

WARM SPRINGS TELECOMMUNICATIONS COMPANY



WARM SPRINGS TELECOM

Filing Center
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148

December 10, 2012

RE: Docket UM 1481
Testimony of Jeffrey E. Anspach

Attention Filing Center,

Enclosed for filing in the above mentioned docket are an original and two copies of the Testimony and Exhibits of Jeffrey E. Anspach, CEO of Warm Springs Telecom. A copy of this filing has been served on all parties to this proceeding as indicated on the enclosed service list.

Please contact me at (503) 997-1685 if you have any additional questions.

Sincerely,

Marsha Spellman

Marsha Spellman
Regulatory Director, WSTC

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PUBLIC UTILITY COMMISSION OF OREGON

UM 1481 - Phase II

TESTIMONY OF

**Jeffrey E. Anspach
Chief Executive Officer**

Warm Springs Telecommunications Company

In the Matter of

OREGON UNIVERSAL SERVICE FUND

December 10, 2012

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3 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.**

4 A. My name is Jeffrey E. Anspach. I am CEO of Warm Springs
5 Telecommunications Company. My business address is 4202 Holliday, Warm
6 Springs, Oregon 97761

7 **Q. HAVE YOU FILED TESTIMONY PREVIOUSLY IN THIS CASE?**

8 A. No.

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
10 EXPERIENCE.**

11 A. I graduated with a Bachelor of Science in Accounting from Florida State
12 University in August 1988. I have been a Certified Public Accountant
13 (currently Inactive as of 2011) since 1992 and licensed as such in
14 Oregon since 1994. I am also a Certified Turnaround Professional as
15 licensed by the Turnaround Management Association and have over 24
16 years' professional experience as an auditor, turnaround professional,
17 operations and telecommunications manager.

18 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

19 A. The purpose of my testimony is to document my support for UM 1481 and
20 the need for the Universal Service Fund to help bring
21 telecommunications to high cost rural areas. It has been the
22 experience of the WSTC that this funding is the critical difference
23 between being able to bring telecom services to rural underserved
24 residents, or in the case of the Reservation of the Confederated Tribes
25 of Warm Springs, completely un-served areas where local residents have
difficulty in accessing basic telephone service.

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3 It is still an important and relevant funding mechanism that serves the
4 purpose intended when established by the Oregon legislature.

5 **Q. DID YOU PREPARE EXHIBITS FOR THIS DOCKET?**

6 A. No.

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8 **Q. PLEASE SUMMARIZE YOUR CONCLUSION.**

9 A. I conclude that without the funding that we receive from the OUSF, Warm
10 Springs Telecom, a start-up providing needed service to a high-cost
11 area with a very poor population, would not be able to survive and
12 thrive.

13 **Q. CAN YOU PLEASE DESCRIBE WARM SPRINGS TELECOM AND WHAT THE
14 COMPANY IS DOING TO SERVE THE CONFEDERATED TRIBES OF WARM
15 SPRINGS RESERVATION, IN OREGON?**

16 A. The Warm Springs Telecommunications Company ("WSTC") is a for-profit
17 enterprise of the Confederated Tribes of Warm Springs that grew out of
18 the great need to improve telecommunications on the reservation for
19 economic development and in support of its members' needs. WSTC was
20 formed on January 29th, 2010, in order to

21 ...enter the telecommunications business and to become the general
22 telephone provider on the Warm Springs Reservation. Through the
23 Company the Tribal Council intends to expand telephone service to
24 reach all residents on the Reservation, including tribal
25 government, business and residential users, and to expand
offerings of new broadband and other services that will enable
access to future educational, business and healthcare.

Warm Springs Telecom was created after many years of telecommunications
planning.

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3 About 10 years ago, we started this process with a needs assessment,
4 followed by a strategic plan, where it became clear that the members of
5 the Tribes who were living on the Reservation, did not have access to
6 basic telecommunications services. POTS lines were only available to
7 approximately 60% of all residents. About 30% had access to Broadband
8 Internet.

9 After reaching out to the incumbent telephone provider, they indicated
10 that they would provide services to these residents if they would pay
11 the \$1000 line extension charge. In a community where unemployment can
12 range from 30 to 60% (depending on seasonal work), \$1000 for a
13 telephone was way beyond the means of these people. We knew that
14 these tribal members would never have phone service with such barrier
15 to entry and decided that it would be up to us to bring phone service
16 to the reservation. We knew that this would be a difficult road, but
17 one that had to be taken. Luckily, we were far down the planning road
18 when the American Recovery and Reinvestment Act Broadband Stimulus
19 funding was announced, and we received \$5.6 million (grant and loan) on
20 the second round of funding to build out a POTS and high speed internet
21 service to all tribal members, businesses and organizations

22 After the ComSpan proceeding ruled that a CLEC that served customers
23 with its own facilities could receive Oregon USF, we knew we were on
24 the right track. With the federal
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3 stimulus funding, we have started building the company that is now
4 functioning on the reservation dy. With the OUSF funding, we are able
5 to hire staff and continue to reach out and serve the rest of the
6 people on the reservation. Without the OUSF, we could not afford to
7 offer services to the all people on the Warm Springs Reservation. We
8 would be forced to severely scale back operations and focus on high
9 density low cost areas.

