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August 12, 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; *Universal Service Reform—Mobility Fund*, WT Docket No. 10-208; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45

Dear Ms. Dortch:

On August 12, 2014, Chris Nierman, Senior Counsel, Federal Affairs, of General Communication, Inc. ("GCI"), and I, on behalf of GCI, met with Patrick Halley, Associate Chief of the Wireline Competition Bureau. The matters we discussed are summarized in the attached presentation which was provided to Mr. Halley.

Please contact me if you have any questions.

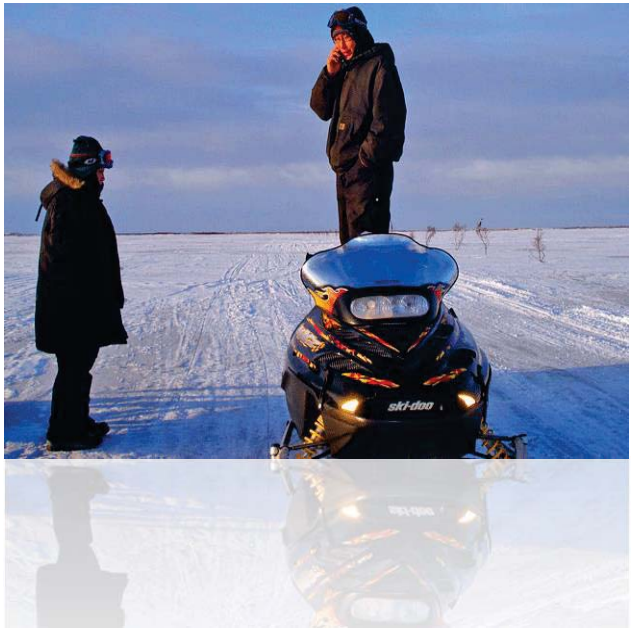
Sincerely,

John T. Nakahata
Counsel to General Communication, Inc.

cc: Patrick Halley

Attachment

High-Cost USF in Remote Alaska
Freeze, Mature, Retarget



Freeze current support allow the market to **Mature** **Retarget** support where needed

Freeze the $105 Million in current annual Alaska CETC Support

For 5 years, freeze the $78 M in annual *Remote Alaska* CETC support, on a per carrier basis at 2014 support levels with accountability to support mobile service in areas *not* served by AT&T/Verizon LTE

With the remaining $27 M in annual CETC support, conduct a reverse auction for only Alaska communities with *no wireless service*

At the end of 5 years, retarget the $105 M in annual support to maintain and expand service in areas of Alaska where AT&T/Verizon have not deployed LTE

A Nationwide Auction Would Increase The Wireless Service Gap

The Brattle Group has estimated that the incremental net cost to achieve 768 kbps downstream/256 kbps upstream service for all Alaska communities would be ***$260 million per year***.

Alaska CETCs collectively receive ***$105 million per year***, reduced from $123 million in 2011.

A nationwide reverse auction for TMF 2 could further drop Alaska CETC support to anywhere from ***$5 million to $87 million***

