

Introduction: Julie Kitka, President, Alaska Federation of Natives (AFN)

AFN was formed in 1966 to address Alaska Native aboriginal land claims. From 1966 to 1971, AFN devoted most of its efforts to passage of a just land settlement in the U.S. Congress. On December 17, 1971, Congress recognized those efforts with the passage of the Alaska Native Claims Settlement Act (ANCSA). Today, AFN is the largest Native organization in Alaska. Its membership includes 178 villages (both federally recognized tribes and village corporations), 13 regional for-profit corporations (established pursuant to ANCSA), and 11 of the 12 regional Native nonprofit tribal consortia that contract for and run a broad range of state and federal programs for their member villages. The overall mission of AFN is to enhance and promote the cultural, economic, and political voice of the Alaska Native community.

When talking about the Universal Service Fund, just as with other large-scale programs and services, it is important to keep in mind the end user, the individual whose life is affected by the decisions made in rooms like this one. It is my sincere hope that through my comments today, I remind the Federal Communications Commission and the service providers of the effect their actions have on customers in rural Alaskan communities like Nome, Tuntutuliak, Tanacross, and Wainwright. Also that the original purpose of Universal Services is to ensure those customers in rural and tribal areas have access to services not only comparable in type and speed to the same services in urban areas, but also comparable in cost.

Rural villages in Alaska are geographically remote from urban areas and are “rural” in every respect, as there are no interconnecting roads or genuine broadband connectivity on which to base employment, improved health care, and expanded educational opportunities. Most Internet and other telecommunication services in rural Alaska are provided through satellite links. Satellite service is expensive, has a small throughput, and can barely handle audio streaming, much less video streaming, which is essential for robust and effective telemedicine, distance learning, and economic development. This is in sharp contrast to urban America, where inexpensive, reliable, and state-of-the-art fiber allows for these applications directly -- or from hubs. Not only is current satellite-based Internet service inadequate to handle broadband applications of today and tomorrow, but it is subject to weather fluctuations, sun spots and other frailties, and can be afforded by only a few.

Alaska is home to two hundred thirty-one of the 565 federally recognized tribes in the United States. Alaska Natives make up about 22% of the total population in Alaska and our people are scattered across the entire breadth of the state. Rural Alaska, predominately populated by Alaska Natives, contains the most remote and isolated communities in the United States. Many villages and communities are, in some respects, still emerging from third world conditions. In villages of 100 to 800 people, there are usually only a handful of paying jobs, resulting in unemployment rates in such areas ranging from 20% to 90%. Rural Alaska has some of the highest poverty rates of any place in the nation. There is nowhere else in America that faces the combination of such high unemployment, poverty, near absence of paying jobs, and geographic and

telecommunications remoteness as rural Alaska. In essence, as we have told the FCC before, Alaska is challenging and it does not fit the mold of the Lower 48.

Although enhanced broadband access cannot solve all of the challenges of living in rural Alaska and making villages sustainable economically – as the basic issues of expensive transportation costs, both for people and for goods and services, and high energy costs remain – it can play an important part in making it possible for people to live in isolated, remote areas without giving up their ability to communicate, work, and interact with the rest of the world. These people were born here, raised here, and, as Americans, should not have to leave their communities to be connected.

Two of the founding goals of the Universal Services Fund (USF) are no longer being met due to the newly created Connect America Fund. The 1996 Telecommunications Act mandated that the USF promote the availability of quality services at just, reasonable, and affordable rates for all consumers and that USF should increase nationwide access to advanced telecommunications services. Unfortunately, the absence of an environment in which providers can be profitable, as in most tribal areas and all of rural Alaska, creates a vacuum for the deployment broadband infrastructure and services. Even in areas where broadband is available, it is cost prohibitive. If someone living in Washington D.C. cannot afford high speed broadband at \$40 per month, the issue to address is not the cost of their broadband, but rather the income of that individual. However, a rural Alaska resident who cannot afford high speed broadband because it costs \$200 per month is an issue with the cost of broadband; the service is simply unaffordable. This “high cost” issue is exactly what Universal Service is meant to address and is exactly where the new FCC reforms come up dangerously short.

The FCC must recognize that, although a plan to deploy broadband to rural Alaska should be realistically designed to meet the statutory requirements, Alaska’s unique geography, climate, and lack of infrastructure presents unique challenges. For instance, because there are no inter-connecting roads between the metropolitan and rural Alaska, the most cost-effective means of delivering material and goods needed for broadband deployment is by ship and barge during the months of June, July, August, and September in Western Alaska. From this information, one can intuitively presume construction costs to be significantly higher in Alaska. The FCC, using the formula prescribed subsequent to the CAF reform, shows Alaska as 46 percent less expensive to do construction work in than the Lower 48. This formula simply does not reflect the conditions in rural Alaska. When factoring in the climate variable the formula arctic climates are better for building broadband infrastructure than warmer climates. Bad data also comes into play when applying the tribal variable. FCC policy considers all of Alaska as “Tribal lands” however the regression analysis uses census data. Because of this deviation from policy, rural Alaskan companies are only given credit for being partially tribal. The formula must be overhauled to produce accurate figures.

As the bandwidth demands of common web applications increase, rural Alaska is falling further behind the rest of the United States, whether measured by jobs, education, or health care. Absent some form of intervention such as investment in middle line development, rural Alaska will have no meaningful chance to participate in the global economy, educational, or health care systems and will be simply left behind as it has been for so long. Today's programmers are designing tomorrow's applications for tomorrow's bandwidth, and as a result the status quo (or slight improvements to the status quo) are not enough for broadband in Alaska because the programs will always be designed for faster bandwidth that is not available in Alaska. Being left behind in broadband deployment means more than lost economic opportunities, it threatens rural residents' ability to respond in emergency situations. Current trends indicated more and more people transitioning away from wireline phones in the home. Ensuring robust access to telecommunications is critical to Emergency Alert and Response.

The second goal of the USF not being met is increasing nationwide access to advanced telecommunications services. While taking away \$1-2 billion in carrier payments, the CAF I provides only \$300 million for a one-year wireless infrastructure deployment, and just an additional \$50 million for "tribal areas." As I mentioned earlier, FCC considers the entire state of Alaska to be a tribal area. Developing broadband infrastructure over the entire state could not be achieved on this amount, let alone the rest of Indian country. The otherwise simple task of providing power to build middle lines becomes problematic in rural Alaska where only a minority of villages are served by power grid systems for the purposes of distributing electricity. Power is produced locally, usually at great cost.

Rural Alaskan villages and communities are not connected to one another or the rest of the nation through high-speed, reliable broadband, let alone to any major city in Alaska. They are isolated, remote, and face an exceedingly harsh and unforgiving climate and challenging terrain. AFN recommends the FCC and the Wireline Competition Bureau revise the Alaska, Climate, and Tribal variables Quantile Regression Analysis to accurately reflect conditions in Alaska. We further recommend the FCC ensure that USF reforms do not create a situation where large areas of Alaska are left unserved or underserved, rather that the reforms improve availability of quality services at just, reasonable, and affordable rates for all consumers and that it increase nationwide access to advanced telecommunications services. If not soon changed, current FCC policies will quickly lead to the development of second-class broadband citizens in both rural Alaska and tribal America.

In closing, I would like to take this opportunity to thank you Mr. Chairman, this committee, and Senators Murkowski and Begich for your vocal support of broadband deployment in Alaska. Thank you for the opportunity to testify. If you have any questions regarding my statement, I would be willing to entertain them at this time.