

THE CHOICES

How to efficiently target \$ 4.7 Billion quickly?

1. NTIA receives thousands of applications and contracts with numerous outside parties for help to review and approve; **OR . . .**
- √ 2. States rank in-State applications for NTIA (constrained by NTIA criteria) to review and approve based on a “use or lose” standard State allocation.

How to monitor implementation and report quarterly?

1. NTIA tries to monitor and report on grants in 53 jurisdictions on thousands of projects; **OR . . .**
- √ 2. States manage, monitor, and report quarterly – via NTIA approved template - on grants within a standard State allocation.

How to define application criteria?

1. NTIA creates detailed “one size fits all” criteria very specifically leading to counter-productive/time wasting disputes/concerns over proper interpretation; **OR . . .**
- √ 2. NTIA defines criteria broadly allowing each State to quickly rank applications and gives State interpretations great weight because of acknowledged expertise.

How to create a national broadband map?

1. NTIA creates map based on FCC data; **OR . . .**
- √ 2. NTIA provides reporting template and assures States can provide (and audit) detailed data.

How to make good decisions on structuring a successful grant program?

1. NTIA relies solely on public hearings and thousands of comments; **OR . . .**
- √ 2. NTIA gets quick answers through conference calls and regular communications with States that have experience running successful grant, digital literacy, and mapping programs.

How to assure useful consultation with States?

1. NTIA allows States (and others) to examine submitted grant applications; **OR . . .**
- √ 2. NTIA requires applicants to contemporaneously submit to states, and conditions application on unrestricted State access, subject to the confidentiality provisions in the statute, to related information.

REGULAR COMMUNICATIONS ARE KEY.

PROPOSALS FOR ARRA IMPLEMENTATION

Congress and the President have charged NTIA with the daunting task of *quickly* and efficiently disbursing \$4.35 billion dollars on broadband (BB), including, *AT LEAST* \$250M for competitive grants to encourage adoption and *UP TO* \$350M to fund both State mapping efforts, and assist (i) NTIA's maintenance of a national BB inventory or (ii) the FCC's creation of a national deployment plan. Your agency faces obvious critical challenges as it tries to maintain a focus on DTV transition issues during the most critical period for ARRA disbursements. The key challenges are targeting the funds and ensuring accountability. The States can help.

The Critical Need for a Federal-State Partnership and Regular Interactions

Congress, GAO and even outside commentators have recognized that these tasks *cannot* be accomplished without State assistance. ARRA § 6001, Congress specifies that the "Assistant Secretary may consult a State, the District of Columbia, or territory or possession of the United States with respect to (1) the identification of areas described in subsection (b)(1) or (2) located in that State; and (2) the allocation of grant funds within that State for projects in or affecting the State." Indeed, the Conferees were even more explicit:

"Section 6001(c) *directs* the NTIA to consult with States on: (1) the identification of unserved and underserved areas within their borders; and (2) the allocation of grants funds to projects affecting each State. The Conferees recognize that States have resources and a familiarity with local economic, demographic, and market conditions that could contribute to the success of the broadband grant program. States are encouraged to coalesce stakeholders and partners, assess community needs, aggregate demand for services, and evaluate demand for technical assistance. *The Conferees therefore expect and intend that the NTIA, at its discretion, will seek advice and assistance from the States in reviewing grant applications, as long as the NTIA retains the sole authority to approve the awards.* The Conferees further intend that the NTIA will, in its discretion, assist the States in post-grant monitoring to ensure that recipients comply fully with the terms and conditions of their grants." (emphasis added)

In report after report, GAO has highlighted the need to minimize fraud, waste, and abuse in contracting by, among other things "contracting with state and local program officials and auditors in the planning and execution of contracts, agreement, and audits and other reviews."¹

The separate mapping bill funded by ARRA – the "Broadband Data Services Improvement Act," Pub. L. 110–385, 122 STAT. 4096 (10/10/08), at §106(i) is even more explicit, specifying that NTIA cannot give any entity funds UNLESS it is "the single eligible entity in the State that has been designated by the State to receive a grant under this section."

No one can question that: (1) States have intimate knowledge of the communications environment, geography, and demographics within their boundaries; (2) States can assure efficient utilization and targeting of stimulus monies; and (3) States have every incentive to make certain the money is not wasted and properly targeted. That is why NARUC earlier urged Congress to assure stimulus monies for broadband deployment program are funneled through States.

