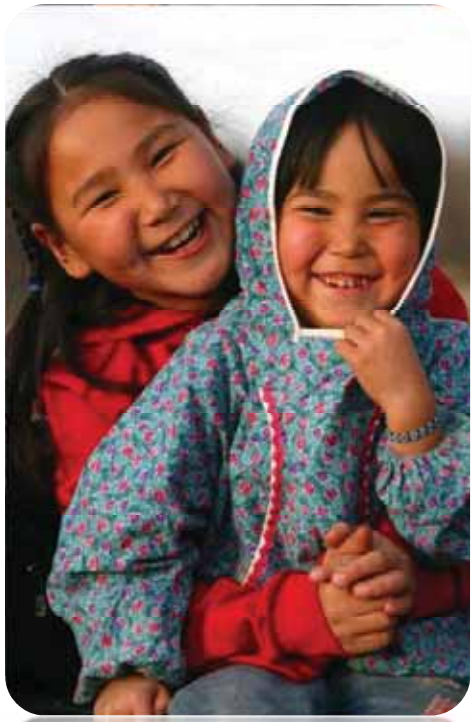
High-Cost USF in Remote Alaska
Freeze, Mature, Retarget



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 Not and Could Not Achieve the FCC's Performance Objectives

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 --***

not nearly enough to reach the FCC's performance objectives.

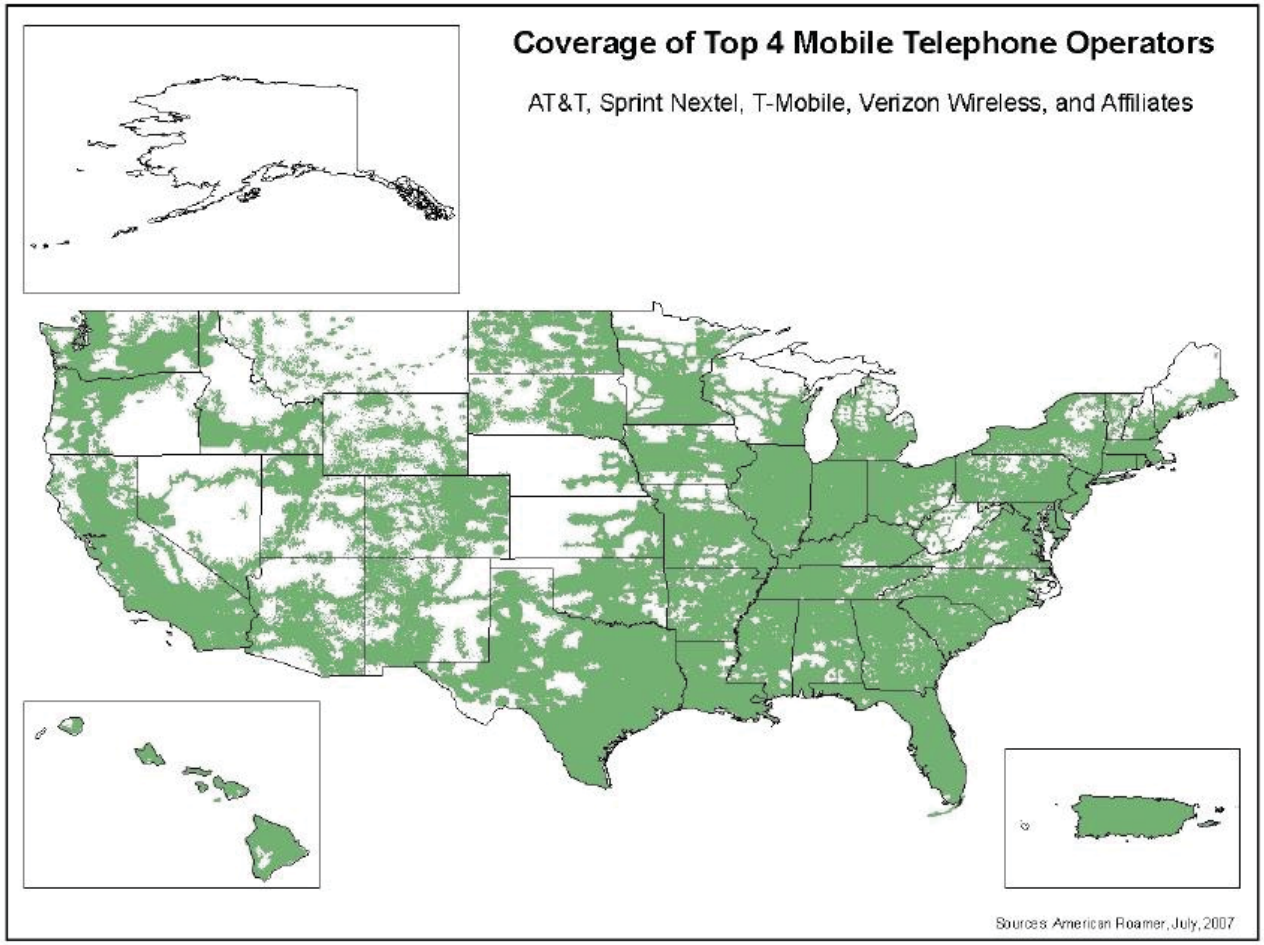
High-Cost Support Remains Necessary to Erase the Wireless Service Deficit in Rural Alaska

