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

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Alaska Communications Systems	)	WC Docket No. 05-337
Petition for Waiver of Section 54.313(c) of the	)	
Commission's Rules	)	

COMMENTS OF GENERAL COMMUNICATIONS, INC.

General Communication, Inc. ("GCI") hereby comments on the Petition for Flexibility in the Use of Frozen High-Cost Support in the ACS ILEC Service Areas[1] of Alaska Communications Systems ("ACS"), dated April 9, 2013. The Commission should reject ACS's request for waiver of Section 54.313(c) of the Commission's rules to the extent that it would divert high-cost support from unserved areas of true need to fund ACS's overbuilding of GCI's networks that already deliver broadband services that meet the Commission's broadband performance requirements. ACS's request goes beyond the waiver request of FairPoint (dated March 18, 2013) and runs counter to the FCC's stated objectives in implementing the Connect America Fund ("CAF").

ACS essentially asks for waivers of two aspects of Section 54.313(c). First, ACS asks the Commission to allow retargeting among the "ACS ILECs" of frozen support historically

[1] *See also Wireline Competition Bureau Seeks Comment on the Alaska Communication System Petition for Waiver of Certain High-Cost Universal Service Rules*, Public Notice, DA 13-700, WC Docket Nos. 10-90 & 05-337 (rel. Apr. 11, 2013).

associated with High Cost Loop Support.[2] Second, ACS asks the Commission to exempt the historical ICLS and LSS of its frozen high-cost support from the requirement that an increasing percentage of that support be spent on construction and operation of broadband, or alternatively to waive the requirement that the broadband spending occur in areas substantially unserved by an unsubsidized competitor.[3] We address each request in turn.

I. FLEXIBILITY SHOULD NOT BE PERMITTED FOR OVERBUILDING ALREADY-SERVED AREAS.

GCI does not oppose the general notion that the FCC should permit ETCs flexibly to retarget high-cost support (whether HCLS or other high cost support) between study areas in the same state from areas with lesser need to areas where the need is greatest. As ACS argues in its waiver request, such retargeting can best effectuate the FCC's goal of maximizing broadband deployment by allowing funds originally slated for a service area with few areas unserved by broadband to be shifted to other areas with more unserved locations. Indeed, GCI encourages the Commission to develop an Alaska-specific distribution mechanism that retargets high-cost support not just across study areas statewide, but across providers and technologies throughout Alaska.[4]

Flexibility, however, should not work in the other direction, *i.e.*, ACS should not be able to take support from high need areas and use it for broadband upgrades in areas in which its

---

[2] *See* Petition for Waiver of Alaska Communications Systems, at 11-14, WC Docket Nos. 10-90 & 05-337 (filed Apr. 9, 2013).

[3] *See id*.

[4] *See* Comments of General Communication, Inc., at 31–33, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92 & 96-45, GN Docket No. 09-51, WT Docket No. 10-208 (filed Jan. 18, 2012).

broadband offerings lags those of its competitors—especially when its competitors' offerings already meet the Commission's broadband definition.

GCI and ACS compete head to head throughout ACS's territory, which includes the three largest cities of Anchorage, Fairbanks and Juneau, the Kenai Peninsula south of Anchorage, Kodiak Island, Sitka, and a number of smaller communities. Particularly in those communities located in the fiber-connected Alaska Railbelt or along the fiber-served corridors in southeastern Alaska, GCI and ACS both offer robust broadband Internet access services. Unlike nearly everywhere else in the country, both GCI and ACS are ETCs, and have been receiving high-cost support. And at the end of the USF transition there will be areas in which either or both are continuing to offer voice and broadband services without high cost support.

When compared head to head, GCI's services are both capable of higher speeds and are more affordable at a given speed level than ACS'.

Chart 1

GCI (Anchorage)

Download Speed	Upload Speed	Incl. Usage	Overage Rate	Rate
10 Mbps	1 Mbps	10,000 MB	$0.005 per MB Stand-alone: $0.01 per MB	$29.99 Stand-alone: $39.99
12 Mbps	1 Mbps	60,000 MB	$0.004 per MB Stand-alone: $0.008 per MB	$49.99 Stand-alone: $59.99
15 Mbps	1 Mbps	100,000 MB	$0.003 per MB Stand-alone: $0.006 per MB	$59.99 Stand-alone: $69.99
18 Mbps	1.5 Mbps	150,000 MB	$0.002 per MB Stand-alone: $0.004 per MB	$79.99 Stand-alone: $89.99
22 Mbps	2 Mbps	200,000 MB	$0.001 per MB Stand-alone: $0.002 per MB	$109.99 Stand-alone: $119.99
50 Mbps*	5 Mbps	350,000 MB	$0.0005 per MB Stand-alone: $0.001 per MB	$199.99 Stand-alone: $209.99

* Anchorage only.

ACS[+]

Download Speed	Upload speed	Incl. Usage	Overage Rate	Rate
320 kbps	"Up to 1 Mbps"	Un-limited	None	$49
1 Mbps	"Up to 1 Mbps"	Un-limited	None	$69
3 Mbps	"Up to 1 Mbps"	Un-limited	None	$89
4 Mbps	"Up to 1 Mbps"	Un-limited	None	$89
7Mbps	"Up to 1 Mbps"	Un-limited	None	$99
10 Mbps	"Up to 1 Mbps"	Un-limited	None	$109

[+] From ACS website: http://www.alaskacommunications.com/Personal/Home-Internet.aspx, and http://www.alaskacommunications.com/Personal/Home-Internet/Home-Internet-FAQs.aspx (last accessed May 13, 2013).

