



August 23, 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

Dear Ms. Dortch:

On Tuesday, August 21, 2012, Tina Pidgeon, Christopher Nierman, and Megan Delany, on behalf of General Communication, Inc. ("GCI"), and I, also on behalf of GCI met with Commissioner Ajit Pai, his chief of staff, Matthew Berry, and his wireless legal advisor, Courtney Reinhard. We distributed the attached presentation, and discussed Alaska's unique challenges for telecommunications providers, and the issues that Universal Service reform proposals could cause for National Broadband goals in Alaska. We also reiterated the points made in our most recent ex parte filing concerning the Adak Eagle Enterprises Petition for Waiver, which is incorporated via reference herein.¹

Please contact me if you have any questions.

Sincerely,

John T. Nakahata
Counsel to General Communication Inc.

cc: Ajit Pai
Matthew Berry
Courtney Reinhard

¹ Ex Parte Notice from John Nakahata, counsel, General Communication, Inc. to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket Nos. 10-90 et al (filed Aug. 6, 2012).

A large eagle is shown in flight, wings spread wide, against a backdrop of a cloudy sky. The eagle is positioned in the upper right quadrant of the image.

UNIVERSAL SERVICE AND ALASKA

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General Communication, Inc.
August 2012



Alaska's Unique Universal Service Challenges

Enormous Land Mass

- 570,627 Square Miles
- Roughly 1/5 the size of the lower 48

Sparse Population

- 710,231 residents
- Approximately 1.2 persons per square mile, compared to 103.8 persons per square mile in the lower 48

Limited Road System and Power Grid

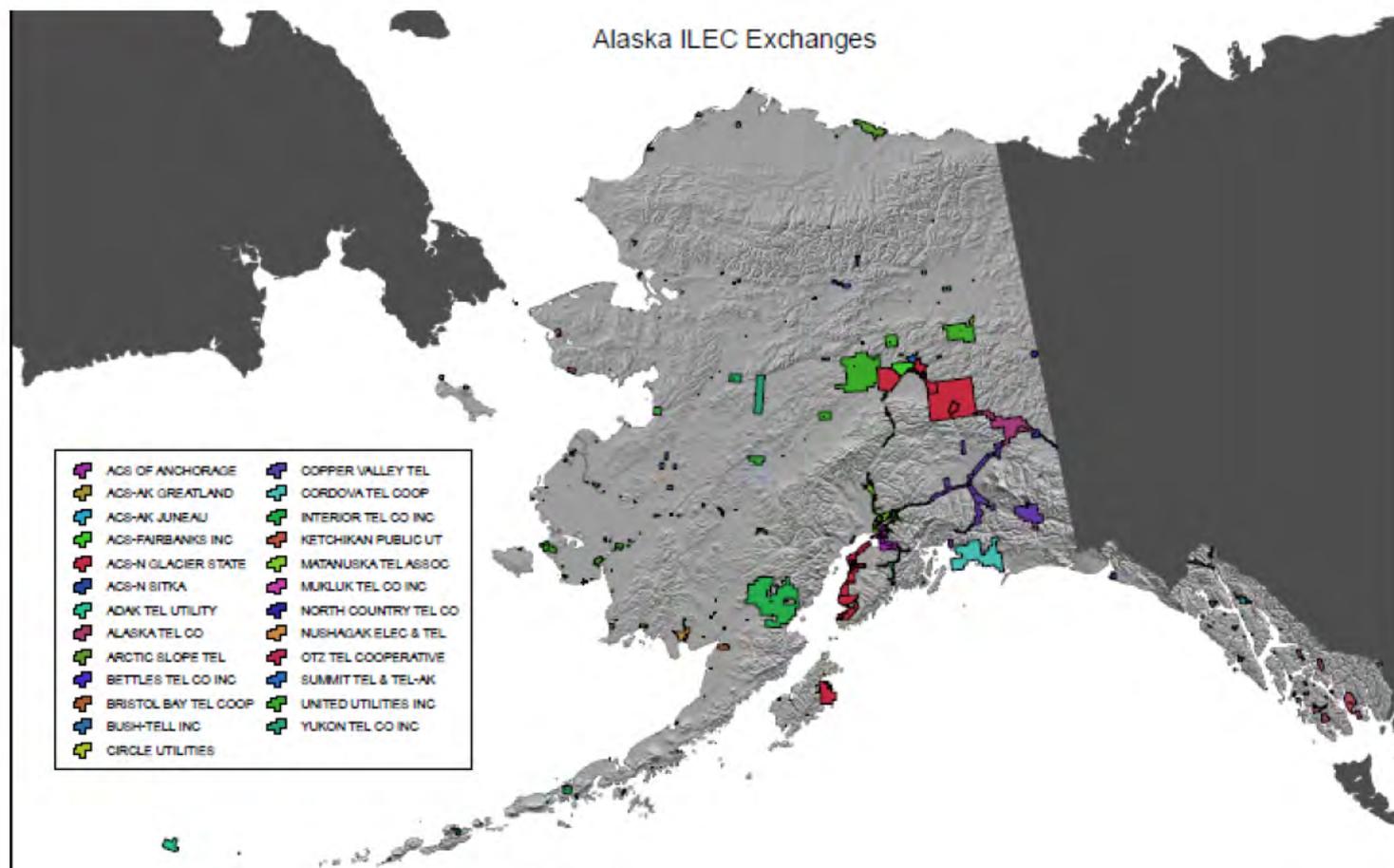
- Over 200 communities are "off-road"
- Many communities are powered via independent diesel generators

