December 12, 2011

<u>Ex Parte</u>

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *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

Dear Ms. Dortch:

On December 8, 2011, Chris Nierman, of General Communication Inc. ("GCI"), and I, on behalf of GCI, met with the following staff of the Wireline Competition Bureau:

- Sharon Gillett, Chief
- Carol Mattey, Deputy Chief
- Patrick Halley, Legal Advisor to the Bureau Chief
- Amy Bender, Deputy Division Chief, Telecommunications Access Policy Division
- Joe Cavender, Telecommunications Access Policy Division
- Ted Buremeister, Telecommunications Access Policy Division

During the meeting, we discussed the points summarized in the attached documents, which were provided at the meeting. GCI appreciates very much that the Commission agreed that "carriers serving remote parts of Alaska, including Alaska Native villages, should have a slower transition path in order to preserve newly initiated services and facilitate additional investment in still unserved and underserved areas during the national transition to the Mobility Funds."[1] As the Commission observed, many villages in Alaska still lack even basic 2G wireless service, let alone 3G or 4G services.[2] While the changes to the High Cost Fund will likely still reduce the amount of new deployment that would have occurred in the absence of the

[1] *See* Federal Communications Commission *Report and Order and Further Notice of Proposed Rulemaking* at ¶529 (rel. Nov. 18, 2011) ("Order").

[2] *Id*.

new rules, providing remote Alaska with a two-year delay in the start of the five year CETC transition can facilitate at least some deployment over the next two to three years.

The rules implementing the remote Alaska provisions, however, are inconsistent with the language and intent of the Order and will substantially undermine the Commission's objectives with respect to remote Alaska. Specifically, the rules will:

- Reduce remote Alaska support approximately 5% due to the use of base-period revenues (2011 disbursements) calculated on the basis of lines served in 2010, when GCI was deploying wireless services, rather than lines served as of September 30, 2011, as GCI had proposed in its ex parte of October 23, 2011.
- Reduce by approximately 20% in the support to be distributed through the remote Alaska mechanism because of the exclusion of lines served by AT&T in remote Alaska.
- Truncate the period in which new service deployments and the addition of new lines can add to a CETC's (although not the state's total) remote Alaska high cost support at least six months earlier than necessary.

Each of these provisions should be corrected as soon as possible so that CETCs can plan their capital budgets in time for Alaska's limited 2012 construction season. GCI has attached proposed changes to the rules that would fix each of these problems.

1. Establish the Interim Remote Alaska Cap Based on Current Lines and Support Amounts

Under the remote Alaska provisions, during most of the two-year delay, remote Alaska would operate in much the same way as individual states did under the 2008 CETC cap. Remote Alaska CETC high cost support will be provided on a per line basis using per line support amounts frozen as of December 31, 2011 (up to a maximum of $3000), subject to a cap across all of remote Alaska.[3] The new rules, however, initialize that cap based on calendar year 2011 disbursements to Alaska CETCs within the remote areas, rather than by using lines that would be reported to USAC on March 30, 2012 for lines served as of September 30, 2011, as GCI had suggested in its October 23, 2011 ex parte.[4]

Although seemingly innocuous, because of the standard delays in the USAC process for reporting lines and paying support, use of disbursements paid in 2011 means that the remote Alaska cap would actually be set based on the lines served in 2010, well below the levels being provided as of the end of 2011. When all of the reporting and payment periods are taken into account, there is a 10-12 month lag between the time service is provided to a line and the time support is received reflecting that line being in service. For example, lines served as of March 31, 2010 determine the level of monthly high cost support paid in the first quarter of 2011. Thus,

3 *See Order*, at ¶ 529 n. 880.

4 *Compare* 47 CFR 54.307(e)(1) and (3)(iii)(specifying use of total calendar year 2011 disbursements to a CETC) *with* Ex Parte letter from John, Nakahata, Wiltshire & Grannis, to Marlene Dortch, FCC, at 1-2(filed Oct. 23, 2011) ("GCI October 23, 2011 Ex Parte").

although GCI launched service in 25 villages in June and September 2010 and another 10 villages in 2011, none of these count fully toward establishing the remote Alaska cap. Indeed, 2011 disbursements include no support for lines added in remote Alaska after December 31, 2010, and support for each line added during 2010 counts only partially, depending on the quarter in which the line was added, because they were not served in the first (and possibly other) quarter(s).