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.

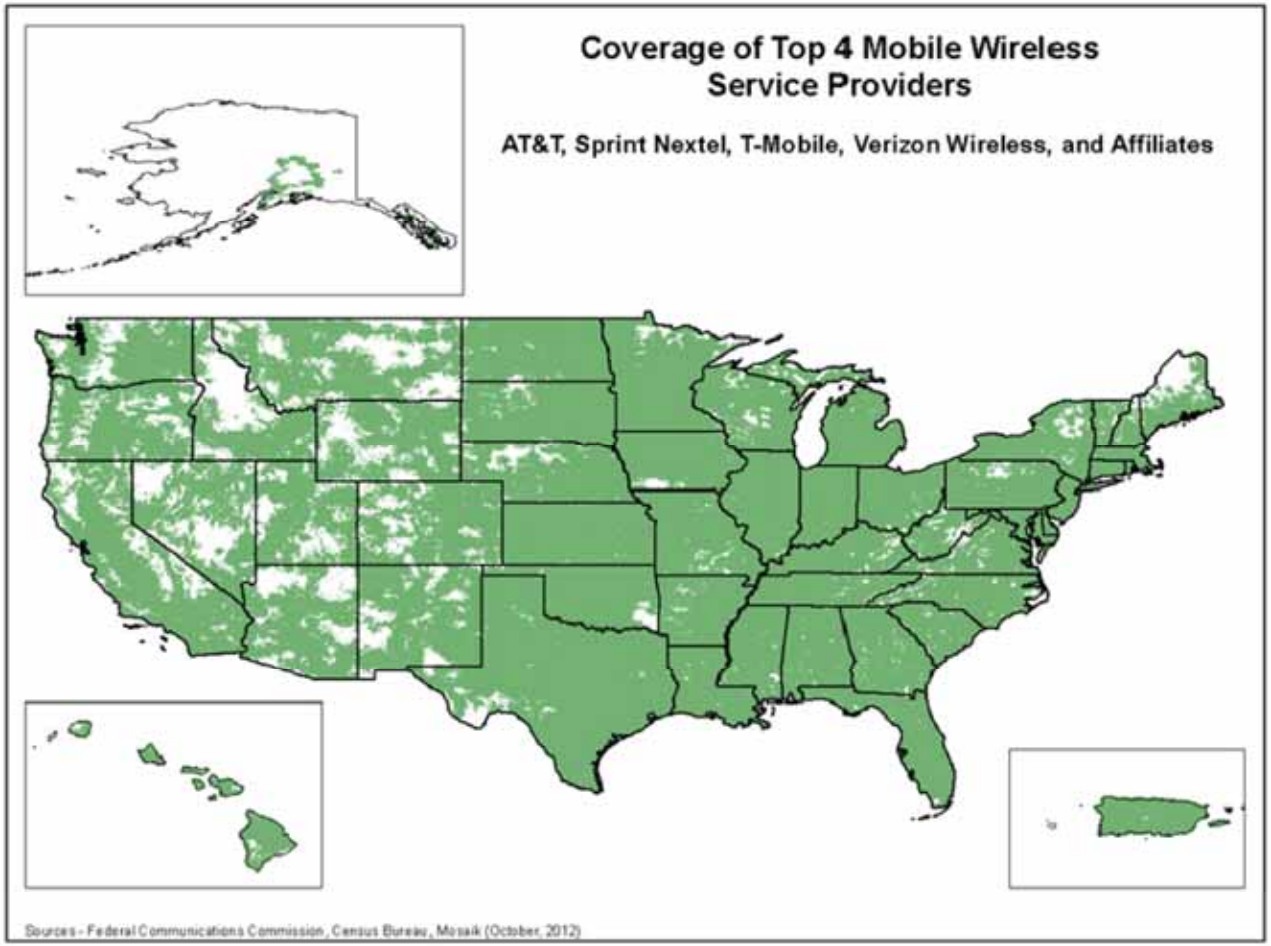
GCI built the only rural *and* urban wireless network, leveraging USF support to access required private financial capital, but rural service continues to lag behind urban Alaska and the contiguous U.S.

