WILTSHIRE & GRANNIS LLP

April 12, 2012

Ex Parte

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

Dear Ms. Dortch:

On April 10, 2012, Martin Cary, Lewis Schnaper, Megan Delany, and Chris Nierman of General Communication, Inc. ("GCI"), and John Nakahata of Wiltshire & Grannis LLP, also on behalf of GCI, met with Christine Kurth, Policy Director and Wireline Counsel to Commissioner McDowell. We provided two power point presentations, both of which are attached, including the presentation that was filed confidentially at the FCC on March 7, 2012. A redacted copy of this presentation is included below and incorporated via reference herein.

In addition, with respect to GCI's petitions for reconsideration of the *CAF Order*, we stated that, as modified by GCI's ex parte of March 7, 2012, the only reconsideration request that predictably affects the budget "score" is the request to modify the Remote Alaska cap initialization to better preserve support for recent deployment (Issue #1 in the attached presentation). Altering the method for calculating the baseline for the final CETC phase-down to incent continued deployment (Issue #2 in the attached presentation), may redistribute funding among Remote Alaska ETCs, but will not alter the total amount of capped Remote Alaska support. With respect to including all Remote Alaska CETC support in the initial cap (issue #3 in the attached presentation), as modified by GCI, this will have no predictable impact on the level of USF disbursements in Remote Alaska (i.e., the budget score impact will be uncertain but center on zero, all things being equal). I will set out the reasons why this is the case in a separate ex parte.

In addition to the meeting with Ms. Kurth, I separately discussed the points summarized above regarding GCI's petitions for reconsideration Joe Cavender, Attorney Adviser,

Telecommunications Access Policy Division, and Patrick Halley, Legal Adviser to the Bureau Chief, Wireline Competition Bureau, on April 11, 2012.

Please contact me if you have any questions.

Sincerely,

John T. Nakahata
Counsel to General Communication Inc.

cc: Christine Kurth
Joe Cavender
Patrick Halley

General Communication, Inc.

Remote Alaska Reconsiderations

March 5, 2012

CAF Order's Remote Alaska Interim CETC Support

- Purpose: "to preserve newly initiated services and facilitate additional investment in still unserved and underserved areas during the national transition to the Mobility Funds." (CAF Order ¶ 529)
- For Remote Alaska, a two-year delay in the start of the CETC phase-down.
- Support continues to be distributed on a per-line basis, with support amounts frozen at December 31, 2011 (not to exceed $3000/year/line) and subject to a reduction factor to stay within the Remote Alaska cap.
- Total Remote Alaska support is capped by the sum of the CY2011 CETC support received by CETCs serving covered locations (i.e., excluding AT&T Wireless).
- CETC support phase-down to start July 1, 2014, with individual total CETC support per ILEC study area frozen as of January 1, 2014, based on CY2013 support that each CETC receives for each ILEC study area served.

GCI's Reconsideration Petition Regarding Remote Alaska

1) Set the Remote Alaska Cap based on 9/30/2011 lines multiplied by 12/31/11 frozen per-line support (up to $3000), rather than CY2011 CETC support.
2) Set the phase down based on lines for the last complete month prior to commencement of the support phase down, rather than CY2013 CETC support.
3) Include all CETCs, including those not certifying as serving covered locations, in the Remote Alaska mechanism, at least for the purpose of setting the Remote Alaska Cap.

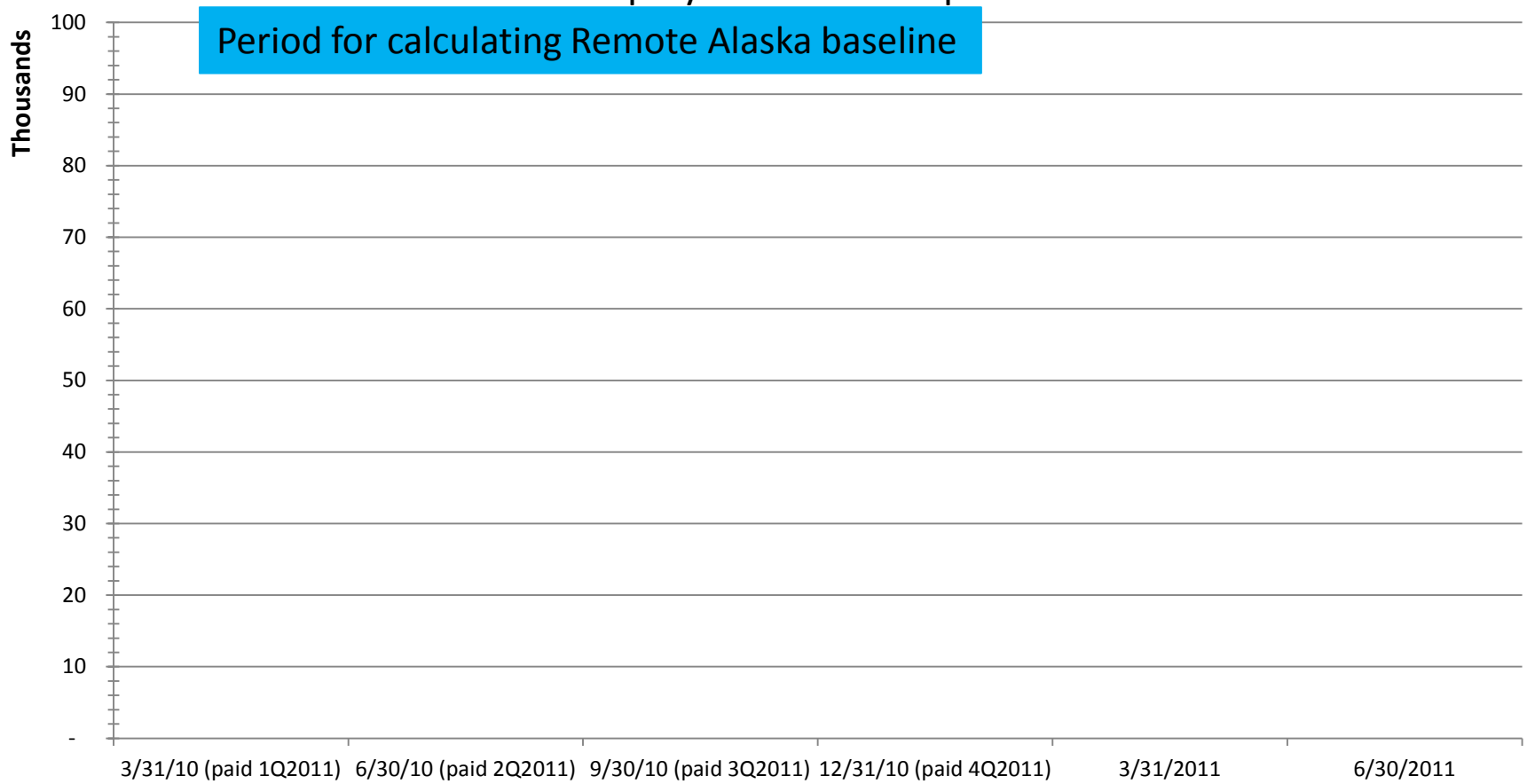
Action needed ASAP due to summer construction.

