

Before the Federal Communications Commission
Washington, DC

In the Matter of:

Request for Review by the Bureau)
of Indian Affairs of a Decision of) Entity Number 21973
Universal Service Administrative Co.) Application Number 139066
Received May 10, 2000)

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Federal State Joint Board on Universal)
Service) CC Docket No. 96-45
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Changes to the Board of Directors of the)
National Exchange Carrier Association) CC Docket No. 97-21

Letter of Support for Review Request

The Federal Communications Commission received a request for review by the United States Department of the Interior on behalf of the Bureau of Indian Affairs of a funding denial by the Schools and Libraries Division of the Universal Service Administrative Company. With this letter, I support the Department of Interior's request and ask the Commission to consider novel facts regarding Internet service delivery as it considers this request.

Background

The Department of the Interior applied for year two E-Rate discounts under the Universal Service program for Internet access to a number of isolated schools operated by the Bureau of Indian Affairs. Because of their isolated, remote locations, the most cost effective method of delivering Internet service to these schools is via satellite. Without satellite connections, these schools do not have access to the Internet. Without the 90 percent E-Rate discounts, the schools cannot afford one-time installation costs or monthly connection fees. Because funding requests were denied, no high speed Internet connections were made to these schools during the 1999-2000 school year and those students spent yet another year on the far side of the digital divide.

On March 28, 2000 the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) denied an appeal for Universal Service, E-Rate discounts filed by the United States Department of the Interior for a host of Funding Request Numbers (FRN). In its denial, the SLD contended that the one time cost of \$27,000 for these requests is for the purchase of satellite equipment. The purchase of satellite equipment is not eligible for a discount under this program. Therefore, more than 30% of the funding request is for the purchase of satellite equipment which is an ineligible product according to program rules. With this filing I hope to convince the Commission to overturn this unfortunate decision and broaden E-Rate regulations to include funding for innovative solutions of accessing the Internet.

Discussion

The Department of the Interior concluded that satellite delivery of Internet content to remote BIA schools would be the most cost effective and best solution for Internet delivery. Indeed, FCC Chairman William Kennard, in a=20 New York

Times interview the very week Interior filed its appeal said "When you look at people living on tribal lands, the average (telephone penetration rate) drops below 50 percent. And in some areas, such as the Navajo nation, telephone service is down at 20 percent. We're not talking about Internet access, we're talking about basic phone service. In an era of wireless technology and satellite technology, that shouldn't exist." Under current FCC and SLD policy, that sad situation will continue.

Discounts were denied Interior because SLD determined that the satellite equipment needed to transmit and receive Internet service was ineligible for funding and the totality of ineligible equipment cost exceeded 30 percent of=
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the

total funding request, resulting in denial. Interior included the cost of equipment purchase (vsat equipment) with the cost of Internet service monthly charges in its request as Internet Access charges. Properly, Interior should have requested funding for the Internet Access portion (transponder and ISP charges) as Internet Access and leased the vsat equipment, or applied for the equipment as Internal Connections. However, if the requests were filed in the latter manner, they most likely would be denied under current policy.

Under current E-Rate policy, according to the Schools and Libraries Eligibility List, published December 2, 1999:

=E2=80=9CThe equipment used for satellite access to the Internet is only eli=
gible if
leased, because it constitutes Wireless Wide Area Network equipment used for Internet Access.=E2=80=9D (Page 9)

Yet, later in the same document satellite Access to the Internet is specifically defined:

=E2=80=9CThe service provides a means of receiving and transmitting informat=
ion from
and to an Internet Service Provider (ISP) via satellite. The connection to the ISP can be accomplished through the use of a dial up line, or dedicated facility, equipped with a modem. The service is eligible for discount if it is part of a bundled Internet service offering and does not include the satellite dish, or modem.

When provided as a component of a Wireless Wide Area Network and used exclusively for accessing the Internet, the satellite dish is eligible, but only if leased.=E2=80=9D (Page 33)

There is an inherent conflict in the use of terms in these two service descriptions. Page 9 of the Eligible Service List describes =E2=80=9Cequipme=
nt used
for satellite access=E2=80=9D while the specific reference to satellite Inte=
rnet

delivery on page 33 excludes only the satellite DISH and modem as ineligible. Finally, the use of the term "Wireless Wide Area Network" to describe Internet access delivered to a single location is improper.

In its appeal, Interior explains that the cost of the satellite dish is only a very small portion of the total \$27,000 purchase price for the vsat equipment. The bulk of the cost is the routing equipment and transceiver that transmits data to the ISP via satellite and receives data from the ISP, again via satellite. Of the total purchase price, the dish itself represents only about \$100. Routers and Transceivers are both listed as eligible in the Eligibility List. Moreover, the Eligibility List Interior used when submitting its application in early 1999 had no mention of the Page 9 "Satellite Service" which contains the only reference to satellite equipment. At the time of Interior's filing, only satellite dishes were excluded from the eligibility list.

It is improper to describe this particular service as a "Wireless Wide Area Network" because satellite delivery of Internet content is actually a direct connection between the ISP and the customer. The fact that the content is delivered via satellite versus a wire is simply a function of location. If Interior had applied for exactly the same service with a wire connecting the ISP to the school, there would have been no question as to its eligibility. When considering satellite based ISP's, the Commission should consider the satellite connection between an ISP and customer as if it were carried on a wire.

The technology proposed by Interior only uses the satellite to transmit and receive signals. No modems or dial up lines are used in this application. Again, it is a direct connection to the Internet.

Conclusion

If SLD had used the above logic when evaluating Interior's application, it would have changed the category of service from Internet access to Internal Connections - as is the current policy when internal connections are included with either Telecommunications or Internet service requests. SLD should have subtracted the cost of the satellite dishes, and funded the balance, because all year two internal connection applications were funded in year two.

I ask the Commission to consider this argument when reviewing Interior's appeal and instruct SLD to review its policy regarding satellite delivery of Internet content.

Respectfully Submitted this 14th day of July, 2000.

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A copy of this letter is being delivered electronically to the Schools and
Libraries Division.