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REDACTED—FOR PUBLIC INSPECTION

January 22, 2014

Ex Parte

Accepted/Files

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

JAN 22 2014

Federal Communications Commission
Office of the Secretary

Katie King
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Connect America Fund*, WC Docket No. 10-90; *High-Cost Universal Service Support*, WC Docket No. 05-337

Dear Ms. Dortch:

As required by paragraph 5 of the *Third Protective Order*¹ and paragraph 9 of the *Third Supplemental Protective Order*,² we submit: (a) one copy of this *ex parte* letter containing Confidential Information to the Secretary's Office along with a cover letter; (b) two copies of these comments in redacted form to the Secretary's Office along with this cover letter; and (c) two copies of these comments containing Confidential Information to Katie King along with a cover letter. We will also file a copy of the redacted version via ECFS. As required by paragraph 9 of the *Third Supplemental Protective Order*, we will also serve a confidential copy upon Margaret Avril Lawson, CostQuest's counsel of record.

On January 16, 2014, Giulia McHenry of the Brattle Group and I, both on behalf of General Communication, Inc. ("GCI") met with Carol Matthey and Stephen Rosenberg (by

¹ *Connect America Fund, et al.*, Third Protective Order, DA 12-1418, 27 FCC Rcd. 10,276 (2012).

² *Connect America Fund*, Third Supplemental Protective Order, DA 12-1995, 27 FCC Rcd. 15,277 (2012).

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phone) of the Wireline Competition Bureau. We discussed both ACS' Application for Review³ of paragraph 41 of the *CAF Phase II Service Obligations Order* ("Application for Review"), and the CACM 4.0 Model.

With respect to ACS' Application for Review, we reiterated that (1) ACS' objections are premature, given that no action has been taken, and (2) allowing ACS to receive CAF Phase II support in order to match what GCI is already providing, and will continue to provide, after the phase-out of legacy wireline CETC High-Cost Support is not a good use of scarce High-Cost USF support. We provided copies of the maps attached to GCI's Reply Comments with respect to ACS' Application for Review to illustrate the extent to which GCI is already offering at least 4 Mbps down and 1 Mbps up in Anchorage, Fairbanks, Juneau, the Kenai Peninsula and Kodiak Island (which are incorporated by reference and are already available in the docket at <http://apps.fcc.gov/ecfs/document/view?id=7521063895>). We also provided the attached chart of GCI's broadband service offerings, which was previously included in GCI's Opposition to ACS' Application for Review.⁴ Indeed, such support could be much better deployed in Alaska by increasing the extremely high-cost threshold for Alaska. We provided the attached documents showing the amount of support that would go to GCI-served areas, as opposed to unserved or ACS-only served areas, and the distribution of census blocks above the CACM 4.0 illustrative extremely high-cost threshold), which could be served using the support that ACS would otherwise receive for serving areas GCI already serves if the Commission were to raise the extremely high cost threshold for Alaska.⁵

With respect to CACM 4.0, we provided a copy of the map of intrastate submarine cable links and the table of Anchorage to Juneau routing, both previously filed in these dockets as a confidential exhibit to GCI's January 7, 2014 CACM 4.0 Comments. We also provided copies of the attached table of the Nome to Anchorage routing for CACM 4.0, and maps illustrating that routing.⁶ These maps and charts demonstrate that, while improved, middle mile in CACM 4.0 remains a work-in-progress. For Alaska, we do not believe that CACM 4.0 could be usable for any purpose other than determining the amount of high-cost support to offer ACS for its state-level CAF Phase II election.

Exhibit B also contains a chart that compares the impact of changes in the assumed plant mix, along with a ten-percent increase in capital costs, in unserved areas, ACS-only served areas, GCI-only served areas and areas served by both ACS and GCI.⁷ The plant factors used in the

³ Application for Review of Alaska Communications Systems Group, Inc., WC Docket No. 10-90 (filed Nov. 26, 2013).

⁴ See Exhibit A.

⁵ See Exhibit B (Confidential and Highly Confidential).

⁶ See Exhibit C (Confidential).