Most rural areas rely on satellite to connect to urban centers





Alaska's Incumbent Telephone Exchanges





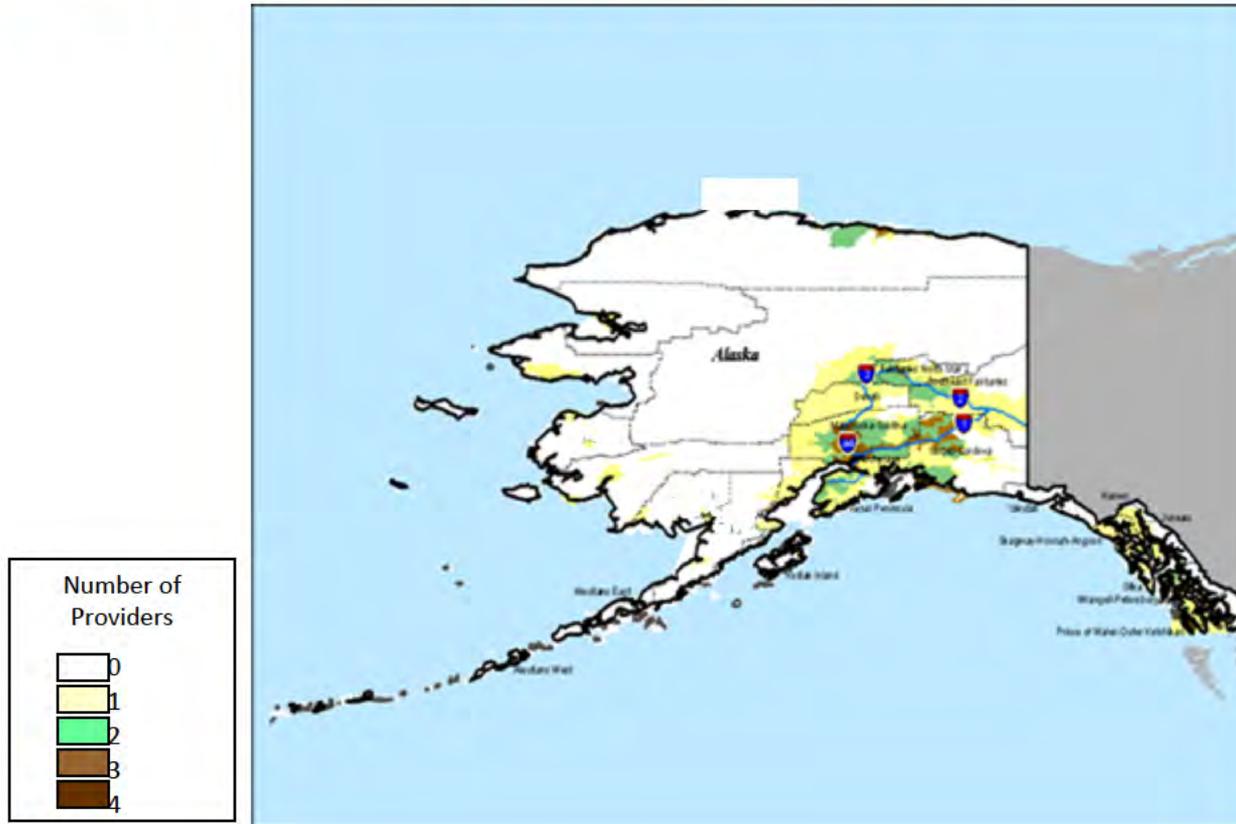
GCI Is Attempting to Close Alaska's Infrastructure Gap