¹ *American Recovery and Reinvestment Act; GAO's Role in Helping to Ensure Accountability and Transparency*, Statement of Gene L. Dodaro, Acting Comptroller General of the United States, Testimony before the Committee on Homeland Security and Governmental Affairs, at 8 (GAO-09-453T March 5, 2009)

Recommendation 1

Applications conditioned on unfettered NTIA/State Access to Information.

As part of the application process/NOAF for all the programs, NTIA should specify that the applicant agrees, subject to the confidentiality restrictions outlined in the statute, to give NTIA, as well as the relevant State commission and/or any other entity designated by the governor (including the State AG) unrestricted access to (i) the site of the project and (ii) all books and records of all entities involved in implementing the project. This would include both its existing broadband infrastructure and the infrastructure to be built with funds allocated under the ARRA. Companies should be required to provide granular market and geographical service coverage data as requested by any public agency that seeks to measure the extent of broadband availability to allow policy makers to establish goals for future deployment.

Rationale: *Accountability is key to effective use of taxpayer dollars. The governor and State commissions have obvious interests in seeing these funds are expended wisely. Some individual States (or perhaps NARUC)² may seek grant funds to audit and/or monitor implementation. In any case, even the naked potential of both federal and State watchdogs ab initio can only encourage efficient operations and discourage waste/abuse.*

Recommendation 2

Applicants required to contemporaneously file with relevant State Commission.

As part of the application process/NOAF, NTIA should specify that any applicant must contemporaneously serve the relevant State commission (and/or any other entity designated by the governor,) with the complete application package, and include a contact person (phone and e-mail) that is available to answer questions from that State Commission (or other entity).

Rationale: *States will be better positioned to give advice on proposals and/or rank competing proposals, if they are given the information as soon as NTIA receives it. Some individual States (or perhaps NARUC) may seek grant funds to staff up to handle these tasks.*

Recommendation 3

Create a standard reporting template (for mapping/grants) & assure States get data.

With respect to the “up to \$350 million” in mapping funds NOAF, NTIA should

- (i) provide a short template letter for State Governors’ use,³ that specifies the applicant is the “State designated” entity for BB data collection as required by the statute;*
- (ii) include a statement in the NOAF that – that while no federal act can give State’s authority ab initio, it is clear Congress has chosen not to preempt State authority to collect information on broadband services, at least where a State agrees to operate under the confidentiality restrictions specified in the statute; &*
- (iii) provide a template for electronic data reporting to NTIA of information collected.*

Rationale: *NTIA will be relying in part on State collections to create its national map. Providing an accepted, exclusive, AND SIMPLE State means of designating the required “single entity” will limit questions/delay. Some carriers may argue “BrandX” limits State authority to collect BB data – NTIA should make clear Congress did not limit state authority to collect this data. Providing a BB reporting template early in the process it is critical.⁴*

² NARUC, which is a trusted and longtime/low cost serial recipient of DOE grant projects, is considering requesting sufficient funds (and a waiver of the matching requirements) to create a standard reporting template and fund 2 to 4 full time consultants per jurisdiction to regularly audit progress and use of ARRA funds.

³ In the case of the decoupling provisions elsewhere in the ARRA, the US DOE has provided NARUC with a template for a governor’s statements – which are a pre-requisite to a State’s qualifying for certain energy efficiency grants.

⁴ If desired, NARUC, which is a trusted and longtime/low cost serial recipient of DOE grant projects, may consider requesting a relatively small sum to be used to quickly collect information on the detail collected by existing state programs and provide a suggested

Recommendation 4

NTIA should seek advice of States that run successful programs.

NTIA should have a conference call ASAP with States that have BB deployment programs – to ask your questions about specific elements of their programs. If you are interested NARUC will facilitate. Regular communications with those that have actually run successful grant, mapping, digital literacy programs is critical to successful ARRA implementation.

Recommendation 5⁵

NTIA should seek advice of States on ranking of specific grant proposals.

*There is no question Congress expects NTIA to get State advice on in-State grantees.
States can help NTIA find the primary contact per state on the programs*

STATES PROCESS IN-STATE PROPOSALS UNDER A STANDARD ALLOCATION

NTIA is likely to be flooded with applications. This is not a prescription for fast action. Dividing the work up – as long as NTIA has FINAL approval of a project - may be a better way to get initial grants out-the-door quickly. NTIA plans to hire outside consultants to help with the review process. However, NARUC believes that State Governors will be open to many State commissions assisting the NTIA. An idea that has recently gained currency is based on formal NARUC positions provided to Congress on January 9, shortly before ARRA passed. Those principles are attached (Appendix A). This idea was recently endorsed by Verizon's Senior VP Tom Tauke and others in recent seminars.