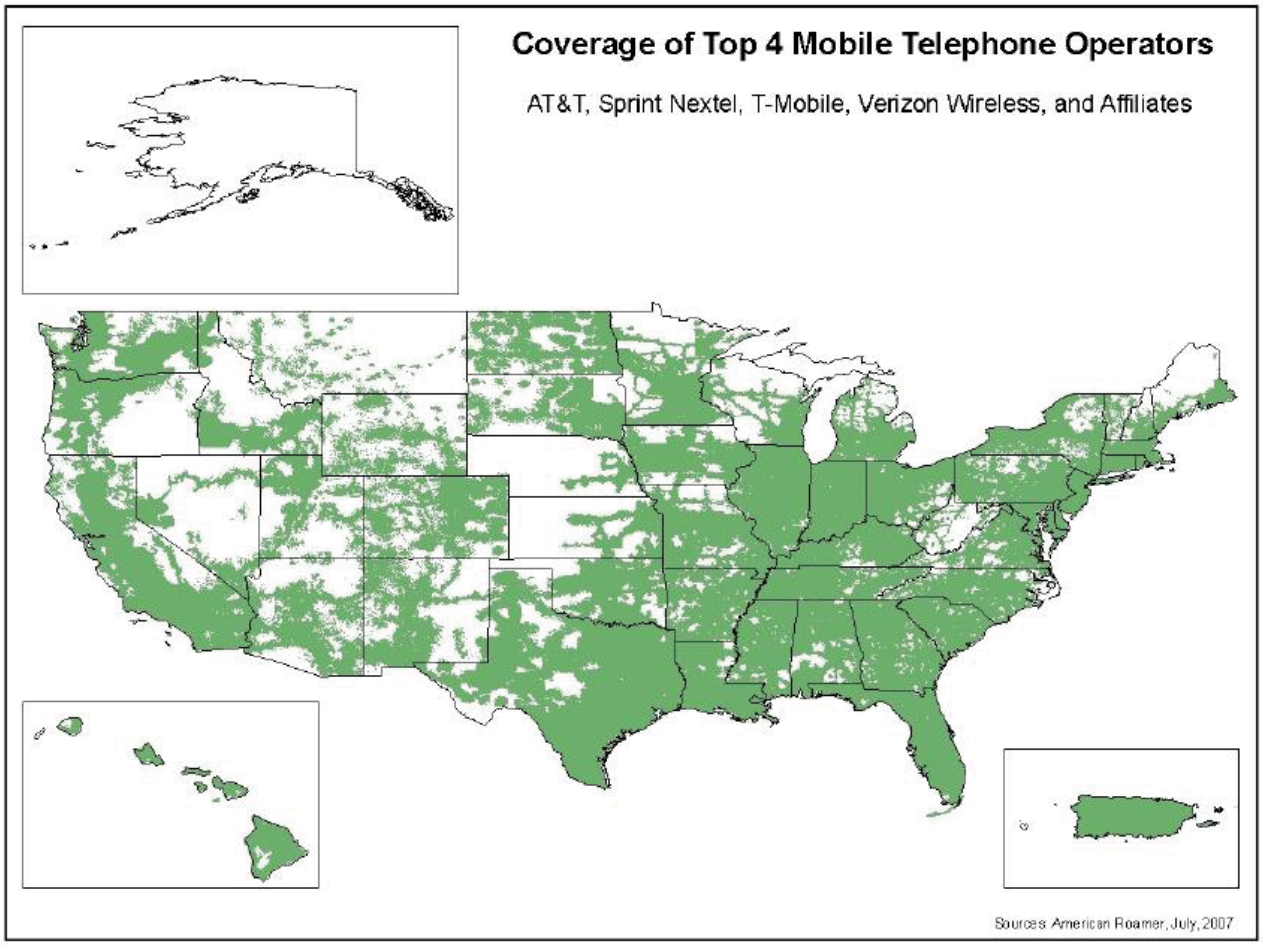
High-Cost Support Remains Necessary to Erase the Wireless Service Deficit in Rural Alaska

National carriers have not met Alaska's ***statewide*** wireless needs; AT&T and VZW provide LTE service only to areas connected to the State's limited fiber backbone

