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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas
Secretary
Federal Communications Commission
Washington, DC 20554

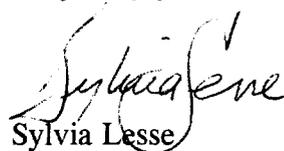
Re: **CC Docket 96-45**
DA 99-259
Ex Parte Presentation

Dear Ms. Salas:

On this date, an original and two copies of the attached material were submitted to the Commission to supplement the record in the captioned proceeding.

Should there be any questions, please contact me at the number listed above.

Very truly yours,


Sylvia Lesse

Attachments

cc: Ms. Adrian Wright
Accounting Policy Division

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List A B C D E

**OVERCOMING THE OBSTACLES TO TELEPHONE SERVICE
FOR INDIANS ON RESERVATIONS
BO DOCKET NO. 99-11**

**COMMENTS OF
CHARLES W. WIESE, GENERAL MANAGER OF THE
TOHONO O'ODHAM UTILITY AUTHORITY
TO THE FEDERAL COMMUNICATIONS COMMISSION**

**MARCH 23, 1999
GILA RIVER INDIAN COMMUNITY
CHANDLER, ARIZONA**

The Tohono O'odham Utility Authority ("TOUA") appreciates this opportunity to meet with Chairman Kennard here in Arizona. It is an honor to participate in this important investigation into the obstacles to ensuring that all Native Americans living on tribal lands enjoy the benefits of basic and advanced telecommunications services. TOUA brings to this inquiry the perspective of an organization which has enjoyed some measure of success in accomplishing this goal due, in part, to the existence of federal programs which advance universal service objectives.

TOUA is the utility authority for the Tohono O'odham Nation, a federally recognized Indian tribe. In addition to telecommunications service, TOUA provides electric, water/wastewater and propane service to the Nation. The reservation consists of four separated reservation lands in the Sonoran Desert and covers a total area about the same size as the State of Connecticut. The largest, known as the Tohono O'odham Reservation stretches 90 miles across Pima County and extends to the Mexican border. The three smaller reservations are the Gila Bend Reservation, the San Xavier Reservation near Tucson and Florence Village. TOUA is the oldest tribal telephone

company in Arizona. Following the August 1987 purchase from US WEST of aged facilities serving 390 subscribers across the more than four thousand square miles of the Tohono O'odham Reservation, TOUA established and implemented a plan to provide initial and improved service to all residents of the Reservation. Today, TOUA serves nearly eight times the number of subscribers served by US WEST in 1987. This translates into an increase in the residential penetration rate from less than 20% to over 70% today. The progress is a testament to the commitment of tribal authorities to ensure that tribal residents are afforded access to basic services.

TOUA was the recipient of a community block grant, the proceeds of which were used to finance the purchase of the facilities from US WEST and to provide start-up operating funds. TOUA is a Rural Utilities Service borrower and has utilized these funds to construct facilities required to provide service throughout the Tohono O'odham Reservation. Through the years of operations, TOUA also has been the recipient of federal universal service funds which have assisted in the defrayal of capital costs of improvements and have also assisted in maintaining an affordable service rate. Access charge revenues have also played an important role in these two categories. Currently, TOUA subscribers pay monthly residential rates of \$10.36; monthly business rates are \$21.80. The tribal community has experienced economic growth over the past decade largely because of the existence of a service infrastructure that supports development.

TOUA has also provided assistance to its community by contributing to the provision of safety, health and education services. The Tohono O'odham Nation,

assisted by TOUA, is the recipient of a RUS grant for distance learning and TOUA has assisted the schools in our service territory in the process of applying for telecommunications discounts. It assisted the police department in establishing its E-911 computer and communications systems and assisted in the establishment of the telecommunications infrastructure to support emergency services. Two years ago, TOUA launched internet services for residents of the Reservation.

Encouraged by its progress thus far, TOUA is now embarking on the next steps to ensuring that the types and quality of services available to Reservation residents is equivalent to that enjoyed by citizens in other areas of this country. TOUA is in the process of accepting bids for a new switch which will provide equal access capability and CLASS functionality. Upon deployment, TOUA subscribers will enjoy the ability to reach an interexchange carrier of choice on a 1+ dialing basis and will have access to caller ID, automatic call-back and other CLASS features. In addition, the population on tribal lands is increasing rapidly, requiring constant augmentation and upgrading of facilities. TOUA has budgeted \$5 million over the next 36 months to meet the needs of its community.

TOUA also is committed to increasing its penetration rate, both with respect to basic and enhanced services. To assist in the realization of this goal, TOUA has sought waiver of the FCC's lifeline rules which require the availability of state funding as the prerequisite to eligibility for certain lifeline funding. Inasmuch as TOUA is not subject to the jurisdiction of a state commission, and accordingly, not eligible for state funding,

TOUA and other tribal authorities in Arizona have sought waiver of this rule to equalize its subscribers' access to federal funding intended to promote universal service principles.

TOUA dedicates the proceeds from operations to upgrading existing service, extending service when requested and providing advanced services when economically feasible. TOUA enjoys no economies of scale, serving only 4.4 subscribers per route mile. TOUA's progress thus far is directly related to the availability of ascertainable and predictable sources of funding. The maintenance and enhancement of these funding sources is critical to TOUA's continued success.

It is a critical fact that Reservations do not present commercially attractive service areas. Sparse population and historically low penetration rates are the reason that the larger companies have all but abandoned tribal lands. The service is expensive and the return is lower on a per-subscriber level. Accordingly, continued investment and operations must be encouraged by a demonstrated commitment to the Congressional requirement that universal service support be predictable and sufficient. Given that the majority of TOUA revenues are comprised of access charges and universal service funds, it is clear that substantial changes in these mechanisms jeopardize TOUA's accomplishments and impede any further progress in achieving universal service principles. Accordingly, TOUA's major obstacle is the current uncertainty regarding funding sources.