To best "preserve newly initiated services and facilitate additional investment in still unserved and underserved areas," the Commission should revise the rules to initialize the remote Alaska cap in a manner that recognizes that carriers have added service areas and lines in 2010 and 2011. Specifically, as suggested in GCI's October 23 ex parte, the Commission should calculate the remote Alaska cap by multiplying the number of lines reported on March 30, 2012 (reflecting lines served as of September 30, 2011) by the frozen December 31, 2011 per line support rates, adjusted for CETCs that had not certified that they served covered locations under the 2008 *Interim Cap Order*.[5] This would reduce the reporting lag from 10-12 months down to a single quarter, better reflecting recent extensions of service to heretofore unserved remote Alaska villages. GCI estimates that calculating the remote Alaska cap in this manner would increase that cap by $4-5 million.

It is also worth noting, as GCI did in its October 23, 2011 ex parte, this rule adjustment would not allow CETCs to "game" the system in line counts to be filed on March 30, 2012. That filing reports lines in service as of September 30, 2011, before the Commission announced that it would consider a USF and intercarrier compensation reform order at the October 27, 2011 Commission meeting. Thus, a CETC cannot take actions now to increase the number of lines served as of September 30, 2011.

The attached proposed changes to 47 C.F.R. § 54.307(e)(3)(v) would implement this change.

It also should be noted that although the recent Order calculates CETC support based on total disbursements over a calendar year, the Commission has in other situations annualized shorter periods. For example, when the interim CETC cap was set in 2008, that cap was initialized based on the level of support that CETCs were eligible to receive during March 2008[6]. Thus, there is precedent for use of a more limited period to set a support cap.

2. Include All CETC Support for Remote Alaska

The rules exclude any CETC that did not certify that it was serving covered locations from the remote Alaska cap and from receiving support under the remote Alaska mechanism.[7]

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[5] GCI October 23, 2011 Ex Parte at 1-2.

[6] *High-Cost Universal Service Support, Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Order, 23 FCC Rcd. 8834, ¶ 1 (2008).

[7] *See* 47 C.F.R. § 54.307(e)(ii)(limiting the delayed phase down to a carrier that "certified that it served covered locations in its September 30,2011, filing of line counts with the

AT&T was the largest such CETC in Alaska. The failure to include ETCs that did not so both distorts competition in the marketplace and substantially reduces the incentive for CETCs to deploy service to new areas and to add lines in remote Alaska[8].

GCI estimates that the amount of CETC support received for service in remote Alaska in 2011 will be approximately $94 million for 2012. Of that, AT&T received approximately $19 million. Excluding AT&T from the remote Alaska cap and mechanism will reduce the cap available for other remote Alaska CETCs to $75 million for 2012.

The dampening impact of excluding AT&T from the remote Alaska cap and mechanism can be illustrated as follows. If the remote Alaska cap is set excluding AT&T, then support to GCI accounts for approximately 46% of the cap, ACS accounts for approximately 24%, and all other non-AT&T CETCs account for approximately 30%. This means that if GCI adds one line with support of $10 and all other providers lines remain constant, GCI will only net $5.44 in additional support, because in order to stay within the cap, all remote Alaska CETCs will see their total support reduced by $10 times their share of remote Alaska high cost support ($4.56 for GCI, $2.41 for ACS, and $3.03 for all other non-AT&T CETCs collectively).

By contrast if AT&T is included in the remote Alaska cap and mechanism, then the base over which that additional $10 in support would be spread is commensurately higher. GCI estimates that GCI then accounts for approximately 36% of the cap, ACS is approximately 19%, AT&T is approximately 21% and all other non-AT&T CETCs are approximately 24%. This means that to offset the increased $10 in support for GCI's additional line, all CETCs see the following offsetting reduction in support: $3.62 for GCI, $1.91 for ACS, $2.05 for AT&T, and $2.41 for all other non-AT&T CETCs collectively.