10 **Q. WHAT IS WARM SPRINGS TELECOM DOING TO PROVIDE SERVICE TO**
11 **UNSERVED AREAS OF THE RESERVATION?**

12 A. Warm Springs is a very large, rural reservation. It is 1,000 sq. miles
13 of very geographically diverse topography, from the peak of Mt.
14 Jefferson to the Deschutes River, the reservation is roughly two thirds
15 forested land and one third high desert. While most of the people live
16 in a centralized area, we have people living in scattered communities
17 throughout the reservation.

18 WSTC is 100% committed to serving everyone on the reservation. There
19 have been a number of cases where the lack of telecommunications'
20 capability to reach the emergency agencies for help has put lives at
21 risk. This is unacceptable in this day and age. We will need
22 additional funding to build out the network to the entire reservation
23 beyond our current ARRA project scope, and OUSF funding is essential to
24 making this happen.
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4 When we proposed this project to Tribal Council, we committed to serve
5 all tribal members on the reservation and to build a network that
6 brought the Tribal community into the 21st Century and we intend to be
7 held to this commitment. There is much work that remains to be done,
8 including building a fiber ring around the reservation and creating two
9 fiber optic paths off the reservation to connect via diverse routes to
10 the outside world. Without OUSF funding, these projects will not be
11 possible.

11 **Q. WHAT HAS BEEN THE ROLE AND IMPACT THE OREGON UNIVERSAL**
12 **SERVICE FUNDING HAS HAD ON WSTC?**

13 A. The WSTC operates on the Warm Springs reservation. The geographic
14 diversity of the reservation renders it one of the highest cost areas
15 in the State of Oregon, especially for several communities that are
16 located far from the Warm Springs town center. Many of these
17 communities are a mix of unserved and underserved. Tribal members
18 living in these communities have had to make the tough decision to go
19 without a telephone line due to high connection costs. The Oregon
20 Universal Service Fund will enable WSTC to reach these far flung
21 communities and provide access to POTS and broadband at little to no
22 costs for these communities.

23 **Q. DO YOU CONSIDER THE OUSF CRITICAL TO THE FUTURE SUPPORT OF**
24 **WSTC TO SERVE THE TRIBAL MEMBERS, AGENCIES AND BUSINESSES?**

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3 A. Yes I believe that it is critical for the WSTC to continue to have
4 access to OUSF. Currently the penetration rate on the Warm Springs
5 reservation is below 65%.
6 We are serving approximately 350 customers at this time, many who never
7 previously had a phone. Others disconnected from the ILEC because of
8 the high cost of their service. Clearly, as far as Indian Country is
9 concerned, the job of ensuring POTS connectivity is not complete.
10 Inadequate access to POTS puts the Tribal membership at risk and
11 creates a telecommunications divide between tribal members and citizens
12 living off reservation.
13 Furthermore, with unemployment levels among the highest in the State,
14 the Warm Springs Tribes need to be able to retain its existing
15 businesses and attract new ones to the reservation. Without a robust
16 telecommunications infrastructure, we will not be able to
17 retain/attract the businesses that would create jobs for tribal
18 members. WSTC needs the OUSF funding to make this happen.

19 **Q. DO YOU BELIEVE THAT THERE SHOULD BE CHANGES MADE TO THE**
20 **OUSF?**

21 A. We believe that the OUSF should fund rural, underserved or non-served
22 areas. We believe that this is the intent of the original OUSF
23 legislation and that the companies that receive this funding should be
24 held accountable for spending the money received to serve these areas.
It is critical that we continue to be eligible for this funding in our
current role as CLEC on the reservation.

1 **Q. WOULD WARM SPRINGS AGREE ASSUME THE CARRIER OF LAST**
2 **RESORT OBLIGATIONS IN ORDER TO RECEIVE OUSF FUNDING?**

3 A. Yes it is our goal and obligation to serve every tribal member on the
4 reservation. It is my understanding that the COLR obligations are what
5 the OUSF actually funds. Companies who receive these monies should not
6 be able to accept these funds and then charge huge line extension
7 charges for basic telephone service. We would support a rule that
8 companies who accept OUSF funding also accept COLR obligations
9

10 **Q. IS THERE ANYTHING ELSE YOU WOULD LIKE TO ADD?**

11 A. I cannot stress enough how important these OUSF dollars have already
12 been to the formation of our company. This has been a hugely expensive
13 project to date from both a capital and operations standpoint. No
14 other provider has committed to undertake the scope and scale of our
15 network build-out. I believe that the needs that OUSF funds are
16 currently addressing and the way in which we are expending them is
17 exactly what the original OSUF program envisioned.

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19 WSTC also is a member of the Oregon Telecommunications Association
20 (OTA) and would also like to add our support to the additional
21 testimony provided by OTA in this proceeding.

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes. Thank you very much for this opportunity to provide my testimony.
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