

**THE FCC'S TRANSFORMATION ORDER
DID NOT RECOGNIZE THE SPECIAL NEEDS AND CIRCUMSTANCES
OF NATIVE AMERICANS – WHY?**

THE FCC'S OWN WORDS¹

Communities on Tribal lands have historically had less access to telecommunications services than any other segment of the population.

Approximately 98% of the households in the United States presently have basic telephone service. On Tribal lands, however, barely 67% of households have basic telephone service.

As the FCC has found, 65% of Americans living off Tribal lands – but less than 10% of residents on Tribal lands – have access to broadband in their homes.

Many tribal communities face significant obstacles to the deployment of broadband infrastructure, including high build-out costs, limited financial resources that deter investment by commercial providers, and a shortage of technically trained members who can undertake deployment and adoption planning.

Tribes need substantially greater financial support than is presently available to them, and accelerating Tribal broadband deployment will require increased funding.

THE WORDS OF NATIONAL AND STATE TELECOMMUNICATIONS ASSOCIATIONS²

Specific to the extreme plight of Native American populations that are geographically isolated on Tribal lands, the Associations agree the Commission should give special consideration to improving broadband deployment and adoption levels in Tribal lands, including areas such as the Hawaiian Homelands.

Tribal lands are typically located in geographically-isolated areas, where small pockets of Native American groups are served. The costs associated with delivering broadband services to these consumers are very high even when compared to other rural areas.

THE WORDS OF THE NATIVE TELECOM COALITION FOR BROADBAND (NTCB)³

This Commission and our industry recognize the promise of broadband communications. Deployment of broadband is critical to the survival of our nation. Native Americans are admittedly behind the communications curve and are struggling to obtain an acceptable quality-of-life, including economic opportunity.

¹ National Broadband Plan and USF/ICC Reform FNPRMs.

² USF/ICC Reform filing, 8/2011, at pg. 8; NECA, NTCA, OPASTCO, WTA, the Rural Alliance, and 38 concurring state/regional associations.

³ USF/ICC Reform filing, 8/2011; Native Telecom Coalition for Broadband.

Consistent with various federal treaties and acts, it is the intent of Congress to provide Native Americans with a communications platform that fosters economic advancement, so they may become self-sufficient and self-sustaining on Tribal lands. A broadband communications platform will provide the 21st century foundation that is needed to help Native Americans connect with the world -- develop economic opportunities, utilize advanced medical technology, educate their children, protect their families and property, and preserve cultural traditions and values. All Americans are entitled to this opportunity.

NTCB ADVOCATES FOR A TRIBAL BROADBAND FUND⁴

During the FCC USF/ICC reform process, the NTCB advocated for a Tribal/Native Broadband Fund (TBF) that would favorably resolve Universal Service Fund (USF) issues for Native Americans, whether they are American Indians living on reservations in the lower 48, Alaska Natives living in small isolated villages throughout Alaska, or Native Hawaiians resettling the Hawaiian Home Lands that are scattered across the Hawaiian Islands.

Clearly the costs to build and operate networks on Tribal lands are very high even when compared to other rural areas. So it is particularly important that the regulatory regime applied to ETCs serving Tribal lands provide "explicit, predictable, and sufficient" USF support. The proposed TBF assures that a floor of USF support continues after USF/ICC reform is implemented and until such time as further public policy consideration determines that a better regulatory solution should be constructed.

TBF will keep small rate-of-return ETCs that serve Tribal lands financially viable, thereby ensuring that carrier of last resort responsibilities are fulfilled for Native Americans by their participating ETCs. From a lender perspective, TBF removes regulatory uncertainty that is prevalent in the current environment and which makes loans for expansion of broadband infrastructure on Tribal lands questionable today.

To satisfy a lender's loan criteria, TBF provides additional revenue to a participating ETC, if needed, so that the "times interest earned ratio" (TIER) required by its loan covenants is met. The amount provided is revenue and cost-based and is "sufficient" – that is, no more and no less than is financially justified.

TBF support is determined annually by a neutral third party administrator, i.e. USAC. And it is based on Part 32 audited financial data (both revenue and expense) specific to each participating ETC. Because the lender has confidence that a participating ETC will consistently make TIER, loans will be granted for what is deemed to be necessary broadband infrastructure expansion on Tribal lands. Only after regulatory certainty is achieved through new Commission policy and rules specific to Native Americans will capital be made available for much needed infrastructure deployment on Tribal lands.

⁴ Annual TBF support should initially be benchmarked at \$50 million, or approximately 1% of the FCC \$4.5 billion USF/CAF budgeted amount. The fund size should be revisited after the first 3 years of its existence.