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AIRADIGM

Packet # 99-11

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Mr. Chairman, thank you for holding this series of hearings, on this very critical, but often understated, problem in our nation. Everytime we pick up a newspaper or business magazine, an article extols the virtue of the information age. We are one of the most connected nations in the world. In fact, our telecommunications industry stumbles over itself to offer new ways to connect people to voice or data communications: DSL, ADSL, PCS, Cellular, LMDS, a mine field of satellites in space and miles of new broadband fiber optic plant.

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APR 29 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

One must wonder why, with all of this occurring, we need to hold these hearings to discuss the problem of telecommunications access on our nation's Indian reservations.

There is a long and sometimes bitter history which has led to the current dismal state of services afforded to Indian reservations. And it is refreshing to see that the FCC has taken an interest in ensuring that history will not rewrite itself as we continue forth into the information age. However, it will take more than research and more than policy directives to insure substantive steps forward towards the goal of delivering basic and next generation services to Indian reservations.

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As you are intimately aware, the telecommunications industry is driven by capital. IT is needed to deploy the services, to market and deliver the services, and it must be assured that it will be multiplied at a date certain. And unless the federal and state governments are willing to afford relief or benefits to those who supply the equipment or service, then we may be back here in 10 or 15 years pondering the same questions. I doubt the Federal government will want to fully fund the deployment of numerous networks, and nor do I believe anyone is asking for that.

The Oneida tribe realized this, and decided to embark on a path which would allow them to be in control of their own destiny. Oneida is a gaming tribe that invested its revenue back into projects which would benefit the community as a whole, instead of paying out per capita payments. Airadigm Communications was one of the projects.

The Oneida reservation is located adjacent to Green Bay, the third largest city in Wisconsin. Nevertheless, it found that it was underserved by the two cellular companies and the three wireline companies whose market territories intersect the reservation. Oneida had investigated buying a wireline company, or creating its own wireline phone company. Finally, it settled on wireless communications because of its lower cost of deployment and maintenance.

It decided to participate in the C-Block auctions. To the surprise of Oneida, it had to find a partner to be the controlling entity since it could not own more than 49 percent of a company which qualified as a designated entity in the auctions. The FCC prohibited gaming tribes from having a controlling interest in a designated entity. Therefore, it became the minority partner in the partnership which later became Airadigm Communications. It successfully won the right to build out 15 BTAs in the C and F Block auctions.

Airadigm Communications has deployed service to the majority of its population. It serves individual customers in a manner similar to most wireless operators – in a retail environment. However, it also focuses on serving the business customer with a large scale wireline system replacement offering, essentially a wireless centrex. As this same service is offered to communities, it is more akin to a wireless local loop.

Airadigm Communications has replaced the wireline systems of numerous companies in its service area. The companies range from 5 lines to over 1000 lines. The industries represented span from insurance to morticians to paper and lumber mills. It has begun to replace wireline systems within the Oneida Nation and for many other Wisconsin residents.

After a little more than a year, 500 phones have been activated within the reservation. This is just under a 10 percent penetration level. One of our most enterprising efforts to date has been supplying the Oneida Nation Police Department with these phones. Prior to this, the Police Department did not have two-way communications. In the near future, entire departments within the tribal organization, such as the Department of Public Works, will convert to wireless. As new buildings, such as the health clinic and elderly home, are constructed, wireless will be the primary source for communications. This will exponentially increase the penetration level. Many of the current individual users on the reservation use only the Airadigm service for their home and business phone.

The Oneida Nation is also concerned about access to data. It wants to combine reliable data access with mobility in order to create efficiency in its work force. Digital wireless capabilities will allow users to access both internet and intranet databases. The reservation will also serve as the beta site for future cellemetry applications for monitoring specific utilities throughout the reservation.

This activity has resulted in an increased awareness of the reservation needs by the competitors to Airadigm Communications. Prices have fallen and service has improved. Airadigm Communications currently charge Oneida members slightly less than .10 per minute for usage, as part of a bundled package. This rate decreases in the corporate bundles.

Oneida's investment in a wireless infrastructure to serve itself and to generate revenue from users throughout the region could be held up as a business model for other tribes to follow. Except, not all tribes have ability to divert their own capital into a multi-million dollar business venture. Not even all gaming tribes have this ability, for not all gaming operations are successful, contrary to the expert opinion of Andy Rooney of 60 Minutes and others.

We must always come back to the base issue of financing the deployment. Even if the tribes were given the spectrum, they would still need to buy the equipment and hire the expertise to harness the spectrum. They would still need to educate, market to, and bill their customers, even if they are the fellow tribal members. The tribes and the state and federal governments cannot by themselves solve the problems we discuss here today. Any solution must also include two other entities: the infrastructure vendors and the finance community. (The latter may include tribes which have benefited from gaming.)

One solution that I envision is a cooperative made of all the tribes, state and Federal governments, infrastructure vendors, and the finance community. The tribes would be the end users and partial owners of the cooperative. The vendors and financiers would also become partial owners until their shares could be purchased from the revenue generated by the end users. The state and Federal governments would clear obstacles that the entity would encounter, such as the acquiring spectrum or influencing potential participants. The cooperative would create a national phone network with a mission based on serving Indian communities.

While this may seem broad in its scope, it actually helps to tackle another problem associated with financing, lowering the capital expenditures and taking advantage of the economies scale associated with a phone network. If we believe that best solution for Indian tribes is one in which they participate so that they can control their own destiny, then we have to believe that they must control their own network in order to guarantee service where and how they need it. But, it is impossible for every tribe to have its own billing system and its own network operations center. It would be pointless for each to negotiate for its infrastructure equipment, handsets, and interconnection and long distance rates. The economies of scale just do not exist for the small communities which make up a reservation. By pooling their numbers, resources, and potential pops, and by centralizing their operations, Indian tribes have a better opportunity to create a cost efficient network which serves their needs. By creating a cooperative entity, each tribe would have a vote in the construction and service priorities. And each tribe would share in the benefits of a shorter break even time line, and thus the benefits of a positive cash flow.

However, this is only one potential idea, of the many which I am sure will result from these hearings.

In closing, Mr. Chairman:

Many people talk about the problems which need to be addressed in Indian Country. However, there have been relatively few improvements. Reservations have been immune to the benefits of the telecommunications revolution. This will prevent them from experiencing the benefits of the information revolution. In a world which will define its have and have nots, not by material wealth, but by intellectual wealth, a tremendous delta grows between Indian Country and the rest of the Nation. Third World nations have surpassed Native Americans who live in the richest nation in the world. It will take a concerted effort by all parties in order to correct this problem. Any solution which dictates will atrophy. Only the solutions which solicit and encourage participation from all facets will succeed. This is the culture and history of Indian Country.

Thank you.