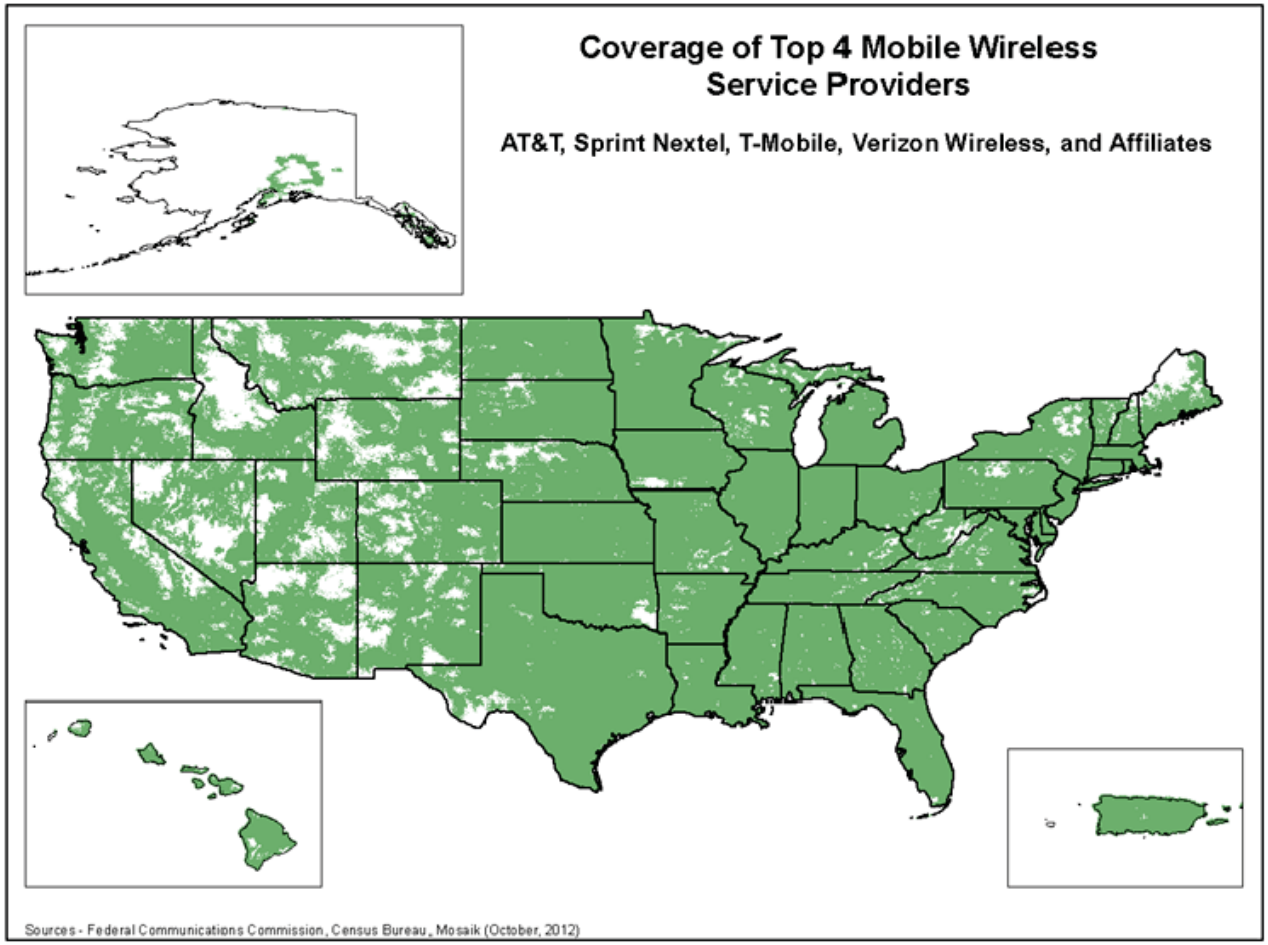
GCI built the only rural *and* urban wireless network, leveraging USF support to access required private financial capital, but rural service continues to lag behind urban Alaska and the contiguous U.S.

Stable universal service support for Remote Alaska is necessary to meet the FCC's mobile broadband performance targets, to preserve and expand service locations, and to prevent a widening service gap for rural Alaskans

