

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 16, 2023

1:31 p.m.

MEMBERS PRESENT

Senator Forrest Dunbar, Chair
Senator Elvi Gray-Jackson
Senator Jesse Bjorkman
Senator Cathy Giessel

MEMBERS ABSENT

Senator Donald Olson, Vice Chair

COMMITTEE CALENDAR

PRESENTATION(S): OVERVIEW OF THE ALASKA OFFICE OF BROADBAND

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

THOMAS LOCHNER, Director
Alaska Broadband Office
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Gave an Alaska Broadband Office update.

ACTION NARRATIVE

[1:31:11 PM](#) **08**

CHAIR FORREST DUNBAR called the Senate Community and Regional Affairs Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Giessel, Gray-Jackson, and Chair Dunbar. Senator Bjorkman arrived immediately thereafter.

PRESENTATION(S): Overview of the Alaska Office of Broadband

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CHAIR DUNBAR announced an overview by the Alaska Broadband Office. He invited Mr. Lochner to put himself on the record and begin the overview.

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THOMAS LOCHNER, Director, Alaska Broadband Office, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, gave an Alaska Broadband Office update. He offered a brief history of his professional background, stating he has experience building broadband in urban and rural areas. House Bill 363, sponsored by Representative Edgmon in 2022, established a broadband office. The Infrastructure Investment and Jobs Act (IIJA) requires a broadband office in every state.

MR. LOCHNER advanced to slide 2, Alaska Broadband Office - Organization Chart. The chart shows the configuration of the Alaska Broadband Office. The office consists of a Director; a tribal liaison, Melissa Kookesh; an administrative specialist; a senior project manager, Lisa Von Bargen; and a connectivity manager. The office also has the support and expertise of two grant administrators.

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SENATOR BJORKMAN joined the meeting.

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SENATOR GRAY-JACKSON asked when the Alaska Broadband Office added a tribal liaison position.

MR. LOCHNER answered it was added last during the Alaska Federation of Natives (AFN) Convention. He expressed his belief that it was in mid-October.

SENATOR GRAY-JACKSON asked if the tribal liaison position was permanent.

MR. LOCHNER answered yes, it is.

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MR. LOCHNER advanced to slide 3, Broadband Advisory Board. The board consists of members from across the state who have wide-ranging expertise. Slide 3 listed the name, appointment, and expiration dates of each advisory member:

Broadband Advisory Board

Name

Appointed Expires

	in 2023	in 2026
Alaska Native Corporation: Anastasia Hoffman (Bethel)	1/23	01/23
Broadband Consumer: Kathleen Moran (Anchorage)	01/23	01/23
Broadband Industry: Christine O'Connor (Wasilla)	01/23	01/23
Business Community: Tara Sweeney (Girdwood)	01/23	01/23
DCCED or Designee: Thomas Lochner (Anchorage)	01/23	01/23
Commissioner of Education & Early Development or Designee: Laurel Shoop (Juneau)	01/23	
Health Care Community: Archibald Ferguson (Anchorage)	01/23	01/23
Local Government Representative: Glenda Ledford (Wasilla)	01/23	01/23
Representative for Rural Energy Systems: Travis Million (Copper Center)	01/23	01/23
School District: Steve Noonkesser (Dillingham)	01/23	01/23
Technology Neutral Consultant: Charles Carpenter (Anchorage)	01/23	01/23
Tribal Government: Charlene Stern (Fairbanks)	01/23	01/23
University of Alaska: Michael Brase (Fairbanks)	01/23	01/23
Ex Officio/House Speaker Appointee/nonvoting:	Vacant	
Ex Officio/Senate President Appointee/nonvoting:	Vacant	

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SENATOR GIESSEL asked if this was a short-term board.

MR. LOCHNER answered it is a three-year term for all advisory board members.

SENATOR GIESSEL sought confirmation that the advisory board will expire in three years, emphasizing that ongoing boards are not set up this way.

