



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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The Board of Directors
General Communication, Inc.

We have examined management's assertion, included in the accompanying *Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communication Commission's Rules and Regulations*, that General Communication Inc. (the "Company") complied with 47 C.F.R. Sections 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commission's ("FCC") Rules and Regulations and related requirements contained in CC Docket No. 96-128 as of June 28, 2013. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with the specified requirements.

In our opinion, management's assertion that the Company complied with the aforementioned requirements as of June 28, 2013 is fairly stated, in all material respects.

This report is intended solely for the information and use of management, the FCC, and applicable Facilities-Based Long Distance Carriers and Payphone Service Providers and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Grant Thornton LLP".

Anchorage, Alaska
June 28, 2013



Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations

Management of General Communication, Inc. ("GCI" or the "Company") is responsible for establishing and maintaining the internal controls over its Pay Telephone Call Tracking System necessary for compliance with 47 C.F.R. Section 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commission's (FCC's) Rules and Regulations and related requirements contained in CC Docket No. 96-128, *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) using the criteria in 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of June 28, 2013, the Company complies with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) in all material respects as described below, with respect to all calls that it can reasonably determine to be payphone-originated calls. There have been no changes since June 29, 2012, concerning the call tracking system that must be disclosed in accordance with 47 C.F.R. Section 64.1320(f) of the FCC Rules and Regulations. The quarterly compensable call file produced for the quarter ended June 30, 2013, will be created by the call tracking system. The Company provides the following information regarding its compliance.

GCI can determine that it is the Completing Carrier¹ for the following call scenario subject to per-call compensation:

Call is placed from a payphone to a toll free number, terminating on GCI's network (Carrier Identification Code 077), with info digits of 27, 29, or 70.

Calls originating from payphones in non-equal access areas are not subject to per call compensation.

GCI uses and relies on the National Payphone Clearinghouse (NPC) to provide payphone compensation settlement, which it must do because a payphone call can originate from any location in the United States, including locations in which GCI has no physical presence or relationships with the local exchange carriers. Certain assertions included in this report depend in whole or in part upon NPC performance. In support of these assertions, GCI relies upon a contractual agreement between GCI and NPC (NPC Contract), which requires NPC's compliance with CC Docket No. 96-128. In addition, NPC has provided GCI an

¹ As defined in the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, paragraph 64.1300 (a), a Completing Carrier is a long distance carrier or switch-based long distance reseller that completes a coin-less access code or subscriber toll-free payphone call or a local exchange carrier that completes a local, coin-less access code or subscriber toll-free payphone call.

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independent third-party audit report to verify that effective controls and procedures relating to these assertions have been established and will be maintained by NPC. GCI has not conducted an independent evaluation and makes these assertions based solely on the NPC Contract and third-party audit report of NPC's operations. The assertions for the Company are made starting with the initial point in call record processing at which the Company has visibility to the call tracking data for calls for which GCI receives the appropriate info digits. The Company represents the following facts regarding its role as the Completing Carrier, which are in fulfillment of the obligation of the Company as described at 47 C.F.R. section 64.1320 (c):

FCC Compliance Factor (1) – GCI's procedures accurately track calls to completion.

- GCI's definitions and procedures for establishing the "per-call rate" are in compliance with FCC rules.
- GCI's definition of a "Compensable Call" (payphone-originated call that completes over GCI's network in which GCI identifies itself as the Completing Carrier) is in compliance with FCC rules.
- GCI's definition of a "Completed Call" (call that is answered by the called party) is in compliance with FCC rules.
- GCI's systems are able to generate the following reports on a quarterly basis, and the third-party audit report of NPC verified that NPC's systems are able to generate the reports and report data for which NPC is responsible, as follows:
 - a) A list of the toll-free and access numbers dialed and completed from each Payphone Service Provider's (PSP) payphones along with the Automatic Number Identification (ANI) digits for each payphone.
 - b) The volume of calls for each toll-free and access number that was completed by GCI.
 - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling GCI's payphone compensation.
 - d) The Carrier Identification Code (CIC) or Trunk routing group of all facilities-based long distance carriers that routed calls to GCI, categorized according to toll-free and access code numbers.
- GCI's data storage requirement (27 months) is in compliance with FCC rules, and the third-party audit report of NPC verified that NPC's data storage requirement is in compliance with FCC rules.
- GCI relies on the NPC to identify PSP's. The third-party audit report of NPC verified that NPC procedures for identifying PSP's are complete and accurate.
- GCI's procedures for validating payphone ANIs are complete and accurate. GCI can identify calls to toll-free numbers made from payphones using info digits of 27, 29, or 70.

