Before the
DEPARTMENT OF AGRICULTURE and DEPARTMENT OF COMMERCE
Washington, D.C.

In the Matter of	)	
	)	
Broadband Initiatives Program and	)	Docket No. 0907141137-91375-05
Broadband Technology Opportunities	)	
Program	)	

Comments of
Mid-Rivers Telephone Cooperative, Inc.

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Regarding Joint Request for Information

Mid-Rivers Communications hereby files its comments in response to the NTIA/RUS Joint Request for Comments on the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) seeking public comment on issues related to the implementation of these programs.

Table of Contents

Introduction.....Page 2

Executive Summary.....Page 3

I. Application and Review Process.....Pages 4-7

II. Policy Issues Addressed in the NOFA.....Pages 8-10

DRAFT

Introduction

Mid-Rivers Communications has participated in Round 1 of the BIP/BTOP programs as both an applicant and a respondent to Public Notice Filings. The recommendations presented in our comments are based on our company's first-hand experience with these processes, and also on our review of the changes proposed for Round 2 in the above-reference Request for Information (RFI). As the largest land-mass telecommunications cooperative in the Continental U.S. serving some of the most rural and remote areas of the nation, we believe we can also provide a unique perspective on the policy issues contained in the RFI.

The population density and demographic makeup of our subscriber base make Eastern and Central Montana some of the most challenging territory in the nation for deploying ubiquitous broadband service, whether wireline or wireless. In the vast majority of the Mid-Rivers service area, population densities are **less than one person per square mile**, with some counties ranging as low as 0.4 people per square mile. Out-migration has been the prevalent trend in nearly all our counties for over a decade, and the population that remains is aging, resulting in lower demand for broadband and inability to afford equipment and services.

Despite these challenging conditions, Mid-Rivers has made terrestrial broadband available to the majority of our subscribers utilizing existing funding mechanisms and a variety of technologies including DSL, Extended Range DSL (EDSL), DSL over Smart Coils, cable modem, 700 Mhz fixed wireless, and others. Every Census-designated "community" in our 30,000-square-mile service area is currently **served** by NOFA standards, and has been for some time. Several communities not large enough to be designated by the Census as a "community" also enjoy access to broadband at speeds equal to or greater than 768 Kbps. The areas that remain, however, are the furthest from existing facilities in the most sparsely populated areas. These are also areas where the oldest telecommunications facilities exist, making even dial-up Internet services difficult. The "last mile" in Eastern Montana can be better described as the last 40 to 60 miles in the case of many of our Cooperative members. **We believe it is these Americans – the ones who will never receive a non-satellite broadband option without funding assistance – that the American Recovery and Reinvestment Act (ARRA) broadband funding was intended to benefit.**

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Executive Summary

Round 2 BIP/BTOP funding should be **targeted first and foremost to last mile projects in UNSERVED rural areas** that will have no other hope of enjoying the benefits of a reliable terrestrial broadband connection without funding assistance. Funding for underserved and urban areas should only be approved after ALL unserved rural applications have been funded. The causes of broadband deployment problems in America ultimately come down to distance and cost, both of which are more pronounced in rural areas. Major changes to the BIP/BTOP points system must be implemented to target funding to rural unserved areas rather than underserved or urban areas, and to encourage rural providers to submit applications.

The BIP/BTOP policies, and specifically the **Scoring Criteria**, must be adjusted to first target these unserved rural areas**,** insuring provision of service to the "highest proportion of rural residents" as directed by the NOFA. Suggestions in our comments include:

- The **"1 point for every 10,000 households" scoring criteria must be eliminated** as it places rural and remote areas at a significant scoring disadvantage and is an arbitrary figure rather than a "proportion" as required by the NOFA.
- The above criteria should be replaced with a **tiered scoring system based on population density** that **rewards applicants attempting to serve the most sparsely-populated areas.**
- RUS BIP program rules must be adjusted to make a larger percentage of the remaining funds in Round 2 available as **GRANTS** rather than loans or even loan/grant combinations to **rural unserved** areas.
- The scoring criteria awarding points for **"Choice of Service Provider"** must also be eliminated in order for the program to target the unserved areas most in need of funding – applicants should not be rewarded for proposing to serve areas where another alternative is already available.
- We also urge **careful review of the ramifications of changing or eliminating the definition of "remote,"** as this is the only scoring criteria that does reward the most remote, rural areas. The Round 1 definitions for "broadband," "unserved," and "underserved" should remain constant in Round 2.