⁷ See Exhibit B (Confidential and Highly Confidential).

Marlene H. Dortch
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“GCI factors” run of the model are attached as Exhibit D (Confidential).⁸ These are derived from the actual GCI plant factors for specific localities filed as an exhibit to GCI’s January 7, 2014 CACM 4.0 Comments. However because GCI does not track the difference between “buried in conduit” and “underground,” the non-aerial plant was assumed to be split in the same proportion as the CACM 4.0 default assumptions.

Please contact me if you have any questions.

Sincerely,



John T. Nakahata
Counsel to General Communication, Inc.

cc: Carol Matthey (without attachments)
Stephen Rosenberg (without attachments)

⁸ See Exhibit D (Confidential).

EXHIBIT A

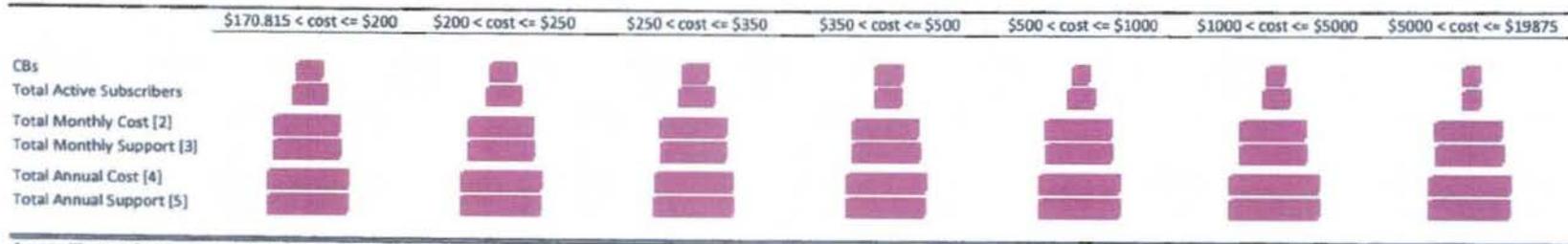
Comparison of GCI and ACS Broadband Rates and Speeds¹
 (from GCI Opposition to ACS Application for Review – Table 2)

GCI (Anchorage)					ACS				
Download Speed	Upload Speed	Incl. Usage	Overage Rate (stand-alone)	Rate (stand-alone)	Download Speed	Upload speed	Incl. Usage	Overage Rate	Rate
10 Mbps	1 Mbps	10 GB	\$0.005 per MB (\$0.01 per MB)	\$29.99 (\$39.99)	320 kbps	"Up to 1 Mbps"	Un-limited	None	\$49
12 Mbps	1 Mbps	60 GB	\$0.004 per MB (\$0.008 per MB)	\$49.99 (\$59.99)	1 Mbps	"Up to 1 Mbps"	Un-limited	None	\$69
15 Mbps	1 Mbps	100 GB	\$0.003 per MB (\$0.006 per MB)	\$59.99 (\$69.99)	3 Mbps	"Up to 1 Mbps"	Un-limited	None	\$89
18 Mbps	1.5 Mbps	150 GB	\$0.002 per MB (\$0.004 per MB)	\$79.99 (\$89.99)	4 Mbps	"Up to 1 Mbps"	Un-limited	None	\$89
22 Mbps	2 Mbps	200 GB	\$0.001 per MB (\$0.002 per MB)	\$109.99 (\$119.99)	7 Mbps	"Up to 1 Mbps"	Un-limited	None	\$99
100 Mbps	5 Mbps	500 GB	\$0.0005 per MB (\$0.001 per MB)	\$199.99 (\$209.99)	10 Mbps	"Up to 1 Mbps"	Un-limited	None	\$109

¹ Within ACS' price cap incumbent LEC service areas, GCI offers these same plans and rates in Fairbanks, Juneau, Kenai/Soldotna, Girdwood, Homer, and Kodiak, and at slightly higher rates in Sitka. GCI's 100 Mbps offering is available in Anchorage, Fairbanks and Juneau, within ACS' service area. ACS' rates are available from the ACS website: <http://www.alaskacommunications.com/Personal/Home-Internet.aspx>, and <http://www.alaskacommunications.com/Personal/Home-Internet/Home-Internet-FAQs.aspx> (last accessed December 11, 2013).