Within ACS' price cap incumbent LEC service areas, GCI offers these same plans and rates in Fairbanks, Juneau, Kenai/Soldotna, Girdwood, Homer, and Kodiak, and at slightly higher rates in Sitka.[5] That GCI offers greater capacity services is not surprising, because GCI uses a DOCSIS-based, cable Internet network, while ACS uses xDSL. As this Commission has noted, DOCSIS services are more robust than DSL.[6]

The public interest is not served by a shift in support from high-need areas to overbuild in low-need areas. To the extent that this how ACS would seek to exercise "flexibility" to shift support from Remote Alaska to the more urbanized communities excluded from Remote Alaska, the Commission should make clear that such a shift is not permitted.[7]

Similarly, the Commission should also deny ACS's alternative request that it be allowed to spend frozen high cost support in areas that are already served by broadband. This flies directly in the face of the Commission's goal to extend broadband to unserved areas.[8] Granting

---

[5] The corresponding rates in Sitka (and some other non-ACS ILEC communities) are:
- 10 Mbps $39.99/$49.99
- 12 Mbps $59.99/$69.99
- 15 Mbps $69.99/$79.99
- 18 Mbps $109.99/$119.99
- 22 Mbps $159.99/$169.99.

[6] *See Measuring Broadband America—February 2013: Consumer wireline broadband performance in the U.S.*, FCC Office of Engineering and Technology and Consumer and Governmental Affairs Bureau, at 52, *available at* http://transition.fcc.gov/cgb/measuringbroadbandreport/2013/Measuring-Broadband-America-feb-2013.pdf.

[7] *See* Letter from John T. Nakahata, Counsel, General Communication, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1, WC Docket No. 10-90 (filed May 7, 2013) (explaining that where an ILEC has a right of refusal—as in CAF Phases I and II—the FCC can correctly target CAF funds only if it defines "unsubsidized competitor" to include CETCs that will continue to serve a given area even after the CETC phase-down. Otherwise, the Commission will allow recipients to use scarce high-cost support to overbuild their competitors in already-served areas).

[8] Moreover, this particular request goes beyond other waiver requests filed in this proceeding. *See e.g.* Petition for Waiver of FairPoint Communications, Inc., WC Docket Nos. 10-90 & 05-337 (filed Feb. 7, 2013).

such a request would set a dangerous precedent as the Commission moves to Phase II of the CAF. Allowing ACS to use high-cost support to overbuild areas where fixed wireless provider and/or GCI already offer broadband, and where such providers will continue to offer broadband after high-cost support is phased out, would misallocate funds away from unserved areas in ACS's service territory.

II. FOR THE ACS STUDY AREAS NOT IN REMOTE ALASKA, THE COMMISSION SHOULD DENY ACS' REQUEST TO BE EXEMPT FROM RETARGETING ICLS AND LSS SUPPORT.

ACS seeks a waiver of Rule 54.313(c)'s mandate that it retarget portions of its frozen legacy high cost support historically associated with the ICLS and LSS support mechanisms. GCI is sympathetic with ACS' plea that in high cost areas, existing revenues excluding high cost support may not be sufficient to cover the costs of providing service, including necessary maintenance capital, and thus forcing a retargeting of high cost support in those areas to broadband will not make sense, irrespective of the presence of a competitor. However, that is not likely to be the case in the areas excluded from Remote Alaska, which are essentially the Municipality of Anchorage, City of Fairbanks and Juneau City and Borough. These are Alaska's most dense—and lowest cost—communities.[9] Thus, the Commission should deny ACS' request to exempt frozen support formerly associated with ICLS and LSS in the Anchorage, Fairbanks and Juneau study areas from retargeting.

---

[9] Indeed, these areas are excluded from the Commission's definition of "Remote Areas in Alaska, which "includes all of Alaska except; (A) The ACS-Anchorage incumbent study area; (B) the ACS-Juneau incumbent study area; (C) The farbankszone1 disaggregation zone in the ACS-Fairbanks incumbent study area; and (D) The Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the Matunuska Telephone Association incumbent study area." 47 C.F.R. § 54.307(e)(3)(i).

It is also important to remember that ICLS supported more than just voice capability. Setting aside the separations shifts underlying HCLS support, ICLS supported the interstate allocated portion of loop costs; HCLS supported what would otherwise have been intrastate loop costs. The support provided through both of these mechanisms supported loop costs even when costs were incurred not just for voice, but also to delivery broadband services.[10] In addition, in areas such as Fairbanks, ACS qualified for LSS support solely because of historical study area boundaries, which differed from the way in which ACS actually constructed and operated its network: ACS could not have qualified for LSS support if the size of the physical network served from its Fairbanks switch had been used, rather than study area boundaries. Furthermore, because ACS elected to become a price cap company, it is inaccurate to say that shifting what had historically been ICLS or LSS support to target broadband denied ACS cost recovery. ACS forewent assured cost recovery when it elected price caps. Thus, the Commission should not grant ACS' requests to exempt areas excluded from Remote Alaska from Rule 54.313(c)'s retargeting requirements.

Respectfully submitted,

/s/

Chris Nierman
Adam M. Taylor
GENERAL COMMUNICATION, INC.
1350 I Street, N.W., Suite 1260
Washington, D.C. 20005
(202) 457-8815

John T. Nakahata
Mike Carlson
WILTSHIRE & GRANNIS LLP
1200 Eighteenth Street, N.W.
Washington, D.C. 20036
(202) 730-1300

May 13, 2013

Counsel for General Communication, Inc.

[10] *See, e.g., Connect America Fund et al.*, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, FCC 11-13, 26 FCC Rcd. 4554, 4611, ¶¶ 167 & n. 261, 169-170 & n. 267 (2011).