

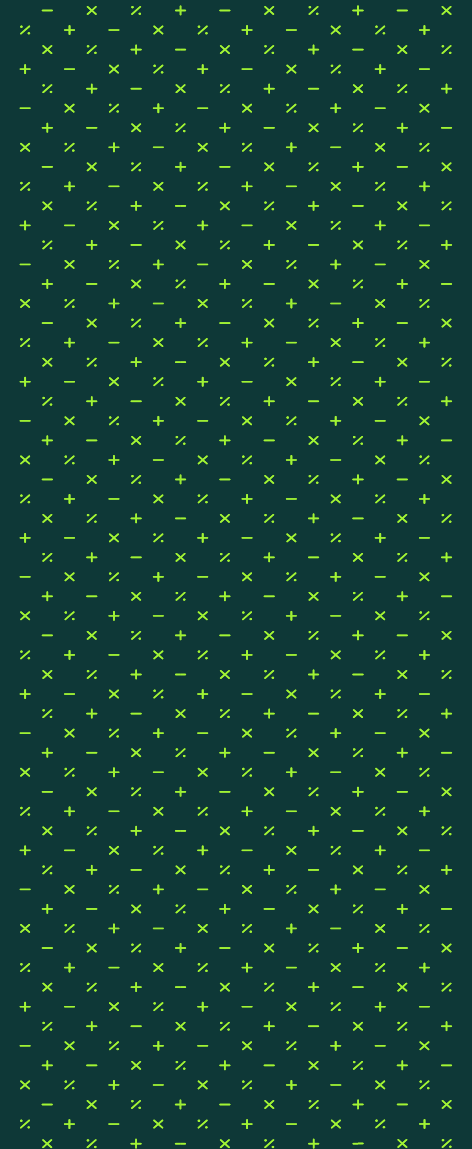


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# NTTA Tribal Broadband Summit “Building a Tribal SMART Broadband Network” Business Planning & Sustainability

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# Agenda Items

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- National Tribal Telecommunications Association (NTTA)
- Stages of Business Planning
- Sustainability Funding (Including Panelists Godfrey Enjady and Kevin Shendo)



# NTTA

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- NTTA is comprised of the following Tribal telecom providers:
  - **Primary Members:** Gila River Telecommunications, Inc.; Mescalero Apache Telecom, Inc.; Fort Mojave Telecommunications, Inc.; San Carlos Apache Telecommunications Utility, Inc.; Siyeh Communications; Hopi Telecommunications, Inc.; Cheyenne River Sioux Telephone Authority; Tohono O’odham Utility Authority; Saddleback Communications; Warm Springs Telecom; Nez Perce Tribe; Sacred Wind Communications; Mohawk Networks; Yukon-Kuskokwim Delta Tribal Broadband Consortium
  - **Numerous Associate Members**
- Mission is to be the national voice for Indian Country as it relates to telecommunication issues and policy
- Well versed and active: many members with some in existence since the 1950’s



# NTTA

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- NTTA stays apprised of current policy initiatives as it relates to Tribal telecommunications:
  - Federal Universal Service Fund program
  - Lifeline
  - Tribal-based USF funding
  - Advocacy in Washington D.C.
    - Senate Indian Affairs Committee
    - Testimony
    - Numerous congressional and FCC meetings
  - Congressional appropriations/NTIA
  - Mapping
  - Training/Tribal Summits
  - Tribal libraries/E-Rate
  - 2.5 Ghz Spectrum Offering/Sustainability Funding
- Great resource for Tribal broadband & telecommunications!



# Stages of Business Planning

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- Develop your vision
- Talk to the experts
- Financial analysis
- Perform feasibility analysis



# Develop Vision

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- “Go Solo”
  - More risk but more to gain
  - Ultimate in promoting self-determination
- Partnering/Consortium
  - Work with incumbent??
  - Partner with other Tribes? (geographic proximity; more later on this)
- Wireline vs. Wireless
- Long term goals for Community



# Talk to the Experts

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- Subject matter experts in the same business field
- Engineers
- Equipment vendors
- Consultants
- Attorneys



# Financial Analysis

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- Must be performed early in the process
- Complete set of financial statements is absolutely critical when developing a business plan
  - Current NTIA funding “once in a lifetime opportunity”
  - Determine areas to be served
    - Balance sheet
    - Income statement
    - Statement of cash flows
- Five to ten-year forecast should always accompany a business plan
- Criteria exist that will guide you during the planning process





# Sustainability Considerations

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- Defined
- Infrastructure vs. Maintaining the Network
- Pricing a Broadband Service
- Affordability and High Costs



# Sustainability Defined

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- In the broadest sense, sustainability refers to the ability to maintain or support a process continuously over time
- In the context of deploying voice & broadband networks while establishing affordable pricing for Community members, sustainability refers to maintaining and keeping these networks viable for future generations



# Infrastructure vs. Sustainability

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- **Infrastructure = Capital Expenditures (CapX)**
  - Almost 100% of all federally-appropriated grant funding is to be used for building networks
  - General rule in accounting is if the equipment, machinery, networks built have a useful life of more than one year
  - In telecom, also known as “Rate Base”
- **Sustainability = Operating Expenditures (OpeX)**
  - Annual recurring costs of operating and maintaining networks
  - Annual labor, benefits, vehicle costs, office supplies, computer systems, tools, cultural clearances, environmental impact studies, etc
    - Everything covered in the “Employee Considerations” part of the presentation



# Pricing a Broadband Service

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Broken down into two parts:

- CapX
  - Plant (Central Office, Fiber, Fixed Wireless, etc)
  - Rate of return component (think of it as a return on cost of money invested, similar to a mutual fund) associated with pricing
- OpeX
  - Covered in last slide



# Pricing a Broadband Service

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- Formula looks like this:

CapX (also known as “Rate Base”)

Less: Accumulated Depreciation

Less: Other Rate Base Offsets (Certain Deferrals and Liabilities)

= Net Rate Base

x Rate of Return

= Return on Rate Base

Plus: Operating Expenses (including taxes if applicable)

= **Revenue Requirement**

- *Revenue Requirement is the amount of revenue required to cover your annual cost of operating the business*



# Pricing a Broadband Service: Breakdown of Components

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- Return on Rate Base: ~ 15%
- OpeX (Sustainability): ~ 85%
- For example: with a \$100 monthly broadband service, approximately \$15 pertains to the rate of return on CapX and \$85 pertains to sustainability, or OpeX



# Affordability & High Costs

## STUDY AREA COST PER LOOP ANALYSIS

	<u>SA CPL</u>
CHEYENNE RIVER SIOUX	\$ 1,893
SAN CARLOS APACHE	\$ 2,101
GILA RIVER TELECOM.	\$ 3,321
FORT MOJAVE TEL, INC	\$ 2,878
MESCALERO APACHE	\$ 2,207
SACRED WIND	\$ 3,124

**OVERALL AVERAGE (RoR - Tribal) \$ 2,587**

**OVERALL AVERAGE (RoR - not Tribal) \$ 1,631**



# Critical Need for Sustainability Funding

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“Evaluating the Critical Need for Broadband Sustainability Funding on Rural Tribal Lands”

<https://www.neca.org/docs/default-source/wwpdf/public/91522nttas2.pdf>







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Thank You!



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