Statewide Rural Wireless Voice

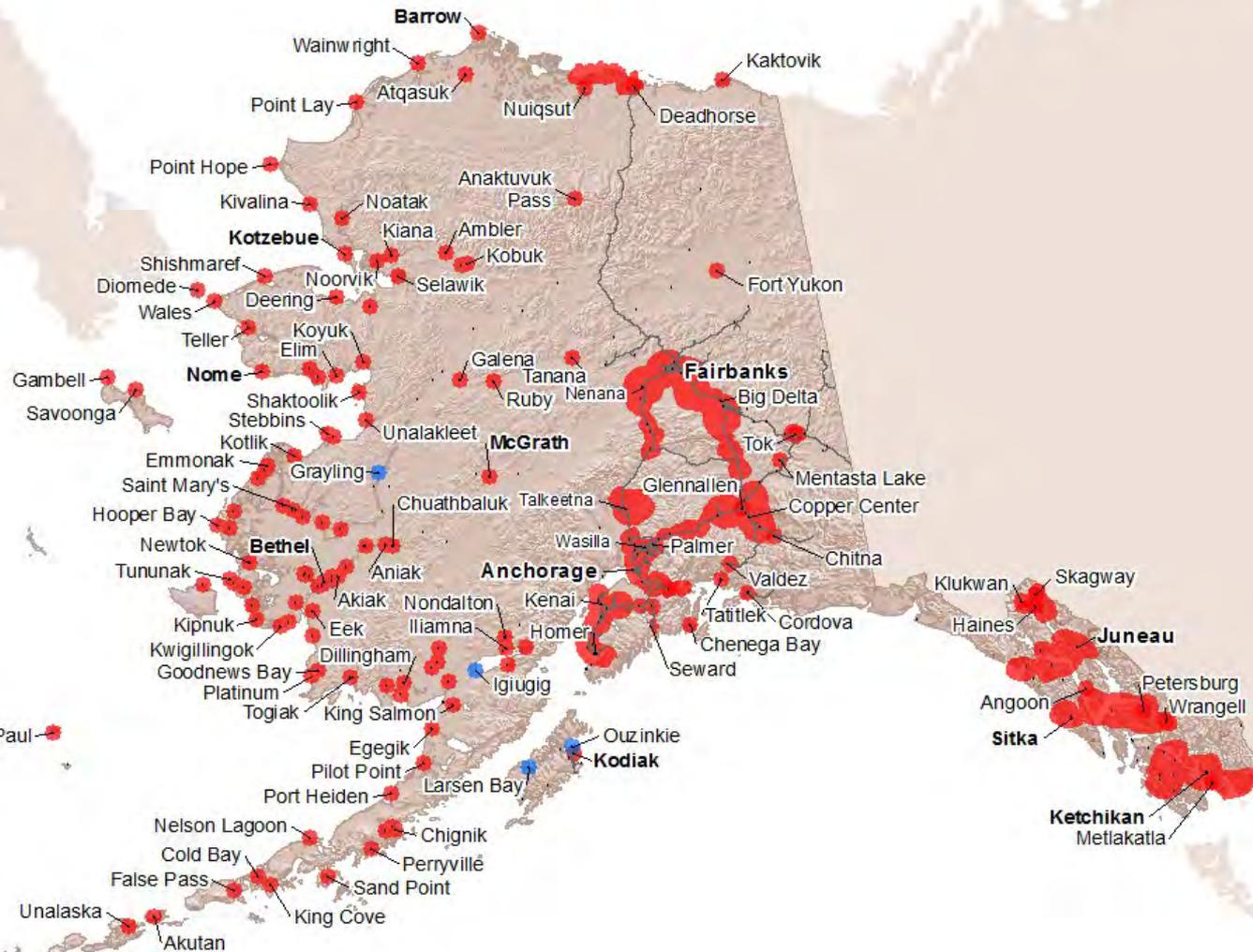
- Critical for public safety and rural economic development
- Deployed using GCI's private capital and USF support under the Tribal Lands exclusion to the CETC cap
- Recent high-cost reforms and uncertain successor mechanisms have deferred deployment to many rural CETC communities