Issue #1 – Base for Remote Alaska Cap: Reporting Lags Undercut Purpose

- CY2011 CETC support (base for cap) is based on lines served in CY 2010.
- GCI added 37 villages in 2009 (still growing in 2010); 25 villages in 2010; 10 villages in 2011.
- Use of CY2011 support excludes much of the support for this extension of service, contrary to policy to preserve newly initiated service.
- GCI estimates ~$4-5 million/year shortfall caused by reporting lags.
- Distinct from other lag issues because of specific purpose of Remote Alaska mechanism.

GCI Remote Alaska Lines

Support calculation underfunds 18 months of remote wireless deployment and adoption



2009 GCI Wireless launches 37 villages

REDACTED FOR PUBLIC INSPECTION- Confidential version of this slide filed as an attachment to a GCI ex parte at the Commission on Dec. 12, 2011 .

2010 GCI Wireless launches 25 villages

4Q '10 GCI ETC in 2 ILEC study areas

2011 GCI Wireless launches 10 villages

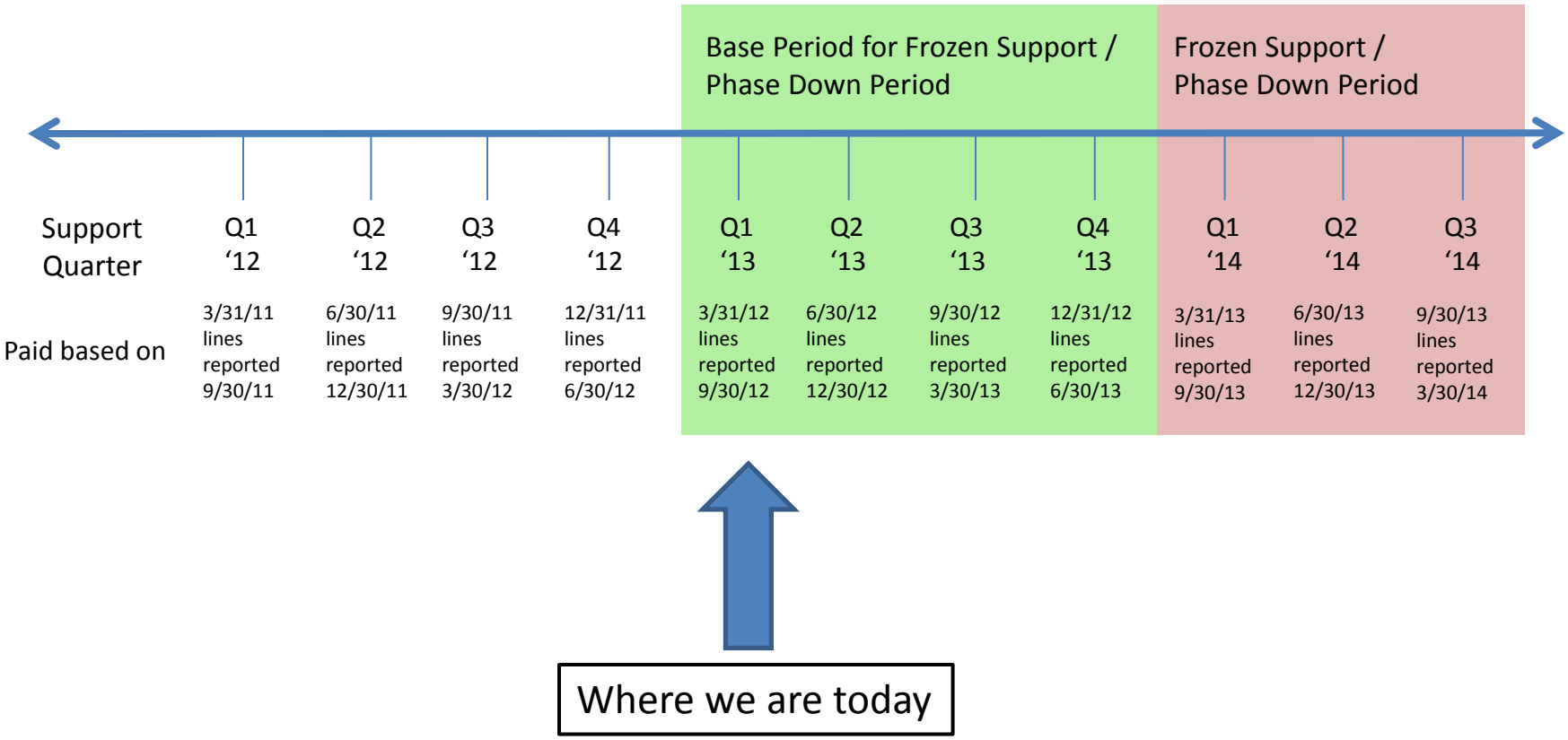
GCI Remote Village Wireless Launches 2009-2011

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

Issue #2 – Base for Phase Down: Reporting Lags Undercut Purpose Redux

- 1/1/2014 support based on CY2013 CETC support received.
- CY2013 CETC support received based on CY2012 lines served.
- Incentives to "facilitate additional investment in still unserved and underserved areas during the national transition to the Mobility Funds" are already declining because new deployments will cover only part of 2012, so can only influence part of the CY2013 support.
- Initializing phase down based on annualized latest possible line counts x frozen support per line x Remote Alaska cap reduction factor cures this problem.

Support Timeline Per Current Rules



Issue #3 – Including All Remote Alaska CETC Support in Cap

Problem

- Support for CETC not certified as serving covered locations excluded from Remote Alaska Cap.
- Reduces Remote Alaska Cap by ~ $19 M, muting incentives for new investment.
- Creates odd situation in which excluded CETC retains support even if it loses lines.

Solution

- Include all Remote Alaska CETC support in setting Remote Alaska Cap.
- Calculate support during delayed phase-down period for all Remote Alaska CETCs by lines x frozen 12/31/11 support per line for that CETC ($3000 cap) x reduction factor.
- For CETC not certified as serving covered locations, apply phase down factor per 54.307(e)(2).

