

**Before the
FEDERAL COMMUNICATIONS COMMISSION**

<i>In the matter of</i>)	
)	
Connect America Fund)	WC Docket 10-90
)	
High-Cost Universal Service Support)	WC Docket 05-337

COMMENTS OF GENERAL COMMUNICATION, INC.

General Communication, Inc. (“GCI”) supports Matanuska Telephone Association’s request to have the Commission strike the use of the negative Alaskan CapEx coefficient in the Commission’s Quantile Regression Model.¹ Statistical conclusions must be qualitatively evaluated against real-world realities in order to ascertain whether they may be affected by undiagnosed errors, such as from small sample sizes. It is not clear why the Quantile Regression Model yielded a negative coefficient for Alaska, but the stark reality is that it is more expensive to build network in Alaska than in the Lower 48, not less. Nowhere else in the United States has as vast distances combined with low population density, lack of an ubiquitous road system and power grid, harsh climate and short construction season. The Commission should not assume that the Alaska coefficient is accurate when considered against the backdrop of actual experience.

This is but one way in which the Commission must consider how best to adapt universal service reforms to Alaska’s unique environment. While GCI agrees that the Commission should strike the Alaska coefficient, much more is needed to appropriately tailor universal service

¹ See Matanuska Telephone Association Petition for Clarification, WC Docket Nos. 10-90, 05-337 (filed May 9, 2013).

reform to Alaska. Take, for example, the Mobility Fund Phase II, which is now under active consideration. Forcing Alaska to compete with the Lower 48 on a cost per POP or cost per road mile basis will predictably shift high cost support from Alaska to the Lower 48, devastating the ability to deliver modern mobile broadband in Alaska, outside of Anchorage, Fairbanks and Juneau, and perhaps a few other areas. Certainly, slashing mobile high cost support to Alaska will mean that the Alaska Bush will remain chronically underserved (or even unserved) as compared with the rest of the country.

Thus, the Commission should grant MTA's petition, but it should not be under any illusion that by doing so it would have addressed all—or even a significant minority—of the shortcomings of the current universal service reform rules with respect to Alaska.

Respectfully submitted,



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