

Fort Mojave Indian Tribe

Testimony On

The Status Of Telecommunications In Indian Country

Presented by: Nora McDowell, Tribal Chairperson

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Good morning. Before I begin, I want to thank our Creator for giving us this day and allowing us to come safely together as representatives of sovereign nations, in the hope of providing for the economic needs of our peoples.

Chairman Campbell, Vice-Chairman Inouye, and members of the Committee, I would like to thank you for inviting me to speak with you today on behalf of my people, the Fort Mojave Indian Tribe, regarding the status of telecommunications in Indian Country. During these early years of the 21st Century, communication services are becoming increasingly crucial to every community. As with most economic factors, high-quality communication services are absolutely imperative in rural communities, such as mine. Without access to high-quality services similar to those found in urban areas and at comparable prices, most Indian young adults must make a heart-wrenching decision -- to either seek work off their ancestral lands or remain, perhaps never realizing their full potential.

My tribe is very fortunate. Through fifteen years of hard work, innovative thinking and community support, Fort Mojave Indian Tribe is one of a handful of tribes which owns and operates its own telecommunications company. Prior to Fort Mojave Telecommunications (FMTI) forming in 1988, the penetration rate of telephone service on my reservation was an abysmal 35 percent. During its short life, FMTI has increased the penetration rate to an astounding 98 percent and currently provides 1016 access lines.

These significant gains, of which my people are collectively proud, are made even more noteworthy when you consider that the Fort Mojave reservation is scattered through three states -- Arizona, California and Nevada. In Arizona, the difficulties mount as our land is checkerboarded. Approximately, every other mile is reservation. This is why, when we read of right-of-way difficulties in metropolitan areas, we always have to smile a bit. You don't know right-of-way problems until you try to lay fiber in the Arizona desert!

My tribe wanted its own telecommunications company because high-quality communication services are vital to providing an economic future for our community. Prior to the formation of FMTI, the telephone network consisted solely of copper lines. Your ability to have a phone depended on where you lived. Not all parts of reservation, especially the most remote areas, had access to the network.

FMTI has greatly improved the communications capability of the reservation. As is evidenced by the vastly improved penetration rate, it no longer matters where you live. Now, you can have a telephone even in

the farthest corners. Our access to the Internet is about to get much faster, as DSL is coming in the near future. Where before, we only had access to analog services, FMTI has upgraded the network to approximately 75% digital. To hit that mark, FMTI laid over 45 miles of fiber to both increase the speed and quality of our communications system.

Later this year, my tribe will open a new medical clinic and a new library. Both will have a fiber link directly to the network. Through these links, new worlds will open to my people. Telemedicine and long-distance learning are but two of the benefits. Maybe, the next time you ask me to speak, I could participate via a live videostream!

It is something to sit here this morning with you and recount the beginnings and resulting growth of FMTI. I can tell you about all of the meetings to determine -- not whether we needed our own telephone company for it was quite obvious that we did -- but, rather the path to that goal. I could relate to you how we asked the members of the tribe, "What services do you want?" The large majority simply wanted to be certain that when they picked up the phone, there would be a dial tone. Due to the paucity of the telephone network before, most of my people were quite isolated and had little idea regarding what a powerful tool a high-quality telecommunications system can be.

My tribe certainly had help -- from our brothers and sisters at Cheyenne River and Gila River who had gone before us, and from other rural telephone companies with more experience. The establishment of FMTI has been of extraordinary value to my people -- not simply because now we can call anyone in the world or run an Internet-based business -- but for the shining example that FMTI provides of the Fort Mojave Indian Tribe's self-determination. All the world can now see how my people came together and cooperatively fulfilled a need and, in the end, provided for ourselves what had previously been denied.

However, to say that this path has ended is wrong. FMTI must to continue to grow and expand to meet the ongoing needs of the community it serves. The employees and board members of FMTI are in an ongoing dialogue with their customers as to wants, needs and desires. The members of my tribe are no different than most Americans -- mainly, they want a better future for their children. Thanks in part to FMTI and the telecommunications network we provided, most parents and grandparents living on the reservation can now envision that future.

The federal government has also contributed to the success of FMTI. Key programs such as the Technology Opportunity Program (TOP), Rural Utilities Service (RUS) grants and loans, and federal universal service support have enhanced our ability to bring high-quality, advanced telecommunications service to my tribe. Unfortunately, as we look toward providing for the future needs of the tribe, we are concerned. For two years including the budget request you are now considering, the Bush Administration has requested zero funding for the TOP grant program, in effect, an attempt to starve this critical effort. I urge you today to restore full funding to the TOP program.

