



## Financial Assistance Award

**DENALI COMMISSION**  
 510 "L" Street, Suite 410  
 Anchorage, Alaska 99501  
 (907) 271-1414

**Project Number**  
0012-DC-2000-T/ED1

**Accounting Code**

**Recipient Name**  
University of Alaska Anchorage

**Recipient Address**  
  
 3211 Providence Drive  
 Anchorage, AK 99508-8088

**Total Estimated Cost**  
\$50,000

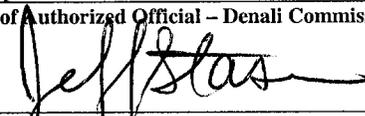
**Award Performance Period**  
From June 1, 2000 to May 31, 2004

**Authority**  
112 Stat 1854

**Project Title**  
**Telecommunications Survey Contract Management**

This Financial Assistance Award approved by the Federal Co-Chair of the Denali Commission is issued in triplicate and constitutes an obligation of federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions indicated below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Federal Co-Chair of the Denali Commission and the Recipient shall retain the third document. If not signed and returned without modification by the Recipient within 30 days of receipt, the Federal Co-Chair may unilaterally terminate this Award.

- EDA Standard Terms and Conditions Public Works and Implementations Construction Components, dated 3/99
- Special Award Conditions and Attachments (Professional Services Contract between University of Alaska Anchorage and McDowell Group)
- 15 CFR 24, Uniform Admin Requirements for Grants/Cooperative Agreements to State and Local Governments ([www.access.gpo.gov/nara/cfr/waisidx\\_99/15cfr24\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx_99/15cfr24_99.html))
- OMB Circular A-87, Cost Principles for State and Local Governments and Indian Tribal Governments ([www.whitehouse.gov/OMB/circulars/a087/a087-all.html](http://www.whitehouse.gov/OMB/circulars/a087/a087-all.html))
- OMB Circular A-133, Audits of States, Local Governments and Indian Tribal Governments ([www.whitehouse.gov/OMB/circulars/a133/a133.html](http://www.whitehouse.gov/OMB/circulars/a133/a133.html))
- 15 CFR, Part 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Nonprofit, and Commercial Organizations ([www.access.gpo.gov/nara/cfr/waisidx\\_99/15cfr14\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx_99/15cfr14_99.html))
- OMB Circular A-122, Cost Principles for Nonprofit Organizations ([www.whitehouse.gov/OMB/circulars/a122/a122.html](http://www.whitehouse.gov/OMB/circulars/a122/a122.html))
- OMB Circular A-21, Cost Principles for Educational Institutions ([www.whitehouse.gov/OMB/circulars/a021/a021.html](http://www.whitehouse.gov/OMB/circulars/a021/a021.html))
- EDA Standard Terms and Conditions Capacity Building Programs
- Department of Commerce Financial Assistance Standard Terms and Conditions, dated 10/98

Signature of Authorized Official – Denali Commission	Typed Name and Title	Date
	<b>Jeffrey Staser, Federal Co-Chair</b>	<b>6/20/00</b>
Signature of Authorized Official – University of Alaska Anchorage 	<b>Susan K. Harper            Manager, Grants &amp; Contracts</b>	<b>06-15-00</b>



*Via email and U.S. Mail*

August 15, 2000

Mr. Krag Johnsen  
Legislative Liaison  
Denali Commission  
510 L Street, Suite 410  
Peterson Tower  
Anchorage, AK 99501

Re: Telecommunications Services Inventory Project Interim Report

Dear Krag:

Please accept the following as an interim report on the progress McDowell Group, Inc. has made on the Telecommunications Services Inventory Project.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rosemarie Alexander".

Rosemarie Alexander,  
Project Manager

## **Telecommunications Services Inventory Project August Interim Report**

### **Introduction**

*We are satisfied with what we have, because we don't know of any other.*

This comment comes from a survey of community representatives being conducted by the McDowell Group for the Alaska Telecommunications Inventory. The question, *Are you satisfied with the telecommunications services available in your community? If not, why?* has evoked a variety of responses, for example:

No -- Internet is not affordable. Communications systems are unreliable and we go without local phone service 2-3 days, 3 or 4 times a year ... Our new library has 2 computers for public use - but can't afford Internet.

No -- We were told we don't get improvements because there aren't enough people here to warrant cost. Long distance goes out quite often. Internet not within our means.

Satisfied. No complaints so far from our side.

While some rural Alaskans have few complaints, most responding to the survey thus far are eager to be more involved in the Information Age than their rural geography currently allows.

### **Surveys**

To date, the McDowell Group study team has surveyed local telephone, long distance, Internet, cellular phone, and cable television providers, requesting information about the services they provide and the costs of those services in each community. The study team is also seeking information on providers' other voice, data or satellite services and future services they anticipate.

At the same time, city clerks or tribal representatives have been asked to respond to a brief questionnaire regarding telecommunications services and problems in their communities. A "Fax Alert" from the Alaska Municipal League accompanied the survey, prompting almost immediate return from 25 percent of the 160 AML members.

Community information was gleaned from the Alaska Municipal League and the *Alaska Community Database Online* of the Alaska Department of Community and Economic Development. Borough and legislative offices, tribal entities, and the Business License Division of DCED were sources for contacts in some very obscure places. We expect to communicate with someone in nearly every village on the Denali Commission's list. At

least one village, Polk Inlet, a Southeast Alaska logging camp, has been abandoned. It's school closed for lack of students in the 1999-2000 academic year.