At least for the first round, NTIA could ask each State (the Governor – or his designated agency) to apply for a standard State allocation (\$36 million for NTIA – more if RUS grant applications are included) for all the projects in that State. The State would make the initial decision on what projects would be funded based on the criteria in the Statute (as outlined in the NOAF). NTIA should use broad definitions⁶ – and to avoid disagreements and get the funds out quickly – specify in the NOAF that State determinations will be given great weight, citing, among other things, the Conferees' statements and the specific State references in the Act.

The State's designations up to the standard State allocation would be subject to final approval by NTIA prior to the carriers receiving the funding (from NTIA). The State could use an RFP process to determine which provider would build the projects designated. NTIA would approve the award and disburse funds to the designated provider. States that agree to reduce the resource burden on NTIA this way should be permitted to seek funds to meet enhanced staffing requirements (from 2-4 FTE) to evaluate the initial applications as well as to monitor/audit implementation. Each State can prioritize initial base amounts, under a State coordinated plan based on the statute more quickly on better projects with better monitoring and accountability than if NTIA tries to address the flood of applications from various providers in a cookie cutter fashion.

As with the current process for designating carriers for access to federal universal service funds, for those States that choose not to participate, the applicants would come directly to NTIA.

reporting template for NTIA's use. NARUC could also consider providing educational webinars by successful state programs to the remaining jurisdictions.

⁵ This includes adoption programs. NARUC may consider applying for a grant(s) to study existing State digital literacy or adoption programs and come up with best practices and perhaps subsequently fund pilot programs in all NARUC member states.

⁶ In the initial NAF, if NTIA does establish definitions for unserved and underserved – they should be fairly general/broad. Very tight definitions can slow down applications as people argue/or litigate – at taxpayer expense – over whether grants were improperly given priority. A better approach might be to just list the statutory ranking criteria for each type of grant and seek an opinion from State authorities over which of the proposals received best meets those ranking criteria States share NTIA's/Congress' desire that the funds be efficiently allocated. Giving the States fairly general criteria to rank the proposals received – using the text of the statute with little elaboration - is probably a better first step.

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APPENDIX A

JANUARY 26, 2009 NARUC RECOMMENDATIONS TO CONGRESS FEDERAL FUNDING FOR STATE GRANTS FOR BROADBAND INFRASTRUCTURE FUND THE BROADBAND DATA IMPROVEMENT ACT

Contact: Brad Ramsay, NARUC GC 202.898.2207 or jramsay@naruc.org

- We strongly recommend full funding of the Broadband Data Improvement Act, S 1492. Accurate broadband data collection and mapping is critical in order for this broadband appropriation to be effectively targeted to areas that are truly underserved in order to avoid fraud, waste and abuse.
- We further recommend that States be specifically delegated the authority to collect broadband data from any broadband provider who operates in their States to make broadband data collection and mapping easier. Absent this authority, States must attempt to get the data on a voluntary basis from broadband providers not regulated by the State agencies.

PRINCIPLES

1. Any broadband program should allow for the diversity of State approaches. States are at different stages in broadband rollout. Each State is best situated to know its unique needs and to use funds efficiently by recommending, approving and completing the most necessary projects quickly. Any program should provide States the flexibility to administer the funding with accountability and transparency.

2. Early adopter States should not be penalized. States that have already spent time and money on broadband initiatives should not be disadvantaged. Likewise, States that are behind in stimulating broadband should have equal ability to access federal funds to expand their broadband efforts.

3. "Shovel ready" should be defined as a broadband project, not necessarily a capital expenditure, that can be initiated within four months and completed within eighteen to twenty-four months. A shorter timeframe may prove problematic because of State and local zoning and permitting requirements.

4. Any action should allow States to pursue their policies with respect to fostering competition.

5. Federal legislation aimed at distributing broadband infrastructure funds to the States should also be used as a vehicle to put into place other critical provisions such as broadband data collection and mapping needed to evaluate and manage broadband policies and ensure transparency and accountability.

