FCC Form 603
Exhibit 1
November 16, 2012

DESCRIPTION OF THE PROPOSED TRANSACTION & PUBLIC INTEREST STATEMENT

Introduction and Summary

ACS Wireless License Sub, Inc. ("ACS Wireless License Sub"), ACS of Anchorage License Sub, Inc. ("ACS of Anchorage License Sub"), GCI Communication Corp. ("GCI"), and Unicom, Inc. ("Unicom") hereby seek Federal Communications Commission ("FCC" or "Commission") consent under Section 310(d) of the Communications Act of 1934, as amended (the "Act"), to assign certain wireless authorizations[1] to a newly formed limited liability company, The Alaska Wireless Network, LLC ("AWN"). AWN will be owned jointly by ACS Wireless, Inc. ("ACS Wireless") (together with ACS of Anchorage License Sub and ACS Wireless License Sub, "ACS"), and GCI Wireless Holdings, LLC, a wholly-owned subsidiary of GCI.[2]

ACS Wireless and GCI propose to enter into an infrastructure sharing arrangement to better compete with the two largest national wireless carriers. This arrangement will give both ACS Wireless and GCI access to their combined wireless facilities and spectrum, enabling them to create a larger, faster, and more efficient

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[1] The Title III authorizations that are the subject of this application are identified in Appendix A (ACS) and Appendix B (GCI and Unicom). As explained therein, the applicants also request approval for assignment of after-acquired licenses designated as part of the Proposed Transaction. *See* Note to Appendix A and Appendix B.

[2] Current and post-closing organizational diagrams are provided in Appendix C. In a separate application, AWN is seeking international Section 214 authority to provide global non-facilities-based telecommunications services between the U.S. and foreign points.

wireless network for the state of Alaska.[3] ACS Wireless and GCI will remain independent retail competitors. Each will set its own retail prices, market services under its own brand, and remain free to bundle AWN-supplied wireless services with other services to create distinct packages. In the process, this innovative infrastructure sharing arrangement will minimize duplicative infrastructure, investment, and operational costs through joint ownership and use of AWN's combined wireless network, while providing ACS Wireless and GCI access to approximately twice as much spectrum as each holds individually. The resulting shared network will enhance each party's ability to provide advanced wireless broadband services, including fourth-generation ("4G") Long-Term Evolution ("LTE") services, as well as voice services, to the majority of Alaska consumers. The efficiencies gained will help sustain and promote the availability of basic and advanced wireless services throughout the state, including remote and sparsely populated areas that are among the most costly to serve in the nation.

In the face of recent reductions to, and the uncertain future of, the high-cost universal service support for mobile carriers, even second-generation ("2G") services to sparsely populated rural Alaska communities depend significantly on economies of scope and scale gained from operating networks in the more populated portions of the state. Specifically, as discussed more fully in Section III below, the Proposed Transaction is intended to:

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[3] The "Proposed Transaction" is explained in greater detail in Section II. As discussed in Section II, the parties have also entered into several agreements that are effective immediate and are not conditioned upon close of the network sharing arrangement.

- provide Alaska consumers with access to 4G LTE wireless services more rapidly and efficiently than either ACS Wireless or GCI could offer individually;
- allow ACS Wireless and GCI to compete more effectively with the national carriers that have entered the state, while sustaining rural wireless service in the challenging Alaska telecommunications environment; and
- foster basic and advanced wireless services over a network with the most comprehensive coverage footprint in Alaska.

Consistent with Section 254(e) of the Communications Act, any high-cost support revenues ACS Wireless and GCI receive as competitive eligible telecommunications carriers ("CETCs") for the deployment of mobile services or infrastructure in Alaska will be remitted to AWN for investment in and operation of the combined network facilities. Continued receipt of high-cost support is essential to the operation, maintenance, and upgrade of the network by AWN post-closing, and continued CETC status is necessary for ACS Wireless and GCI to continue providing Lifeline services to low-income customers. Concurrently herewith, the applicants therefore are seeking from the Commission a declaratory ruling that, through their joint ownership of AWN and their long-term contractual rights under the Proposed Transaction to use AWN's spectrum, facilities and services:

- each of ACS Wireless and GCI will have "access" to AWN's spectrum, as contemplated in Section 54.1003(b) of the Commission's rules, to qualify for Mobility Fund universal service support; and
- each of ACS Wireless and GCI will continue to provide covered wireless services over their "own facilities" as required under Section 214(e)(1)(A) of the Communications Act, for purposes of qualifying as eligible

telecommunications carriers ("ETCs") for high-cost and low-income universal service support.[4]

This application for Commission consent demonstrates that the Proposed Transaction will yield substantial affirmative public interest benefits. Pursuant to Commission precedent, a *prima facie* showing of such benefits obviates the need for extensive Commission review and the attendant expenditure of Commission resources.[5] In this instance, the Commission should conclude that the Proposed Transaction will not violate the Act or Commission rules, nor frustrate or undermine the policies or enforcement of the Act by reducing competition or otherwise and that the transaction will further the public interest in wireless voice and broadband services in the country's most challenging state. Accordingly, the Proposed Transaction is entitled to prompt Commission consent.

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[4] *See* 47 C.F.R, §54.201(a). While providing service via an ETC's "own facilities" is no longer required for low-income support, provided certain conditions are met to qualify for forbearance, ACS and GCI will continue through AWN to have their "own facilities" and thus should not need to rely on that forbearance. *See Lifeline and Linkup Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, ___ FCC Rcd ___ ¶ 368 (rel. Feb. 6, 2012)

[5] *See Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Tele-Communications, Inc., Transferor to AT&T Corp., Transferee,* Memorandum Opinion and Order, 14 FCC Rcd. 3160, 3170 ¶ 16 (1999); *Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission's Rules*, Memorandum Opinion and Order, 14 FCC Rcd. 14712, 14740-14741 ¶ 54 (1999).

I. DESCRIPTION OF THE PARTIES

A. ACS

ACS Wireless is wholly-owned by Alaska Communications Systems Holdings, Inc. ("ACS Holdings"), which in turn is wholly-owned by Alaska Communications Systems Group, Inc.[6] ACS Wireless provides commercial mobile radio services ("CMRS") to approximately 118,000 subscribers, including approximately 11,000 Lifeline subscribers, in various locations in Alaska over its own Code Division Multiple Access ("CDMA") and third-generation ("3G") Evolution-Data Optimized ("EV-DO") network facilities. ACS Wireless has begun the process of deploying 4G LTE network facilities.

ACS Wireless has spectrum access through sister subsidiaries of ACS Holdings, including ACS Wireless License Sub and ACS of Anchorage License Sub, both of which are applicants here. ACS Wireless License Sub has CMRS licenses in the cellular (800 MHz) band, the PCS (1.9 GHz) band, and the AWS (1710-1755 MHz/2110-2155 MHz) band. ACS Wireless is a CETC in some, but not all, parts of Alaska for both the high-cost and low-income universal service support programs.[7]

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[6] Appendix C indicates the ownership percentages of each applicant and their corporate affiliates referenced herein.

[7] ACS Wireless is designated as a CETC in the service area of the following incumbent local exchange carriers ("ILECs"): ACS of Anchorage, ACS of Fairbanks, ACS of Alaska (Juneau and Greatland study areas), ACS of the Northland (Glacier State study area), Alaska Telephone Company, Copper Valley Telephone Cooperative, Ketchikan Public Utilities, and Matanuska Telephone Association. Following closing of the Proposed Transaction, ACS plans to seek CETC designation in additional parts of the state.

ACS Holdings also operates four incumbent local exchange carriers ("ILECs") serving six study areas, all in the state of Alaska. In their ILEC study areas, the ACS Holdings ILECs participate in high-cost support programs, the Lifeline program for low-income consumers, the schools and libraries ("E-Rate") program that provides support for high-speed connections to eligible schools and libraries, and the rural health care program. In addition, ACS Holdings operates a long-distance telecommunications service subsidiary, an Internet subsidiary, and a fiber optic cable subsidiary, all providing service not only to customers within the state, but also between Alaska and the lower forty-eight states and beyond.

B. GCI

GCI is wholly-owned by GCI Holdings, Inc., which in turn is wholly-owned by GCI, Inc., which is wholly-owned by General Communication, Inc.[8] GCI is a CMRS provider serving most of Alaska with facilities-based voice and data services, including 2G, 3G, and 4G Evolved High-Speed Packet Access ("HSPA+") services, as middle-mile capabilities permit. GCI serves approximately 140,000 wireless subscribers in the state, including approximately 40,000 Lifeline subscribers, with some served over CDMA and others over GSM/EDGE/HSPA/HSPA+ network facilities.[9]

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[8] *See* organizational diagram in Appendix C.

[9] Global System for Mobile ("GSM") and Enhanced Data Rates for GSM Evolution ("EDGE") are considered pre-3G technologies. Evolved EDGE is used with High-Speed Packet Access ("HSPA") technology to attain 3G data speeds. Evolved HSPA is also known as HSPA+ and describes a 4G capability that typically produces lower bandwidth capacity than 4G LTE.

GCI, either individually or through its wholly-owned subsidiary Unicom, holds CMRS licenses in the Cellular and PCS bands and has announced plans to provide Wi-Fi access in the 2.4 GHz and 5 GHz bands to approximately 1,000 "hot spot" locations in the state by the end of 2012. GCI is a designated wireless CETC in all except five of the ILEC study areas in Alaska, and GCI participates in the high-cost, low-income, E-Rate, and rural health care universal service support programs.[10]

GCI also provides services in Alaska, directly or through wholly owned affiliates, as a competitive local exchange carrier ("CLEC"), rural ILEC, long-distance telecommunications service provider, Internet provider, fiber optic cable provider, and as the largest cable television operator in the state. Through one of its affiliates, GCI has built the TERRA-SW rural broadband transport network serving southwest Alaska via a combination of fiber and point-to-point microwave facilities.