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.

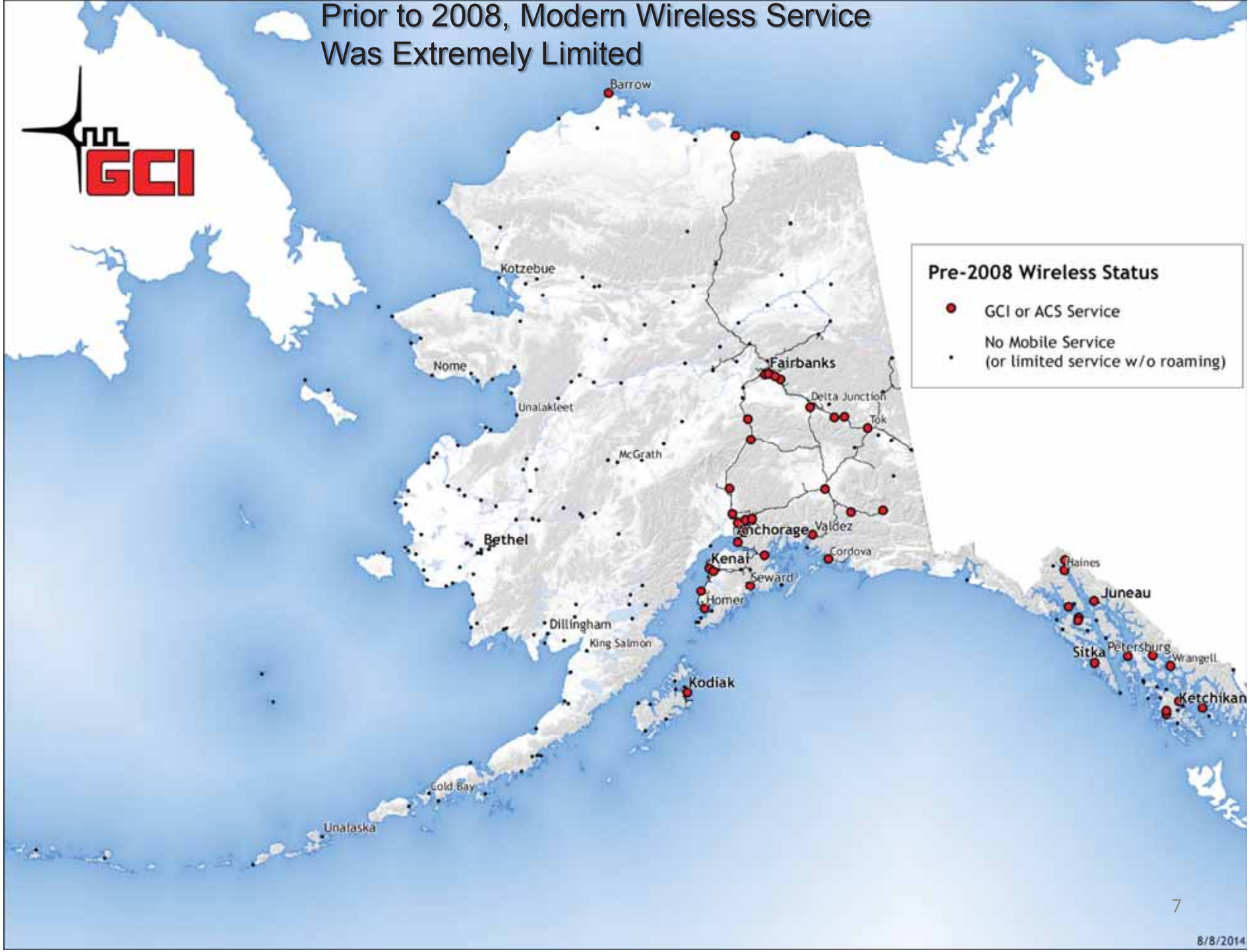
The National Carriers Were Slow to Reach Alaska…