6. Broadband is defined as wired or wireless Internet access at a minimum bandwidth of 3 megabits per second (Mbps) downstream and 1 Mbps upstream. Projects should not be rejected, however, if they do not meet this minimum but do increase existing bandwidth. This bandwidth requirement should be adjusted over time as technology advances.

7. Any program should be technology neutral and not favor one communications mode or broadband provider over another. The program should be open to non certificated broadband carriers. Support should be targeted to the most efficient and economical technology that provides the necessary speed. Any analysis should be based on the relative costs/benefits of the technology chosen.

DISTRIBUTION METHOD

All States should receive some minimal level of funding to ensure a measure of geographic parity such that each State receives some funding for broadband projects (hereinafter referred to as the "base amount"; the balance of funding beyond the base amount is hereinafter referred to as the "additional amount").

[A] THE “BASE AMOUNT”

- One-half of the total (representing the base amount) money would be apportioned among the States⁷ on a pro-rata basis. (e.g. each State gets 1/53rd of the base amount)
- The base amount would be distributed to all States as a block grant, with limited federal administration, and should be invested in broadband projects that are “shovel ready” as defined above.
- The State would define areas of need and allocate the funding.

[B] THE “ADDITIONAL AMOUNT”

- The additional amount would be distributed through a process that requires application and review by a designated federal agency, and targets “underserved areas”. We leave it to Congress to define “underserved areas,” a term that we define to include unserved broadband areas.
- These grants may be used to provide matching funds (e.g. 80% fed/20% State), and the State portion could be either in cash or in kind. So as not to disadvantage States with less access to capital, a showing of need could also be used as a factor to demonstrate eligibility.⁸
- Evaluation of proposals should prioritize reaching underserved residential households and/or small businesses, either with higher bandwidth (typically represented in units of Mbps) broadband infrastructure (whether wireline or wireless), or for projects relating to “digital divide” issues such as affordability, adoption, accessibility, and applications. The evaluation shall take into consideration past and ongoing State-specific efforts to implement broadband deployment through State-specific funding.
- Each State would be allocated a pro rata share of the total additional amount. Any amount not used by a particular State would be put back in the pot of money to be allocated to any State.
- We recommend a three month time frame for the federal agency to review and rule on applications for the additional amount.

[C] AS TO BOTH THE BASE AND ADDITIONAL AMOUNTS:

- The grant may be used for any of the following: broadband infrastructure, broadband related equipment costs, planning, equipment specific to enabling tele-education and tele-health applications, staffing/personnel costs, training of personnel for tele-education and tele-health purposes, “middle mile” costs of bringing Internet points of presence to underserved communities, and laying fiber in public rights-of-ways to enable broadband in underserved communities.
- Congress should formally recognize in any legislation that many State legislatures meet for only a few months every year or two (in the case of biennial sessions). To the degree Congress emphasizes “shovel ready projects” the law should ensure that those States with part-time legislative bodies are not disadvantaged by virtue of their citizen legislatures. Adequate measures must be included to account for the fact that not all States may be structurally able to enact legislative appropriations or policy changes within a few weeks, or months of congressional action.

⁷ “States” is defined as the fifty States, the District of Columbia, Puerto Rico, and the Virgin Islands. Congress also should provide an opportunity to participate for territories such as Guam, American Samoa, the Federated States of Micronesia, and the Midway Islands.

⁸ For example, if base amount funds are used for broadband mapping and the State has documented to the satisfaction of the federal agency that 15% of households and/or small businesses are unserved, and the State has no capability for match, the State would be deemed eligible for additional funds.

February 2009 NARUC Resolution on Lifeline and Link-Up Program Support for Broadband Internet Access Services and Devices

WHEREAS, In 1997, pursuant to Section 254 of the Telecommunications Act of 1996 (the “Act”), the Federal Communications Commission (FCC) adopted rules that defined the services which are to be financially supported by federal universal service support mechanisms as those that are commonly referred to as voice communications services and has not revised this definition since that date; *and*

WHEREAS, Pursuant to section 254(b) of the Act, the FCC is directed to base policies for the advancement of universal service on the principle that access to advanced telecommunications and information services should be available at just, reasonable, comparable, and affordable rates in all regions of the Nation; *and*

WHEREAS, Pursuant to section 254(c) of the Act, universal service is an evolving level of telecommunications service and the definition of supported services shall take into account “the extent to which such telecommunications services –