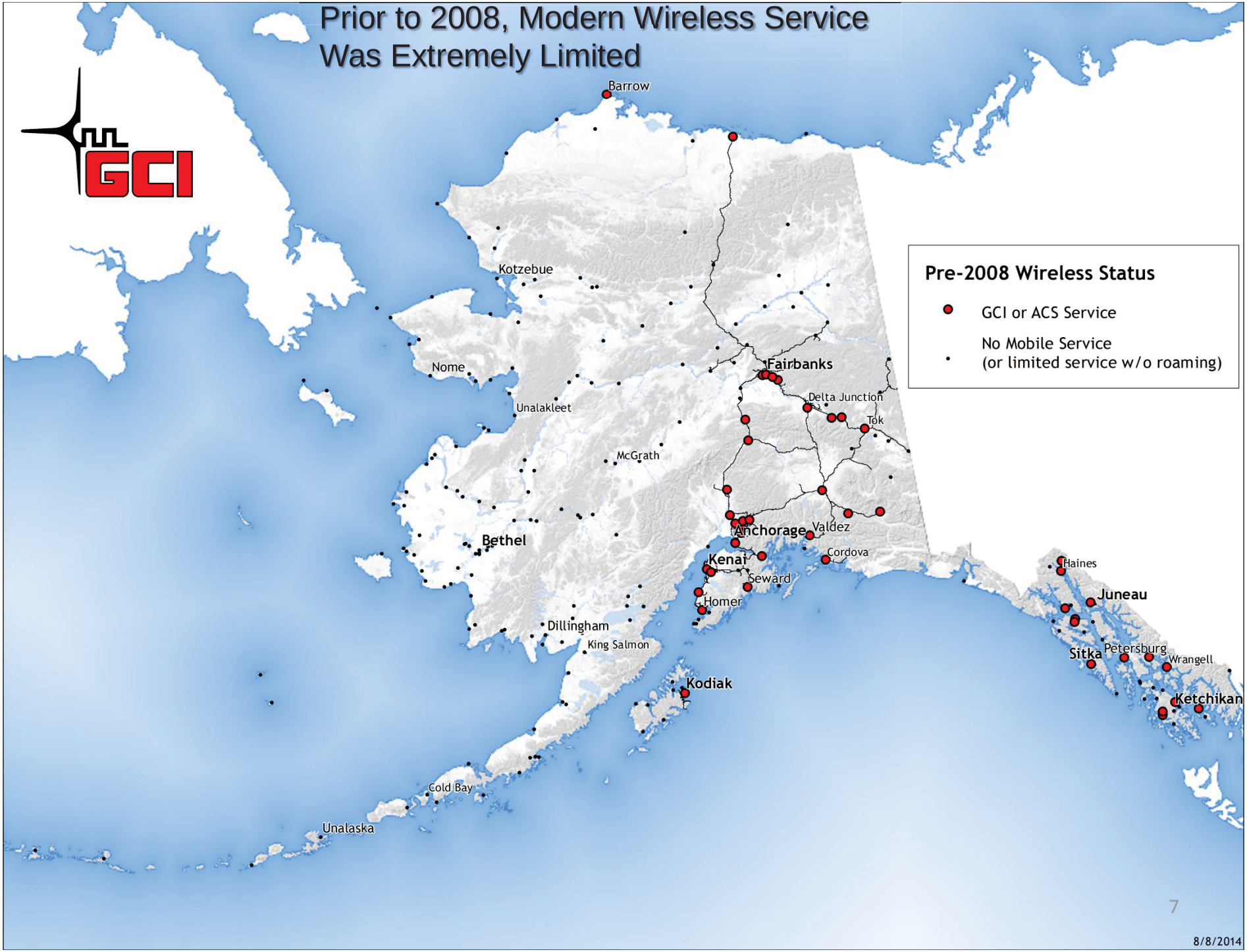
The National Carriers Were Slow to Reach Alaska…



