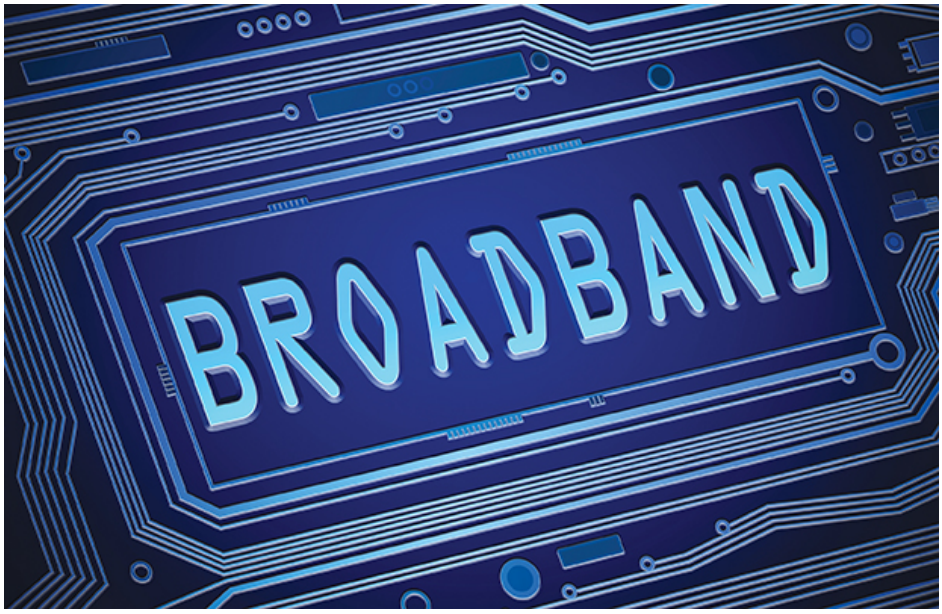


“Access to high-speed broadband is no longer a luxury; it is a necessity for American families, businesses, and consumers. Affordable, reliable access to high-speed broadband is critical to U.S. economic growth and competitiveness. High-speed broadband enables Americans to use the Internet in new ways, expands access to health services and education, increases the productivity of businesses, and drives innovation throughout the digital ecosystem.” – President Barack Obama.

This all sounds very good and very honorable. Despite multitudes of current ratepayer and taxpayer funded programs to improve Broadband deployment across America politicians are racing for more headlines by throwing more money at the issue instead of working smarter. When do we as ratepayer and taxpayers stop letting politicians and trust fund babies pull the wool over our eyes and make the government use the money they have in a smarter fashion? Telecom Review Analysts have examined some, not all, of the political “puffery” going on in this space. The key question to ask is what happened to the billions already spent?

The United States continues to experience unprecedented growth and innovation in broadband and in the advanced applications and services it enables. To make sure that the Federal government does everything within its power to support broadband deployment and adoption, on March 23, 2015, President Obama signed a Presidential Memorandum (Memorandum) “Expanding Broadband Deployment and Adoption by Addressing Regulatory Barriers and Encouraging Investment and Training.” The Memorandum created the Broadband Opportunity

Council (Council) and tasked it to produce specific recommendations to increase broadband deployment, competition and adoption through executive actions within the scope of existing Agency programs, missions and budgets. The one thing it did NOT do is require the federal Government to insure that the billions it already collects every year are doing what was promised!

The Council presents four overarching recommendations:

1. Modernize Federal programs to expand program support for broadband investments.

2. Empower communities with tools and resources to attract broadband investment and promote meaningful use.

3. Promote increased broadband deployment and competition through expanded access to Federal assets.

4. Improve data collection, analysis and research on broadband.

To pursue these objectives, Federal Agencies will take dozens of actions over the next 18 months. These include commitments to:

Modernize Federal programs valued at approximately $10 billion to include broadband as an eligible program expenditure, such as the Department of Agriculture's (USDA) Community Facilities (CF) program, which will help communities around the country bring broadband to

health clinics and recreation centers;

Create an online inventory of data on Federal assets, such as Department of the Interior (DOI) telecommunications towers, that can help support faster and more economical broadband deployments to remote areas of the country;

Streamline the applications for programs and broadband permitting processes to support broadband deployment and foster competition; and

Create a portal for information on Federal broadband funding and loan programs to help communities easily identify resources as they seek to expand access to broadband.