EXHIBIT B

Distribution of AK Census Blocks and Subscribers Excluded from CAF Support Due to Costs Above the Extremely High Cost Threshold [1]
CACM v4, Target Benchmark 48, Alternative Technology Cutoff 122.815



Source: The Brattle Group Analysis of Census Block output data from CACM v4, 5520131202CAM4_CBSummary_Node4WorkingCust.csv.

[1] Cost buckets are reported as cost per active subscriber per month.

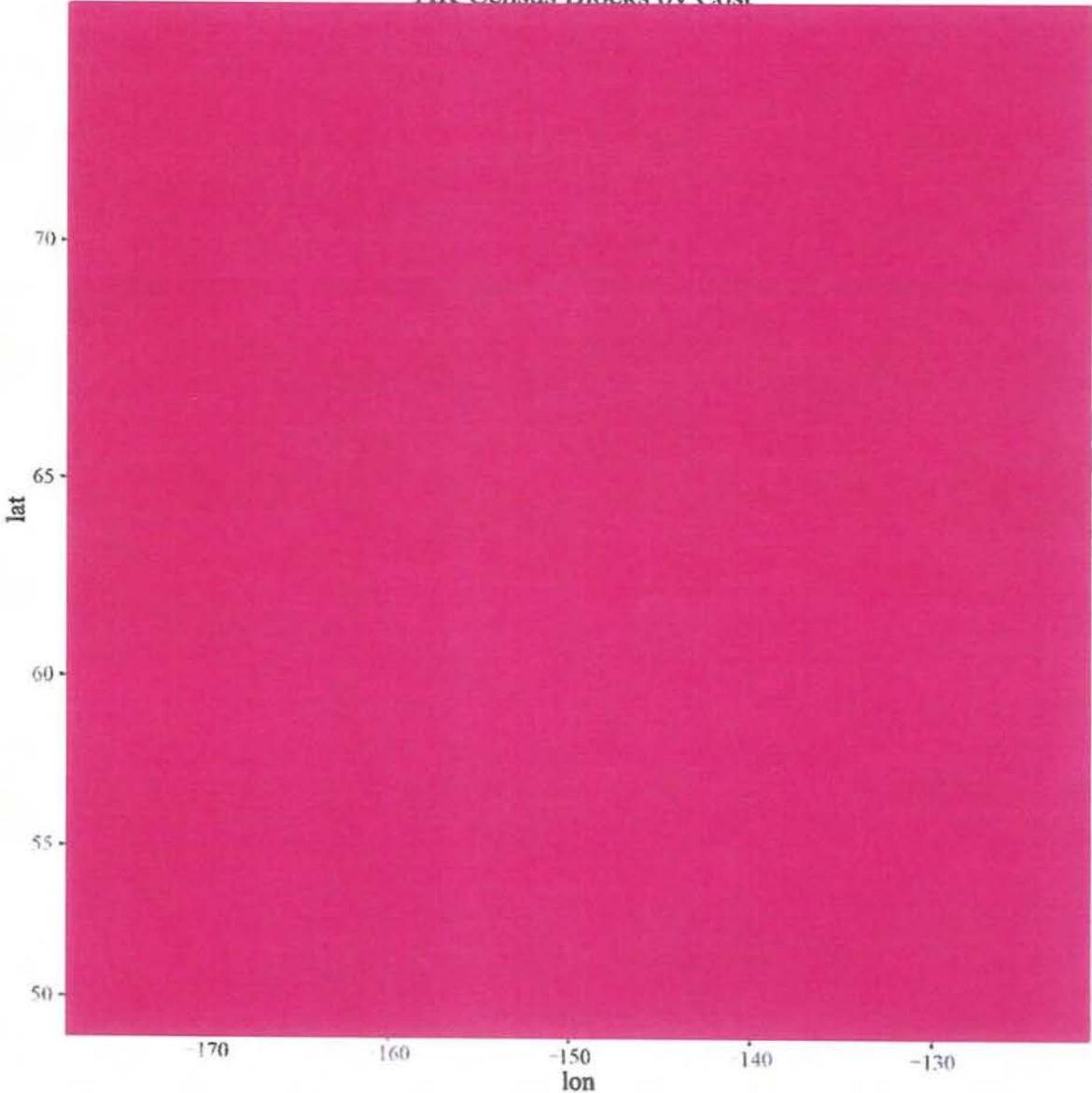
[2] Sum of total active subscribers X cost per active subscriber per month.

