

Rural Alaska Broadband Internet Access Program

Program Description

Acknowledging that access to the Internet provides economic, employment, and educational opportunities to isolated, remote, and economically depressed areas of the country, Congress amended the Consolidated Farm and Rural Development Act referenced as 7 U.S.C. 1926 Section 306 (a)(20)(E). Accordingly, the State of Alaska, Department of Community and Economic Development (DCED), Regulatory Commission of Alaska (RCA) submitted an application to the U.S. Department of Agriculture for a \$7.5 million grant. With this grant, the RCA would establish a sub-recipient grant program titled the Rural Alaska Broadband Internet Access Grant Program.

Purpose of the Program

The purpose of the Rural Alaska Broadband Internet Access Grant Program (Program) is to provide economic, employment and educational opportunities to some of the most isolated and economically depressed areas of rural Alaska. Most of these communities are not connected to a road system and can only be accessed by either boat or airplane. These communities depend upon telecommunications to provide basic education, public health, and public services.

Unfortunately, communities with the greatest need and those that could benefit greatly from broadband Internet services are those with the highest costs of providing these services. Alaska's harsh climate, sparse population, and northern location make expanding broadband Internet service into much of rural Alaska a technical challenge and economically infeasible for private-sector telecommunication carriers and cable operators.

RCA's goal is to facilitate long-term affordable broadband Internet services in rural Alaska communities where these services do not currently exist. To accomplish this, the RCA will provide to telecommunication carriers and cable operators (through sub-recipient grants), up to 75 percent of the funding they require for projects that would:

- (1) Expand broadband Internet service into Rural Alaskan communities currently without local dial-up Internet access or broadband service.
- (2) Continue to provide broadband Internet service to the residents of those communities at affordable rates that are comparable to rates paid by residents of Anchorage, Fairbanks, and Juneau for at least two mandatory years after completion of the initial expansion project.

Establishing the Program

Upon signing a Grant Agreement with the USDA, the RCA will provide public notice of the Rural Alaska Broadband Internet Access Grant Program (sub-recipient grants) and forward the Grant Application Guide to those interested in applying for a sub-recipient grant.

The Grant Application Guide will be available to sub-recipients at a time in the near future. Details of RCA's expectations, requirements, and sub-recipient grant process will be contained in the Grant Application Guide.

Eligible Applicants: Only telecommunications carriers or cable operators capable of providing broadband Internet service in rural Alaska will be eligible to apply for sub-recipient grants. This grant program is not limited to Alaskan applicants.

Sub-recipient applicants must provide, among other items, information identifying its organization, duration of its existence, location of its offices, and its experience with similar projects.

Sub-recipient applicants must identify its key personnel assigned to the project and discuss the working relationship, interaction, and chain of communications between the applicant and the eligible community(s) that will benefit.

Eligible Communities: Sub-recipient grants will be limited to those projects that are structured so the benefit is specific (limited) to rural Alaskan communities that are predefined as:

- (1) A city, town, village, or borough within rural Alaska with a population of less than 20,000.
- (2) Have a not-employed rate of more than 19.5 percent.
- (3) Residents within the community that do not currently have local Internet access or broadband service. Internet access provided at some public schools and libraries through the E-rate Program or access available for rural health care does not exclude a community from this Program.

Using the Denali Commission's Telecommunications Survey conducted in 2000 and recent not-employed rates from Alaska's Department of Labor, the RCA has identified approximately 50 predefined communities in rural Alaska that meet the above criteria. This pre-defined list will be available to sub-recipient applicants upon release of the sub-recipient Grant Application Guide.

Communities whose residents currently have access to the Internet through either local dial-up providers regardless of the quality of connection will not be eligible.

Community Support: RCA believes community involvement is essential to the success and sustainability of broadband services in these rural communities.

To further this premise, the RCA recommends that all sub-recipient applicants provide documentation demonstrating community support and participation in the planning and implementation of the proposed project. Documentation can be items such as resolutions of support or memorandums of agreement between the applicants and the community or tribal council, or another public or non-profit organization representing the eligible community.

Eligible Projects: Projects must be proposed by eligible applicants and must benefit only eligible communities on the pre-defined list or provide substantive evidence that a community not on the predefined list is eligible. Additionally, Communities identified on the pre-defined list that have since received local dial-up Internet access or broadband connection since the Denali Commission Telecommunication Survey conducted in 2000 are not eligible for this grant program. The proposed project must result in providing:

- (1) Broadband Internet service into rural areas of Alaska currently without local dial-up Internet access or broadband service; and
- (2) The Internet services at affordable rates to the residents and are comparable to rates paid by residents of Anchorage, Fairbanks, and Juneau are eligible and

- (3) Maintain that rate structure and level of service for at least two years (mandatory) from the completion of the Start-Up Phase of the project.