…And We Cannot Count on Them to Serve Rural Alaska in the Future



Prior to 2008, Modern Wireless Service Was Extremely Limited



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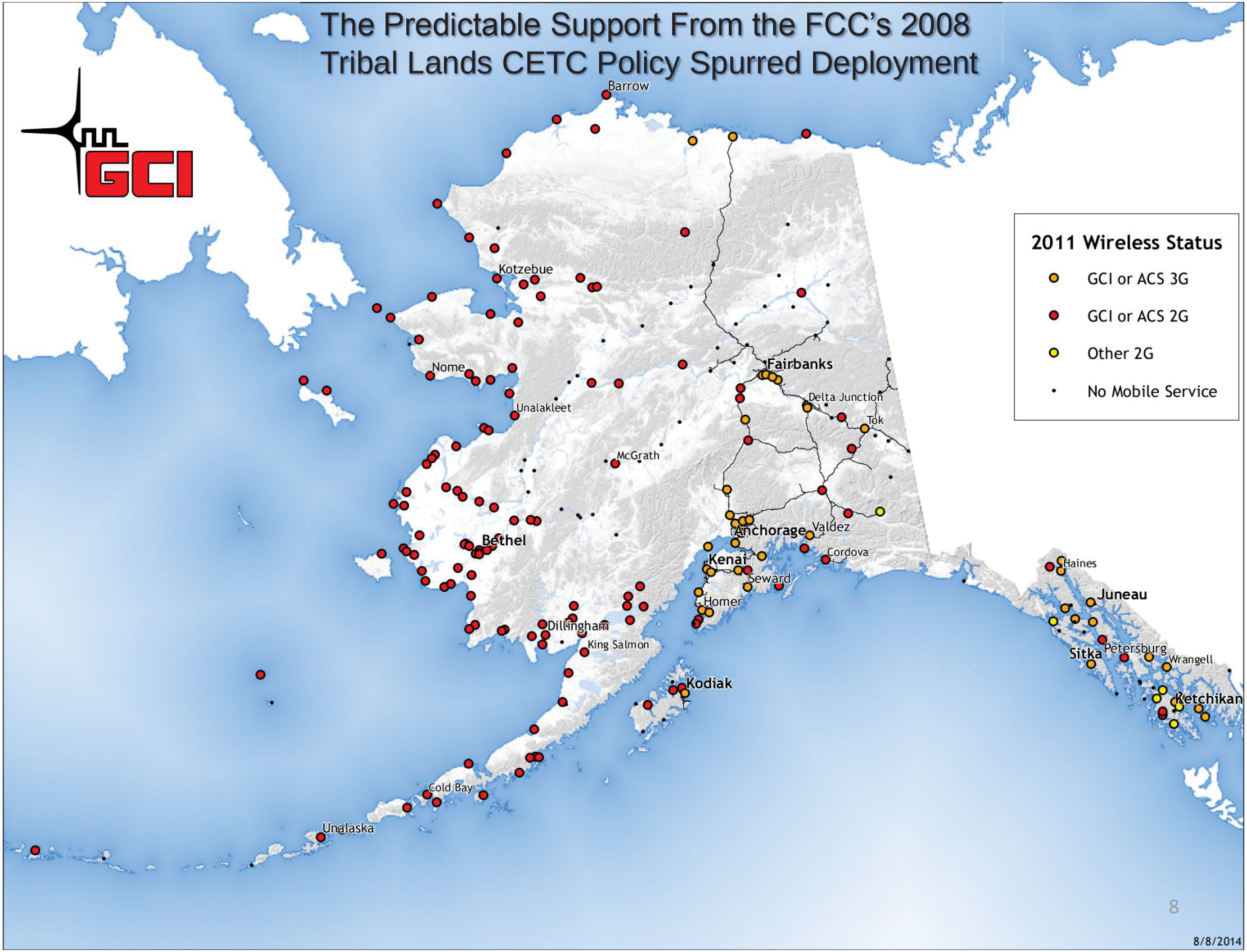
The Predictable Support From the FCC's 2008 Tribal Lands CETC Policy Spurred Deployment
GCI
2011 Wireless Status
GCI or ACS 3G