MR. LOCHNER asked for indulgence, stating it would become more apparent when he presented the timeline [slide 8].

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SENATOR GRAY-JACKSON questioned the board's makeup, wondering if there were plans to incorporate more rural communities.

MR. LOCHNER answered the applicants and the selection of appointees went through the governor's office. He clarified that he had no input into the process. The Boards and Commissions Office in the Office of the Governor oversees the process.

SENATOR GRAY-JACKSON sought confirmation that members of the Broadband Advisory Board went through the process that applicants who want to serve on a board or commission typically go through.

MR. LOCHNER replied that he is unaware of the details and that the Boards and Commissions Office did not inform him of anything unusual.

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MR. LOCHNER advanced to slide 4, Infrastructure Investment and Jobs Act. He explained that Alaska would receive \$65 billion for broadband through IIJA. The National Telecommunications and Information Administration will distribute the following two tranches:

NATIONAL TELECOMMUNICATIONS AND INFORMATION
ADMINISTRATION (NTIA) PROGRAMS

Digital Equity (DE):	Broadband Equity, Access and
\$640,000,000	Deployment (BEAD):
	\$42,000,000,000

MR. LOCHNER said that NTIA would distribute the DE and BEAD program funds among states nationwide, and Alaska would receive a portion. He explained the difference between the DE and BEAD programs. He described BEAD as the "infrastructure build to" and

DE as making broadband meaningful so people can participate in the digital economy and the world after the infrastructure has been installed.

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MR. LOCHNER discussed the administrative costs on slide 5. The National Telecommunications and Information Administration Program awarded the following administrative funds:

Infrastructure Investment and Jobs Act - So Far

NTIA PLANNING GRANT AWARDS TO Alaska

DE Planning Grant: \$567,800	BEAD Planning Grant: \$5,000,000
Develop the DE Plan due September 30, 2023	Develop the BEAD Program

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CHAIR DUNBAR asked if either of these grants fund the Alaska Broadband Office or any staff in the office.

MR. LOCHNER replied that he expects the BEAD planning grant to fund the Alaska Broadband Office.

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MR. LOCHNER advanced to slide 6. He explained that the Digital Equity Program covers eight specific populations listed under "Covered Populations." He reviewed the covered populations and funding on slide 6:

Digital Equity - Digital Inclusion - Digital Literacy

COVERED POPULATIONS

- Households at/or below 150% of the Poverty Level
- Aging Individuals
- Incarcerated Individuals
- Veterans
- Individuals with Disabilities
- Individuals with a Language Barrier
- Individuals who are Members of a Racial or Ethnic Minority
- Individuals who Reside in Rural Areas

FUNDING

- Planning Grants: \$60 Million - Alaska Awarded \$567,800
- Capacity Grants: \$240 Million - Alaska's Award: TBD
- Competitive Grants: \$1.25 Billion - Alaska's Award: TBD

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CHAIR DUNBAR commented that on some other federal programs, there has been controversy recently on whether Alaska Native corporations are eligible to apply for tribal funds. He asked if Alaska Native corporations could work with these funds.

MR. LOCHNER expressed his belief that Alaska Native corporations can. He believed the courts resolved this issue. He said he would confirm and advise the committee.

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MR. LOCHNER moved to slide 7 to discuss the \$42 billion allocation for BEAD funding. He said these funds would be deployed in three tranches in order of the priority shown below:

Broadband Equity, Access and Deployment

ALLOCATED \$42 BILLION FOR ALL STATES AND TERRITORIES

- \$100 Million Minimum Allocation per state
- High-Cost Allocation (10% of \$42B) = High-Cost in Alaska / High-Cost total for US
- Remaining Funds = Unserved in Alaska / Unserved total US

DISBURSEMENTS OF ALASKA'S ALLOCATION

Grants will be based on percentage of locations that are:

- Unserved - less than 25Mbps/3Mbps
- Underserved - less than 100Mbps/20Mbps and
- Unserved Community Anchor Institutions - less than 1Gbps/1Gbps

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SENATOR GRAY-JACKSON inquired about Community Anchor Institutions.