…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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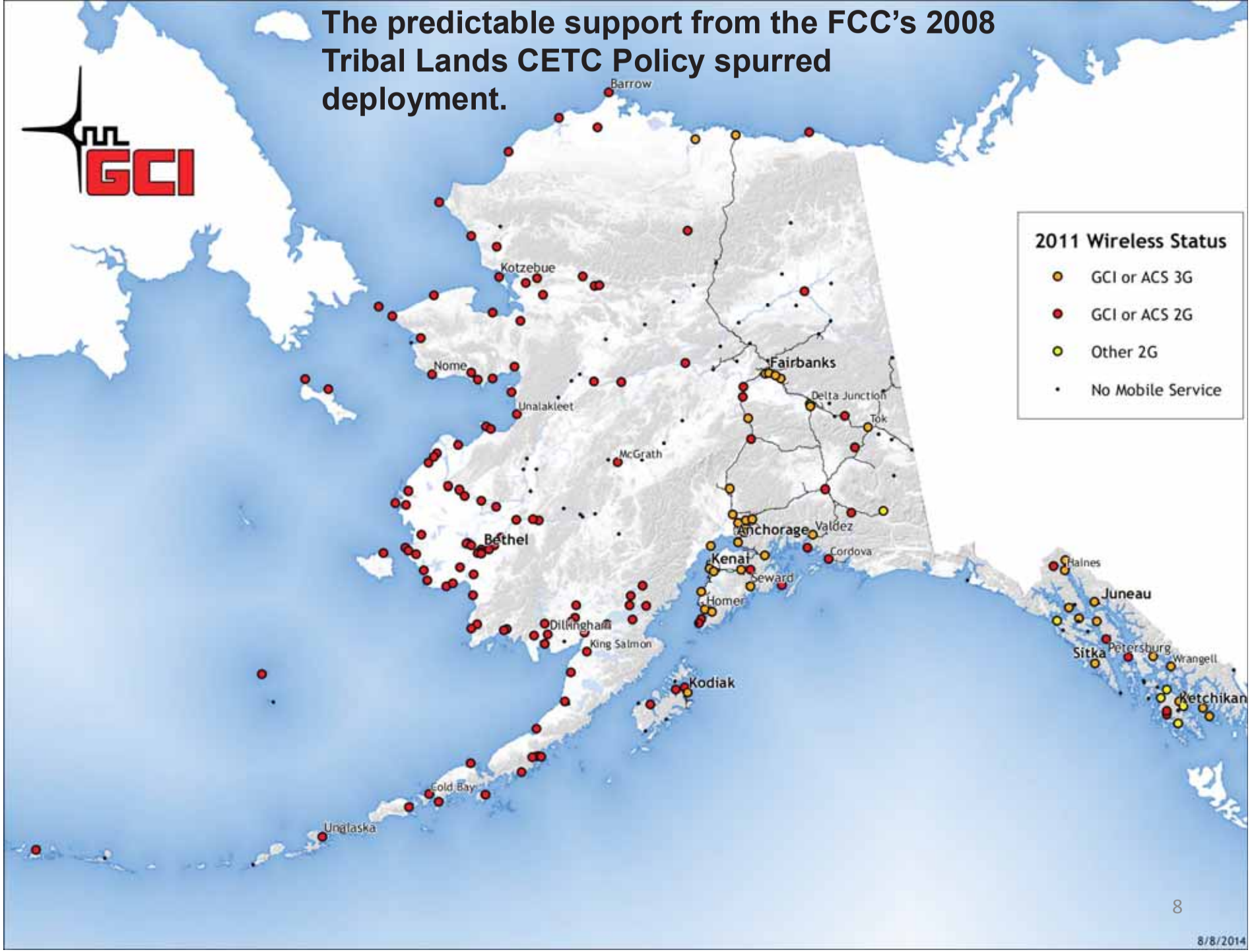
The predictable support from the FCC's 2008 Tribal Lands CETC Policy spurred deployment.