II. DESCRIPTION OF THE TRANSACTION

In the Proposed Transaction, as described further below, ACS and GCI will, directly or indirectly, contribute substantially all of their respective wireless infrastructures and associated Title III authorizations to AWN. This is an infrastructure

[10] GCI is designated as a wireless CETC in the following Alaska ILEC study areas: Adak Telephone Utility, ACS of Anchorage, Arctic Slope Telephone Association Cooperative, Bristol Bay Telephone Cooperative, Copper Valley Telephone Cooperative, Cordova Telephone Cooperative, ACS of Fairbanks, ACS of the Northland (Glacier State and Sitka study areas), Interior Telephone Company, ACS of Alaska (Juneau and Greatland study areas), Ketchikan Public Utility, Matanuska Telephone Association, Mukluk Telephone Company, Alaska Telephone Company, Nushagak Electric and Telephone, OTZ Telephone Cooperative, United Utilities, and Yukon Telephone Company. The only Alaska ILEC study areas in which GCI is not designated as a wireless CETC are Summit, Bettles, Bush-Tel, North Country, and Circle.

sharing arrangement that will leave both carriers operating as retail competitors, starting with the same Alaska customer bases they have prior to closing. No retail customers will be transferred to the joint venture, nor any service discontinued.[11] The parties have agreed that the current retail service plans of both ACS Wireless and GCI will continue to be supported by AWN, so ACS Wireless and GCI will be able to continue providing wireless services to their existing customers under the same terms and conditions in effect prior to the closing, for at least two years. In addition, AWN will make available to ACS Wireless and GCI new service offerings, which they can use to provide distinct new services or new service bundles to new and existing customers. Thus, ACS Wireless and GCI will continue pricing and bundling their retail services independently from one another following the closing.[12]

At closing, following regulatory approval, the FCC wireless authorizations listed in Appendix A and associated network facilities will be assigned to ACS Wireless by the ACS entities where they currently are held. At that time, a portion of ACS Wireless' wireless assets (including potentially some of the FCC wireless authorizations) will then be purchased by GCI for $100 million; GCI will then contribute those assets to AWN. Another portion of ACS Wireless' wireless assets (including any FCC wireless

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[11] Upon receipt of any required consents from their respective roaming partners, ACS and GCI will assign their third-party roaming agreements to AWN in order to ensure continuity of service. In addition, certain backhaul arrangements linking wireless networks with aggregation points that previously were provided by ACS or GCI, or other ACS or GCI affiliates, will be assigned, upon receipt of any required consents from the affected customers, to AWN. No retail customers will be affected by these assignments.

[12] The parties have agreed that no service plans currently offered by ACS Wireless or GCI will be discontinued for at least two years following closing.

authorizations not purchased by GCI) will be directly contributed to AWN. Likewise at closing the FCC wireless authorizations listed in Appendix B and associated network facilities, along with the just-purchased ACS Wireless assets, will be assigned by GCI to the newly formed GCI Wireless Holdings, which will immediately contribute those assets to. In addition, GCI will provide AWN a $50 million working capital line of credit.[13]

Specifically, ACS and its affiliates will, either through direct contribution or through sale to GCI for inclusion in GCI's contribution, transfer to AWN,[14] either directly or through a combination of service agreements and indefeasible rights of use ("IRUs"), wireless licenses and associated assets, including its CDMA-EVDO network, LTE network, roaming agreements, cell site drops, tail circuits and similar facilities metropolitan area network capacity, fiber-based long haul capacity, and undersea capacity to the Lower 48. GCI will contribute, either directly or through a combination of service agreements and IRUs, the wireless assets acquired from ACS, GCI's CDMA and GSM/EDGE/HSPA/HSPA+ networks, roaming agreements, cell site drops, tail circuits and similar facilities, metropolitan area network capacity, capacity on TERRA-SW microwave and fiber-based services that GCI purchased from United Utilities, Inc.,

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[13] Other than this working capital line, AWN will initially have no debt.

[14] All of the assets contributed to AWN will be those that are being used exclusively or primarily in the wireless business of ACS Wireless or GCI. ACS and its affiliates, and GCI and its affiliates, each will retain the infrastructure used to provide wireline services and will continue to operate their separate lines of business in addition to their wireless businesses.

intrastate fiber-based long-haul capacity on certain routes, and undersea capacity to the Lower 48.[15]

To maximize overall efficiency as a network sharing arrangement, AWN will have only a small organization. That organization will focus on the integration of GCI/ACS Wireless wireless assets, expansion of the statewide 4G wireless network, sale of wholesale roaming/backhaul/transport services to wireless carriers, and development of wireless plans/products for resale by GCI and ACS Wireless. AWN will otherwise rely substantially on GCI and ACS Wireless for wireless network deployment and operations and maintenance. GCI will focus on the expansion of the LTE/HSPA+/GSM/EDGE/Wi-Fi statewide network, and ACS Wireless will focus on integration of the two legacy CDMA/EVDO networks. Among other things, under the ACS Services Agreement, ACS Wireless has agreed to provide to AWN, among other services, certain operation, maintenance and repair services in connection with AWN's CDMA network operations. As part of this agreement, ACS Wireless will provide to AWN the full time, exclusive services of certain employees. AWN will have access to GCI senior executive officers for the provision of consulting services to the CEO and other senior officers of AWN with respect to high-level strategy decisions regarding legal, regulatory and finance matters. Under the GCI Services Agreement, GCI will also provide to AWN a range of services necessary to support

[15] ACS Wireless and GCI also have entered into certain pre-closing agreements to facilitate broadband service deployment in the near term and to enable them to plan for the integration of their networks. These agreements will stay in force until closing or for three years in the event that closing does not occur. They do not involve the assignment of any regulated assets.

AWN's operations. As part of this agreement, GCI will provide to AWN the full time, exclusive services of certain GCI employees.

Following the closing, AWN will own, or have the right to use, all of the cell site and tower infrastructure currently used by either ACS Wireless or GCI to provide wholesale commercial wireless services in Alaska, including sufficient backhaul capacity to serve existing and future customers and to meet projected bandwidth demands for the next five years. The agreements between the parties provide that AWN will provide wholesale services to both ACS Wireless and GCI, and both companies will have access to AWN facilities and services, on an equal and non-discriminatory basis. AWN will develop wholesale wireless service plans that it will sell to GCI and ACS Wireless at a discount from prevailing market retail rates. The approximately 30% discount is intended to cover ACS Wireless' and GCI's sales and marketing expenses. ACS Wireless and GCI will purchase all of their CMRS voice, wireless broadband, and public Wi-Fi service from AWN on a wholesale basis.

Notwithstanding AWN, ACS Wireless and GCI will continue to market and sell standalone wireless voice and broadband services on a retail basis throughout Alaska and separately brand and price their individual wireless offerings, which they may bundle with other services offered by each company or its affiliates. ACS Wireless and GCI will retain their respective retail wireless customer bases, and both carriers will be free to sell

all types of services to existing and new customers.[16] AWN is not planning on marketing retail services.

GCI will own two-thirds (66 2/3%) and ACS Wireless will own one third (33 1/3%) of AWN's equity. AWN will be managed by a president and CEO appointed by GCI.[17] The AWN board will have three members – initially, the president and CEO of GCI, Ron Duncan; the president and CEO of Alaska Communications Systems Group Inc., Anand Vadapalli; and the president and CEO of AWN. Notwithstanding GCI's majority ownership, both GCI and ACS Wireless will enjoy long-term contractual rights that preserve both companies' interest in the network and the services provided.[18] In addition, during the first four years of AWN's operations, ACS Wireless will be eligible to receive preferential cash distributions totaling $190 million (the first $50 million in years 1 and 2, and the first $45 million in years 3 and 4). During those years, GCI will receive all remaining available cash distributions. After that, GCI and ACS Wireless will

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[16] ACS Wireless and GCI have agreed on a set of policies and procedures to protect against the disclosure by AWN of either company's non-public, commercially sensitive information.

[17] The initial CEO of AWN will be Wilson Hughes, formerly GCI's Executive Vice President and Chief Operating Officer.

[18] There are more than twenty events and activities that require the approval of both ACS Wireless and GCI, giving ACS Wireless significant minority investor protections to ensure that its interests in the network, the services and the licenses cannot be materially impaired. Mutual consents are required, *inter alia,* for the AWN business plan if outside specified parameters, which business plans must be developed every four years, and for any deviations, if outside specified parameters, in the annual budget from the four-year business plan approved by the owners; for any substantial disposition of assets by AWN, whether facilities conveyed to AWN by ACS Wireless or GCI, or facilities constructed by AWN post-closing; for AWN to offer third parties access to the network or services offered by AWN; and for the discontinuance of any service by AWN.

receive distributions proportional to their ownership interests in AWN. In exchange for the senior management consulting services discussed above, AWN will pay GCI an annual consulting fee based on a percentage of free cash flow (defined as EBITDA minus capital expenditures) starting at 4% for the first two years, increasing to 6% for the third and fourth years, and thereafter increasing to 8%.

For completeness, the parties describe several agreements entered into the same day as the proposed underlying the network sharing arrangements and license assignments, but which stand independently of and are not contingent upon the consummation of the network sharing arrangements.[19] These standalone agreements (all of which were effective as of June 4, 2012) are as follows:

- A bilateral IRU agreement under which GCI will grant to ACS an indefeasible right to use certain capacity on GCI's Alaska United West Fiber Optic Cable System between certain locations, and ACS will grant to GCI an indefeasible right to use certain capacity on ACS's Alaska-Oregon Network Submarine Cable System between certain locations;
- Reciprocal Master License Agreements that provide each other with access to certain buildings, towers, facilities, rooftops and/or real property at which to install wireless communications facilities;
- An agreement to allow ACS Wireless to resell GCI HSPA+ services under the ACS brand;

[19] The parties therefore do not seek any FCC consents with respect to these agreements.

- A Network Access Agreement that establishes a functional interconnection between the ACS LTE network and the GCI HSPA+ network in order to permit end user customers of both ACS Wireless and GCI with wireless devices capable of operating on both networks to access both networks, such that both ACS Wireless and GCI can offer LTE services using the ACS LTE network, and both ACS Wireless and GCI can offer services utilizing GCI's HSPA+ network, including for voice calling.

III. THE PROPOSED TRANSACTION WILL BENEFIT CONSUMERS AND COMPETITION IN THE STATE OF ALASKA

Combining the wireless network infrastructure through AWN will produce tangible benefits for consumers and competition in Alaska and advance the universal service objectives of promoting the availability of advanced services even in rural, insular, and high-cost areas and to low-income consumers. AWN will design, deploy, operate, and maintain advanced CMRS and public Wi-Fi networks, including the backhaul for such networks, and offer wholesale capacity for mobile voice and broadband services to ACS Wireless and GCI, and facility leases and roaming capabilities to ACS Wireless, GCI, and other wireless carriers, on commercially reasonable terms and conditions.

Importantly, ACS Wireless and GCI will remain independent service providers and retail competitors of wireless and bundled services in the state.[20] Thus, the Proposed Transaction will permit two single-state carriers, both of which specialize in meeting

[20] Alaska is the only area implicated in this transaction, as neither ACS nor GCI provides facilities-based wireless service outside of Alaska.

Alaska's unique challenges, to offer state-of-the-art services to customers throughout as much of the state as economically feasible, including rural areas that national carriers have shown little willingness to serve. In this way, the competitive effects of the Proposed Transaction fundamentally differ from those of a merger or corporate acquisition. ACS Wireless and GCI will remain vigorously competitive in the downstream markets. Indeed, by creating the network efficiencies discussed below, the Proposed Transaction will enable each carrier to better compete not only with each other but also with the larger and better-financed nationwide wireless carriers in Alaska.