[3] Sum of total active subscribers X (cost per active subscriber per month - \$48).

[4] = [2] X 12.

[5] = [3] X 12.

AK Census Blocks by Cost



Cost per Active Subscriber per Month (171,200] (200,250] (250,350] (350,500] (500,1000] (1000,5000] (5000,19875]

**AK Funding Comparison, CACM v4 and Modified Analyses
Target Benchmark 48, Alternative Technology Cutoff 122.815**

Solution Set		Support Level (monthly)	Support Level (yearly)	% Diff. from Base Version
v4	[1]			
v4, ACS plant mix & 10% increased capital cost for AK	[2]			
v4, GCI plant mix & 10% increased capital cost for AK	[3]			
<i>Breakdown of default v4 (Census Blocks)</i>				
v4, CBs served by neither ACS nor GCI	[4]			
v4, CBs served by ACS only	[5]			
v4, CBs served by both ACS and GCI	[6]			
v4, CBs served by GCI only	[7]			
v4, CBs service status unknown	[8]			
<i>Breakdown of default v4</i>				
v4, CBGs served by neither ACS nor GCI	[9]			
v4, CBGs served by ACS only	[10]			
v4, CBGs served by both ACS and GCI	[11]			
v4, CBGs served by GCI only	[12]			
v4, CBGs service status unknown	[13]			
<i>Breakdown of v4, ACS plant mix & 10% increased capital cost for AK</i>				
v4, CBGs served by neither ACS nor GCI	[14]			
v4, CBGs served by ACS only	[15]			
v4, CBGs served by both ACS and GCI	[16]			
v4, CBGs served by GCI only	[17]			
v4, CBGs service status unknown	[18]			
<i>Breakdown of v4, GCI plant mix & 10% increased capital cost for AK</i>				
v4, CBGs served by neither ACS nor GCI	[19]			
v4, CBGs served by ACS only	[20]			
v4, CBGs served by both ACS and GCI	[21]			
v4, CBGs served by GCI only	[22]			
v4, CBGs service status unknown	[23]			

Source: The Brattle Group Analysis of CACM v4.

Yearly support level calculated as 12 X monthly support level.

- [1] CACM v4.
- [2] CACM v4, modified with ACS plant mix and 10% increased capital costs.
- [3] CACM v4, modified with GCI plant mix and 10% increased capital costs.
- [4] - [8] CACM v4, SS20131202CAM4_CBSummary_Node4WorkingCust.csv.
- [9] - [13] CACM v4. Census Blocks were aggregated into Census Block Groups.
- [14] - [18] CACM v4, modified with ACS plant mix and 10% increased capital costs. Census Blocks were aggregated into Census Block Groups.
- [19] - [23] CACM v4, modified with GCI plant mix v2 and 10% increased capital costs. Census Blocks were aggregated into Census Block Groups.