With regard to streamlining the application process, Mid-Rivers' comments focus on the **short length of the initial application window** and the **technical problems created by the unreliability of the "EasyGrants" and Broadband Mapping Tool systems**. The Broadband Mapping Tool is incompatible with all standard telecommunications mapping systems and must undergo major renovations in Round 2 in order to be usable for applicants, public notice respondents, and application reviewers.

Information requested of applicants in **the Step 2 Due Diligence phase must also be altered to reflect realistic expectations** for the permits and approvals that can be obtained in a 30-day time frame and prior to confirmation of a grant award. Other aspects of the Round 1 application process should be maintained, including the joint BIP/BTOP form, the requirement for historical financial statements from ALL applicants, and requirements regarding Interconnection and Nondiscrimination, and the restriction on the sale of assets for all applicants.

Policies and processes, specifically the Public Notice Response filing process, must also be improved to insure that BIP/BTOP does not promote **government-funded network duplication and artificial, unsustainable competition** in areas where there is no business case for even one provider. **Service Areas where RUS has approved traditional or broadband loans should be considered served and therefore ineligible for BIP/BTOP funding** in order to make the most efficient use of taxpayer dollars. **State review policies must be adjusted to avoid potential conflicts of interest** like those that occurred in Round 1, where States such as Montana served as both applicant and reviewer.

Finally, Mid-Rivers suggests that NTIA/RUS consider the specification of service areas by **Township, Range and Section** rather than Census Block or Census Tract. We also ask that the Agencies **avoid any arbitrary cost-effectiveness comparisons** that would severely disadvantage rural, remote projects. While applicants should certainly be able to prove the reasonableness of their total budget as related to the project goals, costs per subscriber should not be a determining factor – if rural, sparsely populated unserved areas were cost effective to serve, they would have broadband today.

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I. The Application and Review Process

A. Streamlining the Applications

In order to insure the utmost accountability and transparency, an application requesting millions of taxpayer dollars must be "burdensome" to some extent. As a Round 1 applicant, it is Mid-Rivers' opinion that the initial application, including the number of questions asked and the number of attachments required, were not "overly burdensome" as compared to our experience with any other Federal grant or loan application. The burdens from our perspective were related to the **very short application window** – the length of which is unprecedented based on all previous experiences with most Federal grant and loan programs; the **technical unreliability of the "EasyGrants" system**; and the **incompatibility and unreliability of the Broadband Mapping System**. In order to address these issues, NTIA and RUS should:

- Release the Round 2 NOFA with adequate time frames to allow for a **longer application window**.

- Hold **application workshops** as early as possible following the release of the NOFA in all geographic regions.

- **Institute technical upgrades to the EasyGrants system**, including the **Broadband Mapping Tool**, to insure it can handle the traffic load. The EasyGrants system was unavailable during the day on several occasions during the application window, which was already extremely short. In implementing these changes, NTIA/RUS must also consider that Round 2 traffic may far outweigh what was experienced in Round 1.

- **Overhaul the Broadband Mapping Tool completely.** Accurately mapping both Proposed Funded Service Areas in the application and existing service areas in the Public Notice Responses was definitely "overly burdensome." Applicants and respondents must be able to upload maps or data to the system or select their service area by clicking on each individual Census Block (or the Service Area level that will be employed in Round 2). The existing system, which basically requires a free-hand drawing, makes it **virtually impossible to include all the Census Blocks proposed for service or to exclude the Blocks that will not be served.** As an applicant, all our pre-application engineering was conducted on a Census Block level as required by the NOFA and Application Guide, yet none of the Census Block maps created by our Engineering firm could be used in the Broadband Mapping Tool. NTIA/RUS should consider allowing applicants to upload their own maps as long as those maps utilize an approved mapping database tool (such as ArcGIS) and incorporate a specified minimum level of detail. This will allow applicants to provide a much clearer picture of the service area they propose to cover, and incumbents to respond more accurately regarding the location of their existing service areas.

- **Retain the two-step review process, but with modifications.** Step 1 must be utilized not only to score the most attractive applications that will move to Round 2, but also to **eliminate from consideration any and all applicants that do not meet the minimum requirements set forth in the NOFA.** The Agencies could save themselves and all incumbent respondents a vast amount of time and money by eliminating these ineligible applications from the process BEFORE the Public Notice Filings are issued. Mid-Rivers dedicated several weeks responding to the multiple service areas of eight applicants, the vast majority of which should have been ineligible as it was clear from their Executive Summaries that they could not meet the minimum NOFA requirements. **This is a critical change that MUST be implemented in order to truly streamline the application and review process.**

- **Provide greater transparency on the use of Step 2 information.** It has been unclear to Mid-Rivers as an applicant and an incumbent specifically how the information gathered in the Public

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Notice Responses and through applicants' Step 2 response filings will ultimately figure in to the final funding decisions. NTIA/RUS must communicate with the public to the extent possible regarding the Step 2 process and how the responses and competitive factors are verified and weighted.

