



April 16, 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; 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 Thursday, April 12, 2012, Megan Delany and Chris Nierman of General Communication, Inc. ("GCI") and John Nakahata of Wiltshire & Grannis LLP, also on behalf of GCI met with Angela Kronenberg, Wireline Legal Advisor to Commissioner Clyburn. We provided a copy of the power point 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. Also incorporated by reference is the ex parte I filed on Friday, April 13, 2012 that also addressed the Remote Alaska portions of GCI's petition for reconsideration.

Please contact me if you have any questions.

Sincerely,

John T. Nakahata  
*Counsel to General Communication Inc.*

cc: Angela Kronenberg

# 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.

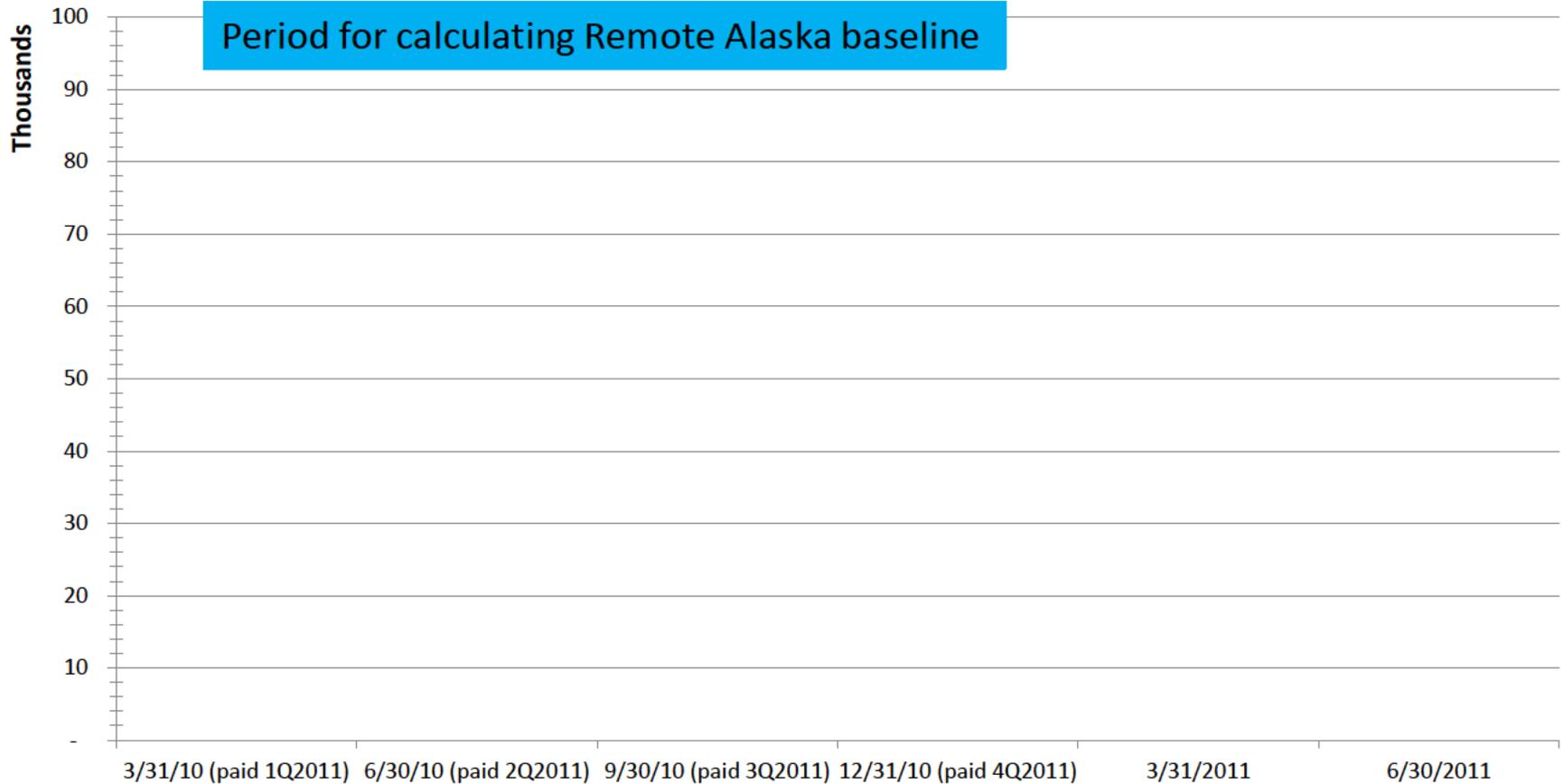
**Action needed ASAP due to summer construction.**