At the same time, excluding AT&T from the remote Alaska cap and mechanism also leads to some perverse results. If GCI were to port an AT&T subscriber for which uncapped support as of December 31, 2011 was $10 to GCI, but AT&T is outside the remote Alaska cap and mechanism, then, as discussed above, GCI gains $5.44 in net support, and other non-AT&T CETCs see their support reduced. However, AT&T's support does not change at all. That is because AT&T's CETC support per study area would have been computed based solely on calendar year 2011 disbursements, and AT&T would be receiving that support irrespective of the number of line served (i.e., AT&T's support would essentially have been converted into an annuity with a scheduled, declining payment). This creates a very unbalanced and odd competitive environment in which one carrier receives support even when it loses lines, but other comparable carriers do not.

Administrator." AT&T did not so certify, consistent with a commitment it had made as part of the Commission's approval of its acquisition of Dobson. *See In the Matter of Applications of AT&T Inc. & Dobson Communications Corp.*, 22 F.C.C.R. 20295, ¶ 70 (2007).

8 This exclusion would be irrelevant if all CETCs maintain current relative line penetration in remote areas of Alaska until the start of the CETC phase-down. That, however, is highly unlikely.

To rectify these problems and to fulfill the Commission's intent to preserve, to the extent possible, incentives to expand service while adhering to a fixed budget, all CETC lines should be used to set the remote Alaska cap and all CETC lines should be supported under the remote Alaska mechanism. However, because AT&T had not certified that it was serving covered locations and thus, as of December 31, 2011 was receiving a reduced amount of per line support for each line served pursuant to the 2008 *Interim Cap Order*. Support for those lines should be included in the cap and support should be paid out at the actual per line support amount that CETC subject to the interim CETC cap would have received as of December 31, 2011. A simple example illustrates how this would work. On December 31, 2011, CETCs A and B receive $10 in high cost support per line because they each certified that they served covered locations in its September 30, 2011 line count filing, but AT&T receives only $6 because it did not file such a certification. Assume CETC A and B together report 20 lines (10 each) on March 31, 2012, and AT&T reports 10 lines. The remote Alaska CETC cap would be $260 statewide (20 lines x $10/line + 10 lines x $6/line). Now suppose Carrier B adds 10 more lines and AT&T also adds 10 more lines, and Carrier A stays the same. In the absence of the remote Alaska CETC cap, support would be calculated as follows: Carrier A= 10 lines x $10/line = $100; Carrier B= 20 lines x $10/line = $200; AT&T = 20 lines x $6/line = $120 (for a total of $420). However, in order to stay within the cap, a uniform percentage must be applied to all lines. That percentage would be $260 (statewide remote Alaska cap) / $420, or approximately 62%. The final amount of support distributed to each carrier would be as follows (totaling $260): Carrier A, $62 ($100 x 62%); Carrier B, $124 ($200 x 62%); AT&T, $74 ($120 x 62%). Under this proposed mechanism, no carrier receives a windfall from the transition to the interim remote Alaska support mechanism, but the amount of support that can be reallocated among CETCs is maximized, thus maximizing the incentive to continue deployments within the constraint of strict budgetary limits.

The attached changes to 47 C.F.R. § 54.307(e)(ii), and (v) would implement this proposed solution.

<u>3. Do Not Freeze CETC Support Until the Delayed Phase Down Begins</u>

The rules, as issued, freeze remote Alaska support for each CETC per ILEC study area based on calendar year 2013 disbursements, with support paid in the froze amount starting January 1, 2014. Under this process, no service additions that occur after December 31, 2012 will affect the amount of support received after January 1, 2014. This substantially reduces the incentive to expand service after December 31, 2012.

This can be rectified through two steps. First, each CETC's baseline support amount, to which the initial 20% reduction is applied, should not be set until the delayed phase down for remote Alaska actually begins (*i.e.*, the later of July 1, 2014 or the implementation of Mobility Fund Phase II, including its tribal component). This will provide incentives for CETCs to continue expanding services and will "facilitate additional investment in still unserved and underserved areas" until the latest possible date.

Second, to again avoid the problem of reporting and distribution lags, the support level for the phase down should be set using the last complete month prior to the commencement of the support phase-down.

These proposals are implemented in the attached changes to 47 C.F.R. § 54.37(e)(iii).

* * *

Please contact me if you have any questions.

