

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

In the Matter of)
)
Competitive Bidding Procedures for Auction) AU Docket No. 12-25
901 and Certain Program Requirements)

COMMENTS OF GENERAL COMMUNICATION, INC.

General Communication, Inc. (“GCI”) files these comments in response to the Commission’s Public Notice regarding Mobility Fund Phase I Auction 901 (“*Auction 901 Comment Public Notice*”).¹ Specifically, GCI reiterates that the fundamental design of the proposed Mobility Fund Phase I will not benefit the areas of the country, such as rural Alaska, that are unlikely to see advanced mobile services without universal service support. The areas most likely to win a lowest cost per road mile auction are those that are most likely to get to service in the foreseeable future even without additional USF support. Auction 901 will systematically place Alaska at a disadvantage in a nationwide competitive bidding process, and will deepen the digital chasm between the Alaska population and the rest of the country.

GCI nonetheless responds to the Commission’s questions on the off chance that Alaskan carriers can submit competitive nationwide bids in Auction 901 and in the hope that the Commission will learn from this process in designing future support mechanisms.

¹ “Mobility Fund Phase I Auction Scheduled for September 27, 2012; Comment Sought on Competitive Bidding Procedures for Auction 901 and Certain Program Requirements,” *Public Notice*, AU Docket No. 12-25, DA 12-121, ¶¶ 15-17, 19, rel. Feb. 2, 2012 (“*Auction 901 Comment Public Notice*”).

I. Establishing Unserved Road Mile Units

By using road miles as the basis for calculating the number of “units” for the purposes of comparing bids and measuring performance, the Commission has already disadvantaged rural Alaska, which lacks an interconnected highway system and whose residents rely almost entirely on planes, boats, or snow machines.

In much of rural Alaska, the roads that do exist are unpaved dirt roads or private logging roads. Unfortunately, the Commission proposes to exclude these two road categories in determining eligibility for Auction 901,² thus further skewing the proposed auction criteria against rural Alaska. At the very least, the Commission should expand its road eligibility criteria to include such roads, which—albeit limited—are important to residents and industry in rural Alaska.

II. Census Blocks and Aggregations

GCI agrees with the Commission that census blocks should serve as minimum geographic boundaries for defining eligible bidding areas and, further, that bidders should be allowed to define their own bidding area aggregations to harness geographic economies of scale.³ As the Commission noted, however, many of Alaska’s census blocks are much larger than those in the rest of the country and may be “closer in size to a minimum scale of buildout than are most blocks in the rest of the country.”⁴ Accordingly, the Commission should not impose increased coverage requirements on bidders that aggregate census blocks in Alaska, as such aggregations will likely include small, isolated roads spread over relatively large distances. Indeed, the Commission seems to recognize this difficulty in the predefined aggregation discussion, where it asks whether to allow carriers to bid on individual census blocks in Alaska, but nonetheless

² *Id.* at ¶22.

³ *Id.* at ¶¶28, 31.

⁴ *Id.* at ¶41.

proposes to require awardees to cover 75 percent of the road miles in all of the eligible blocks for which they receive support. The Commission should apply that thinking to the bidder-defined approach in Alaska.⁵

III. Reasonably Comparable Rates

Auction 901 recipients “must certify that they offer service in areas with support at consumer rates that are within a reasonable range of rates for similar service plans offered by mobile wireless providers in urban areas.”⁶ The Commission proposes defining an “urban area” as “one of the 100 most populated CMAs in the United States.”⁷ Unfortunately, such a definition excludes all Alaska CMAs, including Anchorage. While “urban” by Alaska standards, even Anchorage contains only half as many residents as Des Moines, Iowa, which is the hundredth most populated CMA according to the Commission.⁸ With the low overall population (and comparatively sparse customer base), it can be challenging for carriers in Anchorage to recoup investments necessary to connect fiber facilities across the large distances separating “urban” Alaska, as well as the costs of operating or purchasing undersea fiber capacity to the closest Internet POP in Seattle. Accordingly, prices in urban Alaska may differ from prices in the Lower 48 for service plans with similar usage and latency. Thus, the Commission should require Mobile Fund Phase I recipients in rural Alaska, to the extent there are any, to compare rates and plans with urban Alaska.

⁵ *Id.* at ¶ 45.

⁶ *Id.* at ¶65.

⁷ *Id.* at ¶70.

⁸ *Id.* at Appendix C.

Respectfully submitted,

/s/

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