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Opening Statement of
Chairman Don Young
Subcommittee on Indian and Alaska Native Affairs
On Tuesday, June 17, 2013
1334 Longworth House Office Building
Oversight Hearing on

Update from tribal leaders and tribal telecommunications providers on the implementation of the Federal Communications Commission's rule on the Universal Service Fund

It has been over a year since our last hearing on this issue and I wish that I could say that a lot of progress has been made on the issues we discussed. I wish I could say that the Universal Service Fund was as robust as it used to be. I wish I could say that FCC listened to the concerns of this Committee and was actively making changes. Unfortunately, the issues we discussed over a year ago still a problem, and we also have all new problems stemming from these FCC reforms.

To start, we still have a complicated and costly waiver process. Yes the FCC waived its \$8,000 filing fee for some carriers, but when these waivers are hundreds of pages costing hundreds of thousands of dollars, \$8,000 is like throwing quarters into a wishing well. As I said in our last hearing, it is simply not good government to force a company to open all of its books and pay hundreds of thousands of dollars, just so government bureaucrats can nickel and dime every decision your company has made.

Second, we still have middle mile challenges in rural and tribal America. While I am sure that tribal America is pleased to be considered with a \$50 million bone thrown into the first round of Connect America Funding, I would like to put this number in perspective. Back in 2009, the stimulus directed \$7.2 billion to broadband, and for that \$7.2 billion, there were nearly \$100 billion in requests made. That's billion with a "B." In a nationwide climate where rural and tribal America are starving for broadband, \$50 million is just like waiver the \$8,000 filing fee, quarters in wishing well.

Third, we have three new issues that FCC continues to ignore. In their latest QRA, the FCC has three variables that are supposed to take into account the uniqueness of Alaska. These variables are climate, tribal, and the Alaskan variable. Yet, when plugged into the FCC analysis, these variables have an effect that is contrary to commonsense. Effectively, they say that it is less costly to build in arctic climates, than warm climates, that it is less costly

to build in Alaska, than anywhere in the Lower 48, and that Alaska is not 100% tribal, even though the FCC and the Bureau of Indian Affairs recognize it as 100% tribal. Each of these variables, intended to help Alaska, ends up hurting Alaska. Numerous Alaskan carriers have made the FCC aware of these problems, and nearly a year later, nothing has been changed. They have even told my staff that because they cannot get these variables to "work," they will run the Regression in a way so that these variables "drop out." Just because the model you make does not work, does not mean that the issues are not real, and that these variables are not needed. Even two of the newest FCC Commissioners acknowledge that Alaska is different. Commissioner Jessica Rosenworcel, during a hearing at Senate Commerce, said "When you have a regression model, it is only as good as the data you put into it...[and] Alaska is big and vast, and it is possible that it does not fit into the model that we use for the Lower 48 states." Commissioner Ajit Pai followed up saying, "'One of the issues we are confronting [is that] an elegant model, even one that, in the abstract, is mathematically sound, can often run ground on the shores of Alaska, from Barrow to Adak, from Kotzebue to Cordova, there are a number of unique challenges that aren't adequately encapsulated in the model.'"

Now, most on this committee know that I have no affection for the National Parks Service. In dealing with them over the years, I am always surprised at how arrogant they are. I bring this up because the FCC is giving the Parks Service a run for their money. Since the FCC first came out with the National Broadband Plan, and the subsequent Connect American Fund, the FCC has refused to be accountable to Congress. FCC staffers have ducked meetings with elected officials and have refused to share data on their Regression Analysis. I would like to point out to my colleagues that the FCC was invited to today's hearing and could not make anyone available to testify. If the FCC is going to maintain that they care about tribal America, they should be taking steps beyond creating an office of Tribal Engagement and, at the very least; they should make themselves available and accountable to this Committee.

On a lighter note, I would like to welcome back AFN, Arctic Slope Telephone, the Mescalero Apache Tribe, and Sandwich Isles. I would like to especially thank Steve Merriam of Arctic Slope Telephone and Julie Kitka of the Alaska Federation of Natives for making the long trip from Alaska, though, all of our witnesses have traveled some distance to get here. I only wish that the FCC had been willing to travel the mile and half up the road to join us at today's hearing.

In closing, I firmly believe that if things continue on the current path, in a few years rural and tribal America will need every last dollar of that \$8,000 filing fee and that \$50 million tribal bond. They will need it to throw into the wishing well I've been talking about because that'll be the best chance they have at getting broadband service.