

Rural Alaska Broadband Internet Access Program Frequently Asked Questions

Below is a list of questions the RCA has received regarding the Rural Alaska Internet Access Grant Program. For more detailed information regarding the grant program, please consult the Grant Application Guide. Questions regarding the program may be directed to the RCA by letter or email, and this document will be updated to provide responses to those inquiries. Contact information is provided at the end of this document.

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MISCELLANEOUS PROGRAM GUIDELINES

What program limitations exist?

Rates must be “affordable”. Affordable rates are rates that are comparable to rates paid by residents of Anchorage, Fairbanks and Juneau for similar services. There may be no rate modifications during the Maintenance Phase (i.e., for two years after completion of the Start-up Phase).

Projects must be sustainable, and applicants must explain how their Internet service proposals are sustainable. Applicants must also provide demand estimates and other information indicating that the rate structure will be maintained in later years.

The grant application guide also discusses federal and state requirements that may apply once an application is granted. For more information regarding these requirements, please consult the Grant Application Guide.

What level of financial commitment is required from grant recipients?

Grant recipients must provide 25 percent of funding during the Construction and Start-Up Phases. The 25 percent contribution may consist of actual direct expenses and an indirect rate of no more than 19 percent of the actual direct payroll costs.

While no funding will be provided once the Maintenance Phase commences, the applicant may charge for broadband Internet services that were free during the Start-up Phase. However, fees received for services performed during the grant period will be considered program income that must be used in accordance with federal guidelines or the grant agreement.

Can you provide an example of the calculation regarding 19 percent of the actual direct payroll costs?

Assuming total program costs of \$400,000, the grant recipient would be required to fund \$100,000 (25%) of the project. If documented direct wages are \$50,000, a total of \$9,500 (19% of \$50,000) can be counted as an indirect expense towards the grant recipient’s 25% contribution. In other words, indirect expenses of

\$9,500 would count towards the grant recipients \$100,000 (25%) contribution. The grant recipient would be required to expend an additional \$90,500 (\$100,000 - \$9,500) to satisfy its 25% contribution requirement.

It should be noted that all direct expenses – including payroll and benefits – must be adequately documented. This also includes amounts expended to satisfy the grant recipient’s 25% contribution requirement. In addition, money or equipment received through participation in another federal grant program may not be used to satisfy any portion of the grant recipient’s 25% contribution requirement.

Are the following expenses considered reimbursable expenses under the grant program?

1. Grant writing fees: No reimbursement is allowed for grant writing fees.
2. Consultant expense: Reimbursement of consultant expenses is dependant on the nature of those services and the relevancy of those services to project planning and implementation. For example, reimbursement may be allowed for a consultant expenses incurred in designing a broadband network provided that the consultant fees were properly documented.

The Grant Application Guide states that “[c]osts associated with provisioning bandwidth by satellite to a community will be limited to lease costs only”. Does this mean that equipment such as V-Sat or satellite dishes do not qualify for funding?

No. Equipment purchased to fulfill program goals, including VSAT or satellite dishes, is subject to reimbursement provided the cost of the equipment is clearly documented. Grant recipients will not receive reimbursement for the costs of equipment purchased prior to commencement of the grant program, but the cost of such equipment may be applied towards the grant recipient’s 25% contribution requirement (provided that the grant recipient submits proper cost documentation).

What reporting requirements apply to grant recipients?

Grant recipients will be required to submit expense summaries, along with supporting documentation (sales receipts, signed timesheets, etc.) for all costs incurred with regard to the grant program. Where the use of grant program equipment or employees is shared, strict cost allocations must be followed and documented to the satisfaction of the administering agencies. In addition, program income must be reported.

Is it acceptable to use facilities installed for providing broadband services to schools/libraries and health clinics to provide broadband Internet feeds to an eligible community?

Yes, so long as the community is otherwise eligible to participate in the program. However, the grant recipient must allocate project costs among the two federally funded projects and will be required to provide sufficient documentation of the costs of the Rural Broadband Internet project before receiving any reimbursement. Grant recipients must also follow federal guidelines regarding preference of use for shared use facilities.