EXHIBIT C

CAQM 4.0 - Home to Anchorage Routing

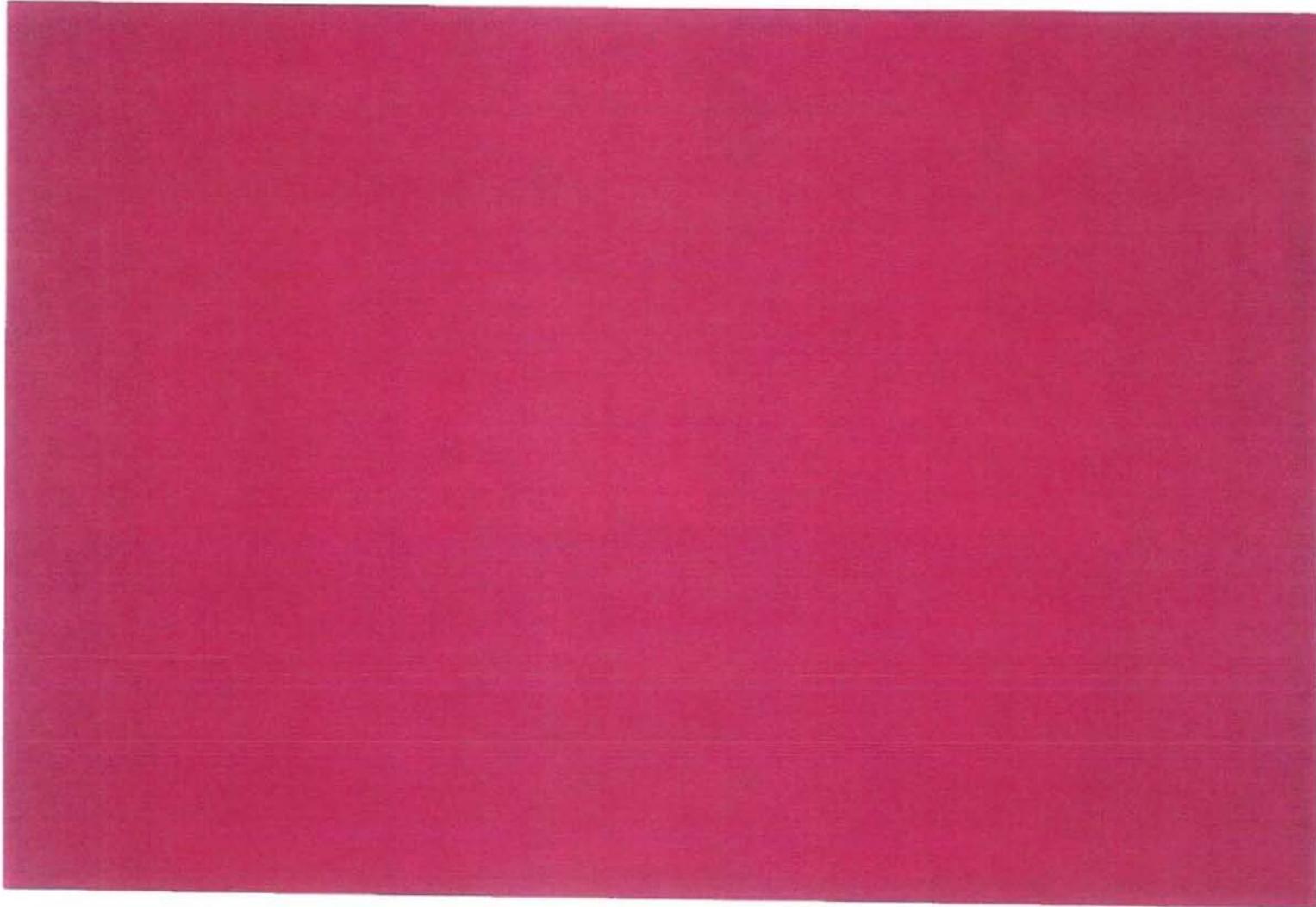
FD	PHOTOID	StartName	Telecom	location	EndName	Telecom	location	distance	TotalRoute	Route to Route Ratio	Submarine Distance on Routes requiring submarine	Beach Markholes	Map Key for Terminals
[REDACTED]													

Nome, AK to Seward, AK - Google Maps

<https://maps.google.com/>

Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



Google

To see all the details that are visible on the screen, use the "Print" link next to the map.

