



April 30, 2010

Mr. Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
Department of Commerce
1401 Constitution Ave.
Washington, DC 20230

RE: Response to your letter dated April 16, 2010
Broadband Technology Opportunities Program (BTOP)

Dear Assistant Secretary Strickling,

I am writing in response to your letter requesting input from the Arctic Slope Regional Corporation (ASRC), as the tribal consultation entity for the North Slope of Alaska.

The Broadband Technology Opportunities Program (BTOP) is critically important to the state of Alaska, which encompasses the largest unserved and underserved geographic area of any state in the nation. Without federal assistance like BTOP, Alaska's private and non-profit organizations cannot deliver affordable broadband access to rural communities that are separated by vast distances, and in many cases not accessible by road. Accordingly, the BTOP program can do more to improve quality of life, economic development, and educational opportunities in Alaska than in any other state. To that end, Eskimos Incorporated, a subsidiary of ASRC, filed an application to construct the Arctic National Broadband Network.

I am writing to express support for the BTOP, but also to note ASRC's endorsement for the reasons listed below, at the "highly recommend" level, for the Eskimos Incorporated's (EI) proposal to construct the Arctic National Broadband Network (ANBN), Easygrant ID 7252, submitted as a Comprehensive Community Infrastructure project. This project would provide much needed high-speed broadband Internet services to the unserved Arctic villages of Barrow and Nuiqsut in Alaska's North Slope, as well as further National security, energy, and science interests. This project has the following attributes: scalable, technically robust design, long-term sustainable infrastructure, community input and support, and an immediate and lasting impact on the communities to be served.

In full disclosure, ASRC is the sole shareholder of Eskimos, Incorporated. As such, the 30% match required for the Round Two BTOP NOFA has been committed by ASRC to EI in the amount of \$11 million.

Scalable, Technically Robust Design

Given the extreme conditions and sensitive environment of the Arctic region, the EI project partners undertook extensive research to develop a technically feasible design. EI drew on seasoned teams with Arctic telecommunications construction and service experts to design a network based on industry standards and best practices gleaned from years of experience working in Arctic conditions. Located entirely above the Arctic Circle, construction in the region faces unique challenges in the areas of variable land use policies, logistics, system design, construction, operations, and maintenance.

While extensive consideration was given to deploying fiber optics as the backbone, the project partners ultimately rejected this approach based on technical limitations – including unknowns associated with an undersea application in the extreme ice environment of the Beaufort and Chukchi Sea, the undetermined impact of fiber on sensitive tundra, and the associated permitting issues that could arise. After careful consideration, the project partners determined that a microwave system would be the best approach for delivering broadband service in this area. The proposed network is comprised of eight sites, designed as a network of high capacity radios capable of 1xOC-3 (155 Mbps) per radio. The end terminals and repeater sites have been chosen with care to best serve the communities over the long term. Indeed, the repeater sites are not near a road system or communities that are occupied fulltime. Most of the sites are located in the National Petroleum Reserve Alaska (NPR-A) and could provide for a variety of needed communication services should the NPR-A be developed.

The project offers a regionally scalable solution for the entire North Slope, both in terms of capacity and reach. The economics of microwave construction make capacity expansion relatively easy and inexpensive, allowing virtually unlimited expansion of broadband capacity as the system utilization increases. The network size and reach is likewise designed to be easily scalable, as regional plans are already in place to continue the network westward down the coast of Alaska toward Point Hope and Kivalina, and ultimately connecting to the statewide loop TERRA, a GCI lead infrastructure project. This extension would allow the network to serve an additional six communities and their health, education, and economic needs, as well as allow the National Science Foundation, United States Coast Guard, and numerous federal agencies and climate researchers to communicate data efficiently and effectively.

Long-Term Sustainable Project Infrastructure

The EI proposal for the ANBN was strongly guided by the Arctic Slope Broadband Coalition (ASBC). This coalition includes both the not-for-profit and for-profit entities that conduct business in the proposed service area, including ASRC.