Under Section D (Eligible Projects), Start-Up Phase, the guide states “[a]fter free public access is available in the public facility and residents have been notified that they will eventually need to pay for the broadband Internet services in the public facility, the applicant may begin installing and charging for the broadband Internet service provided to private residences.”

Does this paragraph mean that the applicant may provide a free public access facility AND charge residential customers at the same time, or must the applicant begin charging for services previously provided free to the public access facility once the residents are charged for service to their home?

The applicant may install and charge for service to private residences during the Start-Up Phase, but the grant will terminate immediately upon the applicant’s charging community residents for broadband Internet services that were free in the public facility. Any revenues from service charges must be applied toward the grant program.

Does the grant recipient have to follow the Davis-Bacon Act?

The Rural Development Instruction 1940-C covers Davis-Bacon Act requirements for Rural Development projects. Please consult the Rural Development Instruction 1940-C and Related Acts. With the exception of the instances listed in the 1940-C, compliance with the Davis-Bacon Act is not required.

The Grant Application Guide states that “[c]osts associated with provisioning bandwidth by satellite to a community will be limited to lease costs only”.

a) Does this mean that equipment such as V-Sat or satellite dishes do not qualify for funding?

No. Equipment purchased to fulfill program goals, including VSAT or satellite dishes, is subject to reimbursement provided the cost of the equipment is clearly documented. Grant recipients will not receive reimbursement for the costs of equipment purchased prior to commencement of the grant program, but the cost of such equipment may be applied towards the grant recipient’s 25% contribution requirement (provided that the grant recipient submits proper cost documentation).

b) As a facilities-based carrier, we may be using satellite bandwidth that we own rather than lease. Is there an acceptable method for determining what our internal costs should be, or should we build a model showing how we calculated internal costs.

As indicated above, grant recipients will not receive reimbursement for the costs of equipment purchased prior to commencement of the grant program, but the cost of such equipment may be applied towards the grant recipient’s 25% contribution requirement. Any calculation of internal costs must be adequately documented, accurate and able to withstand an audit of project costs.

The broadband grant application guidelines require that the applicant provide permit approvals and environmental related information including Request for Environmental Information - Form 1940.20, detailed letter from the State Historic Preservation Office, and the State of Alaska's Coastal Management Zone questionnaire. Can a grant application be approved without these items having been completed with the disbursement of grant funds contingent upon their completion?

The applicant should provide as much information as possible regarding the feasibility of its proposal, including discussing permitting and other government approval requirements. If the applicant proposal involves regulatory and permit approvals that have not been received prior to submission of the grant application, the applicant should discuss action taken to obtain such approvals/permits, provide proof of such action, indicate the likelihood of success in receiving such approvals/permits, and disclose the anticipated date for receipt of the approval/permit. The Evaluation Committee will consider this information during its review of grant proposals.

We have contacted communities to solicit community support for our broadband Internet proposal, and several communities have verbally committed to providing evidence of community support for the project. However, there are a couple of communities that have not submitted their requested letter of support and thus we are unable to provide documentation of community support and participation as required by the Grant Application Guide at page 4. Additionally, some villages have not identified the community-learning center at this time. Since there is no physical site identified for the community-learning center, we cannot secure a letter of clearance from the State Historic Preservation Office as required in the Grant Application Guide on page 12 (the State Historical Society requires a physical address to provide the letter of clearance). What leeway is there if the proposal is 98% complete, but these few components are missing?

The applicant should provide as much information as possible regarding the feasibility of its proposal, including discussing community support and other required authorizations. If documentation of community support has not been received, the applicant should discuss action taken to obtain such evidence of community support, summarize the extent of its communications with community representatives (including the identity of the individual and his role in community affairs), discuss verbal commitments made by community representatives, and provide proof of such communications if available. If the applicant has been unable to secure a letter of clearance from the State Historic Preservation Office because of a lack of site location information, the applicant should discuss communications with the State Historic Preservation office, provide evidence of such communications, indicate when it anticipates the determination of site locations, indicate when it will request a letter of clearance from the State Historic Preservation Office, and state the anticipated period of review before receipt of a letter of clearance from the State Historic Preservation office. The Evaluation Committee will consider this information during its review of grant proposals.