- **Modify the Due Diligence information requested of Applicants that advance to Step 2.** It is Mid-Rivers' understanding that applicants receiving Step 2 notices are clearly informed that the advancement is NOT a guarantee of a funding award. However, the Environmental, Historical and other permitting and approvals requested in Step 2 cannot be obtained without a full site survey. Such surveys require staking of all routes and a complete environmental review by a professional engineer – steps that are never taken until funding availability is confirmed, and under traditional RUS loans are not PERMITTED to be undertaken until funding is approved. All such permits and approvals should be required only following the grant award as a condition of the *release* of funds to successful applicants. In addition, the maps requested in the Environmental Questionnaire are of a very difficult scale for the size of any broadband build-out, especially those in rural areas covering thousands of square miles.

- **Maintain the use of a joint BIP/BTOP application** for Round 2 infrastructure projects, in order to insure transparency and coordination between the two Agencies.

- **Continue to allow infrastructure projects to stand on their own merit.** RUS/NTIA should not "link" broadband infrastructure, public computer center and sustainable adoption projects as a requirement of the application process. The scoring criteria already link the three aspects of funding together by the scoring criteria rewarding extra points for Recovery Act collaboration, which should be the extent of any required link. In many areas, infrastructure may be the only barrier to broadband adoption, and is certainly the first and most important component. Many carriers, especially the smaller businesses, will not have the resources available to carry out computer center or adoption projects on their own and should not be prohibited from applying simply because no such projects are being undertaken by other organizations in the service area. Carriers that deploy broadband utilizing infrastructure funding will then educate potential customers on the benefits and uses of broadband as part of their marketing plan. For instance, Mid-Rivers has regularly conducted customer service events throughout our service area that include broadband Internet demonstrations for many years.

1. <u>New Entities</u>

New Entities filing BIP/BTOP applications should have to follow *at least* the same application requirements as existing entities, and should realistically be subject to *more rigorous* requirements due to the additional risk involved, lack of experience, and the additional cost of forming a new entity from the ground up. The BIP/BTOP scoring should award additional points to service providers that are already established in the area for which funds are requested. These providers have the framework and expertise in place for carrying out broadband projects much more efficiently and effectively than a start-up, and can show proven successes in broadband deployment. The requirement for historical financial statements should be maintained for all applicants, and additional financial risk information should be instituted as a requirement for new entities.

2. <u>Consortiums and Public-Private Partnerships</u>

The eligibility and encouragement of Public-Private Partnerships, combined with the BTOP and joint BIP/BTOP State Review process, create a **conflict of interest concern** that was experienced first-hand in Montana during Round 1. It is a cardinal rule of grant-making that the **applicant cannot also be the reviewer**, but that is specifically the situation that occurred in our state. Montana's State Government submitted their own public computer center application, which clearly indicated a partnership with and recommendation for the infrastructure application of one specific provider.

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While this situation alone is concerning due to the lack of due process that was undertaken to form the partnership, it becomes especially concerning to know that the Montana Governor's Office was the lone entity that reviewed and ranked all Montana BIP/BTOP infrastructure applications, recommending to NTIA/RUS for full funding ONLY the provider with whom they have partnered on the public computer center project.

The Public-Private Partnerships section of the NOFA must be clarified to eliminate the possibility of such conflicts of interest. **Mid-Rivers recommends prohibiting governmental entities that are also applicants from participating in the State Review process, instead utilizing the State Public Service Commissions and/or the existing RUS General Field Representatives (GFR's) to review and rank applications.** Public Service / Public Utility Commissions are independent agencies, their members are educated in the complex telecommunications industry, and their relationship with Montana's consumers gives them a true understanding of the state's needs. RUS' existing GFR's have driven the miles in these rural areas and likely have the best handle on broadband availability. **If states remain eligible for BIP/BTOP funding, then RUS/NTIA <u>must</u> specify that State Review is conducted by either of these alternative entities to prevent such conflicts of in Round 2.**

3. <u>Specification of Service Areas</u>

The designation of project areas by Census Block resulted in a major hardship for Mid-Rivers both as an applicant and a Public Notice Respondent during Round 1. The logical and most efficient routes for constructing Fiber to the Premise (FTTP) services in rural areas do NOT coincide with Census Block boundaries, and the wide disparity in Census Block sizes (anywhere from less than one to over 100 square miles) made the determination of our final service areas extremely difficult. The requirement to serve 100% of each Census Block also eliminated customers from our final service area that logically should have been served with the proposed facilities. Many of the Census Blocks in our half of Montana actually contained zero households according to the 2000 Census.