Sincerely,

John T. Nakahata
Counsel to General Communication Inc.

cc: Sharon Gillett
Carol Mattey
Patrick Halley
Amy Bender
Joe Cavender
Ted Burmeister

FCC USF REFORM ORDER V. IMPLEMENTING RULES:
Unintended Results in the Delayed Phase Down for Support in Remote Areas of Alaska

The *Order* establishes "an interim cap for remote areas of Alaska for high-cost support for competitive CETCs" in order "to preserve *newly initiated* services and facilitate *additional investment* in still unserved and underserved areas during the national transition to the Mobility Funds." (¶529)

The implementing rules, however, discount the most recently initiated services, exclude certain CETCs serving remote Alaska from the interim cap, and reduce the incentive for additional investment. The rules must be corrected to fulfill the intent of the *Order*.

SET THE INTERIM CAP BASED ON CURRENT LINES AND SUPPORT AMOUNTS

The Order	"…to preserve newly initiated services…"
The Rules	The rules set the remote Alaska cap based on amounts *disbursed* in 2011. 54 C.F.R. 307(e)(3)(v)(A). The USAC reporting and disbursement schedule generally disburses support in 2011 for lines served in 2010. Accordingly, the rules cap remote Alaska support based on deployment as it existed more than a year ago.
The Effect	As written, the rules do not preserve funding for newly initiated services, but instead exclude an estimated \$4 to \$5 million of CETC high-cost support that was necessary to bring modern wireless service to many villages in remote Alaska.
The Correction	The rules should fulfill the language and intent of the Order and cap support based on current line counts and current per-line support amounts, as required to preserve support for all newly initiated services in remote Alaska.

APPLY THE DELAYED PHASE DOWN TO ALL CETCS IN REMOTE ALASKA

The Order	"…we establish an interim cap for remote areas of Alaska for high-cost support for competitive ETCs…"
The Rules	The rules exclude support for remote areas of Alaska for CETCs that did not certify that they served Covered Locations pursuant to the 2008 *Interim Cap Order*. 54 C.F.R. 307(e)(3)(ii).
The Effect	As written, the rules exclude from the cap an estimated \$19 million of CETC high-cost support from remote areas of Alaska. A smaller cap arbitrarily dilutes support for each new line throughout remote Alaska, reducing the incentive for CETCs to deploy new facilities by decreasing the incremental support for each additional line served in remote areas of Alaska. A cap that excludes and freezes support to those carriers that did not operate under the Covered Locations exception to the 2008 *Interim Cap Order* holds such carriers harmless from line loss during the delayed phase-down, providing no incentive for such carriers to invest in new services or serve new customers.
The Correction	The rules should fulfill the language and intent of the Order and include support received by **all** CETCs serving remote areas of Alaska, without exclusion. Inclusion of support received by carriers that did not avail themselves of the Covered Locations exception should not, however, inflate support to such carriers beyond what they would have received under the 2008 *Interim Cap Order*.

<u>CALCULATE THE DELAYED PHASE DOWN BASELINE ACCORDING TO LINE COUNTS AS THEY EXIST AT THE END OF THE DELAY</u>

The Order "…facilitate additional investment in still unserved and underserved areas during the national transition to the Mobility Funds."

The Rules The rules set the baseline for the delayed phase down of support in remote Alaska based on amounts disbursed in 2013, rather than on the lines and per-line support amounts at the end of 2013. 54 C.F.R. 307(e)(3)(iii).

The Effect As written, the rules severely reduce the incentive and ability of CETCs to deploy new services in remote Alaska after 2012, creating a potential race to serve as many lines as possible, but only for a limited amount of time.

Contrary to the language of the Order, such a rule will **not** facilitate *additional investment* in still unserved and underserved areas during the national transition to the Mobility Funds." At best, this will facilitate investment for less than half of the transition. At worst, it will facilitate temporary line grabs in already served areas, but not much new investment.

The Correction The rules should correspond to the language and intent of the Order and cap support based on line counts and per-line support amounts as they exist at the end of the delay, which would provide incentive to invest in new deployments throughout the two-year delay.

1. Amend §54.307 by adding paragraph (e) to read as follows:

§ 54.307 Support to a competitive eligible telecommunications carrier.

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(e) Support Beginning January 1, 2012. Competitive eligible telecommunications carriers will, beginning January 1, 2012, receive support based on the methodology described in this paragraph and not based on paragraph (a) of this section.

(1) Baseline Support Amount. Each competitive eligible telecommunication carrier will have a "baseline support amount" equal to its total 2011 support in a given study area, or an amount equal to $3,000 times the number of reported lines for 2011, whichever is lower. Each competitive eligible telecommunications carrier will have a "monthly baseline support amount" equal to its baseline support amount divided by twelve.

