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

In the Matter of	)	
	)	
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
	)	
Universal Service Reform – Mobility Fund	)	WT Docket No. 10-208

COMMENTS OF GENERAL COMMUNICATION, INC.
ON SECTIONS XVII.L-R OF THE CAF/ICC
FURTHER NOTICE OF PROPOSED RULEMAKING

INTRODUCTION AND SUMMARY

General Communication, Inc. ("GCI") hereby submits comments in response to subsections L through R of Section XVII of the Federal Communications Commission's ("FCC" or "Commission") *Connect America Fund Report and Order and Further Notice of Proposed Rulemaking* ("*CAF/ICC FNPRM*").[1] The *CAF/ICC FNPRM* seeks comment on how bill-and-

[1] *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; Universal Service Reform – Mobility Fund,* Report and Order and Further Notice of Proposed Rulemaking, WC Docket Nos. 10-90, 07-

keep should be implemented. In Alaska, because the network architecture differs from that of the Lower 48 contiguous states, network edge rules adopted for the Lower 48 will likely not fit Alaska. Alaska does not have tandem switches, and also has costly satellite transport between villages, even within the same Incumbent Local Exchange Carrier ("ILEC") study area. Yet Alaska also constitutes a single Major Trading Area ("MTA"). A rational bill-and-keep regime in Alaska must take account of all of these differences. The Commission also needs to clarify how the Transitional Intrastate Access Service revenue calculations should be applied in the case of disparate trunking rate structures when determining whether intrastate access rate levels exceed interstate levels.

I. ALASKA'S NETWORK ARCHITECTURES DIFFERS DRAMATICALLY AND MEANINGFULLY FROM THE LOWER 48.

Network architectures and service authorizations are fundamentally different in Alaska than in the Lower 48. While there are many variations, in the Lower 48, local exchange carrier ("LEC") end offices and wireless mobile telephone switching offices ("MTSOs") generally subtend a regional tandem within the same Local Access and Transport Area ("LATA"). Carriers frequently interconnect directly or indirectly at the regional ILEC tandem. IntraLATA calls do not necessarily require use of an interexchange carrier ("IXC"), although in some cases an IXC is utilized. InterLATA calls can usually be terminated by delivering a call to the serving wire center associated with the regional ILEC tandem.[2]

135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51; WT Docket No. 10-208, (rel. Nov. 18, 2011) ("*CAF/ICC FNPRM*").

[2] *See CAF/ICC FNPRM*, ¶ 1306 & Figure 13.

In Alaska, by contrast, there are no LATAs and no tandems.[3] LECs are certificated to serve particular local exchange areas, and a single ILEC study area generally includes multiple different local exchange areas.[4] Many of these ILEC local exchange areas are extremely small—comprising a single village or small number of nearby villages. All traffic between these local exchange areas is carried by an IXC, except in the rare instance in which the Regulatory Commission has authorized Extended Area Service.[5] IXCs interconnect with a ILEC in each of that ILEC's local exchange areas; in those few areas (such as Anchorage and Fairbanks) that have multiple ILEC switches within an ILEC exchange area, the IXC interconnects at each ILEC end office.

In this regime, the only calls not handled by IXCs are calls that begin and end within the same ILEC exchange area or Extended Area Service ("EAS") area. For wireline-originated calls, to cover the costs of providing interexchange service, such as the satellite link, IXCs bill the originating end user customer.[6] Thus, when a caller places a call between villages in

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[3] Sometimes Alaska is described as a state with no LATAs, and sometimes as a single LATA state. The difference is immaterial here, as in any event, LATAs play no functional role in Alaska intercarrier compensation and interconnection.

[4] *See* Formal Complaint Filed by GCI Communication Corp. d/b/a General Communication, Inc. and GCI Against Nushagak Electric And Telephone Cooperative, Inc., Order No. 4, at 12, Docket No. U-10-5, (Regulatory Comm'n of Alaska, rel. Jan. 26, 2011).

[5] *Id*. at 9.

[6] An 8YY call originating from an SS7 end office is queried by that end office and sent to the appropriate IXC that transports the call to the called party or the LEC serving the called party, or, for interstate calls, to the connecting IXC in the lower 48 states. 8YY calls that originate from a nonconforming end office (*i.e.*, one that has not implemented SS7 signaling) are either handed off to the Feature Group C carrier or, if there are two IXCs that have agreed to the arrangement, the 8YY calls are split between carriers based on a six-digit sort performed by the end office. All calls are then queried by the IXCs, and misdirected calls are exchanged between the IXCs at the cost of transport. The ILEC collects access for the originating 8YY call and the query (although the query is performed under contract with the IXC).

different ILEC exchange areas, the calling party will pay a long distance charge, even if the villages are served by the same LEC. For interstate calls originating outside of Alaska, Alaska facilities-based IXCs transmit calls from wherever they receive traffic to the LEC service area where the traffic is terminated (at the applicable interstate access rate), and then bill the carrier from which they received the traffic (the IXC's wholesale customer).

Mobile traffic in Alaska is even more complicated because all of Alaska comprises a single MTA, and thus Commercial Mobile Radio Service ("CMRS") traffic exchange within the entire state is subject to reciprocal compensation rather than access charges. Generally, the CMRS carrier procures circuits from its central switch in Anchorage to the LEC switch in the local exchange area, which provide two-way transport at the CMRS carrier's expense. Calls across these trunks are limited to calls terminating to numbers registered within the local exchange area. Thus, calls from the LEC end users to CMRS numbers in that local exchange are handled via these trunks, as are all calls from CMRS end users throughout the MTA to LEC subscribers in that local exchange. If a CMRS carrier has no local number resources in the local exchange area, it generally terminates calls to the LEC by routing calls to an IXC that completes the call, bills the CMRS carrier for long distance service, and pays intrastate terminating access charges to the LEC. Calls from LEC subscribers to CMRS numbers in other local exchange areas are routed to the caller's presubscribed IXC, which pays originating intrastate access charges to the LEC and bills the LEC end user for a long distance call.