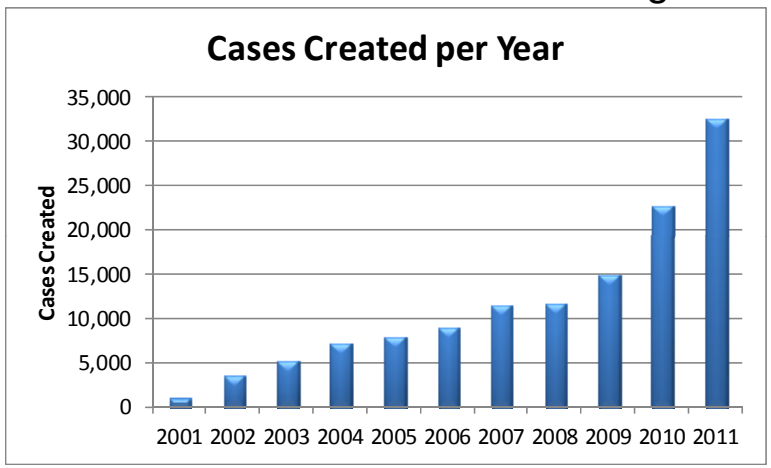
Rural Health Care Program:

Delivering Transformative Benefits

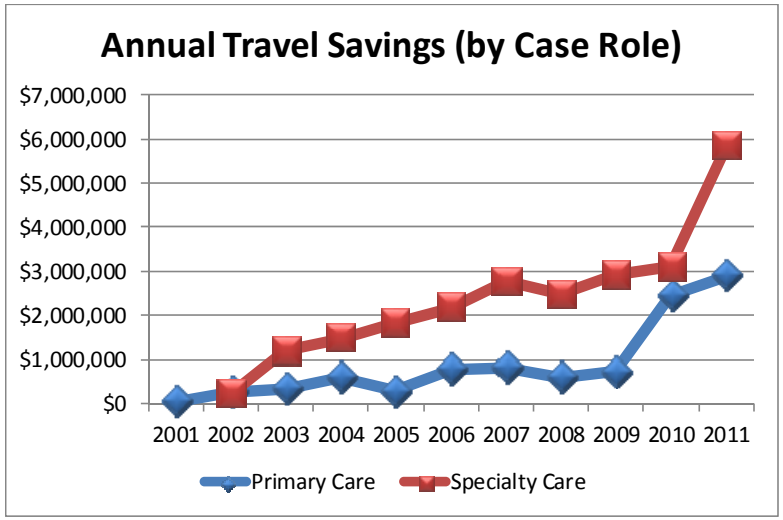
April 2012

RHCP Improves and Reduces the Cost of Health Care for Rural Alaska

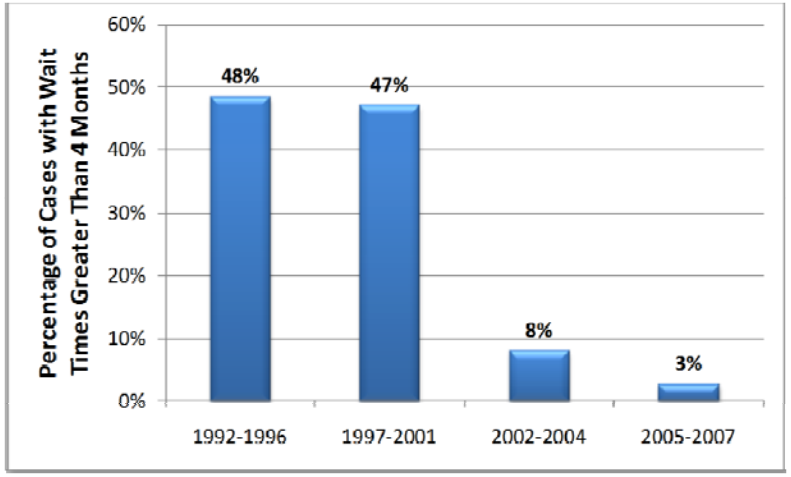
Telehealth Cases are Increasing



Telehealth Cuts Delivery Costs



Telehealth Improves Access

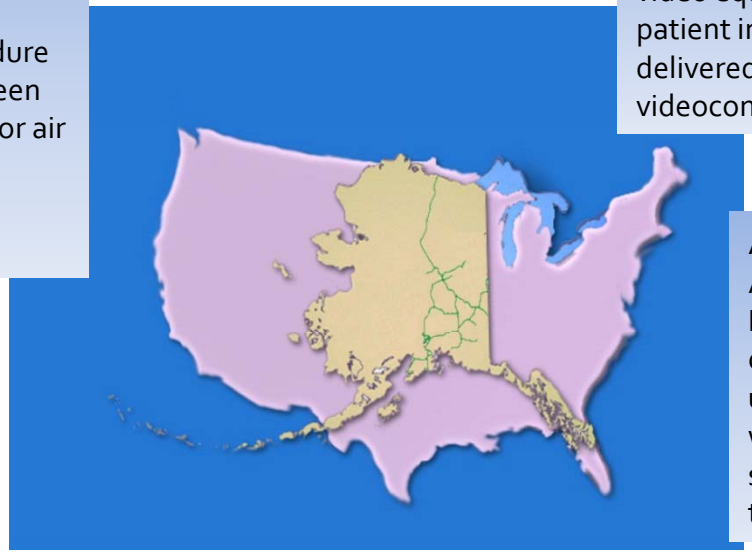


- Provides access to primary care and specialists without travel, mitigating rural doctor shortage.
- Greatly reduces wait times for appointments.
- Enables regular behavioral health treatments.

Alaska Rural Health Care:
Success Stories

A physician in Dillingham was able to demonstrate to a health aide how to relocate a toddler's dislocated elbow via videoconferencing – a procedure the aide had never done or been taught, mitigating the need for air ambulance transport to Dillingham.

Manilaq Association technicians had to boat to the village of Noorvik in poor weather conditions to install video equipment. They arrived to find a pregnant patient in labor, were able to set up the equipment, and delivered the Association's first "telebaby" via videoconferencing with a physician.