- (A) are essential to education, public health, or public safety;
- (B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers;
- (C) are being deployed in public telecommunications networks by telecommunications carriers; *and*
- (D) are consistent with the public interest, convenience and necessity;” *and*

WHEREAS, The Federal-State Joint Board on Universal Service in its *Recommended Decision* (FCC 07J-4), released on November 20, 2007, concluded that broadband Internet access service satisfies the criteria in section 254(c) of the Act and recommended to the FCC that it “revise the current definition of supported services to include broadband Internet service;” *and*

WHEREAS, Since 1985, the FCC, pursuant to its general authority under sections 1, 4(i), 201, and 205 of the Act, and in cooperation with the State commissions and local exchange carriers, has administered the Lifeline program which was designed to increase the affordability and subscribership of local telephone service to low income consumers by providing discounts on the rates for local telephone service; *and*

WHEREAS, In 1987, the FCC approved the implementation of the Link Up America program which was designed to cover the initial connection charges for local telephone service for low income consumers; *and*

WHEREAS, The *Universal Service Monitoring Report*, prepared by the Federal and State Staff for the Federal-State Joint Board on Universal Service, released in December 2008, reported that from 1985 through March 2007 the subscribership for local telephone service among low income consumers has increased from a national rate of 80 percent to 88.4 percent; *and*

WHEREAS, The costs to administer and financially support the federal Lifeline and Link-Up programs are covered by FCC-mandated Universal Service Fund assessments to all telecommunications service providers, including wireline local and long distance telecommunications companies, wireless telecommunications companies, paging service companies and interconnected Voice over Internet Protocol (VoIP) service providers, based on interstate and international revenues; *and*

WHEREAS, The July 2008 report, *Home Broadband Adoption 2008*, by the Pew Internet and American Life Project (Pew/Internet), reported that 85 percent of U.S. households with incomes in excess of \$100,000 subscribed to broadband Internet access services; however, only 25 percent of U.S. households with incomes at or below \$20,000 subscribed to broadband services which was a decreased penetration rate for such households from 28 percent in March 2007; *and*

WHEREAS, Pew/Internet reported that a plurality of dial-up users cited the price of broadband Internet access services as the reason why they did not subscribe to broadband Internet access service; *and*

WHEREAS, On November 5, 2008, the FCC released an *Order on Remand and Report and Order and Further Notice of Proposed Rulemaking* (FCC 08-262), in which it sought comments on the Chairman's Draft Proposal (Appendix A) and an Alternative Proposal (Appendix C) both of which contained a proposal to establish a Broadband Lifeline/Link Up Pilot Program (Pilot Program) "to examine how the Lifeline and Link Up universal service support mechanism can be used to enhance how the Lifeline and Link Up universal service support mechanism can be used to enhance access to broadband Internet access services for low-income Americans;" *and*

WHEREAS, The Appendix A and C Proposals planned to "make available \$300 million each year for the next three years to enable Eligible Telecommunications Carriers (ETCs) to support broadband Internet access service and the necessary access devices . . . if the ETC provides Lifeline service to an eligible household;" *and*

WHEREAS, The FCC, in Appendix A and C, concurred with the Joint Board's recommendation to add broadband Internet access service to the list of universal service supported services, but "for the limited purpose of the Pilot Program;" *and*

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) expressed its support in past resolutions for the expanded access and availability of affordable broadband Internet technologies in low-income communities across the United States; *now, therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 2009 Winter Committee Meetings in Washington, D.C., recognizes the critical role that the FCC and State Lifeline and Link-Up programs have played in expanding subscribership of local telephone service to low income consumers; *and be it further*

RESOLVED, That NARUC believes that the availability and affordability of broadband Internet access services to low income consumers is critical to the provision of public education, public health, public safety and other services by the States; *and be it further*

RESOLVED, That NARUC strongly encourages the FCC to declare broadband Internet access service as a service eligible for the universal service support mechanisms for the Lifeline and Link-Up programs; *and be it further*

RESOLVED, That NARUC supports the establishment of a three-year federal Lifeline and Link-Up Pilot Program for broadband Internet access services and enabling access devices; *and be it further*

