



7852 Walker Drive, Suite 200  
Greenbelt, Maryland 20770  
phone: 301-459-7590, fax: 301-577-5575  
internet: www.jsitel.com, e-mail: jsi@jsitel.com

May 18, 2010

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

**Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 05-337  
Notice of *Ex Parte* Presentation**

Dear Ms. Dortch:

On May 18, 2010, James Underwood, Wilfred Moore, Carroll Onsae and Darlene Burden of Hopi Telecommunications, Inc. ("HTI"), and John Kuykendall and Douglas Meredith of John Staurulakis, Inc. ("JSI") met with Angela Kronenberg in the Office of Commissioner Mignon Clyburn. The subject of discussion was the impact of the National Broadband Plan on Hopi Telecommunications, Inc., a tribally-owned Eligible Telecommunications Carrier in Arizona. A copy of the presentation which was discussed at the meeting is attached.

In the meeting, HTI and JSI representatives demonstrated the significant investment HTI has made in bringing state-of-the-art telecommunications and broadband services to the Hopi people and underscored the importance of consistent and predictable federal Universal Service Fund ("USF") support to continue this effort. HTI expressed its concern that the National Broadband Plan has injected uncertainty into the investment stream and that while the nation is reaching for 100 Mbps, the plan relegates the high cost areas of the country to a mere 4 Mbps which will increase the divide between urban and rural areas of the U.S. HTI is ready and willing to participate in continuing discussions regarding ways that USF can be reformed in a way that meets the FCC's goals of universal broadband service.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall

John Kuykendall  
Vice President

on behalf of

Hopi Telecommunications, Inc.

cc: Angela Kronenberg

Attachment

Echelon Building II, Suite 200  
9430 Research Blvd.  
Austin, Texas 78759  
phone: 512-338-0473, fax: 512-346-0822

Eagandale Corporate Center, Suite 310  
1380 Corporate Center Curve  
Eagan, Minnesota 55121  
phone: 651-452-2660, fax: 651-452-1909

6849 Peachtree Dunwoody Road  
Building B-3, Suite 200  
Atlanta, Georgia 30328  
phone: 770-569-2105, fax: 770-410-1608

547 South Oakview Lane  
Bountiful, Utah 84010  
phone: 801-294-4576, fax: 801-294-5124

1

## *Hopi Telecommunications, Inc.*

### **Impact of the National Broadband Plan on Hopi Telecommunications, Inc. (HTI) May 17-18, 2010**



## Hopi Telecommunications, Inc. (HTI)

2

- HTI is incorporated under the laws of the Hopi Tribe and is wholly owned by the Tribe.
  
- It is HTI's charge by the Tribe to serve the reservation. Accordingly, HTI's mission is to serve all Hopi people with their communications needs, both voice and data, at reasonable rates.



## HTI's Service Area

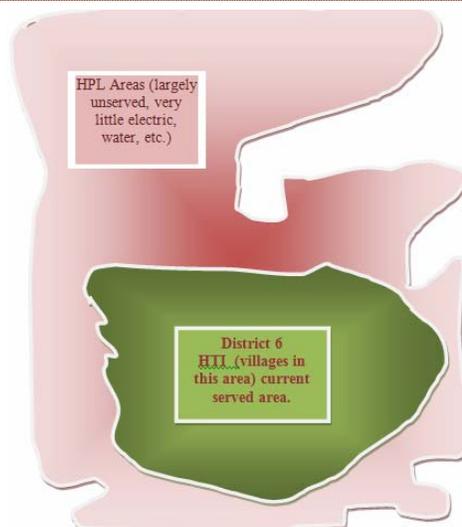
3

- ▶ HTI was designated as an ETC by the FCC on January 31, 2007 to serve a study area that is comprised of three local exchanges that it purchased from CenturyTel of the Southwest.
- ▶ The study area is located primarily on the Hopi Reservation in Arizona, with a small portion on the Navajo Reservation.
  - ▣ The study area includes Tribal District 6 where most of the Hopi villages are located.
  - ▣ In addition to Tribal District 6, HTI's study area also includes the largely unserved "Hopi Partitioned Land" which is comprised of land assignments that are scattered and are without access to roads and utilities such as electricity and water.