Though some respondents will likely propose the specification of service areas by Census Tracts due to the fact that broadband data is reported to the Federal Communications Commission (FCC) on the Census Tract level today via the Form 477, this may not solve many problems for applicants in rural areas. Most Eastern Montana Counties contain only one Census Tract covering the entire county, which could be as large as 5,000 square miles. In order to avoid unrealistic expectations for serving an entire Tract, the 100% requirement would have to be altered or eliminated. Mid-Rivers recommends instead that RUS/NTIA consider using **Township, Section and Range coordinates** to specify service areas. These coordinates are referenced regularly when engineering the layout of telecommunications facilities, and would allow providers to specify smaller units of measurement to which they could reasonably commit to constructing facilities within two years.

4. <u>Relationship Between BIP and BTOP</u>

Continued communication and an on-going working relationship between the BIP and BTOP programs is necessary to prevent project duplication and grant/loan "double-dipping." A joint application process also offers efficiency and promotes coordination between the two agencies.

The Traditional RUS Loan program has a long track record of success in bringing broadband to rural America, and continues to make loans for this purpose today. **Areas where traditional or broadband loans are active or have been recently approved must be considered served and therefore ineligible for BIP/BTOP funding.** Given the level of taxpayer scrutiny on transparency and accountability, NTIA/RUS must avoid even the appearance of awarding duplicative funding to a service area. Such duplicative proposals are detrimental not only to the taxpayers but to the incumbent providers and customers in rural areas that cannot support competition. NTIA must maintain contact and coordination with RUS to insure no BTOP funds are awarded in areas where RUS traditional or broadband loans have already been approved.

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While joint BIP/BTOP applications should continue to be allowed in Round 2 in order to allow applicants the best chance at funding, rural application should be handled by RUS wherever possible due to their extensive experience in working with rural projects. As discussed in the "Policy Issues" section, however, RUS must adjust their funding priorities to allow for a larger percentage of grants to be awarded to rural projects.

5. Transparency and Confidentiality

Given the sensitive nature of many of the application materials, with respect to competitive threats as well as safety and security concerns, it is important that all historical financial information, Pro Forma business plans, network diagrams, and other specific company information remain confidential. **In its traditional loan program, RUS has treated such information as confidential and proprietary, and this practice should be continued by both Agencies for BIP/BTOP applications.** If Executive Summaries will continue to be treated as public information, then NTIA/RUS must consider revising the list of information required in the Executive Summary to include only general company and project information.

Additional transparency in the Step 2 and Public Notice Filing processes should also be provided in order to help applicants and incumbents understand how this information contributes to the final funding decision. Very little information regarding the details and weight of each factor has been available to date. **Most importantly, the public should be made aware of applications that do not meet the minimum requirements to proceed to Step 2 – these applications should be eliminated from the State Review and Public Notice Filing processes in order to save taxpayer dollars and speed up the entire BIP/BTOP funding process.**

6. Outreach and Support

Several Mid-Rivers employees attended the BIP/BTOP workshop in our region for Round 1. For Round 2 workshops, we respectfully suggest that RUS/NTIA more effectively prepare the presenters with answers to the frequently asked questions from Round 1 and the Round 2 questions that are likely to arise. Workshops for Round 1 presented very little *new* information, simply reiterating the NOFA and Application Guides, and presenters were unable to answer most of the important questions posed by attendees.

7. NTIA Expert Review Process

Both NTIA and RUS have existing staff that are well-versed in reviewing and approving technology-related grant and loan applications. As much as possible, this existing staff, including the RUS General Field Representatives (GFR's), should be utilized in reviewing applications and verifying the unserved / underserved status of the Proposed Funded Service Areas.