A combination of robust private investment and targeted Federal policy has driven strides in broadband access and adoption. Through the American Recovery and Reinvestment Act (Recovery Act), USDA and the Department of Commerce (DOC) invested nearly $7.5 billion in broadband networks to help connect under-served areas around the country:

The Commerce Department’s National Telecommunications and Information Administration (NTIA) awarded approximately $4 billion in grants under the Broadband Technology Opportunities Program (BTOP) and approximately $293 million in grants under the State Broadband Initiative (SBI) program. Grantees deployed more than 114,500 miles of new or upgraded network miles; connected more than 25,500 community anchor institutions; installed or upgraded more than 47,100 personal computers in public access centers; and prompted more than 670,000 people to subscribe to broadband services. SBI grantees mapped broadband availability in all 50 states and 6 territories and supported well over 200 local broadband planning teams across the country.

USDA’s Rural Utilities Service (RUS) expanded its existing telecommunications programs with an additional $3.5 billion in loans and grants as part of the Broadband Infrastructure Program (BIP). The awards went to 285 last mile providers, 12 middle mile providers, and 4 satellite companies for the deployment of broadband facilities. Additionally, 19 technical assistance grants funded planning efforts to get broadband service to hard-to-reach areas of the country. To date, 64,794 miles of fiber cable and 1,845 wireless access points have been installed in rural communities, bringing new or improved broadband service to over 230,000 residences, businesses and anchor institutions.

The Recovery Act also supported significant investment in systems for electronic health record payments for hospitals and clinicians through HITECH - the Health Information Technology for Economic and Clinical Health Act. In addition, the Obama Administration adopted policies to make more spectrum available for commercial wireless broadband, increasing capacity to meet the growing demand posed by wireless-enabled devices.

The Obama Administration has explored ways to capitalize on other Federal funding sources and work with the public and private sectors to continue expanding broadband access. For example, in June 2013, the President and the Department of Education (ED) Secretary Arne Duncan launched ConnectED, a public-private partnership that “empowers teachers with the best technology and the training to make the most of it, and empowers students through individualized learning and rich, digital content.”6 ConnectED’s objective is to connect 99 percent of American students to next-generation broadband by 2018. While broadband connectivity and adoption in schools and libraries is a foundation of ConnectED, the program goes far beyond connectivity with initiatives designed to expand the availability of digital materials and support teachers as they integrate technology into curriculums, further engaging students and improving educational outcomes with personalized learning.

ConnectED is already having an impact. This spring, the Federal Communications Commission’s (FCC) e-Rate program awarded $470 million in Federal funds to bring Wi-Fi and high-speed connectivity to classrooms in over 10,000 schools and over 500 libraries across America. These investments are part of over $8 billion in funding that the FCC has made available to meet the President’s school connectivity goals. Over 3 million students from 10,000 schools in all 50 states are already using the software, hardware, wireless connectivity and training resources deployed as part of the over $2 billion in private-sector commitments.

In July 2015, the President and the Department of Housing and Urban Development (HUD) Secretary Julián Castro announced ConnectHome. As a demonstration project, ConnectHome will help bridge the “homework gap” for nearly 200,000 children in 275,000 low-income households in 27 cities and one Tribal Nation. The public-private partnership with Internet Service Providers, non-profits and the private sector will offer broadband access, technical training, digital literacy programs and devices for low-income residents in assisted housing units.

FCC Chair Grabs Headlines-No Clear Substance

FCC Chairman Wheeler said in a speech to NTCA that he is circulating a public notice to the other commissioners "to remind everybody that this support should only be used for its intended purpose – getting communications networks to rural America."

Wheeler said rural broadband is falling behind the curve and it is up to the commission to help get it up to speed. He failed to mention that the FCC was already supposed to be monitoring the

billions of dollars it has doled out and that if there are problems he owns them.

"It is not acceptable for large swaths of our country to be bypassed by the broadband revolution and the opportunities that it enables," he said. "This is where the FCC can and should to step in to help you serve your communities."

Wheeler said it was important to weed out abuse because the FCC has a fiduciary responsibility to ratepayers that their money be used efficiently and effectively. "I know you all are doing everything you can to get comparable broadband service at comparable rates to your constituents," he said, according to a prepared text. "I also know that flaws in our universal programs have made transition to a broadband world challenging."