(i) "Total 2011 support" is the amount of support disbursed to a competitive eligible telecommunication carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by the Administrator on January 31, 2012.

(ii) For the purpose of calculating the $3,000 per line limit, the average of lines reported by a competitive eligible telecommunication carrier pursuant to line count filings required for December 31, 2010, and December 31, 2011 shall be used.

(2) Monthly Support Amounts. Competitive eligible telecommunications carriers shall receive the following support amounts, except as provided in paragraphs (e)(3) through (e)(6) of this section.

(i) From January 1, 2012, to June 30, 2012, each competitive eligible telecommunications carrier shall receive its monthly baseline support amount each month.

(ii) From July 1, 2012 to June 30, 2013, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(iii) From July 1, 2013, to June 30, 2014, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(iv) From July 1, 2014, to June 30, 2015, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.

(v) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.

(vi) Beginning July 1, 2016, no competitive eligible telecommunications carrier shall receive universal service support pursuant to this section.

(3) Delayed Phase Down for Remote Areas in Alaska. ~~Certain competitive~~Competitive eligible telecommunications carriers serving remote areas in Alaska shall have their support phased down on a later schedule than that described in paragraph (e)(2) of this section.

(i) Remote Areas in Alaska. For the purpose of this paragraph, “remote areas in Alaska” includes all of Alaska except;

(A) The ACS-Anchorage incumbent study area; (2) the ACS-Juneau incumbent study area;

(B) The fairbankszone1 disaggregation zone in the ACS-Fairbanks incumbent study area; and

(C) The Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the Mat~~u~~anuska Telephone Association incumbent study area.

(ii) Carriers Subject to Delayed Phase Down. A competitive eligible telecommunications carrier shall be subject to the delayed phase down described in paragraph (e)(3) of this section to the extent that it serves remote areas in Alaska~~, and it certified that it served covered locations in its September 30, 2011, filing of line counts with the Administrator.~~. To the extent a competitive eligible telecommunications carrier serves areas other than remote areas in Alaska, support for serving ~~Alaska~~such areas is not subject to the delayed phase down~~, it~~ and will be subject to the phase down of support on the schedule described in paragraph (e)(2) of this section.

(iii) Baseline for Delayed Phase Down. For purpose of the delayed phase down for remote areas in Alaska, the baseline amount ~~shall be calculated in the same manner as described in paragraph (e)(1) of this section, except that support amounts from 2013 shall be used~~for each competitive eligible telecommunications carrier subject to the delayed phase down for remote areas in Alaska shall be the annualized monthly support amount received for June 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later.~~.~~

(iv) Monthly Support Amounts. Competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall receive the following support amounts, except as provided in paragraphs (e)(4) through (e)(6) of this section.

(A) From January 1, 2014, to June 30, 2014, each competitive eligible telecommunications carrier shall receive its monthly baseline support amount each month.

(B) From July 1, 2014 to June 30, 2015, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(C) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(D) From July 1, 2016, to June 30, 2017, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.

(E) From July 1, 2017, to June 30, 2018, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.

(F) Beginning July 1, 2018, no competitive eligible telecommunications carrier serving remote areas in Alaska shall receive universal service support pursuant to this section.

(v) Interim Support for Remote Areas in Alaska. From January 1, 2012, until December 31, 2013, competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall continue to receive per-line support as calculated pursuant to paragraph (a) of this section, using the frozen per-line support amount that each competitive eligible telecommunications carrier would have received as of December 31, 2011, taking into account whether the competitive eligible telecommunications carrier had certified it was serving covered locations in its September 30, 2011 filing of line counts with the Administrator, provided that the total amount of support for all such competitive eligible telecommunications carriers shall be capped.~~–~~ No competitive eligible telecommunications carrier subject to the delayed phase down for remote areas in Alaska shall receive interim support greater than $3,000 times the number of lines reported for a given study area.

(A) Cap Amount. The total amount of support available on an annual basis for competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall be equal to the sum of ~~"total 2011 support," as defined in paragraph (e)(1)(i) of this section, received by all competitive eligible telecommunications carriers subject to the delayed phase down for serving remote areas in Alaska.~~the support amount for serving remote areas in Alaska, calculated by multiplying the lines reported by each such competitive eligible telecommunications carrier as of March 30, 2012 by the frozen per-line support amount each such competitive eligible telecommunications carrier would have received as of December 31, 2011, taking into account whether the competitive eligible telecommunications carrier had certified it was serving covered locations in its September 30, 2011 filing of line counts with the Administrator.