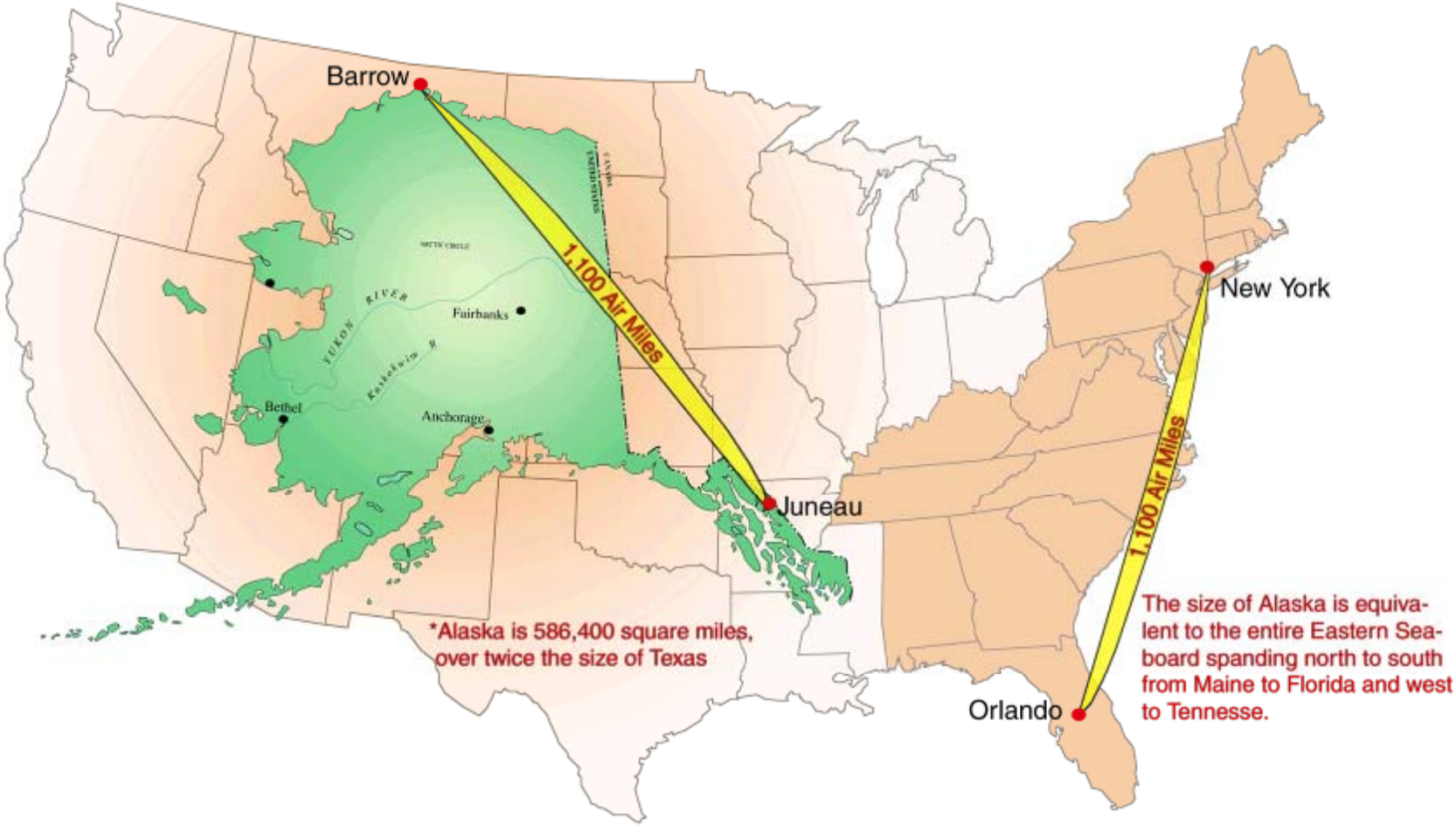


An 8 year-old cancer patient from Chevak, Alaska was being treated at Seattle Children's Hospital, isolated from her family. After a video connection was established and bandwidth was upgraded between the locations, the patient was able to connect with her family and friends several times a day, and her response to treatment dramatically improved.

Unique Challenges

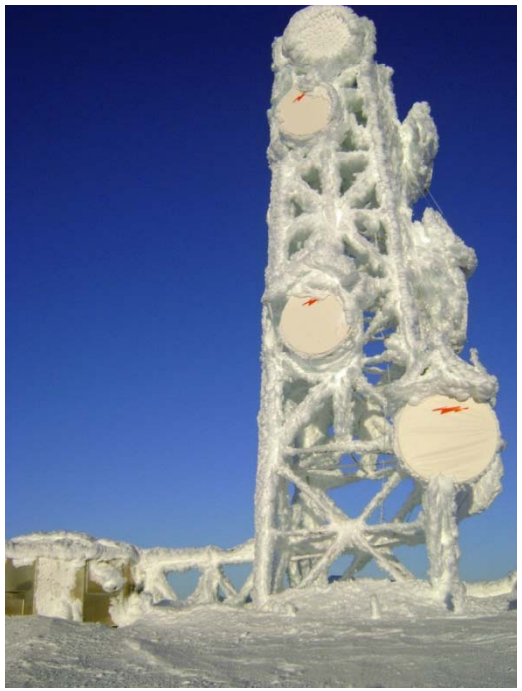
- Enormous with low population: 570,627 square miles,
  - ~1.2 persons per square mile, compared to 103.8 persons per square mile in the lower 48.
- Limited road/pipeline/rail system - Over 200 communities are "off-road."
- No intertied electric power grid in rural areas – power must be locally generated using diesel generators
- Maximum Allowable Distance dwarfs Lower 48 – e.g. Bethel to Anchorage: 340 miles; Anchorage to Barrow: 750 miles
- Few anchor institutions in rural areas other than schools and clinics.