MR. LOCHNER replied that allocations would be disbursed in the order prescribed at the bottom of slide 7: unserved first, then underserved, and lastly, unserved community anchor institutions. Unserved community anchorage institutions are entities like schools, clinics, tribal libraries, tribal governments, and municipalities slated to receive 1Gbps/1Gbps if any money is left over. He defined Mbps speeds, stating consumers generally download more than they upload.

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CHAIR DUNBAR skipped ahead through the presentation, looking for an estimate of how much money Alaska will receive for broadband. He gauged the distribution formula favors rural and underserved populations, stating it appears Alaska will get a disproportionate amount of these funds relative to the state population. He sought confirmation that this is the case and asked about the magnitude of funds expected in total.

MR. LOCHNER replied he is reluctant to give a really bad answer.

CHAIR DUNBAR remarked that, in this case, a bad answer is okay.

MR. LOCHNER said U.S. Senators Sullivan and Murkowski estimated between \$500 million and \$1 billion. He said he did the math, but there were too many variables to lock in a number.

CHAIR DUNBAR reiterated that Alaska would receive \$100 million minimally through the [BEAD program]. He sought confirmation that [U.S. Senators Sullivan and Murkowski] estimated up to \$1 billion is possible.

MR. LOCHNER replied yes.

[1:45:52 PM](#)

MR. LOCHNER reviewed the calendar graph on slide 8, NTIA Milestone Dates and Alaska Broadband Office (ABO) Timeline. He brought up an inquiry about the lifespan of the Broadband Advisory Board and pointed out the three major NTIA milestones on the graph. [The Broadband Advisory Board lifespan correlates with the milestones].

MR. LOCHNER said the first milestone was receiving the \$5 million planning grant award, which triggered a 270-day shock clock to write a 5-year action plan. He interjected the red line on the graph is today. The 5-year action plan will detail what is necessary to get every broadband serviceable location to 120Mbps/20Mbps in the near future and delineate the entire

network and build-out. He explained the significance of the ABO benchmark dates that appear below the calendar dates. He said the ABO overall build and network idea would cost \$1.88 billion. He added that ABO needs input from a lot of different sectors to fine-tune the model and get a more precise bead on cost.

MR. LOCHNER said the second major milestone is the NTIA Funding Allocations, estimated to happen on June 30, 2023. This will key off a 180-day timeline for submitting an initial proposal. After NTIA approves the initial proposal, it will release a minimum of 20 percent of the funds allocated to the state to build locations that meet these criteria:

- 80 percent of the population is under 150 percent of the poverty line, and
- 80 percent of the population is unserved.

MR. LOCHNER drew attention to the [third milestone], the Final Proposal. This milestone requires ABO to run all the remaining grants and assign allocations; once that is complete, NTIA will release the funds to start the builds.

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MR. LOCHNER spoke to slide 9 which outlines NTIA's definitions of unserved, underserved, and served populations:

Required Broadband Service Level for BEAD Funding

Unserved:

- 25 Mbps Download Bandwidth (Watching a video)
- 3 Mbps Upload Bandwidth (Posting a picture)

Underserved:

- 25 Mbps Download Bandwidth, but cannot reach 100 Mbps
- 3 Mbps Upload Bandwidth, but cannot reach 20 Mbps

Served:

- 100 Mbps Download Bandwidth
- 20 Mbps Upload Bandwidth

MR. LOCHNER said served communities are those where 80 percent of the population gets 100Mbps/20Mbps. He remarked that served communities could have a population pocket with terrible service, like Rabbit Creek in Anchorage, Coho in Kenai, and [Nikolaevsk] east of Anchor Point. He coined the term "donut hole" to describe poor service pockets surrounded by areas with

good service. He plans to work with NTIA to carve out "donut hole" areas from served communities so they are counted and treated separately. He wants to optimize the opportunity to get people served.