As discussed in other sections of our comments, NTIA/RUS must adjust the review process to **categorically eliminate from the process all incomplete and ineligible applications before entering the Public Notice Filing review and response process.** Mid-Rivers spent weeks of time responding to the applications of eight providers covering over 30 service areas. Three of these providers covering the majority of the service areas were proposing satellite services, which the NOFA does not consider as an acceptable broadband solution in its "unserved" and "underserved" definitions. A fourth provider clearly stated in its executive summary that it would not subject its company and investors to the NOFA restrictions on the sale of project assets or to the financial security requirements. **Such applications should be rejected during Step 1, and should NOT be included in the Public Notice Filings for incumbent response.**

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II. Policy Issues Addressed in the NOFA

A. Funding Priorities and Objectives

1. Middle Mile "Comprehensive Community" Projects

Montana's existing service providers, and providers in many other states, have already constructed state-of-the-art fiber backbones that are more than adequate to serve the state's needs. Cooperative providers like Mid-Rivers, as well as commercial companies, have invested millions in these networks in order to bring sufficient bandwidth and redundancy to our customers. Due to the vast size and small population in our state, Montana's major barrier to broadband deployment is in the **last mile infrastructure**, NOT the middle mile. To insure the benefits of the BIP/BTOP funding reach as many rural end-users as possible, Round 2 funding should NOT be limited to middle mile infrastructure, but **should be targeted to the construction of last-mile facilities to residents and businesses that have NO broadband access today.**

It is extremely uncommon in Montana for anchor institutions such as community colleges, schools, libraries, health care facilities, and public safety organizations to be without broadband access. They are located in the towns and cities where Montana's Cooperatives have been able to provide broadband for several years. Most if not all of these institutions reside in "populations centers" (which in Montana can be defined as a community with 20 or more residents) where there is somewhat of a **viable business case under existing funding mechanisms** to provide broadband service. It is the remote rural areas outside of these population centers that are the most challenging to serve, the most costly, and with the least number of subscribers or chance for return on investment, that must be targeted in order to address America's true broadband deployment problems.

2. Economic Development

The stated purposes of the ARRA Broadband Stimulus programs are to facilitate broadband deployment in **rural areas** and deployment of broadband infrastructure in **unserved and underserved areas**, while furthering the overall ARRA objective of spurring **job creation** and stimulating **long-term economic growth and opportunity**. Round 2 funding priority should be given to projects that clearly meet the definition of unserved in order to offer the greatest economic effect by bringing broadband to areas where there currently is NONE, and will continue to be NONE until additional funding assistance is available.

The missing link for ubiquitous broadband deployment and the many economic benefits broadband offers in Montana and in many states is the last mile. The greatest economic benefit will be realized by funding projects in which an existing provider has already built the necessary middle mile facilities and has the framework in place to construct and maintain the facilities, and simply needs funding assistance to extend those facilities to the end-user. These types projects should be the focus of any funding targeted at economic development in Round 2, rather than projects that may claim to be part of a regional economic development plan.

Especially in an aging state like ours, last mile projects will serve the vulnerable elderly and low-income populations specifically targeted in the original NOFA, giving these individuals access to health care and other vital resources. Last-mile projects will also reach the many agricultural businesses that cover our service area, which are farms and ranches that may not be counted as businesses by the Census but still account for the majority of the economic activity in many of our Counties.

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3. Targeted Populations

As reiterated throughout our comments, **the first priority for ARRA funding should be to bring broadband to unserved areas that will remain unserved into the foreseeable future without additional funding assistance.** Bringing broadband to those who have none in many cases does not involve "target populations" as much as it involves geographic conditions and population densities. Any targeting of specific populations should be reserved for the Public Computer Center and Sustainable Broadband Adoption programs.

B. Program Definitions

Mid-Rivers suggests that all definitions in the Round 1 NOFA should remain consistent in Round 2, specifically the definitions of "broadband," "unserved," and "remote." Any changes to the broadband threshold should be reserved for the FCC's National Broadband Plan to be released in February 2010. While there has been substantial pressure to change or eliminate the "remote" definition, **the remote requirement for grant-only funding is the one criteria that serves to target the funding to the areas most in need.** It is much more critical to remove the "1 point per 10,000 household" scoring criteria threshold, which discourages rural and remote applicants, than it is to open the RUS grant funding up to areas that may not have as much need. **Eliminating the "remote" definition will treat suburban applicants the same as applicants located 250 miles from any urban center, where there are certainly additional costs and other complicating factors, and will ultimately discourage applications from the remote providers that need the funding most.** We encourage NTIA/RUS to carefully examine all the ramifications of removing or adjusting the "remote" definition, and to insure that any changes the Agencies may institute would still reward the most remote areas and recognize the major challenges of serving these areas.