This infrastructure-sharing arrangement is critical to the ability of ACS Wireless and GCI to remain competitive in Alaska in the face of recent and future reductions in high-cost universal service support and growing competition from the two dominant nationwide carriers, AT&T Mobility and Verizon Wireless. Indeed, but for this transaction, ACS Wireless believes that its ability to compete effectively and continue providing essential services to rural Alaska would be threatened. Similarly, for GCI, the ability to maintain a strong competitive presence in the areas of Alaska on the road system and along the pipeline network is the keystone for its statewide network; GCI's rural Alaska deployments depend significantly on functionality and support from its Central Core network.[21]

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[21] As used herein, for purposes of infrastructure deployment in Alaska, the "Central Core" comprises the population centers on the road system, including the portions of southeast Alaska served by the state marine highway system (Anchorage, Fairbanks, Juneau, Kenai, Kodiak, Seward, and Valdez), as well as the pipeline corridor that runs through the center of the state from Anchorage to the North Slope.

This Proposed Transaction also will advance the objectives of the *National Broadband Plan* and the recent *USF/ICC Transformation Order*. The Commission has set a national goal of universal mobile wireless voice and broadband services and has acknowledged that achieving that goal in Alaska will require extraordinary measures.[22] For example, to "preserve newly initiated services and facilitate additional investment in still unserved and underserved areas during the transition to the Mobility Funds," the Commission has allowed for a two-year delay in the phase-down of existing high-cost support to CETCs in rural, Remote Alaska.[23] The Proposed Transaction represents a creative solution from two Alaska companies to "adapt" by combining two infrastructures, both of which currently are supported by universal service, and using a wholesale service model to maintain retail competition. The resulting shared infrastructure will facilitate deployment of mobile broadband capability in rural Alaska as well as in the central core to a degree not possible but for the Proposed Transaction.[24] Approval of the Proposed Transaction is consistent with the Commission's determination

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[22] The Commission has acknowledged the unique difficulties of ensuring universal voice and broadband availability in Alaska and has tailored its universal service and inter-carrier compensation reforms in some respects to accommodate these challenges. *See, e.g., Connect America Fund et al.,* Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd. 17663, 17829 ¶ 508 (rel. Nov. 18, 2011) ("*USF/ICC Transformation Order*").

[23] *Id.* at 17835-17836 ¶ 529; 47 C.F.R. §54.307(e)(3).

[24] GCI has identified access to the AWS spectrum currently licensed to ACS, for example, as an important advantage of the Proposed Transaction. Immediate access, upon regulatory approval, to the AWS spectrum will enable GCI to substantially accelerate its offering of 4G services in Alaska, because equipment and handsets already are commercially available for LTE in the AWS band. *See* General Communication, Inc., Current Report (Form 8-K), Exhibit 99.4 at 7 (June 6, 2012), a*vail. at*: http://ir.gci.com/phoenix.zhtml?c=95412&p=irol-sec.

that facilitating "incentives for prudent and efficient network investment and operation is the best approach for all parts of the Nation, including Alaska."[25]

ACS Wireless and GCI have identified an opportunity to combine their wireless networks to offer more meaningful competitive alternatives to national carriers, while preserving the best in locally-based Alaska services and continued high-quality opportunities for their collective 2,500 employees. This combined network will facilitate better network coverage in Alaska, a wider on-net calling footprint, greater consumer choice of services and handsets, new service plans and packages, improved wholesale services, greater resources for public safety, and enhanced spectral efficiency, all to the benefit of Alaska customers.

A. The Proposed Transaction Will Accelerate 4G LTE Deployment In Alaska, Allowing ACS and GCI to Better Compete With the Two Largest National Carriers In Alaska.

The combination of ACS and GCI financial resources and wireless assets in the AWN joint venture, especially AWN's statewide access to AWS spectrum, will enable AWN to deploy a robust 4G LTE network more quickly than either ACS or GCI could achieve individually. As the Commission well knows, the wireless revolution is increasingly taking the form of video and other multimedia content that require high-capacity wireless data connections. The Proposed Transaction will help both ACS and GCI remain competitive by enabling a faster path to cutting-edge 4G LTE as well as HSPA+, which, in turn, will allow both ACS and GCI to compete for Alaska consumers with the nation's two largest wireless providers, AT&T Mobility and Verizon Wireless.

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[25] *USF/ICC Transformation Order*, 26 FCC Rcd. at 17828 ¶ 505, 17829 ¶507.

Both AT&T Mobility and Verizon Wireless have announced their intentions to deploy 4G LTE in Alaska, and they have resources that are unmatched by any local provider. AT&T Mobility already enjoys a preeminent competitive position in the Alaska Central Core. Verizon Wireless also has made a significant commitment to deploy facilities-based mobile broadband services in Alaska. While the details of Verizon Wireless's business plan have not been publicly announced, it seems likely that their entry will be concentrated in the more densely populated Central Core as well.

AT&T Mobility is the largest provider of wireless services in the U.S. by customers and revenues. AT&T Mobility is wholly-owned by AT&T Inc. ("AT&T"), the largest provider of telecommunications services in the world, with more than $126 billion in revenues in 2011. AT&T Mobility has more than 103 million U.S. wireless subscribers and produces roughly half of AT&T's total revenues.[26] AT&T Mobility holds an even greater share of subscribers in Alaska than it does nationally—commanding *two-thirds* of non-Lifeline CMRS customers in the Central Core—by far the largest share of any wireless provider in the state. AT&T has long had a significant facilities-based presence in Alaska, initially as the dominant interstate long-distance service provider, but also as a CMRS provider (through its acquisition of Dobson Cellular Systems in 2007). With GSM-based mobile voice facilities and HSPA/HSPA+-based wireless broadband facilities, AT&T Mobility serves more than 350,000 wireless customers in the state. AT&T also offers Wi-Fi access at roughly 59 "hot spot" locations

[26] AT&T Inc., Annual Report (Form 10-K) (Feb. 24, 2012).

in the state.[27] AT&T is further enhancing its competitive position in Alaska by acquiring two 700 MHz Band B Block licenses and one 700 MHz Band C Block License from MTA Communications, LLC ("MTA"), an affiliate of the Matanuska Telephone Association.[28]

Verizon Wireless operates the largest 3G and 4G LTE networks in the United States, and is the second largest U.S. wireless company based on revenues or customers.[29] A general partnership between Verizon Communications Inc. and Vodafone, two of the world's largest telecommunications carriers, Verizon Wireless had over $15 billion in first-quarter revenues of 2012, and approximately 93 million customers nationwide as of March 31, 2012.[30] Currently, Alaska is the only state in the nation that Verizon Wireless's digital wireless infrastructure does not reach. That will soon change, however. Verizon Wireless recently acquired statewide spectrum in the 700

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[27] AT&T Wi-Fi Locations, *available at* http://www.att.com/gen/general?pid=13540 (last accessed June 18, 2012).

[28] *AT&T Mobility Spectrum LLC and MTA Communications, LLC Seek FCC Consent to the Assignment of Two Lower 700 MHz Band B Block Licenses and One Lower 700 MHz Band C Block License*, Public Notice, DA 12-951, ULS File No. 0005231760 (rel. June 15, 2012).

[29] *Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC For Consent To Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements,* Memorandum Opinion and Order and Declaratory Ruling, FCC 08-258, 23 FCC Rcd. 17444, 17447 ¶ 6 (2008). ("*Verizon-Alltel Order*").

[30] Press Release, Verizon, Verizon Reports Double-Digit Earnings Growth and Increased Operating Cash Flow in First-Quarter 2012 (Apr. 19, 2012), *avail. at* http://www22.verizon.com/investor/news_verizon_reports_doubledigit_earnings_growth_and_increased_operating_cash_flow_in_firstquarter_2012_0.htm.

MHz band.[31] Verizon Wireless has announced its plans to launch mobile wireless 4G LTE service in Alaska.[32] Not only is Verizon Wireless actively hiring for its wireless business in Alaska,[33] and entering into local cell site leases,[34] but it also has partnered with MTA and Copper Valley Telephone Cooperative ("CVTC") to permit those companies to lease Verizon Wireless's 700 MHz spectrum to construct a 4G LTE network in portions of the state.[35] Thus, Verizon Wireless's commencement of facilities-based wireless services in Alaska creates not one but three new 4G LTE competitors in the state. In evaluating the effects of the Proposed Transaction, the Commission should give weight to the effect of such anticipated market entry.[36]

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[31] *See* Assignment of Authorization, ULS File No. 0004343143 (assignment of 700 MHz C block license from Triad 700, LLC to Verizon Wireless); *see also* Appendix F.

[32] Elizabeth Bluemink, "Verizon announces it will enter Alaska cell phone market," Anchorage Daily News, Mar. 15, 2011, http://www.adn.com/2011/03/15/1756920/verizon-announces-it-will-enter.html.

[33] Verizon Wireless Wireless Careers, Alaska, *avail. at* http://www22.verizon.com/jobs/verizon-wireless/search-jobs/alaska-jobs-2.

[34] *See, e.g.,* "Verizon Wireless Leasing Property Across Alaska for Cell Towers," Alaska Dispatch, May 2, 2012, http://www.alaskadispatch.com/article/verizon-wireless-leasing-property-across-alaska-cell-towers (local Alaska press coverage of cell site leasing activity of Verizon Wireless).

[35] *See* "MTA partners with Verizon Wireless to bring LTE to Alaska," Anchorage Daily News, Mar. 20, 2012, http://community.adn.com/adn/node/160463; *also* Press Release, Cooper Valley Telecom, "Copper Valley Wireless and Verizon Wireless Sign Agreement to Bring 4G LTE service to the Area", June 12, 2012, http://www.cv internet.net/Pages/Wireless/4GLTE.php.

[36] *See, e.g., Various Subsidiaries and Affiliates of Geotek Communications, Inc., Debtor-In-Possession, Assignors, and Wilmington Trust Company or Hughes Electronics Corporation, Assignees, Applications of Wilmington Trust Company or Hughes Electronics Corporation, Assignors, and FCI 900, INC. Assignee, For*

Other CMRS providers offer competitive mobile telephone and broadband services in Alaska as well, and still more hold spectrum enabling them to provide service. These include a number of cellular licensees affiliated with Alaska's smaller rural telephone companies, as well as some of the larger carriers serving the Lower 48, including Sprint, T-Mobile and Clearwire.[37] None, however, comes close to enjoying the depth of resources of AT&T Mobility or Verizon Wireless. Of all the wireless carriers serving Alaska, only AT&T Mobility and Verizon Wireless enjoy any large-scale advantage, particularly with respect to both handsets and network technology purchases. Verizon Wireless can be expected to leverage that scale into serving a large percentage of the Alaska CMRS subscribers in the Central Core, just as AT&T Mobility has done.