(B) Reduction Factor. To effectuate the cap, the Administrator shall apply a reduction factor as necessary to the support that would otherwise be received by all competitive eligible telecommunications carriers serving remote areas in Alaska subject to the delayed phase down. The reduction factor will be calculated by dividing the total amount of support available amount by the total support amount calculated for those carriers in the absence of the cap.

(4) Further reductions. If a competitive eligible telecommunications carrier ceases to provide services to high-cost areas it had previously served, the Commission may reduce its baseline support amount.

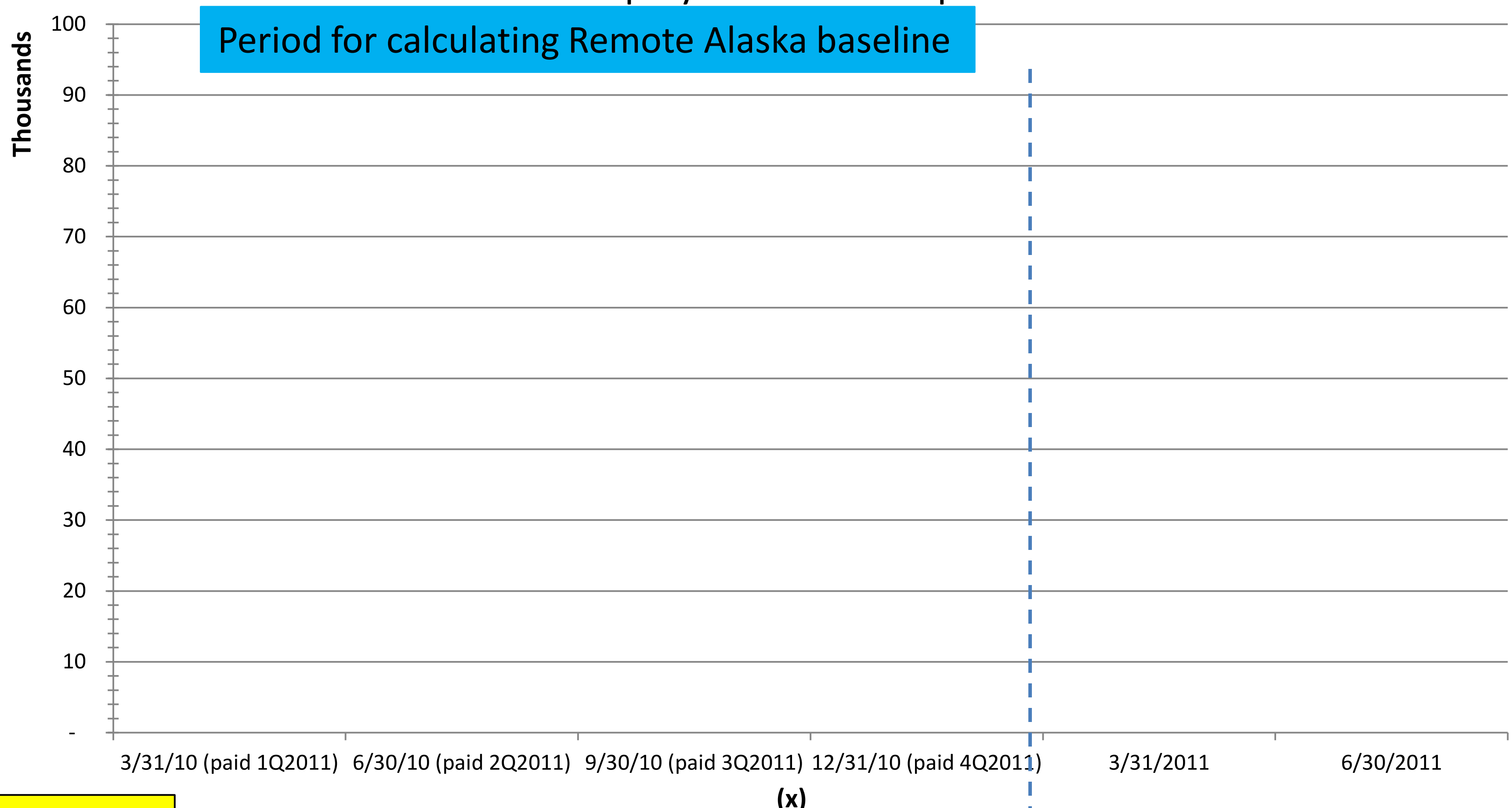
(5) Implementation of Mobility Fund Phase II Required. In the event that the implementation of Mobility Fund Phase II has not occurred by June 30, 2014, competitive eligible telecommunications carriers will continue to receive support at the level described in paragraph (e)(2)(iv) of this section until Mobility Fund Phase II is implemented. In the event that Mobility Fund Phase II for Tribal lands is not implemented by June 30, 2014, competitive eligible telecommunications carriers serving Tribal lands shall continue to receive support at the level described in paragraph (e)(2)(~~iv~~iii) of this section until Mobility Fund Phase II for Tribal lands is implemented, except that competitive eligible telecommunications carriers serving remote areas in Alaska and subject to paragraph (e)(3) of this section shall continue to receive support at the level described in paragraph (e)(3)(~~iv~~iii)(A) of this section.