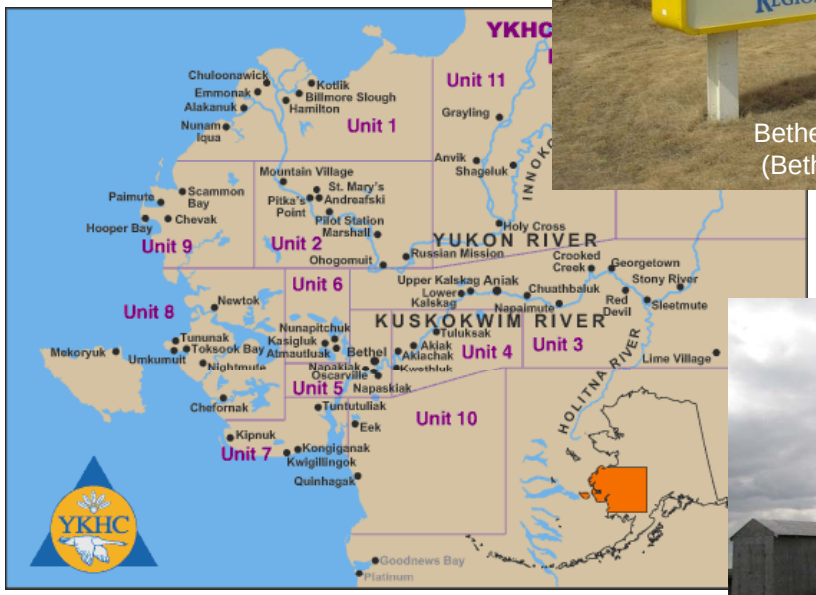
SIZE AND DISTANCE COMPARISON



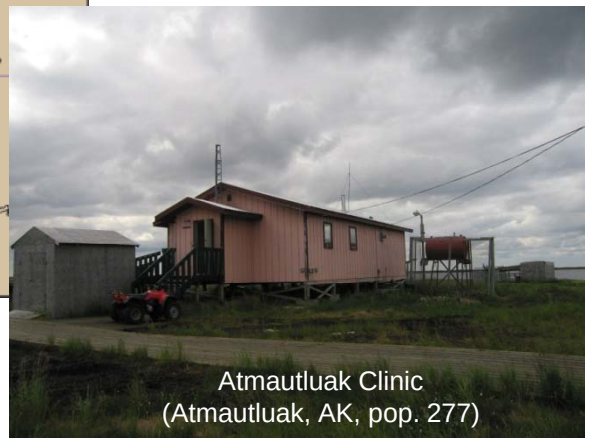
"Extreme" Rural Alaska: Isolated and Remote Villages

Example of an RHCP-Supported Telehealth Network - YKHC



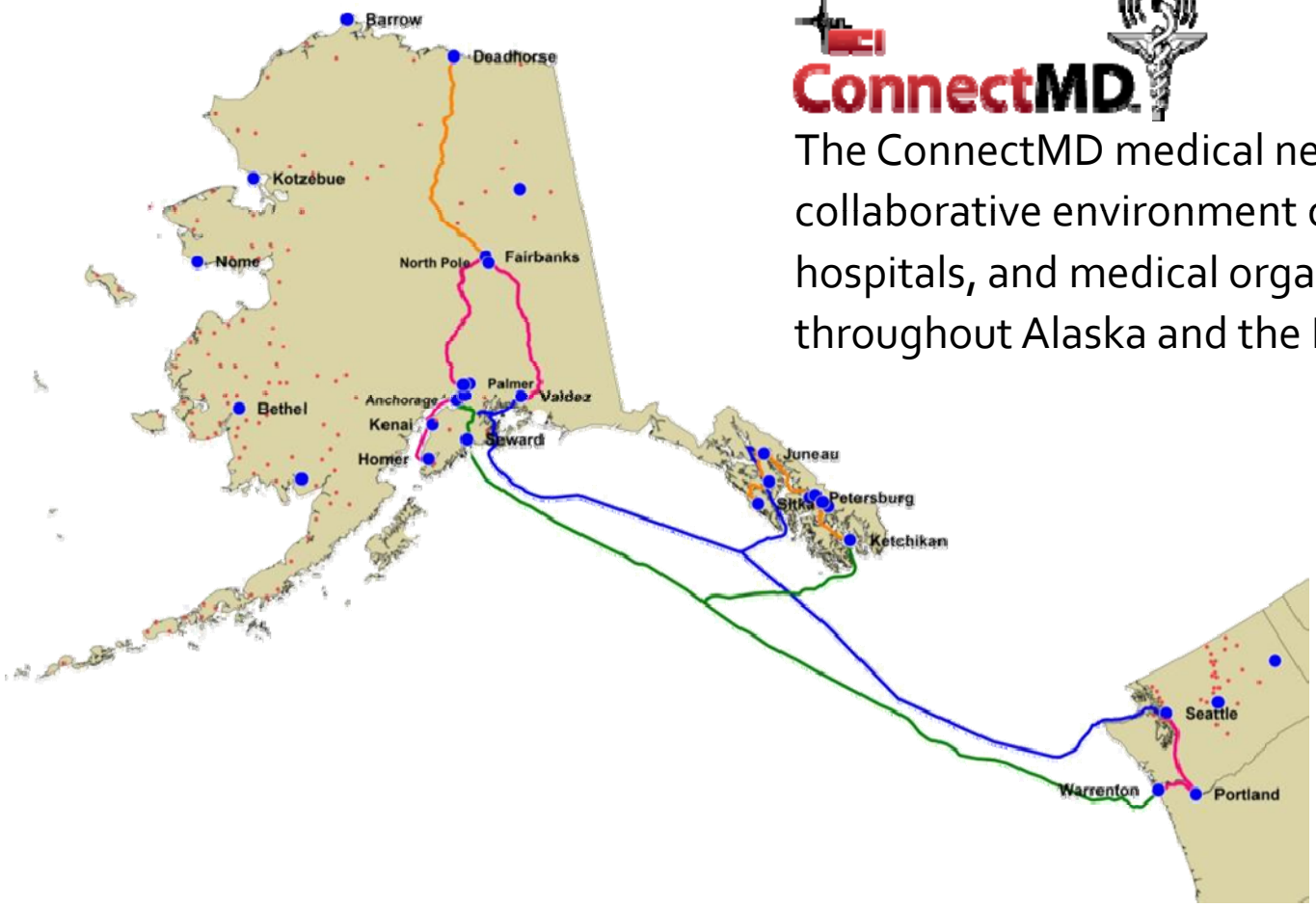


Bethel Regional Hospital
(Bethel, AK, pop. 5,960)



Atmautluak Clinic
(Atmautluak, AK, pop. 277)