There can be no question that absence of scale economies has hindered both ACS Wireless and GCI in rolling out LTE in Alaska. To be specific, ACS Wireless has experienced delays in its commercial LTE launch in part because it has been challenged in obtaining handsets and similar consumer devices on competitive terms, when it has

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Consent to Assignment of 900 MHz Specialized Mobile Radio Licenses, Memorandum Opinion and Order, DA 00-89, 15 FCC Rcd. 790,806 ¶ 35 (Wireless Tel. Bur., 2000) ("[I]n the relatively near future, we believe that additional market entry is likely to ensure that competitive conditions facing consumers in these markets will improve. We are confident that entry can be relied upon to prevent competitive harm in this case because barriers to entry are low, and numerous firms with qualifications and abilities to enter exist. In particular, we find that cellular and broadband PCS firms will have the ability to enter easily because they hold spectrum licenses, have relevant physical assets in place, have expertise in wireless technologies and markets, are ongoing businesses with recognizable brand names, and have ample capital resources.") ("*Geotek Order*"). Each of the factors cited by the Commission in the *Geotek Order,* as a basis to rely on *future* competitive entry as a significant hedge against competitive harms, is present with respect to Verizon Wireless's entry in Alaska.

[37] *See infra,* Section III.C.

been able to obtain them at all. By way of comparison, Verizon Wireless, which is preparing for its Alaska launch of 4G LTE service in the first quarter of 2013, offers its customers 15 or more LTE devices from multiple manufacturers. The Proposed Transaction will give customers of both ACS Wireless and GCI the benefit of the expanded purchasing power of AWN. With about 258,000 combined subscribers, in comparison to the 118,000 subscribers of ACS Wireless or the 140,000 subscribers of GCI alone, AWN will have greater purchasing power with respect to mobile devices for its LTE customers, benefitting all Alaska consumers, including those in rural areas. These new economies of scale are essential for ACS Wireless and GCI to remain competitive in the Central Core of Alaska where AT&T Mobility and Verizon Wireless are expected to have a significant presence.

By consenting to the Proposed Transaction, the Commission will enable both ACS Wireless and GCI to continue to compete as independent retail 4G LTE providers and help accelerate 4G deployment in the state. Alaska customers demand access to roaming and the latest devices. The Proposed Transaction will help provide both. In particular, access to the AWS spectrum will enable GCI to substantially accelerate its offering of 4G services in Alaska, because equipment and handsets already are commercially available for LTE in the AWS band, whereas they are not immediately available in the PCS band. Moreover, broad-scale commercial deployment of 4G LTE services in the AWS spectrum band is a necessary prerequisite for both ACS Wireless and GCI to negotiate commercially reasonable terms for roaming agreements, network technology and consumer devices. The combined network will give the carriers the scale and scope they need to effectively compete as 4G LTE service providers.

The Proposed Transaction will put ACS Wireless and GCI on more solid footing and enable both of them to more effectively compete with AT&T Mobility and Verizon Wireless in the Central Core. In addition, the transaction will allow both ACS Wireless and GCI to continue to support mobile wireless voice and broadband in rural Alaska. Thus, the transaction will help achieve the Commission's objective of ensuring the availability of advanced services to all consumers, including low-income consumers and those in rural, insular and high-cost areas that are the most difficult to serve, and where mobile voice and broadband services literally are a lifeline to many customers.

B. The Proposed Transaction Is Essential To the Continued Viability of ACS's and GCI's Rural Wireless Voice and Broadband Services.

The Commission has adopted as a national goal the universal availability of mobile wireless voice and broadband services. The Commission desires that advanced wireless services be made available even in the most remote communities of Alaska, although universal service support that historically has enabled carriers to serve these high-cost locations is being significantly reduced. The Commission has recognized the unique challenges to broadband deployment in Alaska, including low population density, highly dispersed communities, a short construction season, and extremes of weather and terrain, all of which significantly raise the cost of infrastructure deployment, operation and maintenance, and reduce profit margins.[38] Therefore, the Commission has tailored its universal service and inter-carrier compensation reforms in several respects to ease the transition to new universal service mechanisms for Alaska carriers. Nevertheless, ACS Wireless and GCI both anticipate significant reductions in high-cost funding over the

[38] *See, e.g.*, *USF/ICC Transformation Order,* 26 FCC Rcd. at 17663¶ 508.

next five years, especially in the Central Core communities but also in Remote Alaska areas, depending on how the Commission implements Phase II of the Mobility Fund.[39]

The proposed transaction is a necessary step for ACS Wireless and GCI to adapt to the new regulatory landscape and continue to serve the costliest areas of the state. The joint venture will enable both carriers to eliminate duplicative infrastructure and gain efficiencies, as discussed more fully below. With their combined network, ACS Wireless and GCI expect to offer better and more extensive coverage in rural Alaska, and a wider on-net calling area overall, which especially will benefit low-income consumers and those in the high-cost rural areas of the state. The transaction also will result in greater consumer choice of services and handsets, and greater resources for public safety, to the benefit of rural as well as urban Alaskans.

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[39] In 2011, Alaska CETCs received a total of $116.5 million in high cost support. Universal Service Administrative Company, 2011 Annual Report at 42, *avail. at* http://www.usac.org/_res/documents/about/pdf/annual-reports/usac-annual-report-2011.pdf.

Of that, approximately $78 million is subject to the delayed phase-down for Remote Alaska. *See* USAC Appendix HC-03 Rural Alaska and Standing Rock Support by Study Area, Third Quarter 2011, *avail. at* http://www.usac.org/about/tools/fcc/filings/2012/Q3/HC03%20-20Rural%20Alaska%20and%20Standing%20Rock%20Support%20Projected%20by%20State%20by%20Study%20Area%20-%203Q2012.xls (showing monthly high cost support for all Rural Alaska CETCs, excluding AT&T, of $6.495 million per month).

Unless funded pursuant to Phase II of the Mobility Fund and the Tribal Mobility Fund, *all* of this support will be eliminated, with approximately $38 million of non-Remote Alaska support phased out over five years, and the remainder phased out over 7 years. While the Commission expects to make some high-cost support available through its Mobility Fund mechanism, the Commission has stated its intention to limit such funding to no more than one supported provider in any geographic area, and to require all recipients to deploy broadband to unserved locations. *USF/ICC Transformation Order,* 26 FCC Rcd. at 18703 ¶ 1136.

Moreover, ACS Wireless and GCI submit that remaining competitive with AT&T Mobility and Verizon Wireless in Alaska's Central Core will be essential to their ability to sustain wireless services in the rest of the state over the long term. The Proposed Transaction will preserve and strengthen two Alaska carriers that, unlike AT&T Mobility and Verizon Wireless, have expanded service beyond the largest communities in the state, to isolated rural communities that are accessible only by airplane, boat, or snow machine. By approving the instant application, the Commission will ensure that ACS Wireless and GCI have the financial strength, economies of scale, and operational base to continue to serve rural Alaska at a time when the Commission is reducing and retargeting high-cost universal service support for wireless networks.

C. The Proposed Transaction Will Not Harm Competition.

The Commission has acknowledged, "transactions that do not significantly increase concentration or do not result in a concentrated market ordinarily require no further analysis of their horizontal impact."[40] Neither ACS nor GCI provides any facilities-based wireless services outside of Alaska. Whether the Commission considers the proposed transaction as affecting Alaska alone, or considers it in the context of the national geographic market for wireless services, the Commission can find no harm to competition because the transaction will not increase market concentration.[41]

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[40] *Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless for Consent to Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, Memorandum Opinion and Order, 25 FCC Rcd. 8704, 8720 ¶ 31 (2010) ("*AT&T-Cellco Order*").

[41] The Commission typically evaluates whether a particular transaction will injure the overall competitiveness of the mobile wireless market at the national level.

Given the large market shares of AT&T Mobility and Verizon Wireless nationwide, AT&T Mobility's current dominance in urban Alaska, and Verizon Wireless's highly-publicized, and impending entry into the Alaskan urban areas, the Commission cannot conclude that the Proposed Transaction will harm national wireless competition. The combination of ACS's and GCI's wireless networks, even if viewed as a single provider, will enhance, not reduce, the level of competition in the nationwide wireless market. Simply put, AWN's collective spectrum and financial resources will provide ACS and GCI with a faster, more sustainable path to 4G LTE, but this will merely enable them to remain competitive with AT&T Mobility and Verizon Wireless, who enjoy vastly greater resources and economies of scale and scope.[42]

Nor does the Proposed Transaction pose any threat to competition in Alaska through spectrum aggregation. A significant number of diverse competitors provide (or will soon provide) service in Alaska, including the country's two largest wireless carriers, AT&T Mobility and Verizon Wireless.[43] All of the four largest nationwide carriers have access to spectrum in Alaska. Indeed, Clearwire, Sprint and T-Mobile all hold spectrum that would allow them to initiate Alaska facilities-based wireless services if they so

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Application of AT&T Inc. and Qualcomm Incorporated For Consent To Assign Licenses and Authorizations, Order, 26 FCC Rcd. 17589, 17603 ¶ 32 (2011).

[42] *See supra* section III.A.

[43] Besides GCI and ACS, and even excluding Verizon Wireless, no fewer than nine entities are providing, facilities-based mobile wireless service in the state of Alaska. *See* Appendix D.

chose.[44] Nowhere in Alaska are any providers spectrum constrained, and there is substantial spectrum available for new entrants.

The Commission uses a CMRS spectrum "screen" to help it analyze whether certain areas involved in transactions warrant further competitive analysis. Specifically, the Commission typically utilizes a threshold of 145 MHz as a proxy for competitive harm.[45] The Commission has found that where the combined holdings of a proposed assignee or transferee do not exceed 145 MHz, no further inquiry is necessary because there is "clearly no competitive harm."[46]

The spectrum screen may be an important tool for considering whether a particular combination is likely to result in competitive harm in locations where spectrum has been constrained by rising usage and an ever-increasing array of competitors. In Alaska, however, the spectrum screen is far less important, given the demographics of the

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[44] Appendix F shows all CMRS spectrum holdings in the state by location, band and carrier. Clearwire holds at least 55 MHz of spectrum considered suitable for broadband deployment, and previously has offered fixed wireless broadband service in Alaska. The applicants have not been able to confirm whether the licensees listed in Appendix F but not listed in Appendix D have commenced mobile wireless operations in the state.

[45] *See Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantic Holdings LLC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Leasing Arrangements and Petition for Declaratory Ruling that the Transaction Is Consistent with Section 310(b)(4) of the Communications Act,* Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd. 17444, 17477-17478, ¶ 64 (2008) ("*Verizon-Alltel Order*"). Both BRS and AWS are available throughout Alaska. *See* Appendix F.