## HTI's Service Area

4



## HTI's Service to the Hopi People

5

- Prior to HTI purchasing the three exchanges, the deployment of plant was significantly less than it is today—CenturyTel's plant was not upgraded, had no DSL service and was poorly maintained.
- In the three and one-half years since HTI purchased the exchanges, HTI has made significant progress in bringing state-of-the-art telecommunications and broadband services to the Hopi people by upgrading existing facilities including:
  - Replacing a twenty-five year old DMS-10 legacy technology switch with a new softswitch; and,
  - Replacing Digital Loop Carriers with Broadband Loop Carriers in order to be able to offer HTI's customers DSL.



## HTI's Future Plans

6

- In 2010, the Company plans on installing a fixed wireless technology to serve all unserved customers that reside in communities and villages within its service territory.
- The Company also has undertaken efforts to determine where individuals reside in the largely unserved Hopi Partitioned Land where land assignments are scattered and where those residing in this area are without access to roads and utilities such as electricity and water.



## Obstacles to Accomplishing its Goals

7

- The Company is aware of potential customers for whom it would like to offer telephone service but has been unable to do so due to delays in Rights of Way (ROW) and permit approvals from the Bureau of Indian Affairs (BIA) which have delayed construction of the necessary facilities.
- ROW issues present significant challenges on the reservation such as having to obtain approval from multiple authorities which results in an expensive and time consuming process.



## Importance of USF to HTI

8

- A significant amount of Hopi's annual revenues are comprised of federal universal service (USF) support.
- In addition to USF, Hopi has obtained loans from RUS which were made on the basis of Hopi continuing to receive federal USF support.



## HTI's Concerns with USF Reforms Proposed in the National Broadband Plan (NBP)

9

- HTI intends to participate in the FCC's NOI/NPRM comment cycles and looks forward to a continuing dialog regarding ways to reform USF and intercarrier compensation.
- At the outset, HTI would like to stress that USF legacy programs do indeed provide support for broadband.
  - ▣ This support is already limited. High Cost Loop Support (HCLS) is capped and Interstate Common Line Support (ICLS) is assigning only 25% of costs to the interstate jurisdiction.



## Observations on the NBP

10

- HTI is concerned that while the nation is reaching for 100 Mbps, the plan relegates the high cost areas of the country to a mere 4 Mbps which will increase the divide between urban and rural areas of the U.S.
  - ▣ This position appears to be a reversal of the objective set by Congress to make sure rural areas have comparable service at comparable prices.



## Observations on the NBP (Continued)

11

- The NBP has injected uncertainty into the investment stream.
  - This will raise costs and will lower the number of projects that will be completed in rural areas of the nation.
  - According to recent OPASTCO *ex parte*, some lenders are now reluctant to extend new loans to rural LECs “because it is unclear whether these carriers will have sufficient future cash flows to service the debt.”

May 11, 2010 *ex parte* presentation filed on May 12, 2010



## Observations on the NBP (Continued)

12

- Rural LECs made strategic investment decisions based on predictable USF support which the plan proposes to eliminate.
  - For example, Rural LECs such as HTI count on USF support in being able to fulfill their loan covenants from RUS and other lenders which extend beyond the timeframe when legacy support will be phased out.



## Observations on the NBP (Continued)

13

- The NBP Plan urges Congress to consider establishing a Tribal Broadband Fund to support sustainable broadband deployment and adoption in Tribal lands.
- While such a proposal is admirable, the possibility of HTI benefitting from such a fund should not even be considered unless and until Congress has authorized the FCC to implement the fund.



## Observations on Lifeline

14

- HTI recognizes there is a referral to the Federal-State Joint Board on Universal Service to review the FCC's eligibility, verification, and outreach rules for the Lifeline and Link Up universal service programs.
- HTI believes that it would be an excellent pilot area for broadband Lifeline programs, such as:
  - Low income support
  - Anchor institutions in communities
- HTI would be willing to participate and help in this effort.



## Conclusion

15

- The NBP properly emphasizes the need to ensure that all those residing in Tribal Lands have access to and utilize high-speed broadband services.
- HTI has made significant progress in bringing state-of-the-art telecom and broadband services to the Hopi people but will not be able to continue to do so unless it is able to continue to receive federal USF in a consistent and predictable way.
- HTI looks forward to continuing discussions regarding ways that USF can be reformed in a way that meets the FCC's goals of universal broadband service and is ready and willing to participate in the FCC-Native Nations Broadband Task Force.