The FCC set 10 Mbps as the baseline broadband speed for USF money as the FCC migrates the fund from phone to broadband, even as the FCC was setting 25 Mbps as the new baseline broadband speed. He caught some heat from critics about that disparity, but he suggested to the audience that that 10 Mbps was a down payment on the faster speeds rural areas would eventually be getting.

"I can’t emphasize enough that this is a minimum, the start of a step-by-step process – we want to support networks that are capable of world-class speeds because that’s what rural Americans deserve."

Wheeler said he had been working with commissioners Mignon Clyburn and Michael O'Rielly on some basic principles for reforming USF as the FCC migrates it to broadband. He did not say why he failed to work with the entire FCC. “The keys are now to make sure any reforms that are made build and sustain upon the successes realized thus far, while also positioning community-based providers to continue investing and delivering high-quality, affordable services in rural areas going forward," said NTCA CEO Shirley Bloomfield in response to Wheeler's remarks. "As an industry that has lived through prior changes that hindered rather than fostered investment, we know firsthand the importance to consumers and communities of both getting reform done and getting reform right. We hold out hope and are working hard with the FCC and other stakeholders to make such reforms a reality.”

Federal Communications Commission has authorized 10 telecommunications carriers to receive nearly $9 billion in support over six years for rural broadband deployment from the Connect America Fund, which, together with the carrier’s own investment, will expand broadband to nearly 7.3 million rural consumers in 45 states nationwide and one U.S. territory over the next few years.

To better illustrate the impact of this authorization, below is data detailing the amount of annual support and locations of support by carrier.

USDA Announces Funding for Rural Broadband Projects

$74.8 Million in Telecom Loans and $11 Million in Community Connect Grants will Increase Access for Rural Americans in Seven States

"Broadband is fundamental to expanding economic opportunity and job creation in rural areas, and it is as vital to rural America's future today as electricity was when USDA began bringing power to rural America 80 years ago," said Vilsack. "The investments USDA is making today will deliver broadband to rural communities that are currently without high-speed internet service, or whose infrastructure needs to be upgraded. Improved connectivity means these communities can offer robust business services, expand access to health care and improve the quality of education in their schools, creating a sustainable and dynamic future those who live and work in rural America."

Below is a summary of the loans and grants in the July announcement.

Telecommunications Loans:

In Minnesota, a $12.63 million loan to Garden Valley Telephone will include fiber and electronics upgrades to improve the system for rural subscribers. Consolidated Telephone will use a $12.27 million loan to provide greater bandwidth to subscribers, allowing delivery of enhanced services with network upgrades, infrastructure additions and add a new fiber ring.

South Carolina's FTC Communications will use a $12.38 million loan to upgrade their wireless

telecommunications network to 4G/LTE (Long-Term Evolution), meeting growing demand for reliable, higher speed services.

In Montana, Triangle Telephone Cooperative Association will use a $29.95 million loan to upgrade their system with fiber to supply greater bandwidth to increase speed and the quality of service for their rural Montana subscribers.

In Wisconsin, LaValle Telephone Cooperative will use $7.61 million to deploy fiber and replace a switch to provide rural subscribers with improved services, including voice over Internet Protocol (VoIP) and the flexibility to connect to Gigabit Ethernet and IP interfaces.

Community Connect Grants:

In Alaska, the Arctic Slope Telephone Association Cooperative, Inc. will receive a $1.4 million grant to provide Point Hope subscribers with high-speed internet service and prepare the network for an undersea fiber connection currently planned for construction within the next two years.

Minnesota's Northeast Service Cooperative (NESC) will receive two $3 million grants for two projects to provide broadband service to subscribers on the Fond du Lac Reservation. NESC

will partner with the Fond du Lac Band of Superior Chippewa.

Oklahoma's @Link Services will receive a grant of nearly $1.5 million to provide high-speed broadband to homes, businesses and critical community facilities in parts of Seminole County.

Virginia's Scott County Telephone Cooperative will receive $2.1 million to build a broadband network with one gigabyte of bandwidth for 540 locations in Dickenson County. This project is expected to benefit Edwards Ridge and the surrounding area by promoting economic development through improved broadband access.