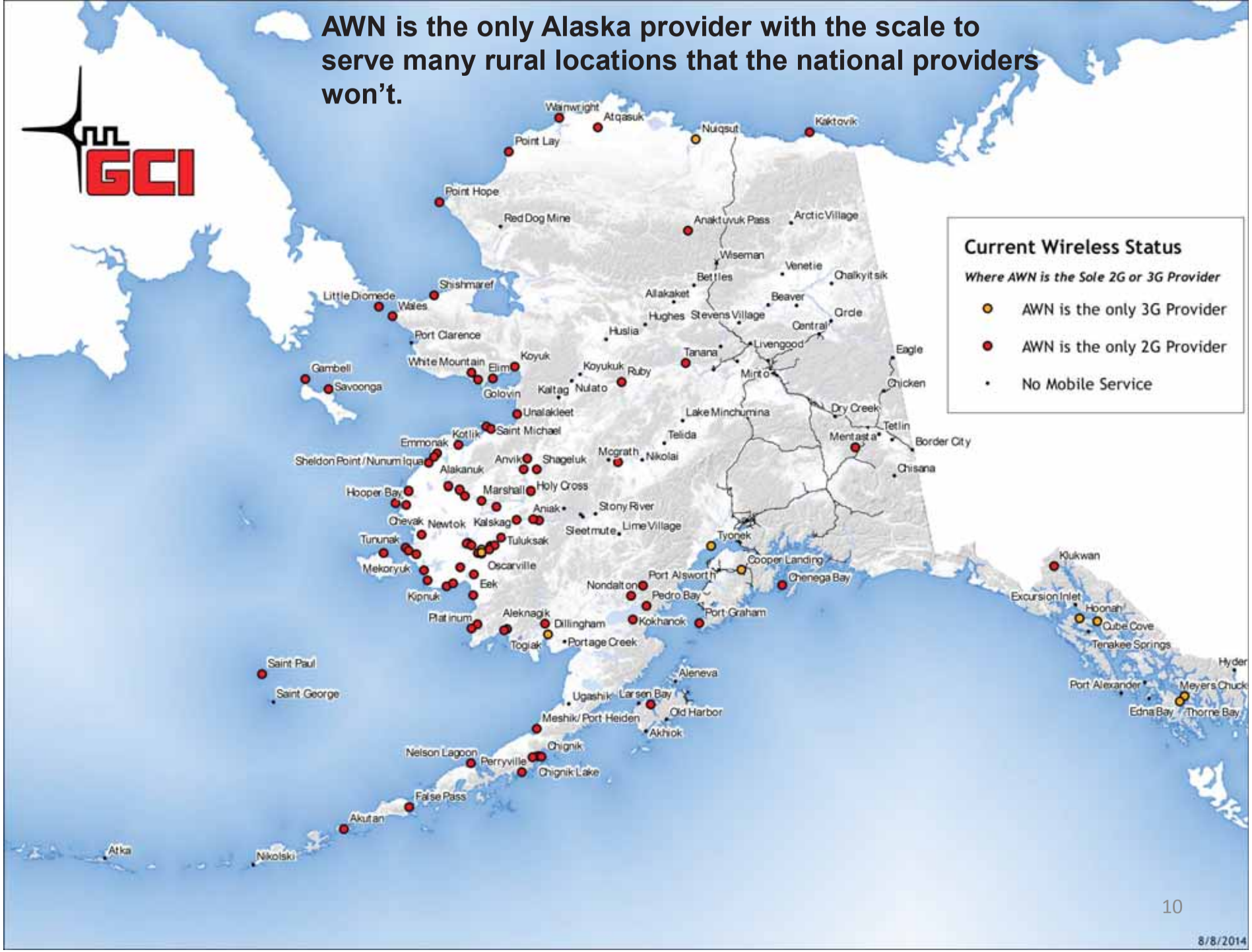
What have we done (with less) since 2011?

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.