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MR. LOCHNER summarized the maps on slides 10 - 16. All of the slides are titled, Evaluation of Current Status of Broadband.

MAPS ON SLIDES 10 - 16

Slide 10

This slide shows the location of served communities in Alaska. Alaska has 112 served communities totaling 28.9 percent of all the communities in the state.

Slide 11

MR. LOCHNER said that ABO found 100 percent of served communities are on fiber systems, shown as green lines on slide 11.

Slide 12

MR. LOCHNER said the state has robust microwave systems that provide broadband; however, these systems do not meet the specifications required by the federal government. This means there are no served locations on microwave systems.

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Slide 13

MR. LOCHNER said other "money to build" programs have been or will be deployed. They are:

- United States Department of Agriculture (USDA) Community Connect and ReConnect Programs. There have been three rounds of Reconnect Programs, several of which appear as blue pins on the map.
- The NTIA Tribal Broadband Connectivity Program. There have been three major Tribal Broadband Connectivity Programs in Alaska.
- He said there are programs associated with the remaining \$1 billion allocated to the Tribal Broadband Connectivity Fund. He believed that Alaska companies and Native organizations had applied for this funding.
- Middle Mile Infrastructure Build Fund. He expressed his belief that entities have applied for this funding.
- USDA ReConnect will continue this program with rounds 4 and 5. He said these awards will arrive throughout this year.

MR. LOCHNER said that the Federal Communications Commission (FCC) has a program that applies to the operations side of broadband, whereas the programs listed above apply to broadband infrastructure. The FCC has money through the Alaska Plan, E-Rate program for schools, and Rural Healthcare programs to subsidize operations on an ongoing basis.

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Slide 14

MR. LOCHNER said the yellow-green lines show these fiber projects:

- Fort Yukon down to Tanana is Doyon in partnership with Alaska Communication System (ACS);
- Dillingham to Bethel is Bethel Native Corporation in partnership with General Communication, Inc. (GCI); and
- The Anaktuvuk Pass line is a Reconnect Program for the Arctic Slope Telephone Association Cooperative.

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Slide 15

MR. LOCHNER said the gold lines build microwave technology to connect villages. He drew attention to a gold line through Tanana Chiefs Conference and pointed out it is a USDA Reconnect Program.

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CHAIR DUNBAR asked if these lines are already built or are in the process of being built.

MR. LOCHNER answered this shows built lines except for the two sets of "adds" on the map, which were awarded and are in the process of being built.

Slide 16

MR. LOCHNER described this map as his punchline. Purple and salmon-colored pins were added to this map, denoting underserved and unserved communities. He said this map shows the tremendous amount of work remaining to connect the purple and salmon-colored pins.

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MR. LOCHNER summarized the maps on slides 17 - 19 titled, Network Ideas for Underserved/Unserved Locations.

MAPS ON SLIDES 17 - 19

Slide 17

MR. LOCHNER removed these markings from the map:

- the green pins representing served communities,
- the light blue pins representing projects, and
- the technology system lines.

The purple and salmon-colored pins are all that remain; these pins represent the Alaska Broadband Office charter to connect these 196 locations. He encouraged communities to ascertain if ABO misidentified their population as served. As communities notify ABO of misidentified populations, the number of underserved and unserved communities may grow.

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SENATOR BJORKMAN commented that he knows of no one in his district that has a 100Mbps download speed. He asked if a website or link is available to Alaskans to run speed tests from home or work and submit those results directly to ABO as real-world checks on actual broadband speeds.

MR. LOCHNER answered yes. ABO is working on an email address, so Alaskans can run a speed test, take a screenshot of the results, then submit them. ABO would compile all that data. He said the question sparked his imagination; ABO should have a speed test link on its website. He will work with the webmaster to get this done.