In the early years of FMTI, the assistance received from RUS was fairly important. As you can well imagine, not many financial institutions were even willing to sit down with a tribal government, much less loan it money. Therefore, the grants, loans and loan guarantees that we received from RUS helped to

breathe life into FMTI and assist us with achieving our dream. Other assistance offered by RUS, including the lists of approved equipment, was also useful. With not much experience, it was beneficial to feel that someone with the necessary expertise had determined that this particular switch was of value.

As much help as the RUS provided (and continues to provide), there is room for improvement. With input from tribal telcos, employees and customers, some programs could be better tailored to have greater impact. The recent broadband loan program, implemented by last year's Farm Act, provides low-interest loans and loan guarantees for broadband services. While most reservations would meet the requirements, some tribes seem unable to participate in this program. For instance, because a community must first apply for resources from a fund for its specific state, this seems to disqualify reservations which, like mine, stretch over two or more states. While my tribe could apply to the national fund, this pool is only funded with money left over, if any, from the earlier states process. A better approach would have been to carve out funds for entities seeking to provide broadband services on tribal lands.

As we continue to assess our future needs, we at FMTI are most concerned about the Federal Communications Commission's (FCC) policy regarding the designation of Eligible Telecommunications Companies (ETCs). To receive access to federal high-cost support mechanisms, a carrier must receive designation as an ETC from either the state utility commission or the FCC. FMTI has been designated an ETC and, as such, receives support for the provisioning, maintenance and upgrading of facilities and services.

I want to distinguish the support that FMTI, as an ETC receives from the other components of the federal universal service program. High-cost support is **not** a subsidy or a discount program, as so often thought. It is quite simply a mechanism put in place by the FCC in order to reach a goal stated in the Telecommunications Act of 1996 -- that **all** Americans, including those living in rural and high-cost areas, have access to telecommunications services that are reasonably comparable to those available in urban areas and at reasonably comparable rates. The money that FMTI receives through the high-cost mechanism has strings attached. FMTI only receives federal high-cost support for **actual** investment in facilities serving high-cost areas. Further, FMTI begins to receive the support of these investments **two years after** making the investment. For FMTI, this money is not "found money;" it is the recovery of necessary costs incurred by providing telephone service to some of the most remote areas of the country.

I make this distinction because, quite frankly, as competition comes to the telecommunications industry, it appears as if policymakers, including the FCC, seem to consider high-cost funding as a bonus to be given to all comers, regardless of whether the goal of universal service is furthered. Please do not misinterpret my comments as anti-competitive. As a community leader, I would be very happy to see that my community of 773 could support multi-providers of communication services. However, as a member of a governing body, I expect that any public policy would be applied evenly and in a neutral manner. Regrettably, the current policy being advanced by the FCC states that any competitive carrier receiving high-cost support, receives such support based on the incumbent provider's costs, not its own. Not only do these guidelines provide zero incentive to the competitor to invest in high-cost areas, but the end result can be competitors going after windfall amounts of federal support, instead of making proper business decisions of where to best provide service.

The FCC has promulgated a specific process for designating ETCs on tribal lands. However, given recent designations by the FCC of competitive ETCs (CETCs) serving rural areas that imposed rather lax requirements upon those carriers, I believe that it is necessary to reconsider that process. For example, the tribal-specific process does not seem to anticipate that the community is being served by any carrier, when in fact, as you are well aware, tribes are currently running and setting up their own telecommunication companies. The process has no way of determining the unique impact of a tribally-owned carrier within the community. While similar to the impact of a rural incumbent provider, in many cases, the tribal telco is among the first in the community to employ tribe members. The tribal telco may still be immature and not yet ready to face the winds of competition. Finally, the enhanced Lifeline and Link-up programs available to residents living on tribal lands combined with the windfall of federal high-cost support as I previously explained, could be sending improper economic signals. Instead of incenting investment in remote areas, the ETC designation process for tribal lands could be viewed as a money grab for federal dollars. I request today that this Committee, in its consideration of the status of telecommunications service in tribal areas, ask the FCC to carefully reconsider the ETC designation process as it pertains to tribal lands.

Chairman Campbell and members of the Committee, I thank you for your time, attention and thoughtful consideration of the issues I have presented. I ask, that when you consider the provisioning of communication services in Indian country, you remember that it is an inherent right of a governing body of a nation to provide for its people. We, the tribe, are best able to meet basic needs, based on our distinctive culture and heritage. When a tribe is able to adequately provide for these needs, not only does this strengthen the self-determination of the tribe as a whole, it also provides self-esteem and confidence for every individual member. In the end, both nations, the tribe and America, are stronger.