March 6, 2012

<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; *Lifeline and Link Up Reform and Modernization*, WC Docket 11-42

Dear Ms. Dortch:

On Friday, March 2, 2012, I, on behalf of General Communication Inc., spoke with Randy Clarke and Doug Slotten of the Wireline Competition Bureau Pricing Policy Division. We discussed NECA's petition for reconsideration with respect to the use, for NECA pool participants, of actual 2011 interstate revenue requirement rather than "its projected interstate switched access revenue requirement associated with the NECA 2011 annual interstate switched access tariff filing," as specified in 47 C.F.R. 51.917(b). GCI supports NECA's petition on this point, as the NECA projections are not accurate at the study area level, even when they are accurate at the pool level. Use of 2011 projected revenue requirements will end up with some carriers having their 2011 Rate-of-Return Carrier Base Period Revenue, which is used for calculating recovery support for the duration of the plan, set at artificially high levels, while others will be set at artificially low levels. This could be addressed by truing up recovery support to levels based on 2011 actual revenue requirement. At a minimum, the Commission should, for NECA pool participants, true up to their 2011 actual revenue requirements with the NECA poolwide revenue requirement projection functioning as an overall cap.

I also stated that with respect to Alaska carriers that participate in the Alaska Exchange Carrier Association pool, it would be more appropriate to use actual intrastate access revenue requirement rather than 2011 revenues from Transitional Intrastate Access Service. Among the pooling carriers in Alaska, none has a cost study older than 2008 and almost all have cost studies from either 2009 or 2010.

Finally, I reiterated the point from GCI's reply to petitions for reconsideration that there is no mechanism in the current rules to harmonize intrastate and interstate rates for terminating Tandem-Switched Transport Access Service and originating and terminating Dedicated Transport Access Service. Thus, in any jurisdiction in which the aggregate interstate rate for Transitional Intrastate Access Service exceeded the aggregate intrastate rate, these elements would remain jurisdictionalized and would not have harmonized access rate levels and rate structures, unlike all other areas of the country.

Please contact me if you have any questions.

Sincerely,

John T. Nakahata
Counsel to General Communication Inc.

cc: Randy Clarke
Doug Slotten