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FCC Compliance Factor (2) – GCI has identified persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.

- GCI has designated personnel responsible for drafting and maintaining the business requirements associated with call tracking, payphone compensation, and resolving disputes concerning payphone-compensated calls.
- GCI has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data, and the third-party audit report of NPC verified that NPC has designated personnel responsible for the development and maintenance of the systems under their control used in the collection and reporting of payphone call data.
- GCI has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets, and the third-party audit report of NPC verified that NPC has designated personnel responsible for the implementation and maintenance of procedures under their control that are utilized in creating final compensation data sets.
- GCI has designated personnel who are responsible for developing compensation-tracking reports, and the third-party audit report of NPC verified that NPC has designated personnel who are responsible for developing compensation-tracking reports under their control.
- GCI has designated personnel who are responsible for payphone compensation dispute resolution, and the third-party audit report of NPC verified that NPC has designated personnel who are responsible for the payphone compensation dispute resolution under their control.
- GCI has identified personnel responsible for managing coordination with the payphone clearinghouse services provider, NPC.

FCC Compliance Factor (3) - GCI has effective data monitoring procedures.

- GCI has the ability to prepare quarterly reports on payphone call counts, PSP identifiers and numbers dialed for completed payphone originating calls.
- GCI performs data monitoring procedures on call record volumes entering the payphone compensation system.
- GCI performs fraud monitoring procedures to identify potentially illegitimate payphone calls.
- GCI has the ability to investigate and resolve PSP disputes.

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FCC Compliance Factor (4) - GCI adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.

- GCI has security controls in place to control access to and monitor call-tracking data, and the third-party audit report of NPC verified that NPC has controls in place to control access to and monitor call-tracking data.
- GCI has security controls in place to control access to and monitor the payphone compensation system, and the third-party audit report of NPC verified that NPC also maintains such controls.
- GCI has personnel that are responsible for making software changes that affect payphone compensation systems, and the third-party audit report of NPC verified that NPC also has personnel who are responsible for making software changes.
- GCI has established protocols to implement and test software changes affecting payphone compensation, and the third-party audit report of NPC verified that NPC also has personnel who are responsible to implement and test software changes.
- GCI has application controls in place to ensure that voice network changes, external to payphone compensation, do not negatively impact payphone compensation.

FCC Compliance Factor (5) – GCI creates a compensable payphone call file by matching call detail records against payphone identifiers.

- GCI utilizes switch data and database look-ups to create a Superfile that is submitted to the NPC. GCI relies on the NPC to populate the date, originating ANI, dialed number and aggregate data into a Compensable Call File, and the third-party audit report of the NPC verified that NPC has a process in place for creating the Compensable Call File.
- GCI uses payphone specific identifiers (info digits) to identify a compensable payphone call record.
- GCI relies on the NPC's validation and control procedures to compile the Compensable Call File, and the third-party audit report of the NPC verified that the NPC has validation and control procedures in place for the Compensable Call File.
- GCI uses a “per-call rate” of \$.494 to compensate PSPs, and the third-party audit report of NPC processes verified that NPC compensates payphone providers based on this rate.

FCC Compliance Factor (6) – GCI has procedures to incorporate call data into required reports.