# 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

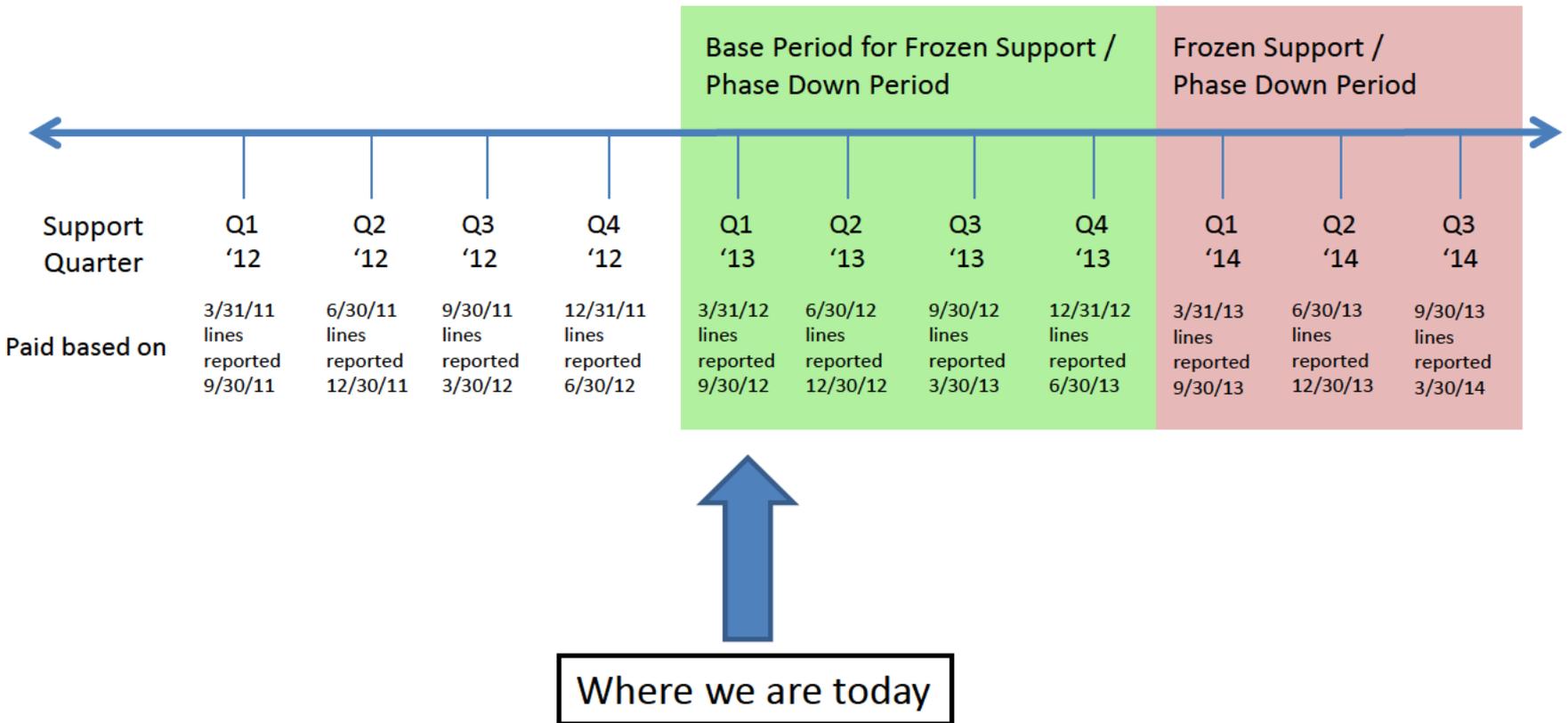
# GCI Remote Village Wireless Launches 2009-2011

<b>Community</b>	<b>Year</b>	<b>Community</b>	<b>Year</b>	<b>Community</b>	<b>Year</b>
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	TOGIK	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).