Alaska Mobile Service Prior to GCI's Rural Wireless Initiative



Source: *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to commercial Mobile Services, Thirteenth Report, 24 FCC Rcd 6185, 6328 Map B-6 (2009).*



GCI Wireless Availability

- Current
- 2012 (Planned)



GCI's TERRA Project: Terrestrial Middle Mile

Permits low latency broadband connections for anchor institutions (schools and rural health clinics)

Increases backhaul capacity to provide higher speeds and usage levels for mass market

- 65 rural communities will receive new and improved broadband service at affordable rates by October 2012

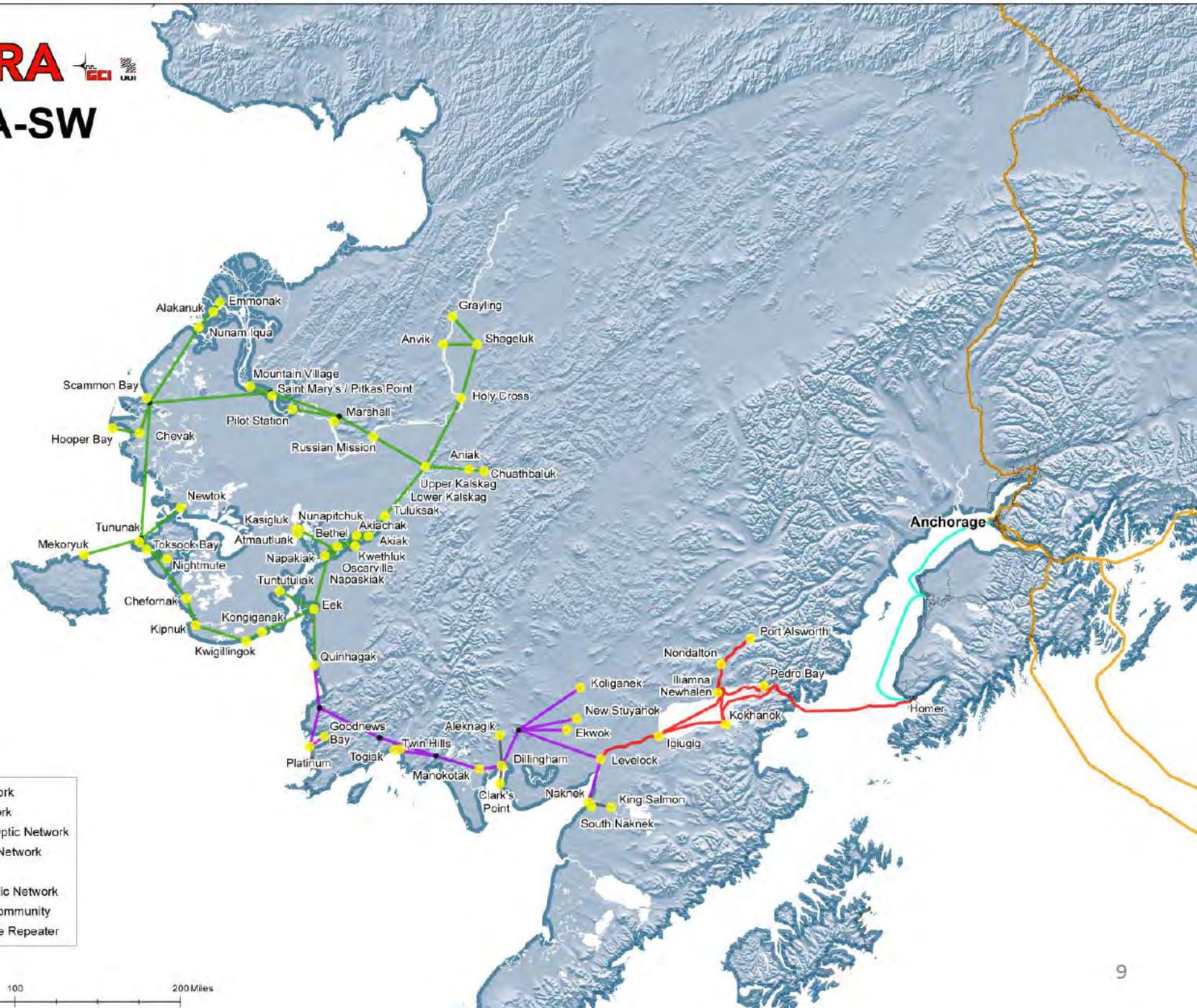
GCI leverages a variety of funding sources to attract and invest private capital in economically fragile rural areas