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



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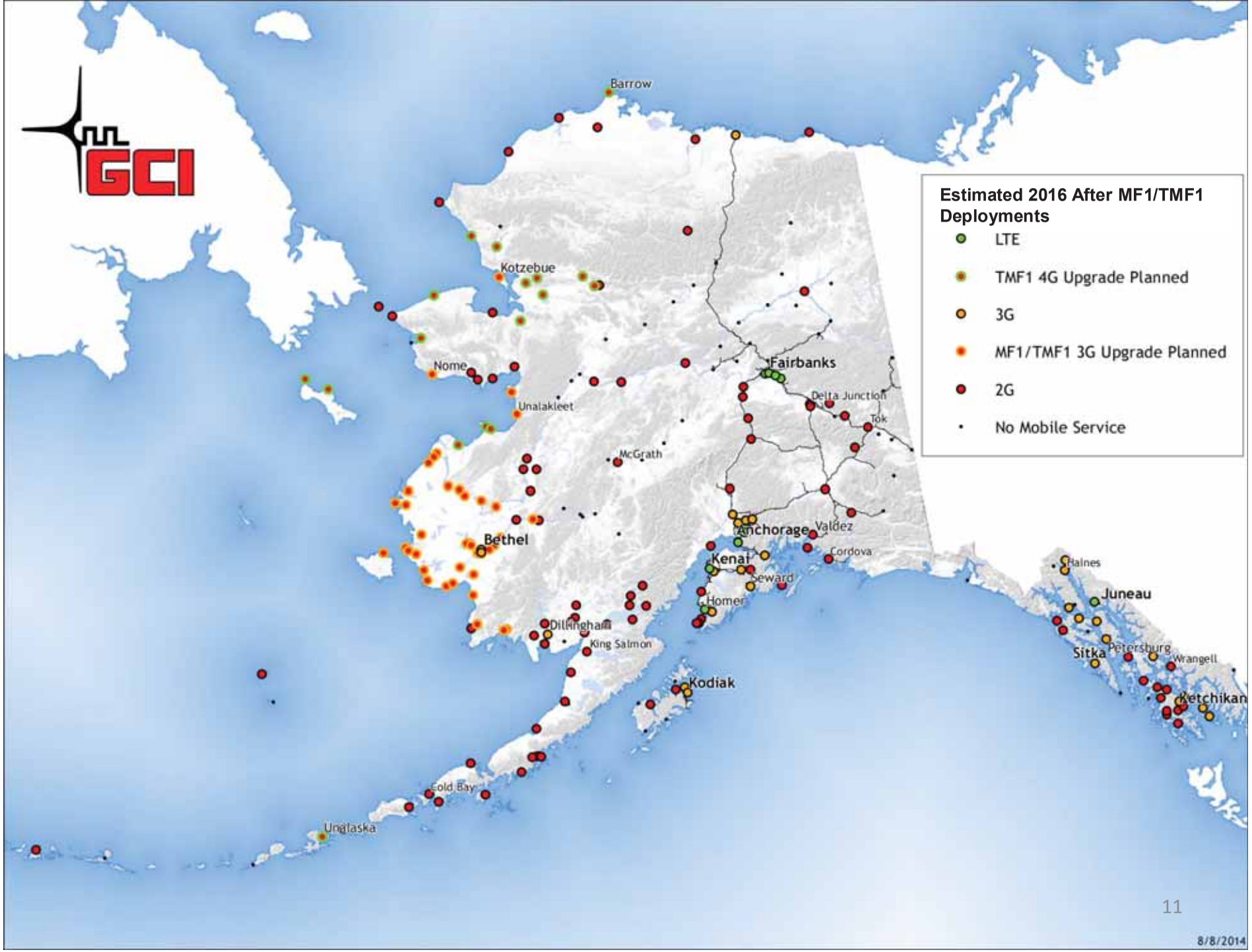
Estimated 2016 After MF1/TMF1 Deployments
LTE
TMF1 4G Upgrade Planned
3G
MF1/TMF1 3G Upgrade Planned
2G
No Mobile Service
Barrow
Kotzebue
Nome
Unalakleet
McGrath
Fairbanks
Delta Junction
Tok
Bethel
Anchorage
Valdez
Cordova
Kenai
Seward
Homer
Haines
Juneau
Sitka
Petersburg
Wrangell
Ketchikan
Dillingham
King Salmon
Kodiak
Cold Bay
Unalaska
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Freeze, Mature, Retarget to Move Closer to the FCC's Performance Goals

- Provides the five year predictability necessary to facilitate mobile broadband deployment to underserved areas; directly supports mobile voice/broadband service to unserved areas; targets CETC support away from ATT/Verizon LTE 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 how to further retarget support
- Simpler to administer; obviates the need for line count updates
- During the five years, mobile ETCs held to objective measurable standards to move nearer to the FCC's mobile broadband goals