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CHAIR DUNBAR wondered how citizens could help with this effort.

MR. LOCHNER directed the committee to a website where citizens can give feedback.

CHAIR DUNBAR asked what specific type of help the Alaska Broadband Office would like from citizens.

MR. LOCHNER replied that this map is on a Google Earth image on the ABO webpage. Users can zoom in, see their community's technology system, give feedback, and make suggestions for a better system. He noted that this project is technology agnostic. The webpage is set up with an EXCEL capital cost model spreadsheet to calculate the cost of changes. He spoke to the [notice of funding opportunity] (NOFO), stating the future definition of affordability is 1Gbps/1Gbps.

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Slide 18

MR. LOCHNER said this slide re-adds infrastructure lines that are in place or will be shortly.

Slide 19

MR. LOCHNER said ABO network ideas show up as fuchsia lines on this map. The salmon-colored pins change to salmon egg pins as every community is penciled-in for a network connection. He explained this is how the Alaska Broadband Office puts every community's stake in the ground for their network connection. If a stake is in the wrong area, he encourages anyone interested to go to the ABO website and give feedback. The office needs input to get the best possible network reaching all of the unserved and underserved villages.

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MR. LOCHNER advanced to slide 20, BEAD Next Steps - Five-Year Action Plan, stating he hopes to submit the action plan by June 15. He categorized the notice of funding opportunity items as follows:

BEAD Next Steps - Five-Year Action Plan

Work with Communities, Tribes, Village & Regional Corporations, AFN, AML, Industry, and others to develop and submit a Five-Year Action Plan.

Outreach:

- Digital Equity Inclusion and External Engagement Process
 - Alignment with Other Statewide Social/Economic/Infrastructure Plans
- About 1/3 of this category is complete.

Network:

- Broadband Service Needs
 - Asset Inventory
 - Deployment Barriers & Obstacle Identification
 - Comprehensive High-Speed Internet Plan
- About 3/4 of this category is complete.

Logistical:

- Outline of Broadband Office, Employees, Consultants & Contractors, Program Work, and Anticipated Technical Assistance & Capacity Needs
- Broadband Funding Identification (Federal, State, Local & Tribal Providers) and Broadband Affordability Data

About 2/3 of this category is complete.

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SENATOR GRAY-JACKSON sought confirmation that this project will substantially reduce the cost of broadband in rural areas.

MR. LOCHNER answered yes. ABO has a target of \$150 per month. He said that he heard the Affordable Connectivity Program will continue, and because all of Alaska is considered tribal lands, there is an opportunity for a \$75 per month subsidy.

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MR. LOCHNER reviewed slide 21, which outlined the NTIA notice of funding opportunity scoring criteria:

BEAD Next Steps - Grant Criteria - Initial Proposal:

Primary Criteria

Fixed 75% of Scoring from Notice of Funding Opportunity:

- Efficient Use of BEAD Funding - How big is the match?
- Affordability - 1Gbps/1Gbps affordable consumer product
- Fair Labor Practices - Can and will Subgrantees comply with Federal labor and employment laws?

Secondary Criteria:

Will the work be completed by a set date?

All Other Criteria:

- Network Design
- Operating Costs - Sustainable, Affordable and Scalable
- Native Bidders
- Carrier Neutral and Fair Pricing Practices

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CHAIR DUNBAR outlined this model:

- A private, for-profit entity builds out its network.

- With the help of the state, the federal government makes a massive financial investment into building out that entity's infrastructure.
- Operations are turned over to that entity.
- The entity runs the network for profit.

CHAIR DUNBAR asked the following series of questions based on that model:

- What is to stop a private, for-profit entity from dramatically raising its rates in the future?
- Would anyone else have access to that network?
- Who would own the network?
- How can monopolistic price gouging be prevented in rural communities?

