



*advocate for rural wireless telecommunications providers*

February 20, 2008

**VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

**Re: Federal-State Joint Board on Universal Service, High Cost Universal Service Support, WC Docket 05-337 and CC Docket 96-45**

Dear Ms. Dortch:

The Rural Telecommunications Group, Inc. (“RTG”)<sup>1</sup> hereby responds to renewed calls for an interim cap on the amount of high cost support available to competitive eligible telecommunications carriers (“CETCs”) and to the General Communication, Inc. (“GCI”) proposed Tribal and Native Alaskan carve-out from this cap.<sup>2</sup> RTG opposes any interim cap on CETC universal service support and opposes GCI’s self-serving exception to the cap that is tailored almost exclusively to GCI’s urban-based business plans. RTG, which has a number of small, rural members who provide telecommunications service in some of the most extreme and remote regions of Alaska,

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<sup>1</sup> RTG is a Section 501(c)(6) trade association dedicated to promoting wireless opportunities for rural telecommunications companies. RTG’s members have joined together to speed the delivery of new, efficient, and innovative telecommunications technologies to the populations of remote and underserved sections of the country. RTG’s members provide wireless telecommunications services, such as cellular telephone service and Personal Communications Services, among others, to their subscribers. RTG’s members are small businesses serving or seeking to serve secondary, tertiary, and rural markets. RTG’s members are comprised of both independent wireless carriers and wireless carriers that are affiliated with rural telephone companies.

<sup>2</sup> Letter from Tina Pidgeon, Vice President, Federal Regulatory Affairs, GCI, to Marlene Dortch, Secretary, FCC, WC Docket No. 05-337 and CC Docket No. 96-45 (May 31, 2007).

believes that GCI's supposedly "limited, competitively neutral exclusion"<sup>3</sup> is anything but limited and competitively neutral and would harm small, rural carriers that provide universal service in some of the most high cost areas of the Nation, including Alaska.

As RTG's Alaskan members can attest, the GCI carve-out exempts the entire state of Alaska from any CETC cap since the total state is considered Tribal land. Even urban Anchorage would be covered by the exemption. While RTG's Alaskan members and other Alaskan telecommunications companies provide universal service in high cost regions throughout the state, GCI is heavily concentrated in low cost Anchorage. In fact, GCI could easily meet its 50 percent broadband coverage benchmark by providing service in Anchorage exclusively since the majority of Alaskan residents live in Anchorage. By serving a few other heavily-populated cities such as Fairbanks, GCI could meet its 80 percent benchmark and *never* serve the Alaskan bush. RTG questions GCI's commitment to serving remote, high cost Alaskan native villages when the plan GCI crafted would allow them to overlook these areas.

While RTG's Alaskan members would certainly benefit from a statewide exemption from any CETC cap since all of Alaska is considered Tribal land, RTG's Alaskan members would be hard-pressed to meet GCI's broadband buildout benchmarks since, unlike GCI, they do not serve densely-populated, low cost urban areas where population benchmarks are easily met. Thus, GCI's claims of competitive neutrality ring false. In essence, GCI is the only entity in Alaska that can adhere to its own cleverly-crafted carve-out.

Rather than pursue a CETC cap carve-out tailored to GCI's business plans, RTG suggests that the Commission forego a CETC cap, with or without carve-outs, since any such cap will harm each and every small, rural CETC providing service in high cost areas throughout Alaska and the rest of the country. Calls for a cap are unnecessary, both fiscally and politically, now that Alltel is operating under an individual high cost cap,<sup>4</sup> as is AT&T.<sup>5</sup> The Commission has demonstrated that it has the tools to restrain the growth of the high cost universal service fund on an interim basis as large carriers merge or acquire new properties. At this point, a CETC cap would mostly harm small, rural CETCs. Such a discriminatory cap on CETC support would have a devastating impact

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<sup>3</sup> Letter from John T. Nakahata, Counsel for GCI, to Marlene Dortch, Secretary, FCC, WC Docket No. 05-337 and CC Docket No. 96-45 (February 11, 2008).

<sup>4</sup> *In re Applications of ALLTEL Corporation, Transferor, and Atlantis Holdings LLC, Transferee for Consent to Transfer Control of Licenses, Leases and Authorizations*, WT Docket No. 07-128, Memorandum Opinion and Order, FCC 07-185 at ¶ 9 (October 26, 2007).

<sup>5</sup> *In re Applications of AT&T Inc. and Dobson Communications Corporation for Consent to Transfer Control of Licenses and Authorizations*, WT Docket No. 07-153, File Nos. 0003092368 *et al.*, Memorandum Opinion and Order, FCC 07-197 at ¶ 71 (November 19, 2007).

on RTG's members who provide service in areas throughout the country that are often overlooked by larger carriers.

Instead of unnecessary interim caps, RTG, like many in the industry, supports the elimination of the FCC's identical support rule. There is simply no reason to adopt a CETC cap that will harm small, rural providers of mobile services when long term reform of universal service is underway. RTG supports the concepts set forth in the "Panhandle Proposal"<sup>6</sup> and encourages the Commission to listen to small, rural carriers who are experts in the provision of universal service. The Panhandle Proposal not only bases CETC support on the CETC's costs rather than on the identical support of the incumbent ETC, it also allows for multiple wireless carriers to receive high cost support on a targeted basis, yet contains economic incentives for wireless carriers to use another carrier's network in areas where additional networks are economically infeasible. In time, the Panhandle Proposal drives support to one wireless network that would likely be operated by multiple wireless carriers.

Under GCI's interim cap and carve-out proposal, GCI will be eligible for an urban-based universal service windfall while other genuinely rural Alaskan CETCs and rural-based CETCs throughout the country will be denied vital high cost support. RTG encourages the Commission to avoid imposing any interim CETC cap and instead give serious consideration to the Panhandle Proposal which would lead to a more efficient and targeted high cost fund.

Sincerely,

**Rural Telecommunications Group, Inc.**

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/s/

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Regulatory Counsel

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<sup>6</sup> Letter from Kenneth C. Johnson, Counsel for RTG, to Marlene Dortch, Secretary, FCC, CC Docket No. 96-45 (January 11, 2008).