GCI or ACS 2G
Other 2G
No Mobile Service
Barrow
Kotzebue
Nome
Unalakleet
Fairbanks
Delta Junction
Tok
McGrath
Bethel
Anchorage
Valdez
Cordova
Kenai
Seward
Homer
Haines
Juneau
Dillingham
King Salmon
Sitka
Petersburg
Wrangell
Ketchikan
Kodiak
Cold Bay
Unalaska
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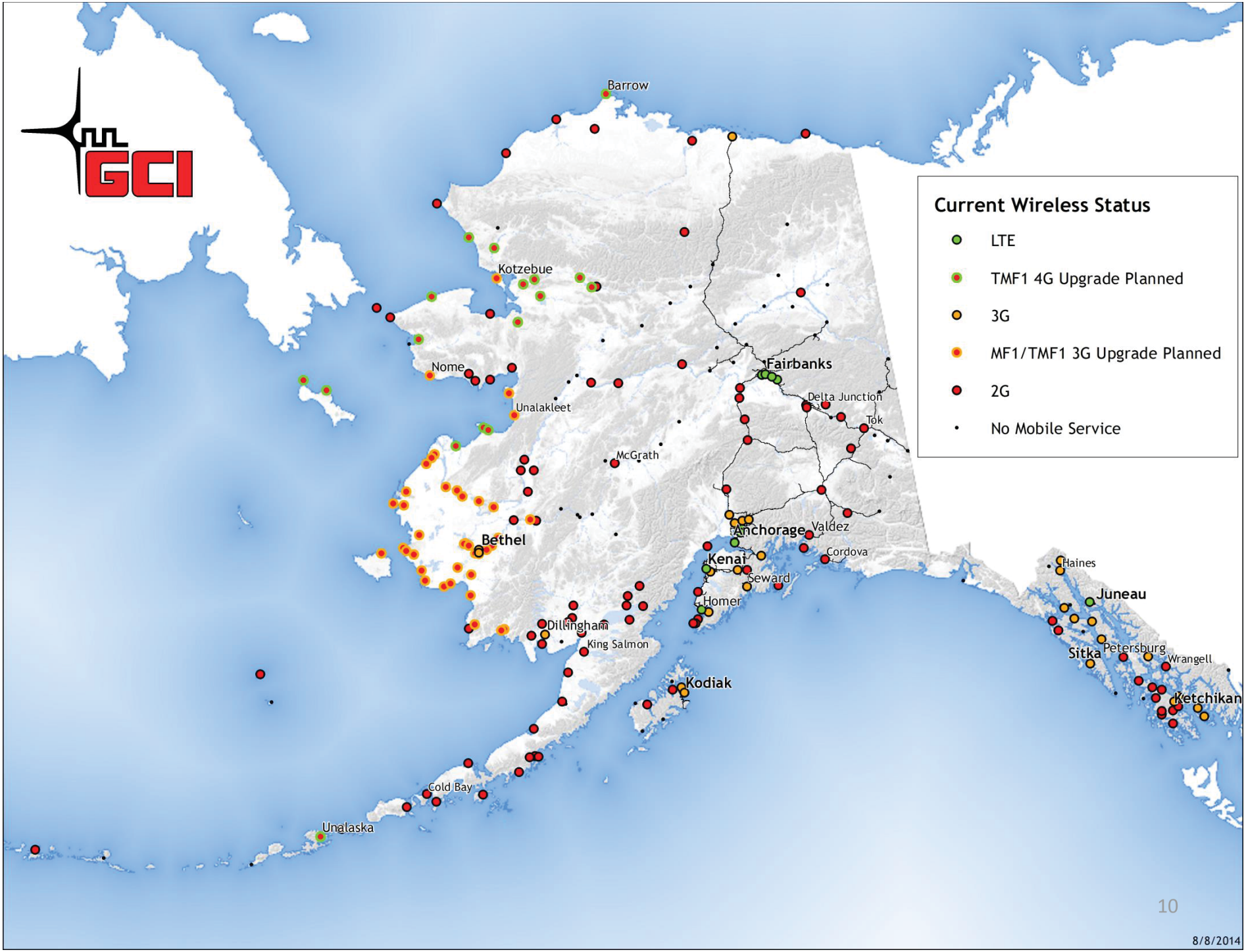
8/8/2014