GCI, (NASDAQ: GNCMA), Alaska's largest telecommunications company with 2009 revenues of \$596 million and EBITDA (earnings before interest, taxes, depreciation, and amortization) of \$193 million, will serve as the communications partner. GCI owns and operates the state's largest fiber optic network connecting Anchorage, Fairbanks, Juneau/Southeast Alaska, and Prudhoe Bay to the lower 48 states and the rest of the world. As a facilities-based company with over 30 years of experience operating in Alaska, GCI has the on-staff expertise needed to engineer and build this Arctic network. Further, GCI has committed to being the anchor tenant of the system, ensuring the network financial sustainability, including operation and maintenance management services. EI selected GCI to be responsible for all engineering and construction management of the system based on its extensive Alaska experience in installing microwave tower systems, including the recent Round One awarded Rural Utilities Service/ARRA-funded TERRA-Southwest project, and the DeltaNet system in the Yukon-Kuskokwim Delta. These projects have a combined construction budget of over \$190 million.



The EI/GCI partnership also goes beyond advice and engineering. GCI has committed to operate and maintain the ANBN over the next fifteen years at an annual estimated cost of \$1,400,000. Based on the current communications landscape in the region, it is anticipated that AT&T, Arctic Slope Telephone Association Cooperative, Alaska Communication Systems, and GCI will be the last mile service providers. These last mile providers will contribute to the network's operational costs on a proportional basis.

Community Support

While many project proposals include parts of Alaska as a proposed service area, few have even considered our shareholder and tribal input or the sensitivities of unique Native cultures within each remote community. Moreover, these multi-state projects all rely on a satellite solution that we know from first hand experience will deter further investment from other last mile providers. Additionally, they will not connect unserved communities with the sustainable, feasible, and scalable terrestrial broadband solution they want and need to overcome the limitations of archaic, undependable, and expensive satellite service.

The EI proposal is unique among the Alaska-based BTOP proposals in that local input was provided by members of the Arctic National Broadband Coalition. EI's commitment to this project is evident in its investment in the pre-application development (in excess of \$300,000), and the provision of up to \$11 million, 30% of the overall project cost, which is unmatched among Alaska-based and focused BTOP projects.

Immediate and Long-Lasting Impact

Importantly, the positive impact of the EI project will be felt immediately and for years to come. First, it is estimated that the project will create almost 300 job-years. Second, the project will provide the modern communications system that the communities need for the future.

Barrow and Nuiqsut are now connected to the Internet only via satellite earth station. These satellite services are bandwidth constrained, and involve inherent transmission delay and costly circuits. The high latency of the satellite path limits the data rate that local Internet service providers can offer to their subscribers. Satellite service is also offered by numerous last mile providers. This technology is not providing - and cannot provide - the bandwidth this community needs to grow its economy, provide for modern health care, and provide an educational platform necessary for a 21st century education.

The Arctic National Broadband Network would create a high-capacity middle-mile network to link committed local anchor institutions including schools, hospitals, libraries, government offices, and the only tribal community college in Alaska, and to ensure the region's residents and businesses have access to high-speed broadband at an affordable cost. These communities would greatly benefit from the new opportunities for distance learning, job creation, and access to advanced communications technology that high-speed Internet would deliver to the region's families, businesses, schools, hospitals, and public safety institutions. EI has worked in partnership with the communities to design this project to best serve critical community institutions, and the project has the enthusiastic and committed support of those institutions.



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In conclusion, let me reiterate the strong support of the Arctic Slope Regional Corporation for the Arctic National Broadband Network BTOP proposal. The proposal has a firm technical and financial foundation, committed project partners, and the support of the community and region of the North Slope. It will deliver a modern, reliable broadband system to remote, unserved communities, and spur further investment in capacity. In short, this project will result in the kind of change that BTOP was designed to facilitate.

Thank you for your consideration of these comments.

Sincerely,

ARCTIC SLOPE REGIONAL CORPORATION



Roberta Quintavell
President and Chief Executive Officer

cc: By electronic mail to:
Tara Sweeney, Arctic Slope Regional Corporation
Debra Shontz, Eskimos Inc.
file