II. THE CALLING PARTY SHOULD BE FINANCIALLY RESPONSIBLE FOR THE INTEREXCHANGE SEGMENT OF A CALL TRANSPORTED WITHIN ALASKA.

As reflected in the descriptions above, traffic exchange in Alaska frequently involves three carriers—an originating carrier, an IXC and a terminating carrier—not just two, the originating and terminating carrier.[7] Any bill-and-keep implementation must reflect this reality, both with respect to financial responsibility and the point of interconnection ("POI").

A hypothetical example of a small ILEC interconnecting with a CMRS provider illustrates the bill-and-keep dilemma. If a two-way POI is established in the small ILEC's service area, then the CMRS provider must haul all traffic to and from the small ILEC's service area, which shifts the entire cost of the interexchange segment onto the CMRS user. In this circumstance, a landline caller on the small ILEC's network could essentially obtain free, statewide (*i.e.*, intraMTA) calling under bill-and-keep, because no charge would be levied by the CMRS provider on the small ILEC—and the IXC would also not be directly charging the small ILEC's customer. The reverse occurs if the two-way POI is established at a distant location, such as Anchorage, outside of the small ILEC's service area. In that case, a carrier (and its customer) that delivered a landline call to the POI in Anchorage would get the benefit of statewide (*i.e.*, intraMTA) termination at no charge. The small ILEC's rates would have to be adjusted to reflect that additional cost, which is not reflected in the small ILEC's monthly service rate today.

The least disruptive way of addressing this issue would be to require as a *default* arrangement that, when traffic must pass through an IXC, each carrier establishes a POI in its service area with any requesting state-certified IXC. All originating carriers would be

[7] In Alaska, as in the Lower 48, it is also possible to have a transit carrier on either end of the call.

responsible for delivering originating traffic bound for destinations outside of the local exchange area to the appropriate IXC POI, and, consistent with bill-and-keep, would not assess an origination fee on the IXC. The originating caller (or if the originating caller does not have a customer relationship with the IXC, the originating carrier acting in lieu of the originating caller) would bear the financial responsibility for the charges for the interexchange segment. The IXC would then deliver the traffic to the terminating carrier at a POI in the terminating carrier's service area, and the terminating carrier, consistent with bill-and-keep, would not assess a termination fee.

This default arrangement maintains bill-and-keep for the origination and termination segments. It does not require LECs to bear interexchange transmission costs that they do not bear today, but it also contemplates the situation in which CMRS users do not presubscribe to a long distance carrier, but are either charged for long distance calling by their CMRS carrier or have long distance calls included in their calling plan. It also addresses the situation in which a Lower 48 IXC or other provider sends traffic to an Alaska IXC for termination, because the Lower 48 IXC or other provider would be responsible for the interexchange charges.

Notably, this default arrangement does not permit any party to gain statewide termination at the expense of the other interconnecting carrier. Because there are two unidirectional POIs, the calling customer (or the calling customer's carrier) bears the costs of intra-Alaska interexchange transmission. Unlike other bill-and-keep at the edge proposals,[8] however, this set of two unidirectional POIs is efficient because all traffic needs to transit an IXC.

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[8] *See, e.g.*, Patrick DeGraba, *Bill and Keep at the Central Office As the Efficient Interconnection Regime,* 1, 9-10 (Federal Commc'ns Comm'n, Office of Plans and Policy, Paper 33, Dec. 2000), *available at* http://www.fcc.gov/working-papers/bill-and-keep-central-office-efficient-interconnection-regime.

III. THE COMMISSION SHOULD CLARIFY HOW TO CALCULATE TRANSITIONAL INTRASTATE ACCESS SERVICE REVENUES WHEN INTERSTATE AND INTRASTATE RATE STRUCTURES VARY.

Although the Commission asks about how it should implement bill-and-keep, it also must clarify how the existing transition will work beginning July 1, 2012. For example, in Alaska, the Alaska Exchange Carrier Association ("AECA") tariff has dedicated transport available in DS-0 increments, but not as a DS-1 as the National Exchange Carrier Association ("NECA") tariff does. When the ILEC customer that purchases a DS-1 under the NECA tariff, its Percent Interstate Use factor is applied against the DS-1 rate; on the same facility, the charge would be 24 DS-0 equivalents, multiplied by the percent state use ("PSU") factor, multiplied by the per DS-0 rate. The question arises whether, in calculating Transitional Intrastate Access Service Revenues pursuant to 47 C.F.R. § 51.909(b)(2)(i), the ILEC should use demand in DS-0s in applying NECA rates to the intrastate demand, or the NECA DS-1 rate as it would for the interstate portion of the trunk multiplied by the PSU. This could have a substantial impact on determining whether interstate rates are above or below intrastate rates: for example, a DS-1 in NECA Band 11 is $398.32, but 24 DS-0s in the same band would be $1960.80 (24 x $81.70). Applying the NECA rates in to intrastate demand in the same way as they would be under the NECA tariff best accomplishes the goal of the intrastate access rate transition provisions, which is to migrate intrastate access rates to interstate access rates and rate structures when the intrastate access rates lead to aggregate charges exceeding those under interstate access.

CONCLUSION

The Commission should recognize Alaska's different market structure in developing "edges" for a bill-and-keep compensation mechanism. This would be accomplished best by recognizing the unique role that IXCs play in Alaska. In addition, the Commission should clarify how to apply its access transition mechanisms when interstate and intrastate access rate structures differ significantly.

Respectfully submitted,

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