MR. LOCHNER replied that the notice of funding opportunity contemplates open networks, meaning the network has to be available to all comers at a reasonable rate. NOFO does not define a reasonable rate. The sweet spot is a 10 to 15 percent margin in the [operations and maintenance] (O&M) calculator. It will look like price gouging when ABO grades a grant application with a 50 percent margin. He said tribes in partnership with telecoms or municipalities will own networks, but the state will not.

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CHAIR DUNBAR asked whether ownership is limited to municipalities, tribal entities, and co-ops or if a for-profit company could own the infrastructure.

MR. LOCHNER replied yes, a for-profit could own the infrastructure.

CHAIR DUNBAR asked what the enforcement mechanism is to prevent price gouging ten years down the road.

MR. LOCHNER replied he does not know whether there is an enforcement mechanism for ten years out; he did not see one in the NOFO.

CHAIR DUNBAR commented that an entity could go through the grant process, build it out, own it, then change its rate structure ten years from now. He wondered if the federal or state government would try to retrieve funds for price gouging.

MR. LOCHNER answered that he had not seen a mechanism for the federal or state government to do that if an owner changes from an affordable to an unaffordable product.

CHAIR DUNBAR said that could be a question for the Department of Law at some point.

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CHAIR DUNBAR inquired about the timeline, asking if the initial 20 percent tranche of funds would come out this summer.

MR. LOCHNER referred to slide 8, explaining the dates on this timeline are estimates. He said after NTIA approves the initial proposal, they would disburse the 20 percent tranche.

CHAIR DUNBAR asked for an estimate of when the first fiber will be laid in the ground.

MR. LOCHNER replied that an estimate based on mega project permitting, supply chain, and workforce development is three years after funding is awarded.

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SENATOR GRAY-JACKSON dovetailed on Senator Dunbar's question. She expressed concern about price gouging five years down the road. She said GCI continually raises its rates. She stays with GCI because the alternative telecommunications provider's broadband speeds are too slow. Price gouging defeats the purpose of this project. She asked Mr. Lochner if he would provide the committee with legal answers on price gouging or should the committee do it.

MR. LOCHNER answered that he did not know.

SENATOR GRAY-JACKSON restated that she would like him to get the advice of legal counsel and provide answers to the committee's questions.

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CHAIR DUNBAR commented that the primary purpose of the Alaska Broadband Office is to identify the locations of underserved areas and coordinate and direct the funds to build connectivity. He sought confirmation that the ABO charter does not appear to have a post-connectivity plan.

MR. LOCHNER replied that he would contact the Department of Law to see if the grant allowed something to be done or what

mechanism could be used to prevent price gouging. He said that in his experience, when providers raise rates, they nominally increase the value of the service whether the customers want it or not.

CHAIR DUNBAR emphasized that in this case, more than most, mechanisms to prevent price gouging are a little more justified because of the massive public investment in this infrastructure. Private industry alone is not building this; it is coming through the federal and state governments. He asked how the legislature could help with this project, for example, statutory changes or matching funds.

MR. LOCHNER answered that ABO does not need immediate action from the legislature, but the office may need help as the project progresses.

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CHAIR DUNBAR commented on the irony of underserved communities trying to submit feedback online, stating they might have difficulty accessing the website. He asked if ABO has a phone number so people can call in their feedback.

MR. LOCHNER replied that ABO would host a community call-in starting in March. Communities can talk to the director on Tuesdays and Wednesdays, and technical calls are on Thursdays. ABO is sensitive to this irony and wants to ensure that people can reach out to the office in a meaningful way.

CHAIR DUNBAR asked for the best phone number.

MR. LOCHNER replied it is being set up.

CHAIR DUNBAR thanked the presenter.

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There being no further business to come before the committee, Chair Dunbar adjourned the Senate Community and Regional Affairs Standing Committee meeting at 2:18 p.m.