- GCI has funded TERRA deployment directly or indirectly through private capital, USF support, RUS loans/grants, New Market Tax Credit financing, and state programs
- Over the past 5 years, GCI has spent almost twice as much in private capital than it (or its customers) have received from all USF support programs combined
- Funding sources are severely strained and further USF reductions will make continued expansion difficult

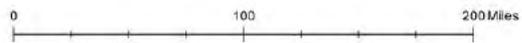
TERRA

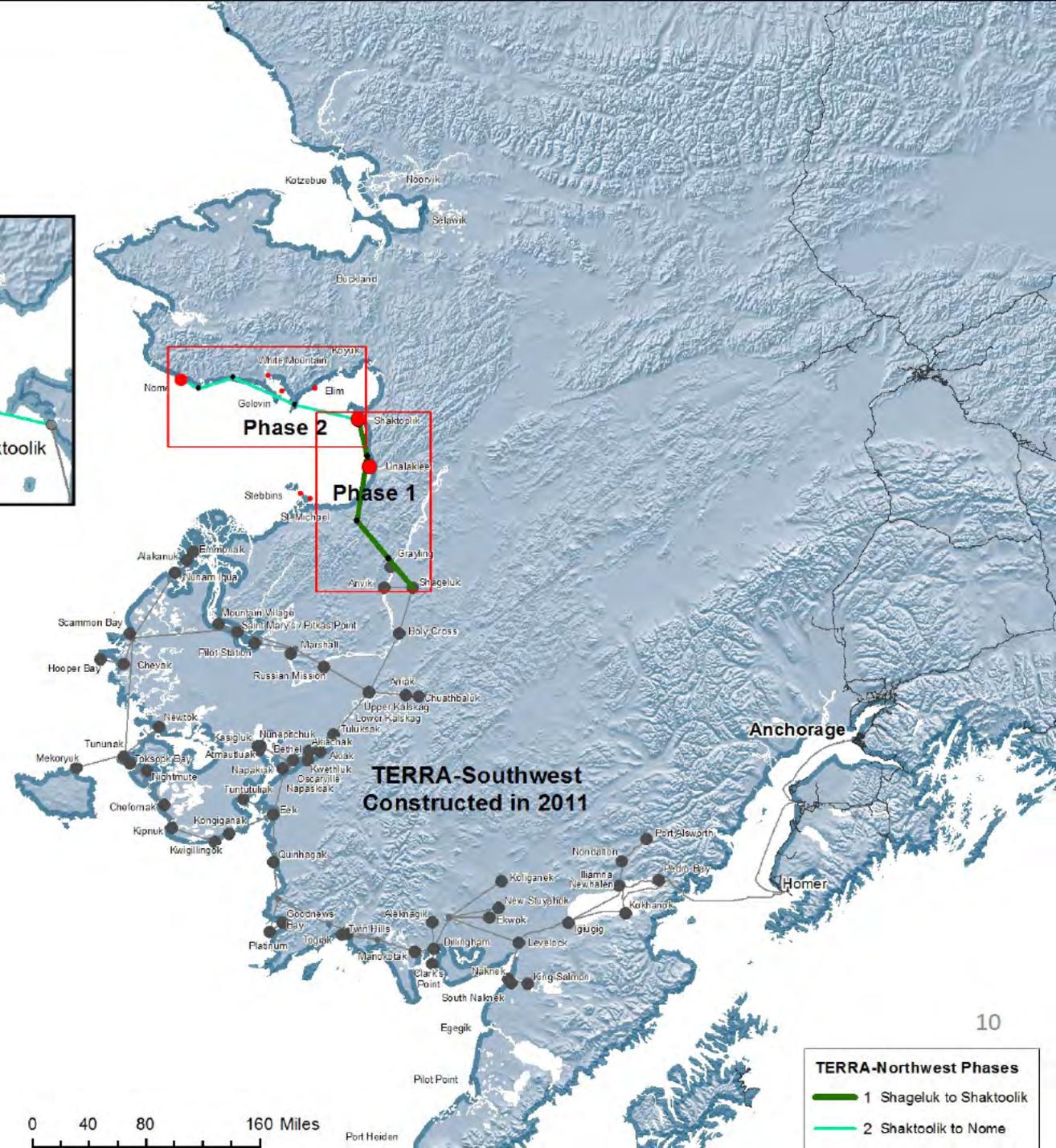
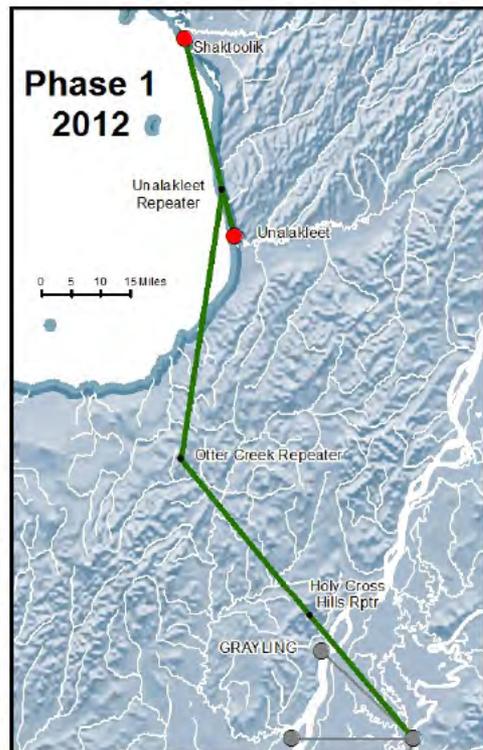
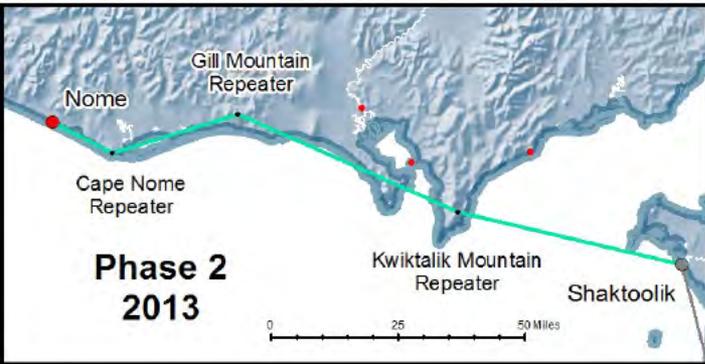


TERRA-SW



- New Fiber-Optic Network
- New Microwave Network
- Upgraded GCI Fiber-Optic Network
- Upgraded Microwave Network
- Leased Facilities
- Existing GCI Fiber-Optic Network
- TERRA-SW Served Community
- TERRA-SW Microwave Repeater

