

Broadband USA Applications Database

Applicant Name: Hopi Telecommunications, Inc.

Project Title: Jeddito, Arizona Broadband Initiative

Project Type: Last Mile Remote

Executive Summary

Hopi Telecommunications, Inc., along with its subsidiary, Little Star Communications, proposes to provide fiber to the home to rural customers located in the very rural Jeddito area on the Navajo Reservation with a fiber backbone from Jeddito to Flagstaff. Currently there are no broadband services in the area. Fiber to the premise (FTTP) service offerings will also give the highest speed capabilities for future applications, including video services. This project will fill the need for present and future bandwidth requirements by placing fiber to rural subscribers that are currently unserved. This project will extend full fiber capabilities to the most rural establishments and give them increased Internet bandwidth which is comparable to any urban establishment. This application will provide funds for the build-out of broadband FTTP facilities to the Jeddito area where limited voice services are currently being provided to the school and teacher housing area, and for the build-out of a fiber backbone from Flagstaff to the Jeddito area to provide the necessary bandwidth to support the broadband services. Hopi Telecommunications is seeking a grant from the BIP program as a remote, unserved rural last mile project and requests a 20% loan to accompany an 80% grant.

Service Area This project will serve subscribers located in The Jeddito area on the Navajo Reservation in the state of Arizona (which is included in the Hopi Telecommunications, Inc. service area) with limited voice services currently being provided to the school and teacher housing area.

Households and Businesses This project will serve 429 establishments – 422 households and 7 businesses. The 2000 Census block information only identified 291 households; however, the applicant performed an Area Coverage Survey of the proposed area to account for the total number of establishments.

Community Institutions This project will pass and serve the critical community facilities including Jeddito Branch Dental Clinic, Jeddito Chapter of the Navajo Nation including its associated Head Start and Senior Citizen Centers, Indian Health Services, the Jeddito Indian Education Committee, the Jeddito Community Land Use and Planning Committee, Cedar Unified Public School District and the teacher housing area.

Proposed Services The project will offer 3 service level offerings for broadband service. Level one will offer 1Mbps downstream and 384 Kb upstream. Level 2 will give 3 Mbps downstream and 1 Mbps upstream. Level 3 will offer 18 Mbps downstream and 2 Mbps upstream. In addition to the broadband services, subscribers will be offered telephone service over the same facilities. The proposed facilities will allow a migration to video offerings in the future.

Non-discrimination and Interconnection Obligations Approach The proposed project will be consistent with the NOFA's non-discrimination and network interconnection obligations as described in section 22 Description of Network Openness.

Broadband Technology This project will use single mode fiber optic cable and high speed lightwave equipment to transmit signals from the central office to the customer premises. The fiber to the premises (FTTP) will use GPON architecture which gives the most economical

design for low density rural applications. This technology is well proven and has a good track record of reliability and dependability. Qualifications of the Applicant Hopi Telecommunications, Inc. (HTI) was established in April 2004, by the Hopi Tribal Council to develop a company to become the premier provider of telecommunications services within the Hopi Reservation. HTI acquired the property from Century Tel and took over the system in June 2006, thereby becoming the primary telecommunications provider to the Hopi Nation. While the acquired property covers the core portion of the Hopi Reservation, this accounts for about two-thirds of the population. Other areas such as Moenkopi, Spider Mound, and some trust lands and ranches, are outside of the acquired coverage area, and are either served by another service provider or are in unserved territory. The Proposed Funded Service Area of Jeddito was included in HTI's service territory as authorized by the FCC. HTI has been an RUS borrower (AZ517), and has proven leadership that has shown financial stability over the long haul. HTI will utilize its wholly owned subsidiary, Little Star Communications, to own and operate the backbone facilities from the reservation boundary to Flagstaff. Little Star was established for the sole purpose of providing any necessary services outside the reservation boundary. Currently, Little Star provides satellite broadband services to customers off the reservation. Hopi Telecommunications has received full support of the Navajo Nation to submit and complete this project. Letters of support and recommendation are included in this application.

Infrastructure Cost The total infrastructure cost of this project is \$14,550,000. This includes \$670,000 in network and access equipment, \$10,991,000 in fiber optic plant, \$245,000 in buildings and land, \$233,000 in electronics placed at the subscriber location, and \$477,000 in operating equipment, and \$1,934,000 in professional services.

Subscriber Projections Broadband subscribers in the Jeddito Proposed Funded Service Area are projected to increase from 0 present subscribers to 195 subscribers after five years. Voice subscribers in the Jeddito Proposed Funded Service Area are projected to increase from 46 present subscribers to 278 subscribers after five years. Broadband subscribers in the entire HTI Serving Area are projected to increase from 163 at the end of 2009 to 1,053 subscribers after five years. Voice subscribers in the HTI Serving Area are projected to increase from the current 1,680 to 1,876 subscribers after five years.

Jobs Created or Saved The primary job creation area will be in the construction field for the actual placement of the fiber cable and electronics. It is estimated that 10 people will be employed at the job site during construction of this project and that 5 people will continue to be employed to maintain the fiber system. This project would have a minor impact on manufacturing jobs in the fiber optic cable manufacture and telecommunications electronics manufacture. No estimate of this impact is included. The proposed system will provide additional economic benefits such as:

1. Purchase of maintenance equipment.
2. Purchase of fiber optic cable for the broadband network.
3. Purchase of electronic equipment for the broadband network.

The economic development benefits from the proposed system include:

1. Provide advanced telecommunication services to a remote, rural, unserved community on an Indian Reservation.
2. Help retain residents in an area that is experiencing minimal growth.
3. Broadband internet access for the critical community facilities, which includes the Jeddito schools.
4. Help spur economic growth of the Jeddito area.