The Round 1 NOFA specifically excluded satellite technology as a viable means for meeting the country's broadband needs through its definitions of unserved and underserved, yet many satellite providers applied for the BIP/BTOP funding and incumbents were forced to respond to their proposals and defend existing service areas. **The Round 2 NOFA should clarify that the deployment of satellite technology is not an eligible project expense.**

Advertised speeds rather than actual speeds should continue to be the basis for meeting the broadband definition, as asking for actual speeds would overly complicate the process. Actual speeds at any given time, as well as theoretical speeds the facilities are capable of providing, are dependent upon a number of factors such as backhaul capacity, system loading, and many others. If providers are advertising a certain speed, customers in most cases will hold them to those advertised speeds.

C. Public Notice of Service Areas

If at all possible, Public Notices must be issued in a timelier manner in Round 2 in order to allow a sufficient window of time for incumbents to respond. It is also critical as mentioned throughout our comments that **incumbents not be required to respond to applications that do not meet the initial minimum criteria of the NOFA**. Responding to the three satellite providers that applied for funding within our existing service area was overly burdensome and extremely frustrating given the fact that the NOFA does not recognize satellite services as an acceptable broadband technology for serving unserved and undeserved areas.

The burden of proof for whether a project meets the NOFA's unserved or underserved definitions should fall on the applicants claiming that status, rather than the heavy reliance on incumbents to dispute applicant's claims as was the case in Round 1. As existing broadband providers, we are already required to report broadband availability and speeds on a Census Tract level every six months. This 477 database should be readily available to NTIA/RUS to provide reliable data for determining a service area's unserved or underserved status.

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Finally, additional information should be provided by NTIA/RUS regarding how the Public Notice Response Filings are verified and how they ultimately figure into a funding decision.

D. Interconnection and Nondiscrimination Requirements

The Interconnection and Nondiscrimination requirements for Round 1 applicants should be carried on to Round 2 of the BIP/BTOP funding, and should be applied across the board to all applicants regardless of their business structure. Given the FCC's recent interest in these issues, it is very likely that broadband providers will be subject to such requirements as part of the National Broadband Plan. NTIA/RUS should maintain the FCC's Internet Policy Statement as the basis for these Interconnection and Nondiscrimination Requirements, and let the FCC address any additional aspects of such requirements through the upcoming National Broadband Plan.

E. Sale of Project Assets

Prohibitions on the sale of project assets should not be altered for Round 2. RUS borrowers have been subject to similar requirements for decades, as they should be in order to sufficiently protect taxpayer dollars. RUS/NTIA should NOT institute a "more flexible approach" toward this requirement, and must apply these requirements uniformly to applicants of all business sizes and structures. The proposals of any applicants that are unable to comply with these requirements should be rejected during Step 1 of the review process.

F. Cost Effectiveness

While cost ***reasonableness* of a particular project should be considered** in order to make the most efficient use of taxpayer dollars, **cost *effectiveness* as compared to other projects is not a relevant consideration** if the true purpose of the programs is to bring broadband to unserved areas. Applicants should be required to explain the reasonableness of their request as related to the number of customers that will be served, the construction conditions, and industry benchmark equipment costs. However, it is unreasonable to compare the relative cost effectiveness (i.e., comparing the cost per subscriber between a remote, rural project and a non-rural project) given the stated purpose of the ARRA funding. If rural unserved areas were cost effective to serve, they would not be unserved. **The lack of cost-effectiveness and a viable business case are the fundamental reasons why remote, sparsely-populated unserved areas require grant assistance for broadband infrastructure deployment.** We caution NTIA/RUS against using an arbitrary cost-effectiveness comparison between projects or against a set per-subscriber cost benchmark, but focus instead on the reasonableness of the applicant's budget.

G. Other

Though previously mentioned in the "Streamlining Applications" section of our comments, Mid-Rivers would like to reiterate the importance of **modifying the Due Diligence information requested of Applicants that advance to Step 2.** It is our understanding that applicants receiving Step 2 notices are clearly informed that the advancement is NOT a guarantee of a funding award. However, the Environmental, Historical and other permitting and approvals requested in Step 2 cannot be obtained without a full site survey. The State Historic Preservation Office (SHPO) in Montana will not respond to a request for review without a very specific site survey. Such surveys require staking of all routes and a complete environmental review by a professional engineer – steps that are never taken until funding availability is confirmed, and under traditional RUS loans are not PERMITTED to be undertaken until funding is approved. All such permits and approvals should be required only following the grant award as a condition of the *release* of funds to successful applicants.

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