RESOLVED, That NARUC asks the FCC to ensure that: (1) the Pilot Program will be open to all broadband Internet access service providers, irrespective of whether they are an ETC for the existing Lifeline and Link-Up programs, and that they will not be automatically designated as ETCs for other universal service support programs; (2) any broadband Internet access service provider which receives universal service support for other FCC broadband programs within a State will also be required to participate in the Pilot Program within that State; and (3) all broadband Internet access service providers which are eligible to participate in any FCC broadband program, including the Pilot Program, be required to make equitable financial contributions to support such programs; *and be it further*

RESOLVED, That NARUC asks the FCC to direct the Federal-State Joint Board on Universal Service to conduct an evaluation of the Pilot Program during its implementation and to make recommendations regarding its continuation and configuration as a national program; *and be it further*

RESOLVED, That because of the States' significant experience in administering Lifeline and Link-Up programs for local telephone service the FCC should modify its proposed Pilot Program to allow States to administer the eligibility and verification procedures for low income participants in the Pilot Program.

Sponsored by the Committee on Telecommunications
Adopted by the NARUC Board of Directors February 18, 2009

APPENDIX B

BROADBAND DEPLOYMENT RESULTS AND LESSONS LEARNED PUBLIC UTILITY COMMISSION OF OREGON

Contact Commissioner Ray Baum at (503) 378-6611 or Ray.Baum@state.or.us or
Bryan Conway, Administrator, PUC of Oregon at (503) 378-6200 or Bryan.Conway@state.or.us

1) Oregon Funding Priorities

- Provision of tele-health and telemedicine
- Distance learning
- Commerce and economic development
- Public safety
- E-Government

2) Project: Oregon's recent tele-health experience

a) FCC Program

- i) FCC issued grants to provide broadband connectivity rural hospitals and clinics
 - (1) Provided funding of \$20 million
- ii) RFPs have been issued to provide service to several rural hospitals and clinics.
- iii) Another RFP to extend that deployment

b) Lessons Learned

- i) The FCC limited the money for nonprofit facilities
 - (1) Many potentially valuable projects do not qualify
- ii) State licensing forbids practicing medicine across state lines
 - (1) Limits the ability to utilize facilities and expertise that are available due to the broadband connectivity.

3) Oregon passed SB 6

a) SB 622 funding

- i) Provided funding for School Technology Fund (\$50 million)
- ii) Provided funding for the Telecommunications Infrastructure Account (Approx. \$70 million)

b) Overall 14 different projects were approved and completed within 1 ½ years

- i) Deployed high-speed internet service in 58 communities
- ii) Installed Asynchronous Transfer Mode equipment to deliver high-speed digital services throughout the state.
- iii) Installed three self-healing mini rings and fiber optic cable routes for increased capacity and reliability in the Portland areas.

c) Results of one project

i) Recap of the Electronic Commerce impact within the Medford Urban Enterprise Zone

• Number of companies applying:	13
• Existing jobs saved:	1,242
• New jobs created:	447
• Average wage for new jobs created:	\$14.63
• Total New Annual Salary :	\$13.6 million
Total New Investment:	\$110,115,778

Future Impact from Investment and New Job Creation:

• New Annual Property Tax Revenue	\$1.54 million
• New Annual Income Tax Revenue	\$1.2 million
• Estimated Indirect Jobs Supported:	625

4) **Project:** Statutory Service Quality Penalty (SB622) – UM1133 (2004)

a) **Project Summary.** Project installed eleven Digital Subscriber Line Access Multiplexers (DSLAM) in six communities serving approximately 1700 customers for \$240,090 (\$141/Customer)

b) Project Concepts/Criteria.

- i) Involved one company and therefore only had one source of information
- ii) Focused on bringing broadband to unserved areas with poor service quality
- iii) Project was limited to DSL service
- iv) Targeted rural exchanges not being considered by or were rejected by the Company
- v) Rejected locations that required major infrastructure upgrades (Cost/site ratio)

c) Tracking Projects.

(1) Monthly reports from the provider that would included:

- (a) Job Number
- (b) Job Status
- (c) Location
- (d) Estimated Cost
- (e) Actual Cost to Date
- (f) Estimated Completion Date
- (g) Narrative on the project significant events and status

(2) Schedule-changing events would be reported as soon as they were known

d) Lessons Learned

- i) Need to collect more detailed information on specific candidate sites from more than one source
- ii) Procedures and Company monthly reporting worked well.
- iii) Did not verify expected subscribership rate, i.e. how many would purchase

5) **Project:** Qwest Price Plan commitment to invest \$2 million to improve quality of its network - (UM 1354) (2009)

a) **Summary.** Project installed 39 Digital Subscriber Line Access Multiplexers (DSLAM) in 15 counties serving approximately 4,600 customers for \$2 million (\$435/Customer)

b) Project Concepts/Criteria.