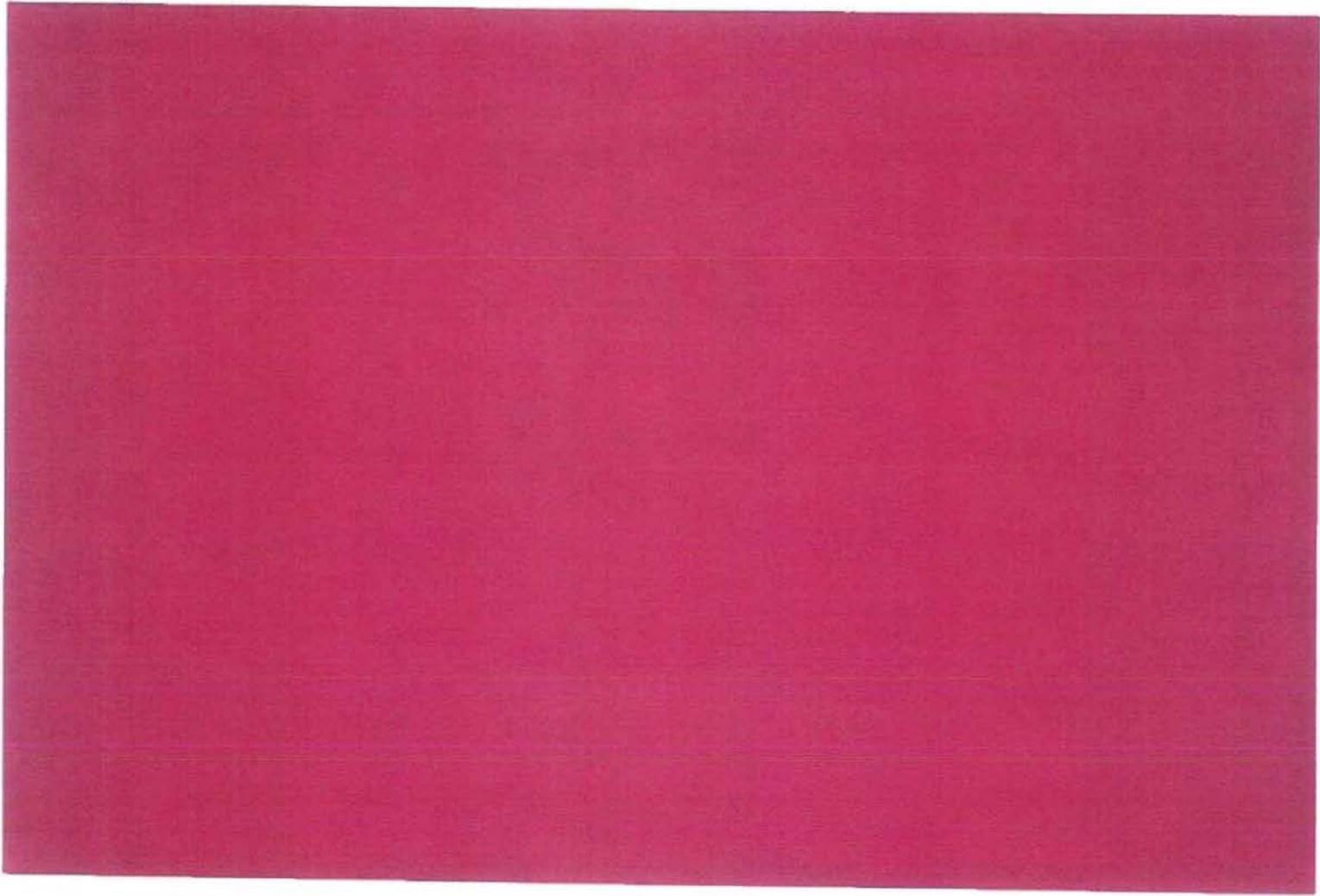


EXHIBIT D

CACM v4 Plant Mix Input Based on GCI Community Data

Model / Version	State	Density	Dist			FDR			IOF		
			Aerial	Buried	Underground	Aerial	Buried	Underground	Aerial	Buried	Underground
GCI	AK	Rural	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GCI	AK	Suburban	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GCI	AK	Urban	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: GCI internal plant mix estimates. Aerial %s are estimated by GCI. Buried and Underground %s are split proportionately according to CACM v4 Buried and Underground %s from the non-Aerial %s estimated by GCI.