

EX PARTE NOTICE

**YUKON TELEPHONE COMPANY, INC.
P.O. Box 873809
Wasilla, Alaska 99687-3809**

October 24, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445-12th Street, SW
Washington, DC 20554

RE: Ex Parte Notice CC Docket No. 96-45
State of Alaska Petition to Waive E-Rate Rules

Dear Ms. Salas:

On October 24, 2001, I met with FCC Commissioner Kevin Martin and Senior Legal Advisor Samuel Feder of his staff to discuss the provisioning of internet access as it relates to universal service for schools and libraries in Alaska.

Specially, we discussed how internet access and universal service issues apply to schools and libraries in Alaska. The attached material was used during the meeting.

An original and one copy of this ex parte notice and the attachment are being filed in the above referenced docket. Please include it in the public record.

Respectfully submitted,

/s/ Paula E. Eller
Paula E. Eller
President

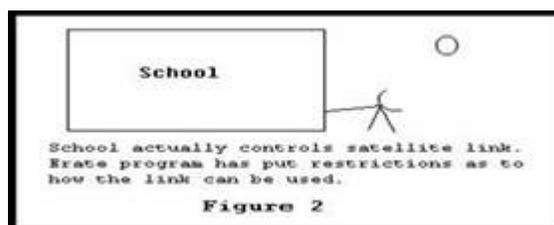
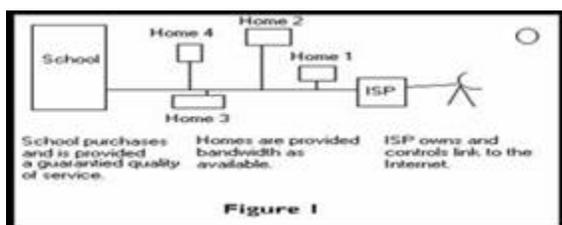
Attachment

cc: Commissioner Kevin Martin
Samuel Feder

Internet Access in Rural Alaska

The State of Alaska's Petition for Waiver of E-rate rule - CC Docket No. 96-45 is well meaning. All participants in the provisioning of telecommunications services agree that it is desirable that local flat rate Internet service be made available to all rural Alaskan communities. Unfortunately, free access to the bandwidth used by the Schools and Libraries will only widen the current digital divide in rural Alaska. Private solutions can be implemented immediately without any need for a waiver of the current E-rate rules.

The original intent of the E-rate program was that the Schools and Libraries program would supply an anchor tenant for smaller communities, as well as supply schools with access. It would then be economically feasible to provide Internet to the entire community with an anchor tenant. Unfortunately, with the way E-rate services have been implemented in much of rural Alaska, it has made the bandwidth to the Internet feeding the school, property of the school. The V-Sat units have been directly installed at the school, it uses school property, electricity, and other school resources making it property of the school. This eliminates the ability of an ISP to get started locally since the one anchor tenant available in the community is not available.



The structure in Figure 1 was the intent of the implementation of the E-rate program and unfortunately Figure 2 was how the program got implemented in much of rural Alaska, requiring the waiver of the E-rate rules. Please reference Attachment 1 if there is any question as to the legitimacy of the structure as outlined in Figure 1. Because of the two distinct services being offered in Figure 1, i.e., a fixed rate of conductivity and conductivity as available, price can be differentiated for the two different services. The model shown in Figure 1 actually should lead to lower prices for the E-rate program since there is another revenue stream from Bandwidth as Available Customers (BAC).

This is not a perfect solution. However, it is far superior to a special waiver of the E-rate rules. Local Internet users are able to gain 24 hour access to the Internet when not being used at 100% by the school. Government resources are not being used to compete directly with private resources, such as implementation of the State waiver competing with Starband or any other potential local ISP, leading to possible legal action. Local infrastructure is developed, competition is fostered, limited satellite resources are used efficiently, and there is no need to make special rules for Alaska.

The local ISP solution has not been implemented for two basic reasons; both involve the purchasing practices of the E-rate program. First, if the services requested by the school are met, the low cost provider should be chosen. There should be no discretion. Second, because technology changes so rapidly and the E-rate funding is done on an annual basis, all contracts regarding the E-rate should be limited to one year. These two simple logical purchasing practices will lead to the rapid availability of local unlimited affordable Internet service for residents of rural Alaskan communities.

If the purchasing practices were changed, Tanana, Alaska would be a prime example of where Internet service could be available now. An offer was made to the current E-rate provider to purchase the conductivity used by the school, then sell the conductivity back to the E-rate provider at the school for less than the amount it was purchased. The school would have the same Internet Service it currently receives, but BAC packets could then be injected into any packet space that was not used by the school. Performance would also be enhanced by using push/pull technology and greater efficiencies would be gained, making the perceived performance greater than the actual performance. However, the school E-rate provider refused. As shown in the example, the local ISP could obviously provide services to the school for less than the current provider, but given the current purchasing rules for the E-rate program may not be chosen to provide service. The current E-rate provider has also encumbered the school with a three year contract denying residents of the community affordable Internet services for the next three years.

Attachment 1

Thank you for your inquiry. It is acceptable for a service provider and an applicant to have the network service agreement described. The service agreement must be reached after the 28 day procurement period following the posting of the Form 470. The cost of the service incurred by the school is the only portion eligible for discount. If you have any further questions please feel free to contact our Schools & Libraries Helpline at 888-203-8100 or contact us at question@universalservice.org. Please remember to visit our website for updates: <http://www.sl.universalservice.org/>
Thank you.

Universal Service Administrative Company
Schools and Libraries Division

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-----Original Message-----

Sent: Thursday, October 26, 2000 9:48 AM

To: question@universalservice.org

Subject: School funding

I need the follow question answered:

If I as an ISP have 64kbps of core access to the Internet backbone, contract with the local school to provide 64kbps of conductivity to the Internet, and

also sell locally a product which is bandwidth when available to the residents, are there any problems with this configuration?
My understanding is this configuration is legitimate as long as the services contracted to the school are delivered in accordance with the contract. It also allows lower costs for all parties because of more efficient bandwidth use. Also if SLD considers this configuration unacceptable, a network configuration is being defined rather than a level of service. Again the question is whether or not the network as described above falls within the rules of SLD for funding as long as the contract with the local school is met?