



WILTSHIRE
& GRANNIS LLP

January 30, 2014

Ex Parte

Ms. Marlene H. Dortch
Secretary
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:

On January 28, 2014, on behalf of General Communication, Inc. (“GCI”), I met with Rebekah Goodheart, Wireline Legal Advisor to Commissioner Clyburn. I urged that the Commission find a coherent approach to high-cost universal service reform in Alaska that recognized that Alaska faces unique geographic, demographic, climatological and underlying infrastructure challenges that distinguish it from areas of the 48 contiguous states. I stated that Alaska has already seen its statewide annualized high-cost support drop since 2011, and thus has contributed to the national high-cost reform project. Given the extremely large need for universal service support to deploy and sustain modern telecommunications and broadband networks in Alaska, it makes little sense to continue to reduce the total high-cost support to Alaska. Instead, high-cost reform for Alaska should focus on better targeting that support, tied to the Commission’s broadband deployment objectives.

A concrete example of this would be to set aside, within Mobility Fund Phase II, the current annualized amount of CETC support flowing to Alaska, to be distributed according to a future reformed mechanism. GCI previously presented such a proposal to the Wireless Bureau staff. At present, if the Mobility Fund Phase I results are a predictor of the results of a Mobility Fund Phase II reverse auction, Alaska’s current CETC high-cost support of approximately \$100 million per year could fall to just \$5 million per year, which would be wholly inadequate to sustain wireless services to Remote Alaska. Indeed, even the current amount of high-cost support is far less than the amount necessary to deploy a 768 kbps down and 256 kbps up mobile broadband and voice service in all Alaska communities, as demonstrated by the Brattle Group’s report.

Another example would be to ensure in CAF Phase II that Alaska receives at least as much support as today, but to target that support by (i) not providing support to census blocks where GCI will be an unsubsidized competitor at the end of the wireline CETC support phase-out, and (ii) increasing the extremely high-cost threshold for Alaska (and perhaps other non-contiguous areas) to reflect the higher costs of serving those areas, which would then provide support for serving more unserved locations through CAF Phase II targeted to more rural areas, rather than to Alaska’s larger communities. This also reduces the burden on the Remote Areas

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Fund, which is limited in size and will likely result in lower quality services than CAF Phase II (due to satellite-based latency). Nonetheless, because there would still be communities above the extremely high-cost threshold, the Remote Areas Fund would still have an important role in delivering broadband in Alaska. In connection with this discussion, we provided copies of maps previously filed in the record showing areas served by both GCI and ACS, GCI only and ACS only in specific communities, at broadband speeds of 3 Mbps down and 768 kbps up (available at <http://apps.fcc.gov/ecfs/document/view?id=7521063895> (last visited Jan. 30, 2014)).

It is important that the Commission act rapidly to provide a more concrete framework to Alaska providers. Without such a framework, providers cannot reasonably predict at least the statewide aggregate levels of support in order to be able to invest in network deployment and upgrades and to sustain services.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Nakahata".

John T. Nakahata
Counsel to General Communication, Inc.

cc: Rebekah Goodheart