What we have done with less since 2011

Through the Alaska Wireless Network (AWN) combination, we deployed 4G LTE to the most populated, fiber-served road areas

We had varying success in the MF1/TMF1 auctions, winning bids to upgrade 60 rural communities to 3G or 4G service in areas where we could support the backhaul

But, recurring support was insufficient to expand service to all but a few unserved locations and will be inadequate to handle increased backhaul demands to many of our served locations


Current Wireless Status
LTE
TMF1 4G Upgrade Planned
3G
MF1/TMF1 3G Upgrade Planned
2G
No Mobile Service
Barrow
Kotzebue
Nome
Unalakleet
Bethel
McGrath
Fairbanks
Delta Junction
Tok
Anchorage
Valdez
Cordova
Kenai
Seward
Homer
Dillingham
King Salmon
Kodiak
Cold Bay
Unalaska
Haines
Juneau
Sitka
Petersburg
Wrangell
Ketchikan

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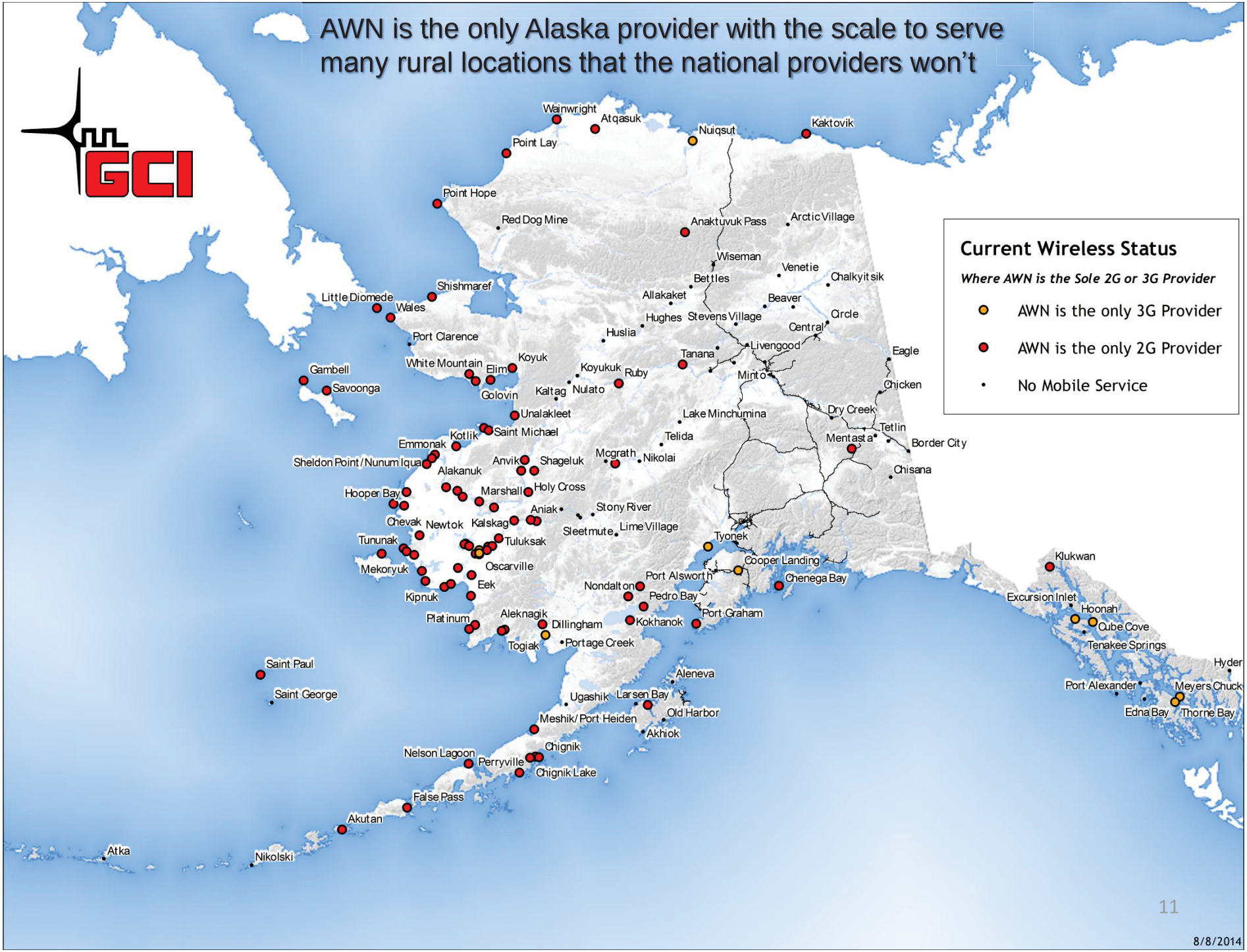
AWN is the only Alaska provider with the scale to serve many rural locations that the national providers won't



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Freeze, Mature, Retarget

Provides the predictability necessary to facilitate deployment to underserved areas; directly supports service to unserved areas.

Allows the Alaska wireless markets to mature (MF1/TMF1 deployments and AT&T/VZW LTE buildout) and Alaska's middle-mile networks to evolve before deciding where to retarget support

Simpler to administer; Obviates the need for line counts; ETCs are accountable.