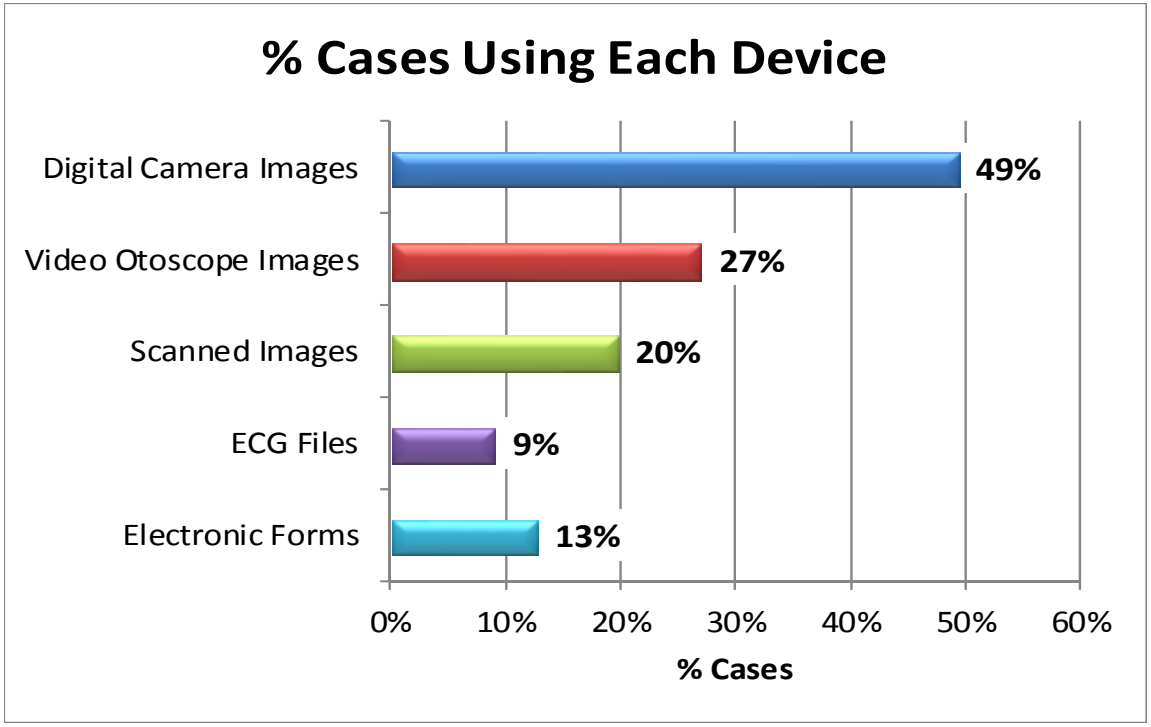
ConnectMD Medical Network



The ConnectMD medical network is a collaborative environment of over 200 clinics, hospitals, and medical organizations throughout Alaska and the Pacific Northwest.

The Future:
Greater Need for High Bandwidth Low-Latency Connections

- Demand for telehealth bandwidth is increasing rapidly.
- Latency disrupts critical physician / patient interactions, particularly for telepsychiatry.
- Electronic health records systems mandated by health care reform are designed for low-latency networks and work poorly on geostationary satellite networks.



Improving the RHC Program

- Disburse support more than twice per year (reduces carrying costs).
- Require applicants to submit their applications within 120 days of the start of the funding year, or of the service start date, whichever is later.
- Like e-rate, increase service provider access to information about pending applications to speed error correction.
- Increase online application availability and transparency, and consistency between online and paper forms.
- Clarify that reimbursement for satellite services should not be capped by rates for unavailable terrestrial services.
- Expand eligible health care providers to include skilled nursing facilities, but without a "majority of beds" test in small communities that are unlikely to have more than one site health care delivery site.
- Eliminate the requirement under 47 C.F.R. § 54.601(a)(4) for each site to be a considered a separate health care provider.
- Support video conferencing services, as e-rate already does.

What won't help deliver telehealth

- Don't require health care providers to become telecommunications network operators as the proposed Health Care Infrastructure Program would do.
- Don't ignore operations and maintenance costs, in addition to network construction.
- Don't set unattainable minimum speed requirements.

TERRA

GCI's TERRA Vision: Terrestrial for Every Region of Rural Alaska

» What is TERRA?
- Hybrid fiber optic and microwave network
- Removes limitations of satellite service
- Will provide broadband service

» Why TERRA?
- Participation in the modern economy requires broadband
- Rural users not at parity with urban users
- Applications are challenged by the latency and capacity constraints of satellite

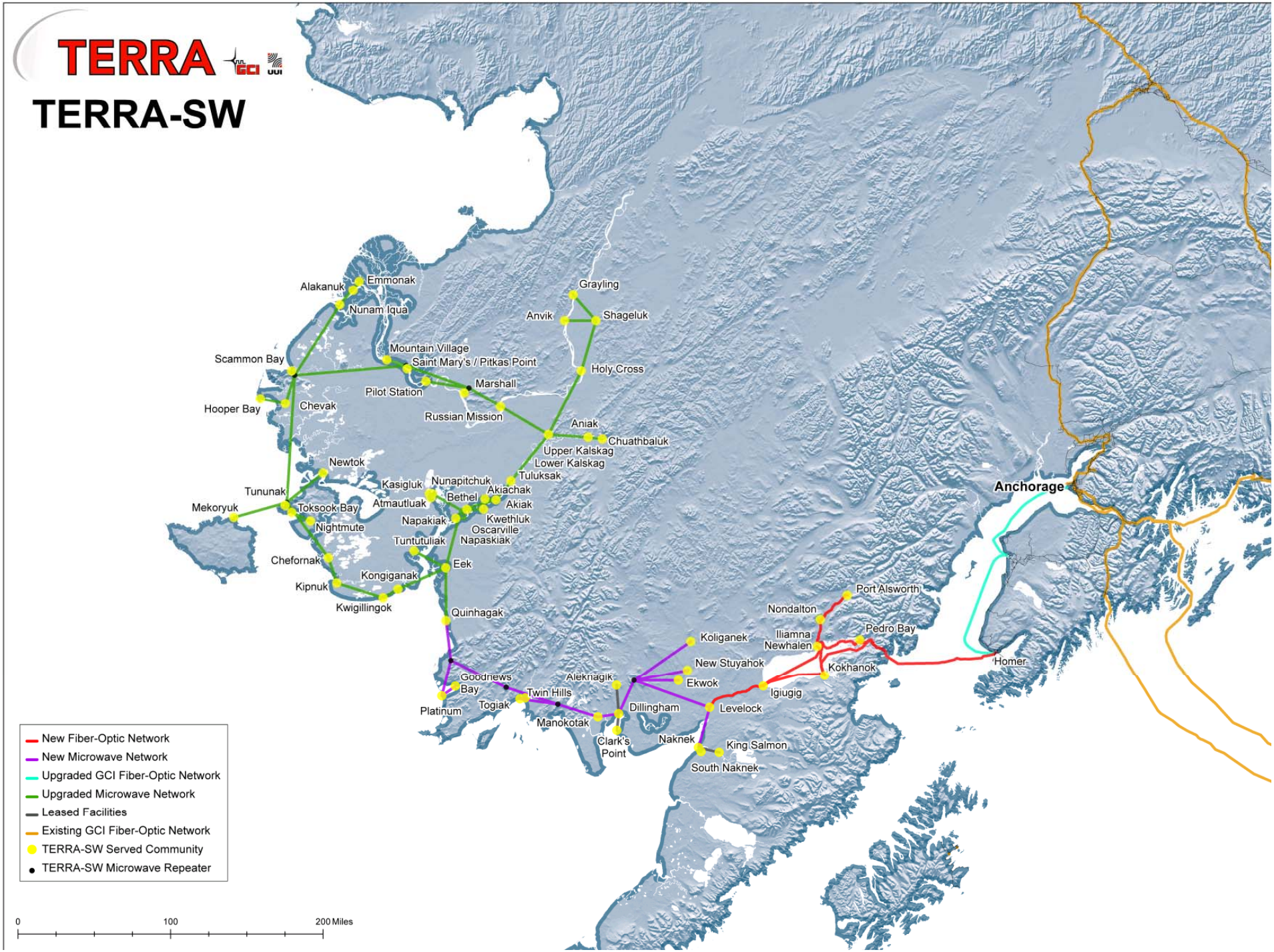
» First Phase: TERRA Southwest
- $88 Million Project (USDA- RUS: $44M grant $44m loan)
- Connects 65 communities
- 404 miles of fiber, 13 new microwave towers