When referring to "maps of the communities" does the application need to include a detailed map of each community or a map showing the general geographic location of the communities?

The maps should contain enough detailed information to determine the network configurations and locations of the proposed facilities.

ELIGIBLE APPLICANTS

Who is eligible to apply for the Rural Alaska Broadband Internet Access Grant?

Federal guidelines applicable to the grant appropriation provide that only telecommunications carriers and cable operators capable of providing broadband Internet service in rural Alaska are eligible to apply for grant funds. If an interested entity is not a telecommunications carrier or cable operator, the entity must work with a telecommunications carrier or cable provider in order to be eligible to participate in the grant program. The grant is not limited to Alaskan applicants.

Why is eligibility limited to telecommunications carriers and cable operators?

The authorizing legislation restricts eligibility to telecommunications carriers and cable operators. See 7 USC 1926, § 306(a)(20)(E).

Please define the terms “telecommunications carrier” or “cable operator”.

Definitions of the above terms were derived in part from the Telecommunications Act of 1996.

Cable Operator: The term “cable operator” means any person or group of persons who a) provides cable service over a cable system and b) directly or through one or more affiliates owns a significant interest in such cable system, or who otherwise controls or is responsible for, through any arrangement, the management and operation of such a cable system. In addition, the term “cable operator” means a provider of cable services proposing to establish common carrier facilities and services which, in the Evaluation Committee’s determination, will result in the long-term availability of affordable broadband services for the provision of high speed Internet access in eligible communities. See 47 USC § 522(5).

Telecommunications Carrier: The term “telecommunications carrier” means a provider of telecommunications services proposing to establish common carrier facilities and services which, in the Evaluation Committee’s determination, will result in the long-term availability of affordable broadband services for the provision of high speed Internet access in eligible communities. See 47 USC § 153(44).

ELIGIBLE COMMUNITIES

Where may I find the list of eligible communities?

The RCA has tentatively identified several communities in rural Alaska that may meet the criteria. In addition, the RCA has posted information received after publication of the eligible community list. Specifically, the RCA web site contains the following information:

1. a list of communities that an entity has indicated may be eligible even though the communities are not on the list of eligible communities, along with the identity of the entity that provided the information, and
2. a list of communities that an entity has indicated may not be eligible even though the communities are on the list of eligible communities, along with the identity of the reported service provider and the entity that provided the information.

There has been some controversy over whether a community is eligible for the Rural Broadband Internet Program. The RCA believes that the fairest way to resolve this controversy is to allow the Evaluation Committee make final determinations regarding eligibility. The suggestions by interested parties to amend the RCA's tentative list of eligible communities will be evaluated during the application review process. Any information the RCA receives regarding the eligibility of a community will be forwarded to the Evaluation Committee for review. Potential program participants are encouraged to verify information regarding community eligibility.

When is the cut-off date for determining whether a community is eligible for participation in the grant program?

Determinations of community eligibility will be based on information available to the Evaluation Committee at the time grant applications are reviewed.

CONTACT INFORMATION

The Grant Application Guide states filing requirements for Rural Alaska Broadband Internet Access Grant Program applications. Applications should be in filed at the following address:

Rural Alaska Broadband Internet Access Grant Program
Regulatory Commission of Alaska
701 West 8th Avenue, Suite 300
Anchorage, Alaska 99501-3469

Questions regarding the application should be directed to RCA Common Carrier Staff Rich Gazaway and John Paul Manaois. Questions may be mailed to the above address to sent by email to the following email addresses:

richard_gazaway@rca.state.ak.us
john_paul_manaois@rca.state.ak.us