[46] *Sprint Nextel Corporation and Clearwire Corporation, Applications for Consent to Transfer Control of Licenses, Leases and Authorizations*, Memorandum Opinion and Order, 23 FCC Rcd. 17570, 17601 ¶ 76 (2008) ("*Sprint-Clearwire Order*"); *see also Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corporation for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 19 FCC Rcd. 21522, 21568 ¶ 108 (2004).

state, and the availability of unused spectrum in many areas. Alaska is by far the least dense state in the nation, and Alaska's most populous city, Anchorage, has only 171 persons per square mile, the lowest population density of all the nation's 275 cities with 100,000 or more residents.[47] A number of entities hold Alaska CMRS licenses today but have not commenced service.[48] The absence of spectrum constraint in Alaska may be unique in the nation, but it is ample justification for the Commission to give greater weight to factors *other than* a spectrum screen in evaluating this application.

In any event, application of the spectrum screen to the Proposed Transaction reveals no substantial concern of competitive harm. In Anchorage, the largest community involved in the Proposed Transaction, the combined holdings of ACS and GCI fall far short of the Commission's spectrum screen,[49] and the same is true in the vast majority of communities affected by this transaction. The Proposed Transaction would result in only four small boroughs or census areas across the entire state exceeding the spectrum screen, in some instances by as few as 5 MHz.[50] Those boroughs and census areas are:

- Bethel (municipal population 6,228, census area 17,548),

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[47] *See infra* note 59.

[48] *See* Appendix F.

[49] *See* Appendix E. The combined spectrum holdings of GCI and ACS in Anchorage are 125 MHz, far below the Commission's applicable 145 MHz screen.

[50] The Commission has previously allowed GCI to exceed the applicable spectrum screen in small communities (*e.g.*, St. Paul Island) where the threat to competition was low. *See Applications for the Assignment of License from Denali PCS, L.L.C. to Alaska DigiTel, L.L.C. and the Transfer of Control of Interests in Alaska DigiTel, L.L.C. to General Communication, Inc.,* Memorandum Opinion and Order, 21 FCC Rcd. 14863, 14890 (2006).

- Denali (borough population 1,826),
- Yukon-Koyukuk (census area population 5,655, Koyukuk municipal population 97), and
- Hoonah-Angoon (census area population 2,148, Hoonah population 753, Angoon 466).[51]

In none of these areas is there any indication that any wireless provider is spectrum constrained.[52] Indeed, some licensees in these areas have yet to commence commercial operations. It is significant that potential entrants in these communities either already have spectrum or have the ability to acquire it on the secondary market.[53] Moreover, for the reasons explained above, the anticipated effects of this transaction are pro-competitive and pro-consumer. ACS Wireless and GCI will continue to compete with each other at the retail level. The presence in Alaska of the two largest national carriers, Verizon Wireless and AT&T, also mitigates any concern that otherwise might be raised by the spectrum screen. The joint venture is necessary to permit ACS Wireless and GCI to remain competitive in the state, and to continue to invest in rural Alaska.

In the *AT&T-Cellco Order*, in analyzing markets identified by the initial spectrum screen, the Commission took into account the possibility of unilateral and coordinated effects by scrutinizing, among other variables, the presence and capacity of rival carriers

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[51] AK Department of Labor and Workforce Development, Cities and Census Designated Places (CDPs), 2000-2011, *avail. at* http://labor.alaska.gov/research/pop/popest.htm (last viewed June 18, 2012).

[52] *See* Appendix F.

[53] *See Sprint-Clearwire Order,* 23 FCC Rcd. at 17603, ¶ 81 ("the [Commission's] analysis also considers if there is additional licensed spectrum that is not currently being used for the provision of mobile telephony/broadband services that can be acquired by other service providers in the market or by a new entrant"). *See also supra,* n. 31 (citing *Geotek Order*).

in individual markets where the spectrum screen was exceeded.[54] The Commission concluded that it was unlikely that the proposed transaction there would make it profitable for AT&T to raise prices, restrict output, or engage in coordinated actions with another provider.[55] The Commission should reach a similar conclusion here.

In the instant transaction, the initial screen of 145 MHz is exceeded in only four towns, and spectrum cannot be said to be constrained in those areas. There simply has not been demand for it due to the small populations of those locations. Significantly, there will be no change in the number of retail wireless service providers in these or any other locations as a result of this transaction. Both ACS Wireless and GCI will continue offer competitive wireless services everywhere they do today. Moreover, competition for wireless services in Alaska is strong, with AT&T Mobility already dominant, Verizon Wireless about to enter Alaska with state-of-the-art services, and several other Alaska-based competitors serving rural areas.

As noted above, the Commission may rely on current *and future* competitive entry to protect against competitive harms, particularly where there are multiple firms with qualifications and abilities to enter the market because they hold spectrum licenses, have relevant physical assets in place, have expertise in wireless technologies and markets, operate ongoing businesses with recognizable brand names, and have ample capital resources.[56] These traits indisputably describe Verizon Wireless. It is unlikely that GCI or ACS Wireless could raise prices or reduce output; putting aside the fact that

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[54] *See AT&T-Cellco Order,* 25 FCC Rcd. at 8731-8732 ¶¶ 58, 62.

[55] *Id.,* 25 FCC Rcd. at 8733 ¶ 64.

[56] *See supra*, note 32 (citing *Geotek Order*).

both carriers charge uniform statewide prices,[57] there simply is too much competition from rivals in the state, and spectrum is available for additional competitive use. The Commission therefore need not take any further action in the four locations where the spectrum screen threshold of 145 MHz is exceeded.

Any concern that otherwise might be triggered by the application of the spectrum screen is put to rest by the presence of substantial rivals, the absence of spectrum constraints, and the pro-competitive benefits of the proposed transaction. Additional public interest benefits will be achieved through the substantial and quantifiable transactional efficiencies described below.

D. The Proposed Transaction Will Produce Network Efficiencies and Cost Savings Necessary to Complete the Extraordinary Undertaking of Providing Advanced Services Throughout Alaska.

1. Alaska is Uniquely Challenging and Expensive to Serve.

As the Commission well understands, Alaska is geographically and demographically unique, presenting unparalleled challenges in deploying, maintaining, and operating modern telecommunications networks. As a result, Alaska lags behind other states not only in the availability of 3G and 4G wireless services, but also in the availability of 2G coverage.[58]

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[57] One GCI wireless plan is offered exclusively in rural communities, outside the Central Core. However, that plan has few subscribers and no longer is actively marketed.

[58] *See* Federal Communications Commission, Connecting America: The National Broadband Plan, Chapter 3, Section 3.3 & Chapter 8, Section 8.3 (2010), *avail. at* http://download.broadband.gov/plan/national-broadband-plan.pdf.

Encompassing 570,627 square miles, Alaska is by far the largest state in the Union – twice as large as Texas and four times the size of California.[59] But with a population of only 722,190,[60] Alaska has the lowest population density in the nation, at only approximately 1.27 people per square mile. Even Alaska's more populated areas are small communities by national standards. The Anchorage Metropolitan Statistical Area ("MSA") has approximately 387,000 people, ranking 133rd nationally. The Fairbanks MSA has approximately 99,000 people, ranking 343rd, and the Juneau MSA has approximately 32,000 people, ranking 811th out of 942 cities.[61] Alaska's three "urban" centers also are low-density by comparison with the rest of the country, and thus are more costly to serve. Anchorage Municipality, the core of the MSA, contains only 171 persons per square mile,[62] by far the lowest population density of the nation's 275 cities with 100,000 or more residents.[63]

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[59] California is 155,779 square miles and Texas is 261,231 square miles. *See State and County QuickFacts*, U.S. Census Bureau *available at* http://quickfacts.census.gov/qfd/index.html.

[60] *See supra,* note 47.

[61] *See* U.S. Census Bureau, *Metropolitan and Micropolitan Statistical Areas*, http://www.census.gov/popest/data/metro/totals/2011/index.html ("Estimates of Population Change for Metropolitan Statistical Areas and Rankings" for information on Anchorage and Fairbanks, and "Estimates of Population Change for Micropolitan Statistical Areas and Rankings" for information on Juneau).

[62] *See State and County Quick Facts*, Anchorage, Alaska, U.S. Census Bureau, *available at*

http://quickfacts.census.gov/qfd/states/02/0203000.html

[63] Anchorage enjoys less than *one-third* the population density of the next densest city with a population over 100,000, Norman, Oklahoma (620 persons per square mile). It has less than *one-tenth* the density of Frisco, Texas (1,893 persons per square mile). Population density statistics are as counted in the 2010 U.S. Census, compiled at http://en.wikipedia.org/wiki/List_of_U.S._cities_by_population#cite_note-

Outside of the state's three largest communities, Alaska's population is located in a few towns that serve as regional hubs, and in small villages scattered throughout the state. The regional population centers are small, with important towns like Barrow and Nome home to only approximately 4,300 and 3,700 people, respectively.[64] Villages in the Alaskan bush range from a few households to a few hundred, typically with no infrastructure other than a satellite connection linking them to the outside world.[65]

Low population densities throughout the state, and hundreds of highly dispersed villages off the road system, make wireless network design very difficult and the cost per subscriber very high. Over 200 rural communities are accessible only by airplane, helicopter, boat, or snow machine. The highway and rail systems in the state – usual routes for telecommunications rights-of-way – are extremely limited. Most of Alaska's geographic area is not served by the road system, making it impossible to provision broadband services along public rights-of-way, as is commonly done in the lower 48.[66]

PopEstBigCities-0, with further information available through the American FactFinder website at http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml.

[64] *See supra*, note 47.

[65] Approximately 120 Alaskan villages have fewer than 1,000 residents, and many have fewer than 100 residents, with many isolated villages, such as Kupreanof, Kasaan, Bettles, and False Pass, having fewer than 50 residents. *See Alaska Community Database Custom Data Queries*, Alaska Dept. of Commerce, Community, and Economic Development, *available at* http://www.commerce.state.ak.us/dca/commdb/CF_CUSTM.htm (aggregating population figures for each Alaskan city, along with the type of municipal corporation, as this figure does not include unincorporated communities).

[66] Similarly, pipelines are limited, as both run only up the center of the state, south to north.

Many of Alaska's inland waterways, part of the state "highway" system, are not even navigable for significant parts of the year.[67]

The lack of roads throughout the overwhelming majority of the state is mirrored in other infrastructure necessary to support telecommunications networks. In off-road areas, there is no extensive power grid. Outside of the Alaska Railbelt, which essentially runs from Homer, south of Anchorage, up to Fairbanks, power is not distributed through an intertied grid.[68] Rather, each community generates its own power, primarily through the use of diesel generators that burn fuel often costing rural power companies up to $7 per gallon.[69] Some sites are powered exclusively by diesel generators, which require fuel to be resupplied by air throughout the year. Power supply is a significant added cost factor in operating a wireless network in Alaska.

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[67] *See, e.g.,* Reply Comments of Alaska Communications Systems Group, Inc., *Mobility Fund Phase I Auction*, AU Docket No. 12-25, at 7-9 (filed March 9, 2012).