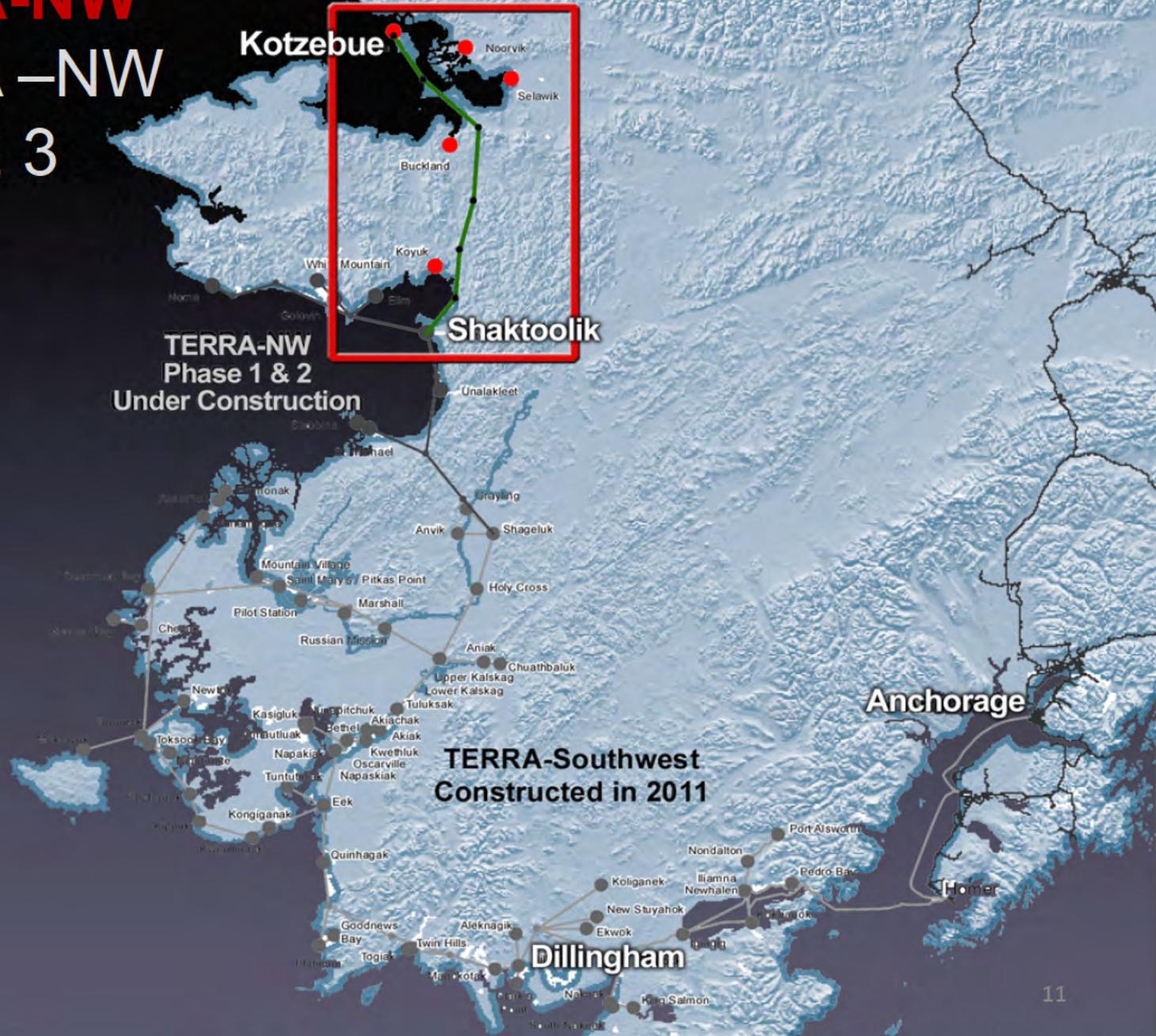




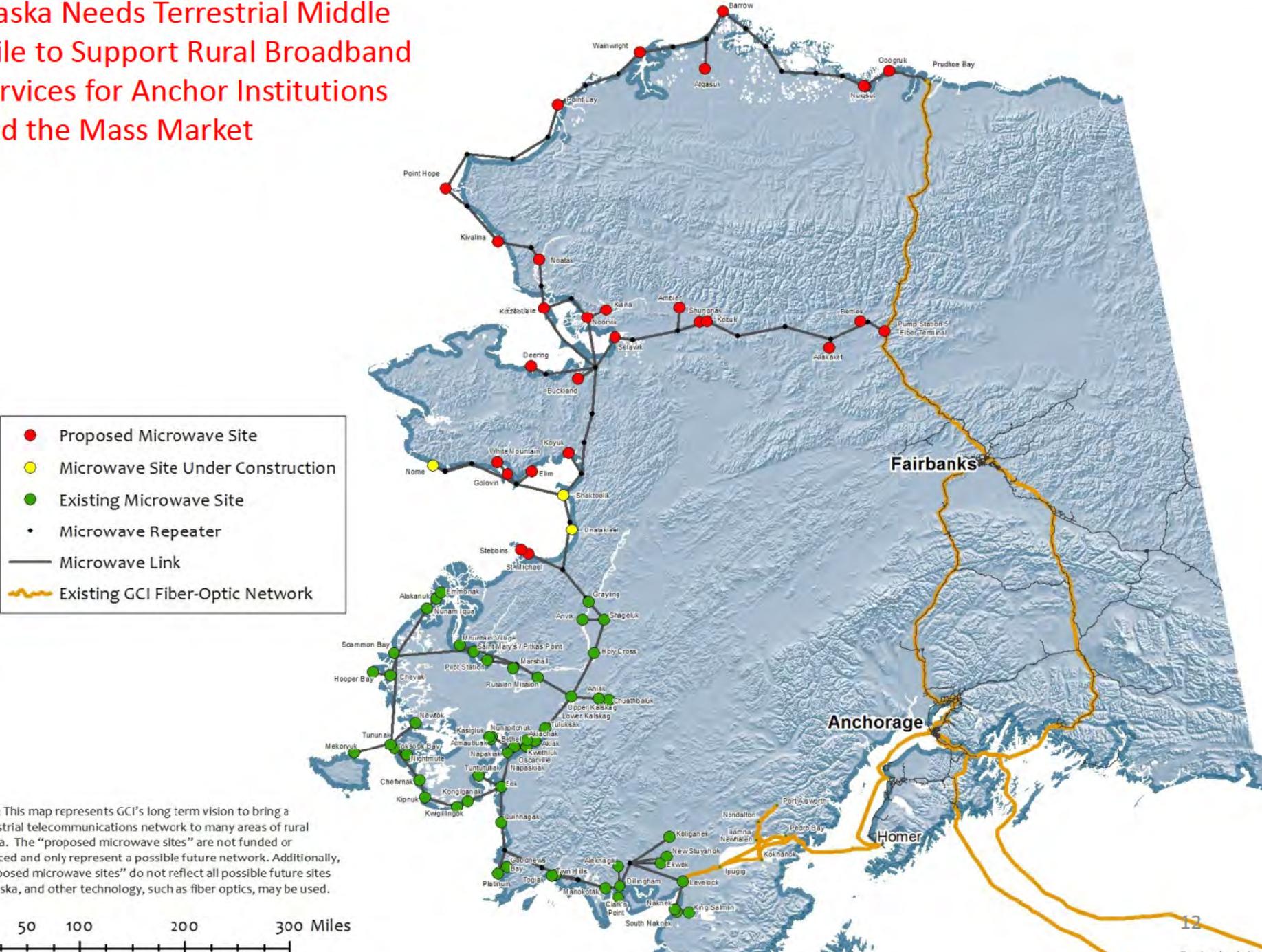
TERRA-Northwest Phases

- 1 Shageluk to Shaktoolik
- 2 Shaktoolik to Nome

TERRA-NW TERRA-NW PHASE 3



Alaska Needs Terrestrial Middle Mile to Support Rural Broadband Services for Anchor Institutions and the Mass Market





What it's all about?





Reform Proposals Are Unlikely to Satisfy National Broadband Goals in Alaska

National competitive bidding mechanisms, such as Mobility and Tribal Mobility Phases I and II, are unlikely to provide significant support in Alaska, due to enormous costs, low population densities, and a lack of road miles.

CAF relies on Rate-of-Return carriers to expand broadband using existing (or slightly less) support. With no history of performance, high overhead, and no economies of scale or scope, it is unrealistic to expect many of these small companies to fill the broadband gap.

The Remote Area Fund is small, ill-defined, assumes satellite capacity and prices that may not exist, and proposes in the near term to fund only price cap areas where CAF II model is too high, thus excluding most of Remote Alaska



How Can We Meet National Broadband Goals in Alaska?

Redistributing additional high-cost support from Alaska to the rest of the country will leave the State further behind

- Alaska high-cost support is at least 8% less than compared to this time last year
- When fully implemented, further scheduled reforms could reduce overall CETC support in Alaska by a third and could be even higher if little or no Mobility Fund Phase II support reaches Alaska.

Holding Alaska funding levels steady, but retargeting that support within the State will strike a better balance between the FCC's goals of limit spending and expanding broadband to all Americans