- GCI's systems are able to generate, and the third-party audit report of NPC verified that NPC's systems are able to generate for the systems under their control, the following reports on a quarterly basis:

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- 1 A list of the toll-free and access numbers dialed and completed from payphones along with the ANI for each payphone.
 - 2 The volume of calls for each toll free and access number that was completed by GCI.
 - 3 The name(s), address(es), and phone number(s) of the person(s) responsible for handling GCI's payphone compensation.
 - 4 The CIC code or Trunk routing group of all facilities-based LD carriers that routed calls to GCI, categorized according to toll-free and access code numbers.
- GCI relies on the NPC to maintain a valid list of payphone owners identified by ANI, and the third-party audit report of NPC verified that NPC possesses a valid list of payphone owners identified by ANI.

FCC Compliance Factor (7) - GCI has implemented procedures and controls needed to resolve payphone compensation disputes.

- The Company's data storage requirements are in compliance with the requirements established by the FCC ruling of 27 months.
- GCI has the ability to investigate and resolve PSP disputes.
- GCI has designated personnel who are responsible for payphone compensation dispute resolution.
- GCI filed a statement on July 1, 2004 that includes the names, addresses and phone numbers for persons responsible for handling payments and resolving disputes. This statement will be updated within 60 days of any changes of such persons. The statement was filed with the NPC and is available to the FCC, facilities-based long-distance carriers, and PSPs.

FCC Compliance Factor (8) – GCI's independent third-party auditor can test all critical controls and procedures to verify that errors are immaterial.

- GCI has procedures to identify payphone-originated calls, and the third-party audit report of NPC verified that NPC also has such procedures.
- GCI has procedures to capture dial-around calls.
- GCI has procedures to exclude incomplete calls from the Compensable Call File.
- GCI has procedures to accurately populate call record data in the Compensable Call File.

FCC Compliance Factor (9) – GCI has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls

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originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which GCI owes compensation.

- GCI has business rules that identify calls originated from payphones, and the third-party audit report of NPC verified that NPC also has such business rules.
- GCI has business rules that identify compensable payphone calls.
- GCI has business rules that exclude incomplete or otherwise non-compensable calls from the compensable call category.
- GCI's vendor, NPC, has business rules to determine the identities of the PSP's to which GCI owes compensation.

Required Disclosures per 64.1320(d)

GCI represents that it complies with the obligations of a Completing Carrier with respect to all calls that it can reasonably determine to be payphone-originated. (47 C.F.R. § 64.1320(d)(1))

GCI represents the following facts in its role as the Completing Carrier. These facts are in fulfillment of the obligations of GCI as specified at 47 C.F.R. Section 64.1320(d)(2):

- GCI's criteria for identifying calls originating from payphones are call records with info-digit of 27, 29 or 70. (47 C.F.R. § 64.1320(d)(2)(i))
- GCI's criteria for identifying compensable payphone calls are all calls with dialed numbers that contain 800, 888, 877, 866, or 855 with info-digits 27, 29 or 70 and call duration greater than 0, for which GCI was the completing carrier. Calls originating from payphones from non-equal access areas are excluded from the per-call compensable call category. (47 C.F.R. § 64.1320(d)(2)(ii))
- GCI's criteria for identifying incomplete or otherwise noncompensable calls include: 1) calls that do not have info-digits 27, 29 or 70; or 2) calls with a duration of 0; or 3) for which GCI was not the completing carrier; or 4) calls originating from payphones in a non-equal access area. (47 C.F.R. § 64.1320(d)(2)(iii))
- GCI uses the clearinghouse NPC to identify payphone service providers to which GCI owes compensation. GCI's criteria used to determine the identities of the PSPs to which GCI owes compensation are established by NPC. NPC uses ANIs to identify PSPs. (47 C.F.R. § 64.1320(d)(2)(iv))
- GCI uses the clearinghouse NPC to perform payphone compensation settlement. (47 C.F.R. § 64.1320(d)(2)(v))
- The type of information that GCI needs from the PSPs in order to compensate the PSPs is determined by NPC. The type of information that NPC needs in order to compensate PSPs are ANIs. (47 C.F.R. § 64.1320(d)(2)(vi))

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64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations**

Dated: June 28, 2013



Lynda Tarbath
Vice President, Chief Accounting Officer