- i) Involved one company and therefore only had one source of information
- ii) Focused on bringing broadband to unserved areas
- iii) Project was limited to DSL service
- iv) Targeted rural exchanges not being considered by or were rejected by the Company
- v) Rejected locations that required major infrastructure upgrades (Cost/site ratio)
- vi) Selections to be disbursed across whole state with emphasis on community need

c) **Tracking projects.** Same format as used in UM 1133

d) Lessons Learned.

- i) Difficult to find “best” locations without criteria (Staff has started compiling information to confirm statewide broadband coverage)
- ii) Procedures and Company reporting worked well.

6) Staff Resources

a) The Oregon Telecommunications Division has 15 Staff

i) Three Engineers

- (1) Combined total of 125 years of experience
 - (a) Extensive knowledge of Oregon’s infrastructure and good working relationships with both large and small telecommunications companies.
- (2) Two have BSEE degrees
- (3) One maintains ETA Fiber Systems Designer Certificate
- (4) Extensive previous work experience with Qwest
 - (a) Experience from trenching to Senior Design Engineer
 - (i) Led the initial review of the SB 622 redundant fiber routes
 - (ii) Engineering group for broadband deployment

ii) Three Accountants/Finance

- (1) Extensive knowledge of network cost modeling
- (2) Advanced Degrees
 - (a) MS, Engineering Economic Systems,
 - (b) BS, Mechanical Engineering
 - (c) MBA Finance and Quantitative Methods

iii) Private Sector Experience (selected Staff)

- (1) Twenty-five years of telecommunications industry experience working for GTE/Verizon in network planning, marketing, finance and regulatory affairs.
 - (a) Ten years of that experience was in network planning and network and product cost modeling
- (2) Twenty-seven years of telecommunications industry experience working for Pacific Bell
 - (a) Planning and cost modeling

iv) Senior Policy Analyst

- (1) Experience includes twenty-eight continuous years in the telecommunications private sector with job functions primarily of a regulatory nature for United Telephone (now Embarq), Sprint Communications Company L.P., and Sprint PCS

APPENDIX C

California PUC Recommendations - Broadband Technology Opportunity

Contact CPUC Commissioner Rachele Chong at crc@cpuc.ca.gov or Sunne McPeak, President/CEO, California Emerging Technology Fund at sunne.mcpeak@cetfund.org or Robert Haga, Chief of Staff, CPUC Office of Commissioner Chong, at rwh@cpuc.ca.gov or Joe Camicia, Chief of Staff, CPUC Office of the Chief Information Officer, joe.camicia@cio.ca.gov

Executive Summary: State Consultation

- California recommends NTIA/RUS consult with each State's governor's office or agency designated by the Governor as having broadband authority (State Authority) regarding ranking broadband applications for ARRA grants. State CIO office in California has been designated for this task.
- Governor Schwarzenegger's office is prepared to endorse a package of ARRA applications for NTIA and RUS under processes set forth by those agencies. He will do so after consultation from various state agencies and broadband organizations.
- California has done extensive broadband mapping through its Broadband Task Force, and has major broadband programs ongoing: the California Emerging Technology Fund (CETF) and the California Advanced Services Fund (CASF).
- California also has a major telehealth grant from the FCC Rural Healthcare Pilot Project for the California Telehealth Network to link at least 500 healthcare sites with a particular goal of linking rural health care facilities to urban hubs.

California Recommendations: Mapping

- Critical First Step: Broadband mapping at the street address level is the key first step for any state, so that broadband infrastructure funds are carefully targeted to unserved areas and underserved areas first.
- Consider a firm requirement of broadband mapping before infrastructure grants allowed to avoid fraud, waste and abuse of ARRA funds.
- Public-private partnerships (PPPs): PPPs on the mapping have been successful in California, with a neutral third party receiving and aggregating the data for a state agency due to legitimate confidentiality concerns by providers.
- California recommends the broadband funds be fairly allocated among the states, with an eye towards population density, size, penetration, and state commitment to broadband.