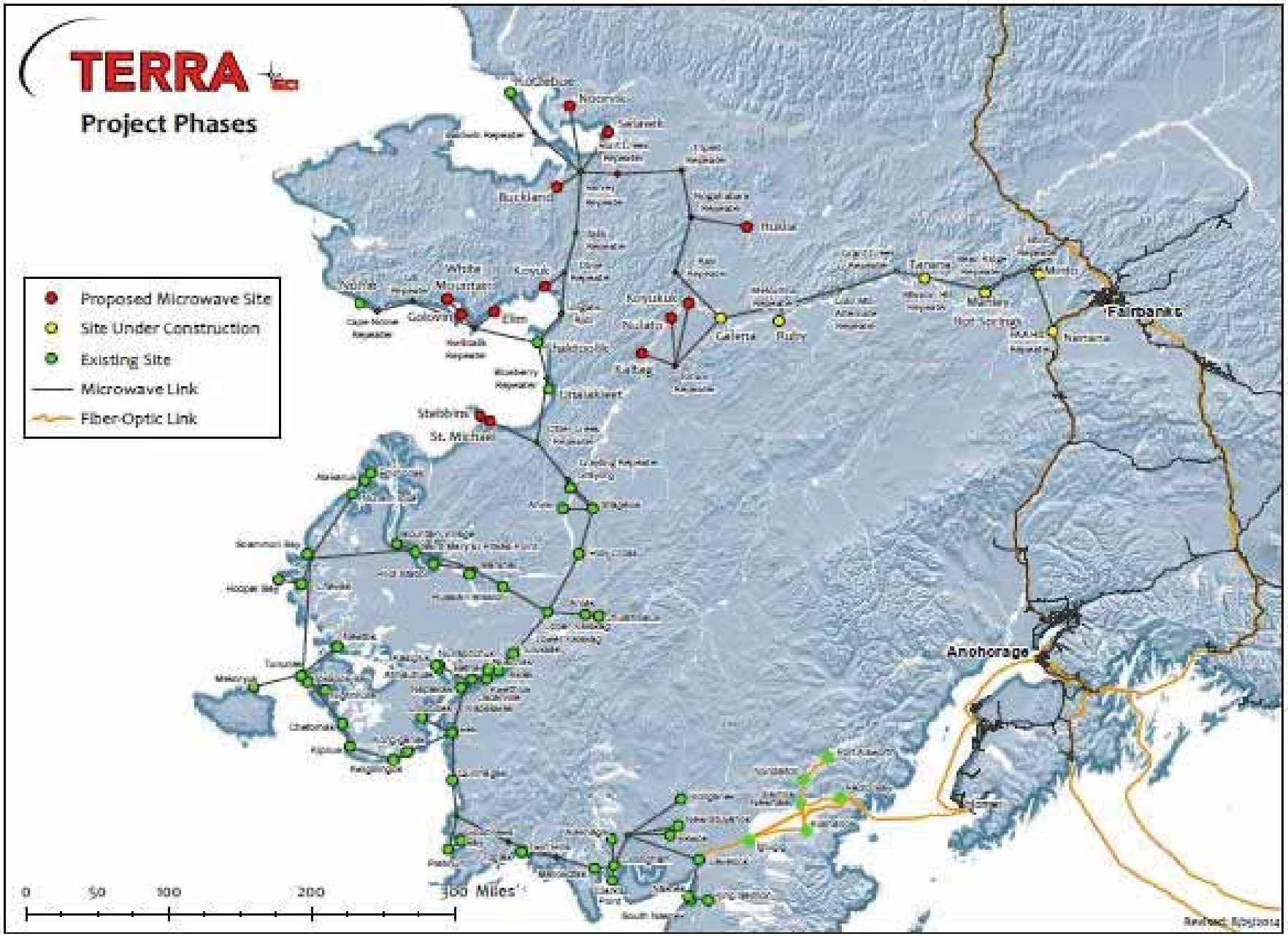
GCI Investing in Alaska

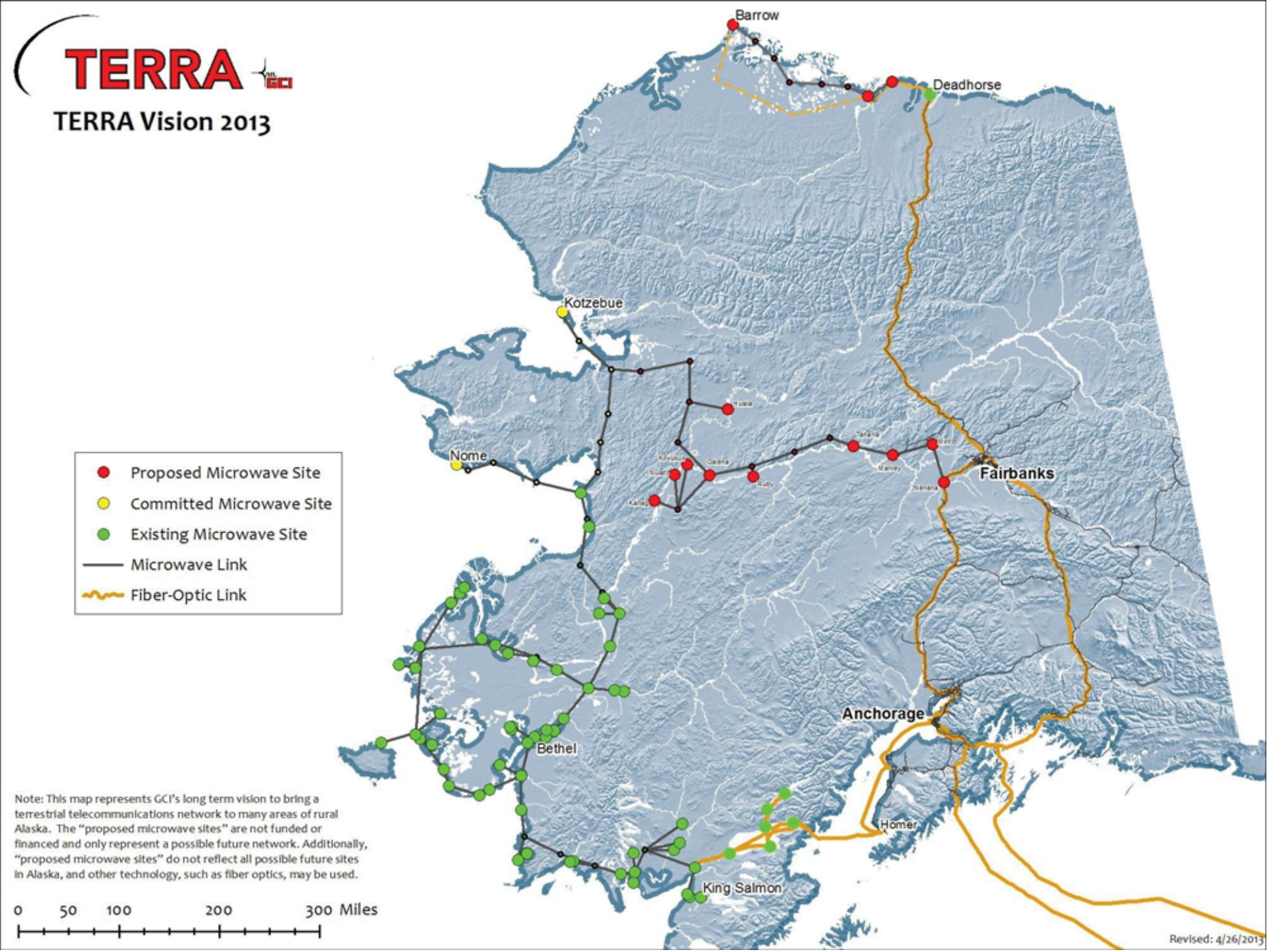
GCI Has Invested Well Over $1 Billion in Alaska since 1979

- Long distance telephone facilities and satellite earth stations
- Hybrid fiber-coaxial cable plant
- Submarine fiber construction

More than $720 Million since 2008

- Urban and rural wireless deployment (AWN)
- Fiber and Microwave terrestrial middle-mile networks (TERRA)
- Invested in underutilized broadcast stations (KTVA)


TERRA
Project Phases
Proposed Microwave Site
Site Under Construction
Existing Site
Microwave Link
Fiber-Optic Link
Buckland
White Mountain
Koyuk
Nulato
Galena
Ruby
Tanana
Fairbanks
St. Michael
Unalakleet
Anchorage
0
50
100
200
300 Miles

TERRA

TERRA Vision 2013