» $102 Million GCI Capital invested to date (DeltaNet and TERRA Southwest)

<u>TERRA-Southwest and future expansion of TERRA is not possible without USF support.</u>

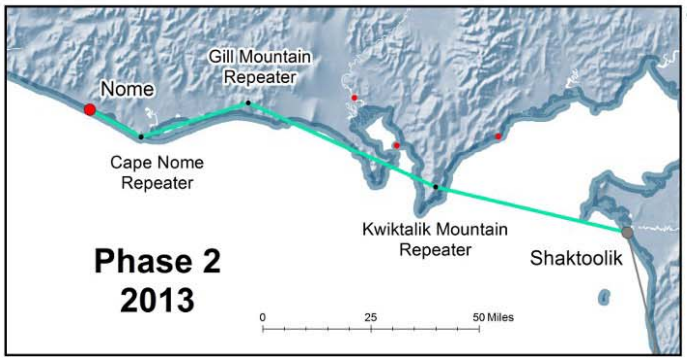
TERRA

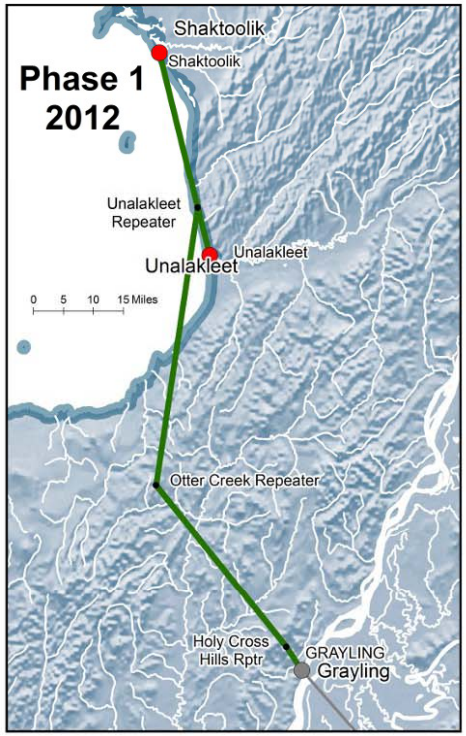
TERRA-SW

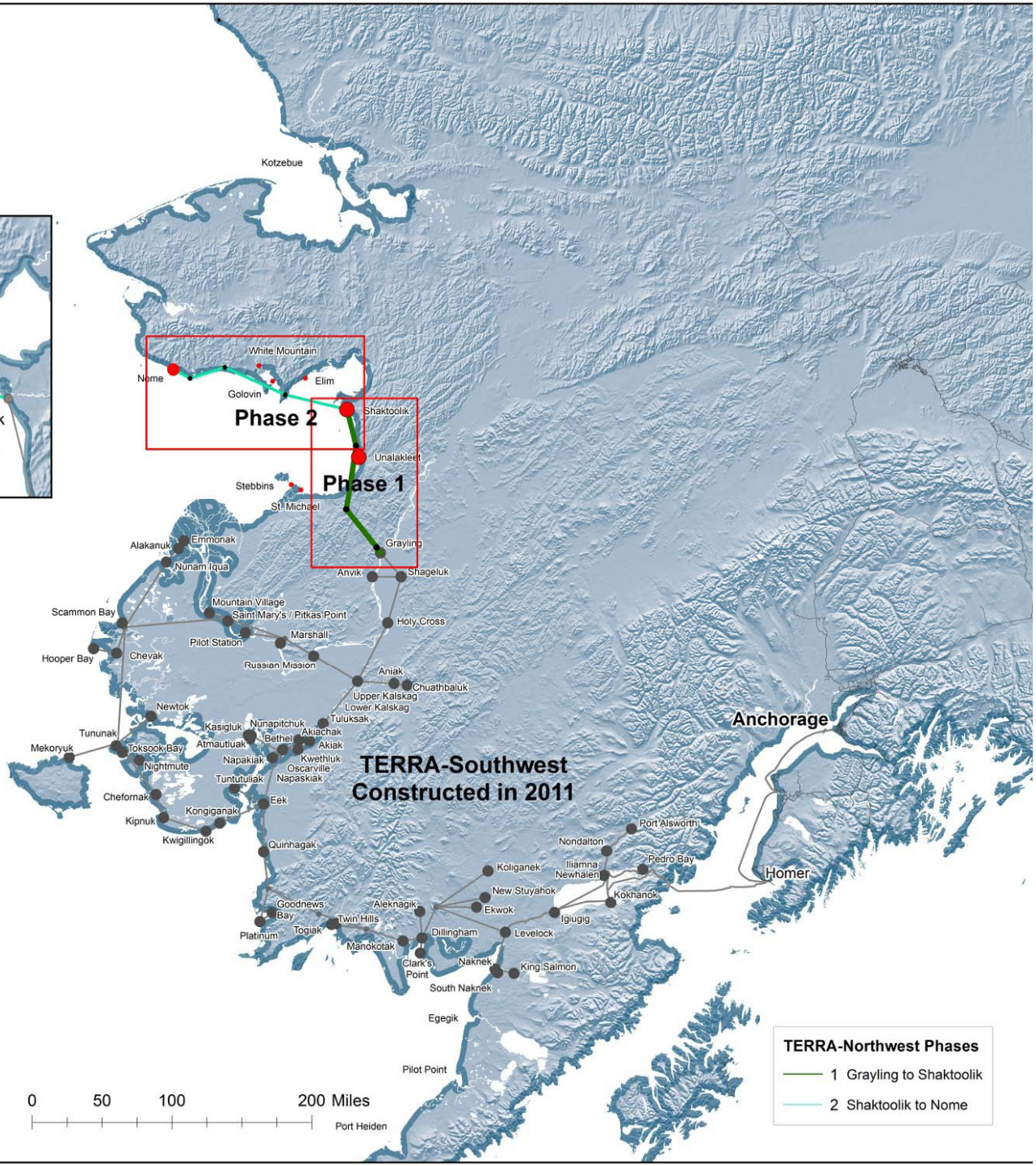


Making History:
First Video Teleconference on TERRA Southwest
January 12, 2012

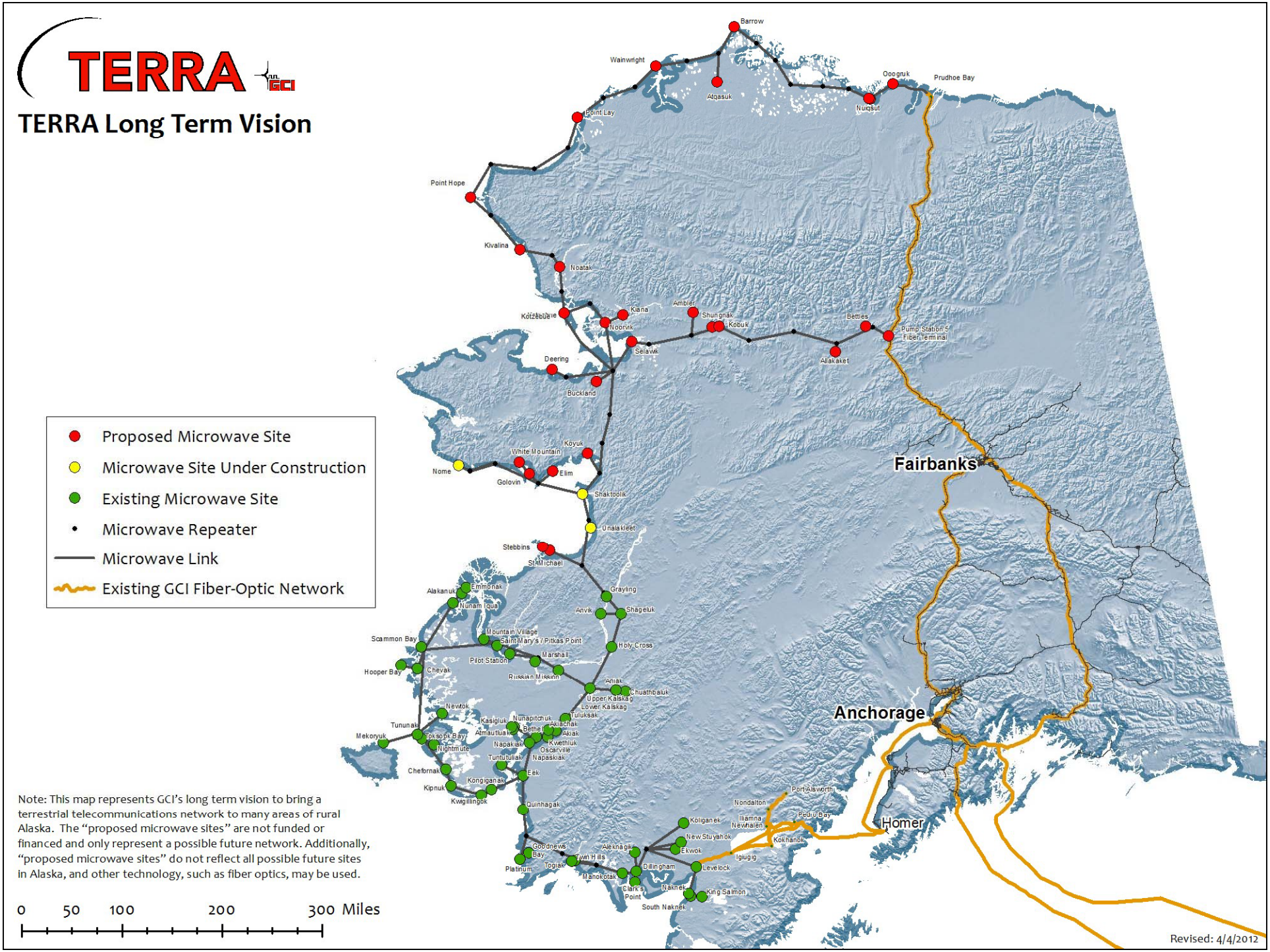
TERRA


Nome
Gill Mountain Repeater
Cape Nome Repeater
Kwiktalik Mountain Repeater
Shaktoolik
Phase 2
2013
0
25
50 Miles


Shaktoolik
Shaktoolik
Phase 1
2012
Unalakleet Repeater
Unalakleet
Unalakleet
0 5 10 15 Miles
Otter Creek Repeater
Holy Cross Hills Rptr
GRAYLING
Grayling


Kotzebue
White Mountain
Nome
Elim
Golovin
Phase 2
Shaktoolik
Unalakleet
Phase 1
Stebbins
St. Michael
Grayling
Anvik
Shageluk
Alakanuk
Emmonak
Nunam Iqua
Scammon Bay
Mountain Village
Saint Mary's / Pitkas Point
Holy Cross
Pilot Station
Marshall
Hooper Bay
Chevak
Russian Mission
Aniak
Chuathbaluk
Upper Kalskag
