculated taking into account all scheduled increases in state end user fees. In the ABC and RLEC Plan as modified by the Joint Framework, ILEC SLC cap increases are limited by a total residential rate benchmark, but take into account only charges actually in effect on January 1, 2012.[8] In Alaska, the RCA last year adopted an order that schedules regular increases in the Network Access Fee (a state equivalent of the SLC). It would undermine the purpose of the benchmark, as well as the already-adopted intrastate access reform rules, for the FCC to fail to take these already-scheduled rate changes into account.

6. Extend access replacement support to facilities-based wireline CLEC CETCs. Wireline CLECs today are permitted to tariff access charges, just as the ILECs are.[9] Moreover, CLEC CETCs also have requirements to serve pursuant to Section 214(e) and the terms of their designations as eligible telecommunications carriers, just as the ILECs do. Accordingly, there is no principled basis to distinguish between ILEC and CLEC CETCs with respect to access replacement support, especially given that there are very few CLEC CETCs.

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[5] *See* ABC Plan at 11; Joint ILEC Framework at n. 1.

[6] *See* ABC Plan Draft Rules at XX.3(a)(2), (stating that a Price Cap Carrier's interstate switched access services remain under price cap regulation unless the Price Cap Carrier elects to cap all rate elements at their January 1, 2012 levels). Under price cap regulation, rates for specific services within the same price cap basket can be raised if others are lowered. To address this, the baskets have service bands, *see* 47 C.F.R. § 61.47(e). For the various services within the traffic sensitive basket, the service bands permit a five percent annual price increase. Thus, decreases in local switching and information surcharge rates, for example, could be offset by increasing prices for other elements in the basket, up to the five percent limit of each service band. *See id*.

[7] *See id*.

[8] ABC Plan Draft Rules, Amendments to 47 C.F.R. § 69.152(r)(1)(D).

[9] Wireless CETCs, like all CMRS carriers, are not permitted to tariff access charges. *See In the Matter of Implementation of Sections 3(n) & 332 of the Communications Act*, Second Report and Order, at ¶ 179, 9 F.C.C.R. 1411 (1994).

GCI agrees with the ABC plan proponents that all bill-and-keep arrangements should stay in place.

GCI will provide draft amendments to the ILEC-proposed rules to effectuate these changes, once those rules have all been submitted.

Respectfully submitted,

/s/

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