[68] *See New Energy for Alaska*, Alaska Power Association (March 2004), http://www.alaskapower.org/docs/New-Energy-For-Alaska.pdf.

[69] Recently, utilities have begun adding wind turbines to the diesel generation systems, but these have generally slowed price increases rather than providing price reductions. There are a small number of communities in rural Alaska that use hydroelectric or other renewable resources, but they are atypical. As a result, power in these isolated areas can be extremely expensive. *See id. See also Wind-Diesel Systems in Alaska: A Preliminary Analysis* Institute of Social and Economic Research, University of Alaska, (September 2010) *available at* http://www.iser.uaa.alaska.edu/Publications/researchsumm/wind-diesel_summary.pdf.

Many rural communities pay more than $0.50 per kWh, five times the national average for commercial retail electricity, which is about $0.10 per kWh. In some villages in southwestern Alaska, electric power costs over $.90 per kWh. *See Table of Small Commercial Rates*, Alaska Village Electric Cooperative (December 16, 2010), http://www.avec.org/downloads/Small%20Commercial%20Rates.pdf

As the Commission has acknowledged, Alaska's climate, with winters that are harsher and longer than elsewhere in the nation, and its extremely short construction season, also add to the cost and difficulty of deploying advanced services in the state.[70] In most parts of Alaska, construction is not permitted or even possible between approximately October and April. Telecommunications infrastructure, such as wireless cell towers, must be built to withstand extreme conditions. And without roads (or year-round ice-free access to marine areas), maintenance is particularly challenging.

Given these high construction and operating costs, comparatively sparse customer base, and low overall population, it is more difficult for carriers to recoup investments necessary to connect fiber facilities across the large distances separating "urban" Alaska, as well as the costs of operating or purchasing undersea fiber capacity to the closest Internet POP in Seattle, Washington or Portland, Oregon. By contrast, AT&T and Verizon Wireless have millions of customers over which to spread the capital and operating costs of serving the Central Core of Alaska.

2. The Proposed Transaction Will Yield Network Efficiencies to Reduce the Expense of Serving Alaska.

The reduction in duplicative infrastructure and other cost savings realized through the Proposed Transaction will better position ACS Wireless and GCI to overcome these monumental challenges and to provide improved and expanded services to Alaska consumers. The Proposed Transaction will yield tangible efficiencies that will help both

[70] *See, e.g.*, *USF/ICC Transformation Order,* 26 FCC Rcd at 17737 ¶193, 17829 ¶508, 17835-36 ¶¶528-30.

companies better serve customers, remain competitive with AT&T Mobility and Verizon Wireless, and continue to invest in advance communications capability.

ACS Wireless and GCI anticipate that combining their network assets will result in approximately $15 million in annual operating expense savings, and a like amount in capital expenditure savings. ACS Wireless and GCI expect to realize cost savings in at least four areas: (a) network infrastructure costs, (b) operating costs, (c) roaming costs, and (d) overhead costs. These cost savings will yield accelerated and expanded deployment of new and advanced services and equipment offerings, greater reliability and redundancy, improved public safety capabilities, and other significant benefits to consumers that would not be realized but for this transaction.

The combination of network infrastructure will lead to significant savings in several ways, including (i) the elimination of redundant cell site towers, radio equipment, and long-haul transport arrangements; (ii) the elimination of a CDMA switch and other associated core network elements; (iii) more efficient maintenance of cell sites, particularly of those cell sites in remote regions of Alaska that are the most costly to maintain; and (iv) lower equipment prices for future network purchases.

The sharing of the ACS Wireless and GCI networks also will lead to substantial savings in operating costs. Reduced network maintenance, fuel and transportation costs are some examples of direct cost reductions. Vendor fees, cell site rents, and other recurring expenses also can be expected to decline with the combined purchasing power and streamlined network of AWN. Overhead cost savings will be realized through the gradual reduction, through attrition, in duplicative network operations and engineering staff.

In addition, AWN should be able to realize cost savings through increased bargaining power in negotiating nationwide roaming rates with other carriers for the benefit of Alaska consumers traveling out of the state. AWN further will be able to reduce its legal and administrative costs over time by phasing out duplicative roaming arrangements.

In sum, the ability to operate a single combined wireless network will enable ACS Wireless and GCI to meet the current and projected demand of each company at a lower cost than could be achieved if the companies were to continue operating independently.[71] By combining networks, the two companies can reduce the number of urban cell sites from about 450 to approximately 300, while expanding the coverage for both ACS Wireless and GCI customers.

These efficiency gains will increase, through AWN, each carrier's ability and incentive to accelerate and expand the deployment of new and advanced services and equipment offerings throughout the state of Alaska. Further, the cost savings realized through the joint venture can be expected to enable both companies to offer competitively priced and designed plans to new and existing customers.

In addition, the transaction will result in increased spectral efficiency, through accelerated deployment of 4G LTE, spectrum recovery through more efficient modulation, and eventual conversion of part or all of existing CDMA and GSM networks (including near-term reduction of largely redundant CDMA networks).

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[71] *See Verizon-ALLTEL Order*, 23 FCC Rcd at 17513 ¶ 149.

Moreover, all of these benefits of increased wireless service coverage will be achieved without the withdrawal of either ACS Wireless or GCI as a retail wireless presence in the state of Alaska. Both companies will continue to brand and market wireless services throughout the state, and both parties will be responsive and accountable to their own customers. Each company will set its own prices. Each company will maintain its own retail stores, call centers, sales agents, websites, and other sales and marketing tools. In short, the state's consumers will continue to benefit from the individual strengths of both competitors.

3. The Proposed Transaction Will Expand and Improve Wireless Coverage in Alaska.

The Proposed Transaction will expand coverage beyond what either ACS or GCI could reach separately, and permit increased speeds, greater redundancy, and improved services. These improvements will benefit all customers in the state, including retail, wholesale, low-income, and public safety users.

ACS Wireless customers will benefit from immediate access to GCI's 4G HSPA+ network facilities.[72] ACS Wireless also will gain access to GCI's more extensive 2G wireless network, which reaches many communities not served by ACS Wireless outside the Central Core. GCI's customers will benefit from the access to planned 4G LTE deployment on ACS Wireless's AWS spectrum, without which GCI's LTE deployment would be substantially delayed, due to the much more limited availability of LTE equipment for the PCS band. Further, while the AWS LTE network is being deployed,

[72] ACS will have limited access to GCI's HSPA+ network prior to close pursuant to a pre-closing agreement, but the two parties' networks will not be combined and fully integrated until after FCC approval and close.

GCI customers will benefit from access to increased CDMA coverage via the ACS Wireless network, until such time as CDMA coverage is replaced by more advanced wireless services. Through the combined network, both companies will have access to roughly double the spectrum available to them today, to support basic and advanced voice and broadband wireless services.[73]

GCI also has a Wi-Fi footprint that is expected to include over a thousand access points by the closing of the Proposed Transaction. The combined network will give ACS customers new access to Wi-Fi capabilities in a number of areas, providing additional connectivity and service options.

The two companies plan to design and develop a functional interconnection between the ACS LTE network and the GCI HSPA network. This will permit customers using the ACS LTE network to "fall back" to the GCI HSPA network when the subscriber moves out of the LTE network coverage area. ACS and GCI believe that this capability will effectively extend the life of the HSPA network, give customers access to more advanced technology over a broader service footprint, and help ease the transition to an all-4G network.[74]

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[73] In Anchorage, for example, ACS Wireless is licensee of 25 MHz of Cellular spectrum, 10 MHz of PCS spectrum, and 20 MHz of AWS spectrum. GCI is licensee of 60 MHz in the PCS band. Through AWN, both companies will have access to 115 MHz.

[74] Limited network interconnectivity will occur in the near term under a standalone commercial agreement without any change in facilities ownership and control. The major efficiencies and service improvements will come when the networks are consolidated following approval of the Proposed Transaction.

By combining their resources through the AWN network, both ACS Wireless and GCI will be able to offer higher-speed services in more locations than either could offer on a standalone basis. Higher speeds will improve a wide variety of services, including mobile video delivery, and advanced medical and public safety applications. Moreover, the combined facilities operated by AWN will be made available to ACS Wireless and GCI on competitive wholesale terms, enabling both carriers to set their own retail terms.

Each company also will be able to offer expanded on-net calling areas within the state, which are the areas within which a customer may make a non-toll call. While beneficial to all customers in Alaska, this expanded "local calling" footprint particularly will benefit low-income consumers in the state.

Further, the combined network facilities will have greater redundancy than either network enjoys today, increasing network reliability and improving network resiliency. These improvements will be particularly important in the event of a cable cut, earthquake (a frequent occurrence in Alaska), or other emergency, man-made or otherwise.

In sum, the transaction will result in net gains to consumers. Through AWN, ACS Wireless and GCI will have access to faster, more robust, and more extensive wireless network facilities in Alaska. They will be able to offer new choices in services and equipment to consumers, including rural, low-income and public safety users. And they will be better positioned to compete with AT&T Mobility and Verizon Wireless in the state.

Conclusion

For the foregoing reasons, the applicants respectfully ask the Commission to promptly consent to the Proposed Transaction. As demonstrated herein, the benefits that

the Proposed Transaction will create for competition and consumers in Alaska far outweigh any potential competitive concerns.

APPENDICES

Appendix A: ACS Licenses Being Assigned At Closing To AWN

Appendix B: GCI & Unicom Licenses To Be Assigned At Closing To AWN

Appendix C: ACS & GCI Organization Prior To Closing; AWN Ownership Post-Closing

Appendix D: Wireless Providers Offering Service In Alaska

Appendix E: CMRS Spectrum Held By ACS and GCI Compared To Spectrum Screen Threshold

Appendix F: Spectrum License Holdings in Alaska, By Band & Location

APPENDIX A

ACS Licenses Being Assigned At Closing To AWN[1]

Call Sign	Radio Service	Licensee
WQGD632	AWS	ACS Wireless License Sub, Inc.
KNKA480	Cellular	ACS Wireless License Sub, Inc.
KNKN204	Cellular	ACS Wireless License Sub, Inc.
KNKN261	Cellular	ACS Wireless License Sub, Inc.
KNKQ398	Cellular	ACS Wireless License Sub, Inc.
KNKR274	Cellular	ACS Wireless License Sub, Inc.
WQNM524	Industrial Radio	ACS Wireless License Sub, Inc.
KNLF936	PCS	ACS Wireless License Sub, Inc.
KNLG363	PCS	ACS Wireless License Sub, Inc.
KNLG364	PCS	ACS Wireless License Sub, Inc.
KNLG973	PCS	ACS Wireless License Sub, Inc.
KNLG981	PCS	ACS Wireless License Sub, Inc.
WMP367	Point-to-Point Microwave	ACS Wireless License Sub, Inc.