(6) Eligibility after Implementation of Mobility Fund Phase II. If a competitive eligible telecommunications carrier becomes eligible to receive high-cost support pursuant to the Mobility Fund Phase II, it will cease to be eligible for phase-down support in the first month for which it receives Mobility Fund Phase II support.

(7) Line Count Filings. Competitive eligible telecommunications carriers, except those subject to the delayed phase down described in paragraph (e)(3) of this section, shall no longer be required to file line counts beginning January 1, 2012. Competitive eligible telecommunications carriers subject to the delayed phase down described in paragraph (e)(3) of this section shall no longer be required to file line counts beginning ~~January~~January 1, 2015 or the date after the first quarterly line count filing following the implementation of Mobility Fund Phase II~~4~~, whichever is later.

GCI Remote Alaska Lines

Support calculation underfunds 18 months of remote wireless deployment and adoption



2009 GCI Wireless launches 37 villages

2010 GCI Wireless launches 25 villages

4Q '10 GCI ETC in 2 ILEC study areas

2011 GCI Wireless launches 10 villages

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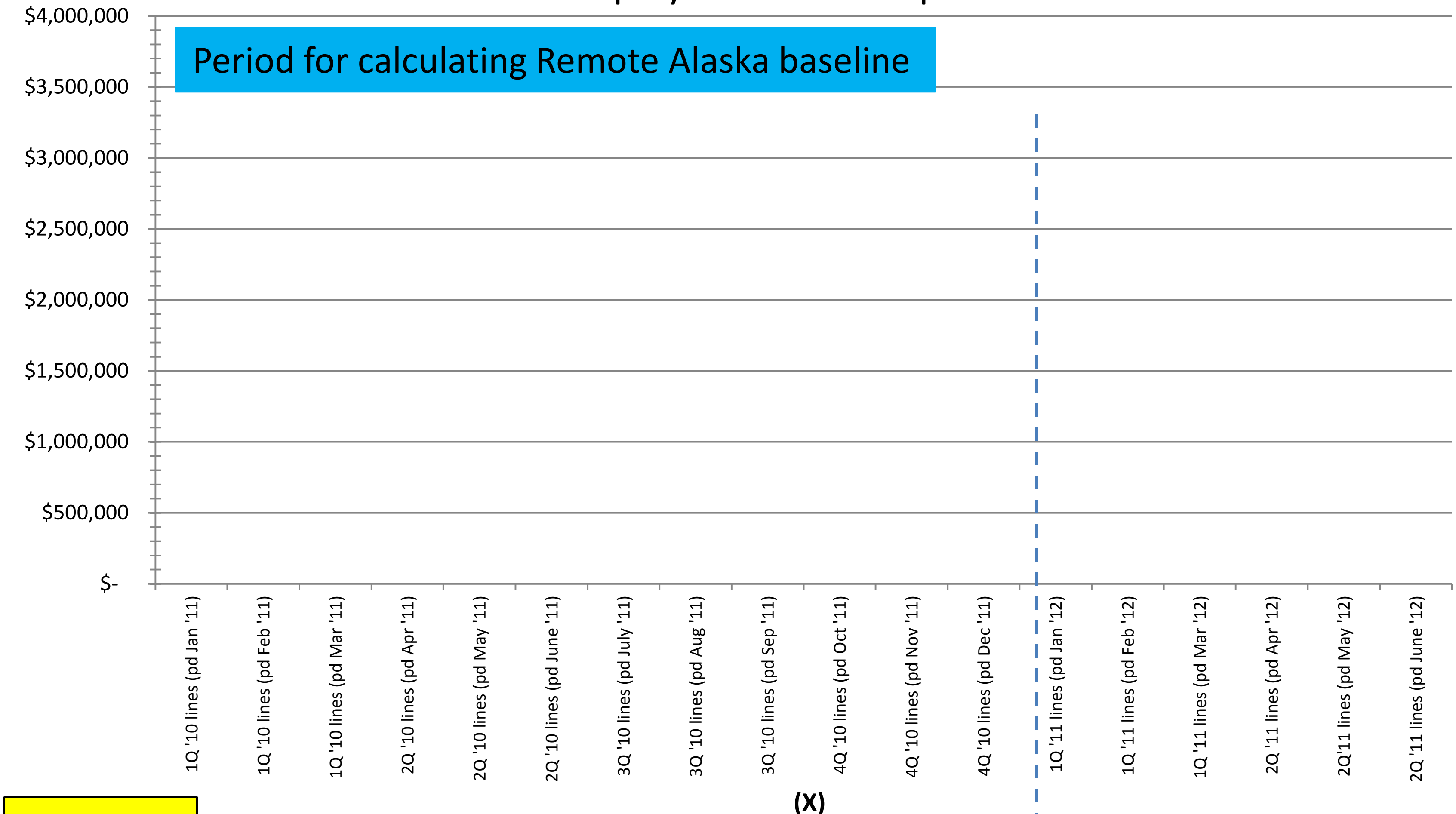
GCI Remote Alaska USF Support