Lower Kalskag
Newtok
Tuluksak
Kasigluk
Nunapitchuk
Akiachak
Tununak
Atmautluak
Bethel
Akiak
Mekoryuk
Toksook Bay
Napakiak
Kwethluk
Nightmute
Oscarville
Napaskiak
Tuntutuliak
Chefornak
Eek
Kongiganak
Kipnuk
Kwigillingok
Quinhagak
Anchorage
TERRA-Southwest
Constructed in 2011
Port Alsworth
Nondalton
Pedro Bay
Iliamna
Newhalen
Homer
Koliganek
New Stuyahok
Kokhanok
Ekwok
Aleknagik
Igiugig
Goodnews Bay
Twin Hills
Platinum
Togiak
Dillingham
Levelock
Manokotak
Clark's Point
Naknek
King Salmon
South Naknek
Egegik
Pilot Point
Port Heiden
0
50
100
200 Miles
TERRA-Northwest Phases
1 Grayling to Shaktoolik
2 Shaktoolik to Nome

TERRA Long Term Vision



Note: This map represents GCI's long term vision to bring a terrestrial telecommunications network to many areas of rural Alaska. The "proposed microwave sites" are not funded or financed and only represent a possible future network. Additionally, "proposed microwave sites" do not reflect all possible future sites in Alaska, and other technology, such as fiber optics, may be used.