[1] See note in Appendix B regarding pending applications and future authorizations related to the Proposed Transaction.

Call Sign	Radio Service	Licensee
WPYS365	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYS366	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYS400	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYS402	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYS406	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYT325	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYT336	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYT344	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYT353	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYU272	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPYU277	Industrial Radio	ACS of Anchorage License Sub, Inc.
WPZT746	Point-to-Point Microwave	ACS of Anchorage License Sub, Inc.
WPZT747	Point-to-Point Microwave	ACS of Anchorage License Sub, Inc.
WPZT748	Point-to-Point Microwave	ACS of Anchorage License Sub, Inc.
WQAA251	Point-to-Point Microwave	ACS of Anchorage License Sub, Inc.
WQAA256	Point-to-Point Microwave	ACS of Anchorage License Sub, Inc.
WQBU438	Point-to-Point Microwave	ACS of Anchorage License Sub, Inc.
WQCP651	Point-to-Point Microwave	ACS of Anchorage License Sub, Inc.
WQKU892	Point-to-Point Microwave	ACS of Anchorage License Sub, Inc.

APPENDIX B

GCI and Unicom Licenses To Be Assigned At Closing To AWN

Call Sign/Lease ID	Radio Service	Expiration Date
KNLF297	CW - PCS Broadband	6/23/2015
KNLF298	CW - PCS Broadband	6/23/2015
WPON879	CL - Cellular	4/25/2020
WPVZ815	CW - PCS Broadband	6/23/2015
WPWF379	CL - Cellular	11/4/2012
WQFQ766	CF - Common Carrier Fixed Point to Point Microwave	9/12/2016
WQID442	CF - Common Carrier Fixed Point to Point Microwave	1/9/2018
WQIH276	CF - Common Carrier Fixed Point to Point Microwave	2/11/2018
WQIH277	CF - Common Carrier Fixed Point to Point Microwave	2/11/2018
WQIQ572	CF - Common Carrier Fixed Point to Point Microwave	4/15/2018
WQIQ577	CF - Common Carrier Fixed Point to Point Microwave	4/15/2018
WQIQ578	CF - Common Carrier Fixed Point to Point Microwave	4/15/2018
WQIQ579	CF - Common Carrier Fixed Point to Point Microwave	4/15/2018
WQJL936	CL - Cellular	10/29/2018
WQJP602	CF - Common Carrier Fixed Point to Point Microwave	11/18/2018
WQJP603	CF - Common Carrier Fixed Point to Point Microwave	11/18/2018
WQJQ506	CF - Common Carrier Fixed Point to Point Microwave	11/25/2018
WQJQ507	CF - Common Carrier Fixed Point to Point Microwave	11/25/2018
WQJV541	CF - Common Carrier Fixed Point to Point Microwave	1/13/2019
WQJV542	CF - Common Carrier Fixed Point to Point Microwave	1/13/2019
WQJV543	CF - Common Carrier Fixed Point to Point Microwave	1/13/2019
WQJV544	CF - Common Carrier Fixed Point to Point Microwave	1/13/2019
WQJV545	CF - Common Carrier Fixed Point to Point Microwave	1/13/2019

WQJW777	CF - Common Carrier Fixed Point to Point Microwave	1/27/2019
WQJW778	CF - Common Carrier Fixed Point to Point Microwave	1/27/2019
WQJX282	CF - Common Carrier Fixed Point to Point Microwave	1/30/2019
WQJX389	CF - Common Carrier Fixed Point to Point Microwave	2/2/2019
WQJX390	CF - Common Carrier Fixed Point to Point Microwave	2/2/2019
WQJX392	CF - Common Carrier Fixed Point to Point Microwave	2/2/2019
WQJX485	CF - Common Carrier Fixed Point to Point Microwave	2/3/2019
WQJX486	CF - Common Carrier Fixed Point to Point Microwave	2/3/2019
WQJX490	CF - Common Carrier Fixed Point to Point Microwave	2/3/2019
WQJX491	CF - Common Carrier Fixed Point to Point Microwave	2/3/2019
WQJX640	CF - Common Carrier Fixed Point to Point Microwave	2/4/2019
WQJX642	CF - Common Carrier Fixed Point to Point Microwave	2/4/2019
WQJX643	CF - Common Carrier Fixed Point to Point Microwave	2/4/2019
WQJX768	CF - Common Carrier Fixed Point to Point Microwave	2/5/2019
WQJY208	CF - Common Carrier Fixed Point to Point Microwave	2/10/2019
WQJY677	CF - Common Carrier Fixed Point to Point Microwave	2/18/2019
WQJY678	CF - Common Carrier Fixed Point to Point Microwave	2/18/2019
WQJY679	CF - Common Carrier Fixed Point to Point Microwave	2/18/2019
WQJY680	CF - Common Carrier Fixed Point to Point Microwave	2/18/2019
WQKF399	NN - 3650-3700 MHz	4/28/2019
WQKK556	CF - Common Carrier Fixed Point to Point Microwave	6/24/2019
WQKT528	CF - Common Carrier Fixed Point to Point Microwave	9/9/2019
WQKT529	CF - Common Carrier Fixed Point to Point Microwave	9/9/2019

WQKT530	CF - Common Carrier Fixed Point to Point Microwave	9/9/2019
WQKT531	CF - Common Carrier Fixed Point to Point Microwave	9/9/2019
WQKT532	CF - Common Carrier Fixed Point to Point Microwave	9/9/2019
WQKT534	CF - Common Carrier Fixed Point to Point Microwave	9/9/2019
WQKT551	CF - Common Carrier Fixed Point to Point Microwave	9/9/2019
WQKT552	CF - Common Carrier Fixed Point to Point Microwave	9/9/2019
WQKU528	CF - Common Carrier Fixed Point to Point Microwave	9/16/2019
WQKX673	CF - Common Carrier Fixed Point to Point Microwave	10/20/2019
WQKX674	CF - Common Carrier Fixed Point to Point Microwave	10/20/2019
WQKX675	CF - Common Carrier Fixed Point to Point Microwave	10/20/2019
WQKY475	CF - Common Carrier Fixed Point to Point Microwave	10/27/2019
WQKY736	CL - Cellular	10/28/2019
WQKY737	CL - Cellular	10/28/2019
WQLB632	CF - Common Carrier Fixed Point to Point Microwave	11/24/2019
WQLJ586	CF - Common Carrier Fixed Point to Point Microwave	2/12/2020
WQLJ587	CF - Common Carrier Fixed Point to Point Microwave	2/12/2020
WQLJ591	CF - Common Carrier Fixed Point to Point Microwave	2/12/2020
WQLJ640	CF - Common Carrier Fixed Point to Point Microwave	2/16/2020
WQLU288	CF - Common Carrier Fixed Point to Point Microwave	4/27/2020
WQNK703	CF - Common Carrier Fixed Point to Point Microwave	3/7/2021
WQNK800	CF - Common Carrier Fixed Point to Point Microwave	3/8/2021
WQNK802	CF - Common Carrier Fixed Point to Point Microwave	3/8/2021
WQNK804	CF - Common Carrier Fixed Point to Point Microwave	3/8/2021
WQNK805	CF - Common Carrier Fixed Point to Point	3/8/2021

	Microwave	
WQNK806	CF - Common Carrier Fixed Point to Point Microwave	3/8/2021
WQNK879	CF - Common Carrier Fixed Point to Point Microwave	3/9/2021
WQNN256	CF - Common Carrier Fixed Point to Point Microwave	3/29/2021
WQNN887	CF - Common Carrier Fixed Point to Point Microwave	4/5/2021
WQNS521	CF - Common Carrier Fixed Point to Point Microwave	5/10/2021
WQNV362	CF - Common Carrier Fixed Point to Point Microwave	6/7/2021
WQNV364	CF - Common Carrier Fixed Point to Point Microwave	6/7/2021
WQNV764	CF - Common Carrier Fixed Point to Point Microwave	6/13/2021
WQNV765	CF - Common Carrier Fixed Point to Point Microwave	6/13/2021
WQNW206	CF - Common Carrier Fixed Point to Point Microwave	6/15/2021
WQNW716	CF - Common Carrier Fixed Point to Point Microwave	6/21/2021
WQNX553	CF - Common Carrier Fixed Point to Point Microwave	6/28/2021
WQNX554	CF - Common Carrier Fixed Point to Point Microwave	6/28/2021
WQNX555	CF - Common Carrier Fixed Point to Point Microwave	6/28/2021
WQNX556	CF - Common Carrier Fixed Point to Point Microwave	6/28/2021
WQNX560	CF - Common Carrier Fixed Point to Point Microwave	6/28/2021
WQNX562	CF - Common Carrier Fixed Point to Point Microwave	6/28/2021
WQNX563	CF - Common Carrier Fixed Point to Point Microwave	6/28/2021
WQOA581	CF - Common Carrier Fixed Point to Point Microwave	7/26/2021
WQOC394	CF - Common Carrier Fixed Point to Point Microwave	8/10/2021
WQOC395	CF - Common Carrier Fixed Point to Point Microwave	8/10/2021
WQOP527	CF - Common Carrier Fixed Point to Point Microwave	12/8/2021

WQOP696	CF - Common Carrier Fixed Point to Point Microwave	12/12/2021
KNKR275	CL - Cellular	10/1/2015
WPOJ688	CL - Cellular	6/30/2019
WPOJ693	CL - Cellular	6/30/2019
WPOJ694	CL - Cellular	6/30/2019
WPOJ849	CL - Cellular	6/30/2019
WPOJ850	CL - Cellular	6/30/2019
WPOJ851	CL - Cellular	6/30/2019
WPOJ853	CL - Cellular	7/1/2019
WPOJ865	CL - Cellular	7/8/2019
WPOJ867	CL - Cellular	7/8/2019
WPOL233	CL - Cellular	10/21/2019

Note to Appendix A and Appendix B:

ACS and GCI may now have on file, and may hereafter file, additional requests for authorizations for new or modified facilities that may be granted before the Commission takes action on this application. Accordingly, the Applicants respectfully request that any Commission approval of such application include authority for assignment to AWN of:

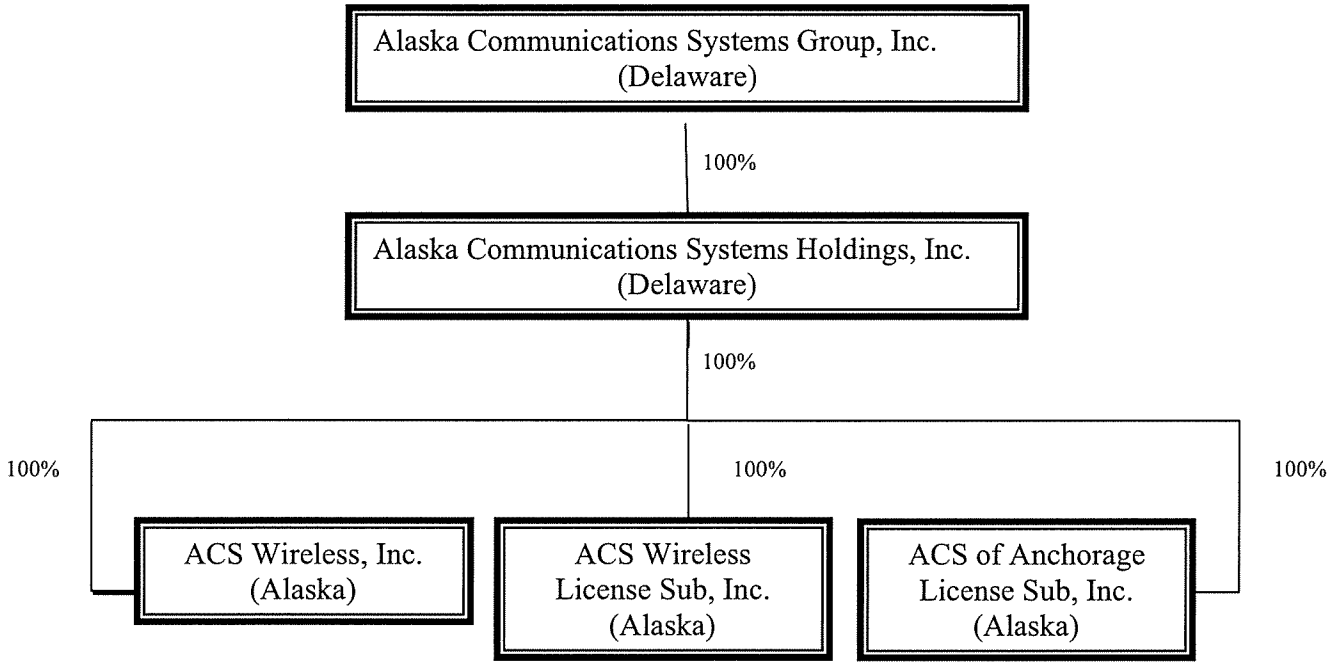
1. any authorizations related to the facilities included in the Proposed Transaction that is the subject of this application, that are issued to ACS Wireless or an affiliate of ACS Wireless, or to GCI or an affiliate of GCI, during the Commission's consideration of the transaction and the period required for consummation of the transaction; and

2. any applications related to the facilities included in the Proposed Transaction that is the subject of this application, that are pending at the time of consummation.

Such action would be consistent with prior decisions of the Commission. *E.g., Cingular/AT&T Wireless Merger Order* at ¶ 275; *In re Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from S. New Eng. Telecomms. Corp. to SBC Commc'ns Inc.*, Memorandum Opinion and Order, 13 FCC Rcd. 21292, 21317 at ¶ 49 (1998); *In re Applications of Pac. Telesis Group and SBC Commc'ns Inc. for Consent to Transfer Control of Pac. Telesis Group and Its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd. 2624, 2665 at ¶ 93 (1997); *In re Applications of NYNEX Corp. and Bell Atl. Corp. for Consent to Transfer Control of NYNEX Corp. and Its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd. 19985, 20097-98 at ¶¶ 246-56 (1997); *In re Applications of Craig O. McCaw and Am. Tel. & Tel. Co. for Consent to Transfer Control of McCaw Cellular Commc'ns, Inc. and Its Subsidiaries*, Memorandum Opinion and Order, 9 FCC Rcd. 5836, 5909 at ¶ 137, n.300 (1994), *aff'd sub nom. SBC Commc'ns Inc. v. FCC*, 56 F.3d 1484 (D.C. Cir.), *recons. in part*, 10 FCC Rcd. 11786 (1995).

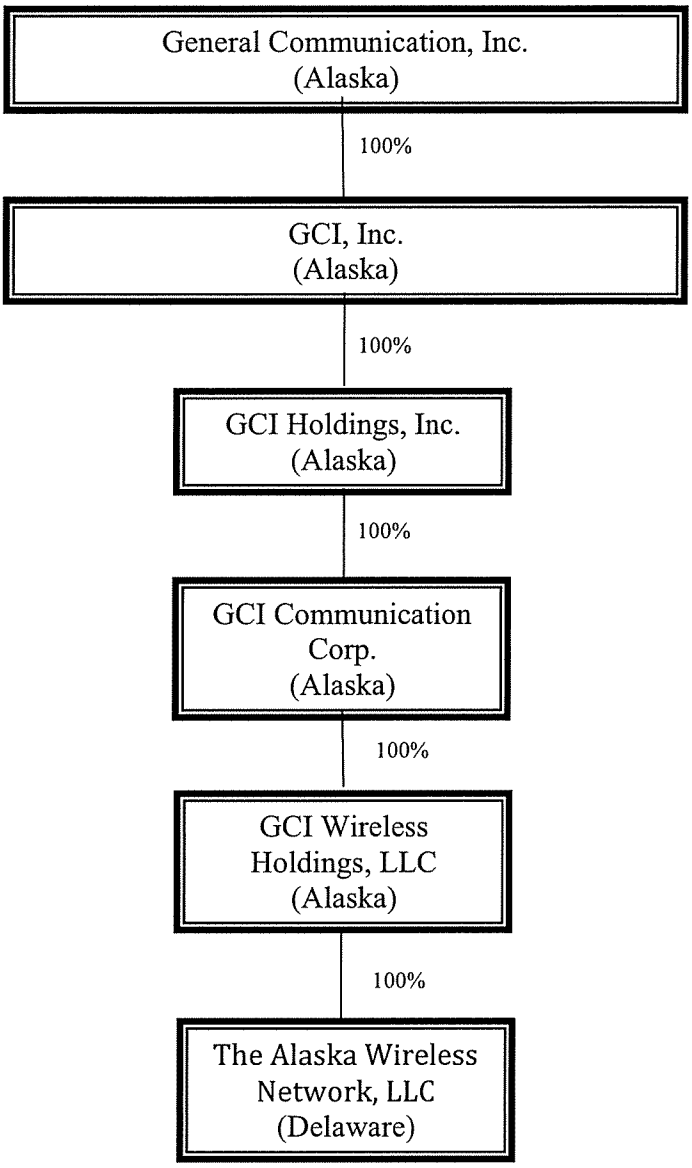
APPENDIX C

ACS Wireless Organization

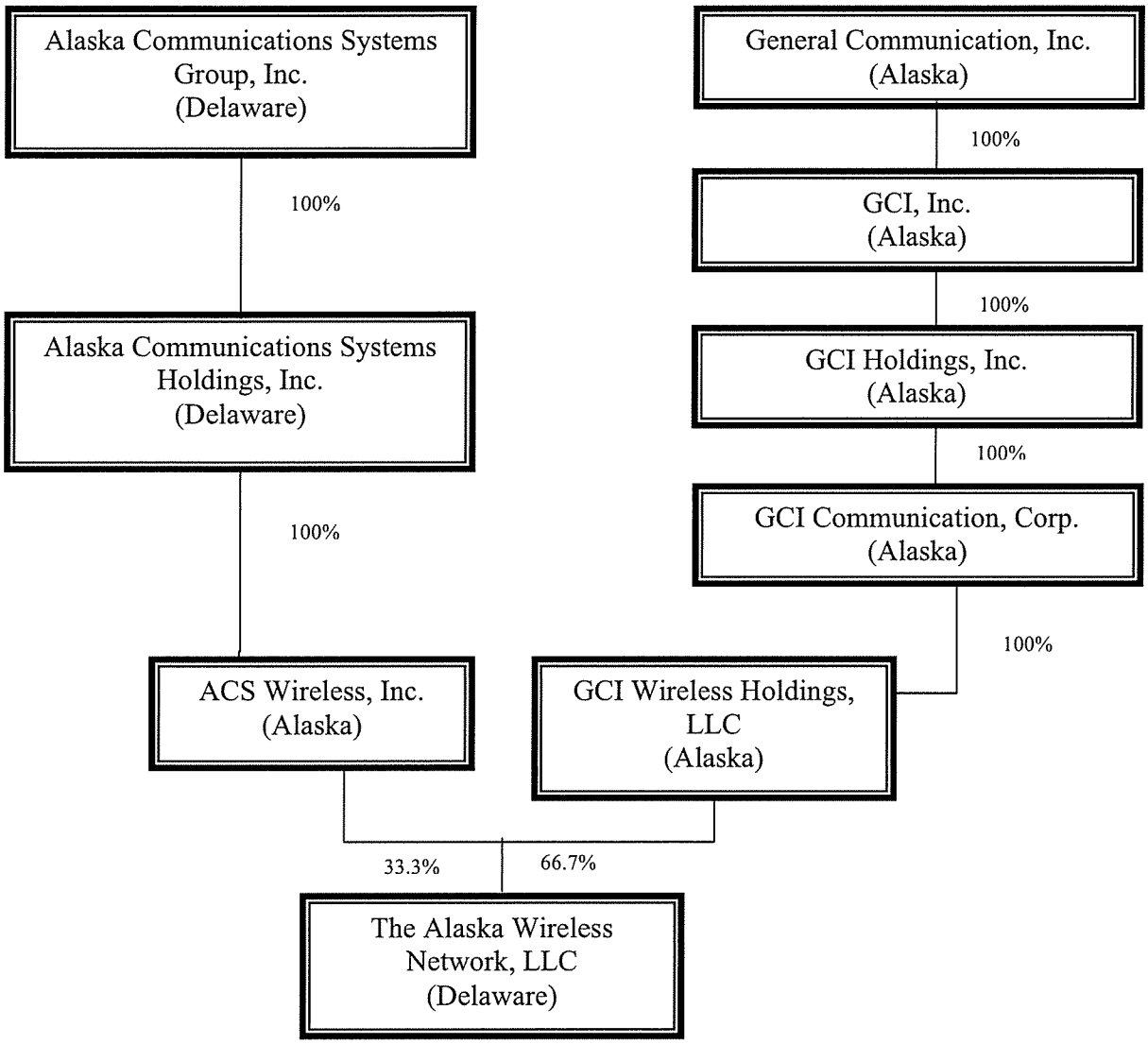


FCC Form 603
Exhibit 1
November 16, 2012

GCI and AWN Organization (Pre-Closing)



AWN Ownership (Post-Closing)



APPENDIX D

Wireless Providers Offering Service In Alaska As Of June 1, 2012

ACS Wireless

Arctic Slope Telephone Association

AT&T Mobility

Bristol Bay Cellular Partnership

Copper Valley Wireless, Inc.

Cordova Wireless Communications, Inc.

GCI Communications

Jasper Wireless, Inc.

Matanuska Telephone Association

OTZ Telecommunications, Inc.

TelAlaska Cellular, Inc.

Windy City Cellular, LLC