Projects will consist of three distinct phases: a.) Construction Phase, b.) Start-Up Phase, and c.) Maintenance Phase.

Construction Phase

The first phase is the Construction Phase and begins when an applicant and the RCA enter into a Grant Agreement. It should be completed within 18 months, though it may be extended by 6 months at RCA's sole discretion. Upon completion of this phase there is to be successful activation of broadband Internet service into the agreed upon rural community(s). It is during this phase that the applicant will develop a rate structure, recurring and non-recurring rates, and level of service and present it to the RCA for approval. All must be very similar to those identified in the applicant's initial application to the RCA and must be comparable to rates assessed in Fairbanks, Anchorage, and Juneau.

Start-Up Phase

Upon conclusion of the Construction Phase, the Start-Up Phase begins. This phase will not extend beyond 18 months. There will be no extensions. During the Start-Up Phase the applicant must provide computers and software for free broadband Internet access to residents of the community in at least one publicly accessible facility. Applicants are also encouraged to provide free Internet training and Internet business development course(s) to community residents. During this phase, the applicant must make residents aware that eventually they will need to subscribe and pay for the Internet services based on the rates identified during the Construction Phase. After free public access is available for some time and residents have been notified that they will eventually need to pay for the broadband Internet services, the applicant may begin charging for the broadband Internet service provided to private residences. The applicant may begin charging for the Internet services that was previously free in the public facility during the later portion of this Phase.

Immediately upon the commencement of charging for Internet services in the public facility, the applicant's grant with the RCA shall terminate. Upon termination or scheduled completion of this Phase, the applicant's grant with the RCA will terminate and the RCA will no longer provide funding for any aspect of providing broadband Internet services to the rural communities.

For both the Construction Phase and Start-Up Phase, the RCA will provide up to 75 percent of the funding. The applicant must provide at least 25 percent of the funding. If the applicant's funding decreases, the RCA's funding shall also decrease so that the agreed upon ratio of RCA to applicant funding remains constant and the grant amount shall be decreased accordingly

Maintenance Phase

The third phase is the Maintenance Phase and begins upon completion of the Start-Up Phase. This is a mandatory two-year period in which the applicant has agreed to maintain its previously approved rate structure and service levels.

As of the beginning of the Maintenance Phase, the RCA will provide no further funding in any manner to the applicant.

If the applicant has not already done so, at the beginning of the Maintenance Phase, the applicant shall begin charging for broadband Internet services that were free during the Start-Up Phase.

Proposals from Sub-Recipient Applicants

As discussed in the previous sections of this document and detailed in the enclosed Grant Application Guide, sub-recipient applicants must provide a proposal which provides a detailed discussion of:

- (1) The applicant profile including key personnel, and its financial status.
- (2) The communities that would benefit from the project, the applicant's and community's relationship, and the community's support of the project.
- (3) Every aspect of the project for each of its three phases.
- (4) The applicant's commitment to contribute at least 25 percent of the funding for the first two phases, a budget for the first two phases, and a long term financial projection for the continuing sustainability through the third phase and beyond.
- (5) The applicant's acknowledgement that the Internet rate structure approved by the RCA must be maintained for a minimum of two years.
- (6) The applicant's acknowledgement that full compliance to federal and state requirements is mandatory.

Once proposals are received, the RCA will proceed with the review and evaluation process as detailed in the Grant Application Guide. To summarize, the RCA will review the sub-recipient proposals to determine basic compliance. Proposals that do not meet basic requirements may be eliminated. The remaining proposals will be forwarded to the evaluation committee members and each will evaluate the proposals using the numerical scoring system detailed in the Grant Application Guide.

All applicants will be provided a list reflecting all applicants who applied for a sub-recipient grant, total points received for each, and whether or not the applicant was selected. Applicants will have the opportunity to provide a written appeal to the RCA within ten days after release of the applicant list. Applicant's receiving the highest scores will then be afforded the opportunity of entering into a sub-recipient grant with the RCA.

Conclusion

The State of Alaska, Department of Community and Economic Development, Regulatory Commission of Alaska have worked jointly and cooperatively with the USDA Rural Development field office in Alaska to develop a grant program consistent with USDA rules and Congress' intent. Again, we welcome the opportunity to work on this worthwhile grant program that should ultimately provide sustainable broadband service to some of the most isolated and economically depressed areas of rural Alaska.