Support calculation underfunds 18 months of remote wireless deployment and adoption



2009 GCI Wireless launches 37 villages

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4Q ‘10 GCI ETC in 2 ILEC study areas

2011 GCI Wireless launches 10 villages

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GCI Remote Village Wireless Launches 2009-2011

Community	Year	Community	Year	Community	Year
ALEKNAGIK	2009	NEW STUYAHOK	2009	MCGRATH	2010
AMBLER	2009	NEWHALEN	2009	NELSON LAGOON	2010
ANAKTUVUK PASS	2009	NOATAK	2009	NONDALTON	2010
ANIAK	2009	NOORVIK	2009	PEDRO BAY	2010
ATQASUK	2009	NUIQSUT	2009	PERRYVILLE	2010
BUCKLAND	2009	POINT HOPE	2009	PILOT POINT	2010
CHUATHBALUK	2009	POINT LAY	2009	PLATINUM	2010
CLARKS POINT / EKUK	2009	PORT LIONS	2009	PORT HEIDEN	2010
COLD BAY	2009	SELAWIK	2009	RUBY	2010
DEERING	2009	SHUNGNAK	2009	SAVOONGA	2010
EKWOK	2009	SOUTH NAKNEK	2009	ST. PAUL	2010
FORT YUKON	2009	TATITLEK	2009	TANANA	2010
GALENA	2009	WAINWRIGHT	2009	TOGIAK	2010
ILIAMNA	2009	CHENEGA BAY	2010	TWIN HILLS	2010
KAKTOVIK	2009	CHIGNIK	2010	CONE MOUNTAIN	2011
KIANA	2009	CHIGNIK LAGOON	2010	IGIUGIG	2011
KING SALMON	2009	CHIGNIK LAKE	2010	LARSON BAY	2011
KIVALINA	2009	EGEGIK	2010	MUKLUNG HILL	2011
KOBUK	2009	FALSE PASS	2010	NANWALEK	2011
KOLIGANEK	2009	GAMBELL	2010	OLD HARBOR	2011
LEVELOCK	2009	GOODNEWS BAY	2010	OUZINKIE	2011
MANOKOTAK	2009	KALSKAG	2010	PORT ALSWORTH	2011
MENTASTA	2009	KING COVE	2010	PORT GRAHAM	2011
NAKNEK	2009	KOKHANOK	2010	YAKUTAT	2011