Sources for information on the regulated telephone industry included the *Form M* and *1999 Annual Report* and *Statistical Information* of the Regulatory Commission of Alaska, the *1999 - 2000 ATA Directory*, plus company Web sites. Non-regulated telecommunication providers proved to be more difficult. A survey of ISP's conducted for the University of Alaska was the starting point for Internet providers. The complicated and unregulated cellular telephone business became a true scavenger hunt that took us from the RCA to the Federal Communications Commission to local telephone books and back to the FCC. The Alaska Public Broadcasting Corporation conducted a survey of cable television providers in 1999, which became the starting point for the cable television survey.

Local telephone company surveys were launched at the end of July. Several have been completed and returned, and we were assured in recent follow-up phone calls that most companies plan to respond. Internet, cellular and cable provider surveys, as well as the community questionnaires were sent out the second week of August. Reminder calls begin on August 21 to those who have not yet responded. From early indications, response to all surveys will be good.

The study team is also seeking information on Direct Broadcast Satellite; other voice, data or satellite services; and providers' futures services. We plan to catalog as many of the optional items in the RFP as available from the service providers.

Many companies consider some of the information requested in the provider surveys to be proprietary. We anticipated that most would not respond to questions regarding future services or number of customers, and are finding other topics to be off limits. We believe that the Denali Commission letter, which accompanies each questionnaire, has helped to increase response overall. But as we predicted, the larger the company the fewer details it will reveal to the public. Alaska's telecommunications industry is rapidly changing and information that was once public is no longer, due to increased competition in the telecommunications field.

The price comparison portion of the study is also underway. A member of the study team has been "mystery shopping" in Seattle, Los Angeles and Chicago, comparing rates for various services, from local telephone to cellular. This promises to be a very interesting part of the research.

## ***Changing Faces***

As surveys come in, the McDowell Group study team is getting a glimpse of Alaska's telecommunications landscape. The digital divide is closing in some communities, yet it becomes greater in others as residents realize what they are missing. A few villages still report low telephone penetration, while some are creating wireless Internet services. Within the last year, several changes in Alaska's telephone industry have taken place, with others on the horizon. A few examples:

- Sales, mergers and acquisitions are changing the face of several Alaska telecommunications companies. Alaska Communications Systems, ACS, has rapidly expanded, and is attempting to purchase other companies. In July, the RCA approved the transfer of all of the GTE properties to other local exchange companies.
- The FCC recently adopted a policy that will substantially reduce the price of basic local phone service on tribal lands, including Alaska Native lands. To comply, rural telephone providers have filed tariff revisions with the RCA for Enhanced Lifeline and Expanded Link Up Local Service Assistance Programs for qualifying low-income customers. The increased subsidy will go into effect in October.
- AT &T Alascom has filed tariff revisions with the RCA to discount certain long distance rates.
- In Alaska's larger cities, more high-speed Internet-access options are available.
- At least one rural cable television provider has gone out of business, unable to compete with direct broadcast satellite dishes.

While these changes may not effect the outcome of the Telecommunications Services Inventory Project, it underscores the rapid movement in the telecommunications industry. There is much to be done before the telecommunications database is complete, and we are keenly aware that the database we produce for the Denali Commission may quickly be out-of-date. Nevertheless, we believe this inventory is important to rural Alaska's telecommunications infrastructure and economy.

### ***Post Script***

As this report was being written, project manager Rosemarie Alexander received a call from Fred, the contact for a small village in the Bristol Bay region. He wanted clarification on a few questions on the community survey. The conversation went something like this:

Fred: "Question 7, 'Who are the Internet provider(s) in your community, if any?' Does that mean that AOL disk with 500 free hours that I can put in my computer?"

Rosemarie: "You got one in the mail, too, huh? You know those 500 hours will probably go pretty fast."

Fred: "Well, at home I got a computer and I have to dial 907, so I guess that means it's long distance for the Internet. How about that question 7b, how much it costs (per month)? I never got a bill yet."

Rosemarie: "You might be surprised when you do!"

Fred: "Well I sure like the Internet. I just don't know how much I pay."

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*August Interim Report*

Living in Juneau, I never think about the cost of Internet service. It is a necessary research tool for my work, and comes free with long distance service at home. Fred's dilemma reminds me once again that technology is as much our enemy as our friend. He and other village residents are like many rural Alaskans who are telling us in their surveys that "It doesn't seem like we are up to date on technology, we're always playing catch up." A little bandwidth only whets the appetite for more.

JUN 20 RECD



Consulting and Research in Economics, Business and Marketing

University of Alaska Anchorage  
for the Denali Commission  
4500 Diplomacy Dr, Suite 405  
Anchorage, AK 99508-8084

Date  
6/16/2000

Invoice #  
2027-01

Initial billing for 50% of contract for professional services to conduct a  
Telecommunication Services Inventory of Rural Alaska.

Professional services 24,500.00

**Total amount due: \$24,500.00**

Please remit payment to:

The McDowell Group  
PO Box 21009  
Juneau, AK 99802

Thank you for your business.

  
James Calvin  
Managing Partner

**FILE COPY**