California Recommendations re Broadband Infrastructure Program

- ARRA mandates technology neutrality.
- Timed filing windows beginning with unserved areas, followed by underserved area applications, may be advisable to ensure the least cost solution along with other criteria.
- 80% funding federal ARRA matched with 20% from another specifically delineated source.
- NTIA should set forth early a definition of "unserved" and "underserved". (See CASF definitions infra.)

California Recommends Criteria Based on CASF program

- Scoring criteria on infrastructure projects should include:
 - funds requested per potential customer
 - speed;
 - service area;
 - timeliness of project completion (within 2 years);
 - pricing;
 - guaranteed pricing period;
 - whether low income areas covered by project.
- Weighting of each criteria is discussed later as to CASF program in this presentation.

California recommends: Digital Divide Broadband Projects

- Also grantworthy are projects designed to ease the Digital Divide, particularly with emphasis on these groups: (1) rural; (2) urban disadvantaged; (3) public safety first responders; (4) people with disabilities
- Suggested criteria for judging these programs designed to address affordability, adoption, accessibility, applications, and assistance are set forth later in this presentation as to our CETF program.
- Funding should include computers, training, staffing, software, hardware, communications services, tele-education & telemedicine equipment relating to broadband projects consistent with ARRA goals.

Background for Recommendations: Grants for Broadband Projects by CETF

- In 2005, CPUC created the California Emerging Technology Fund (CETF), a non profit organization with \$60 million in seed money over 5 years donated by AT&T and Verizon.
- Mission: CETF provides leadership statewide to minimize the Digital Divide by accelerating the deployment and adoption of broadband and other advanced communication services to unserved and underserved communities.
- \$20 million in grants by CETF so far to grantees who have track record of success.
- Also, CETF working on “needle moving” projects to bring digital literacy to the three focus groups of consumers: rural, urban disadvantaged and people with disabilities

CETF Focuses on 5 “A’s”: Access, Applications, Affordability, Accessibility & Assistance

- Three priority consumer groups for grant making: (1) urban disadvantaged; (2) rural and remote; and (3) persons with disabilities.
- Strategic plan has five goals:
 - (1) civic leader engagement;
 - (2) venture philanthropy grant making;
 - (3) public policy promulgation;
 - (4) public awareness and collaboration; and
 - (5) strategic partnerships.

CETF Venture Philanthropy - Grant Making

- 3:1 cash match required by CETF grantees so grantees “have skin in the game”
- Demonstrated track record; well respected community-based organizations with ability to integrate technology into a coherent program to transform their communities
- Ability to address needs of people with disabilities ranging from accessible website and programs, to accessible facilities
- Budget and cost effectiveness on per unit cost outcomes
- Collaboration with others and willingness to participate in Learning Communities to share “best practices” and “lessons learned”
- Viable plan for sustainability of program
- Quarterly deliverables, quantified outcomes, and milestones required
- Able to articulate coherent monitoring and evaluation plan
- Documented support from key ally community and regional organizations that see broadband technology as key component of economic prosperity strategy.

CETF Major Policy Initiatives

- Digital Literacy policy
- School2Home -laptop project for low income middle school students
- Telehealth -\$3.6 million in matching money for FCC rural telehealth pilot project grant of \$22.1 million for California Telehealth Network, a statewide project of 500 sites connected by advanced broadband
- Smart Housing

- Smart Infrastructure
- Model Policies and Ordinances

Criteria for CETF evaluation of programs

	Criterion Weighting (points)
Alignment with CETF mission and approach	15
Understanding and incorporation of broadband technology	10
Organization management and leadership capacity	10
Quality and clarity of work plan	15
Quality and clarity of accessibility plan	10
Ability to leverage CETF funds	10
Prudence and transparency of budget and cost effectiveness	10
Quality of monitoring and evaluation component	5
Depth and breadth of collaboration and support	10
Prospects for long term sustainability	5
Total	100 points

CETF Accomplishments (Conservative estimates)

At end of 2008, CETF board approved \$20 million in seed capital and expended \$6.7 million.

Telemedicine sites (California Telehealth Network matching funds)	500
Housing units connected to broadband	30,000
People trained for digital workforce	1,300
Youth becoming digitally literate	2,800
Adults becoming digitally literate	5,600
Computers refurbished	22,000
People reached through distance learning	30,000

CETF Endorses Digital Inclusion

“Digital Inclusion” means everyone, regardless of who they are or where they live, can participate in and take advantage of the economic, educational, health, and civic opportunities afforded by broadband technologies. More than just access to the Internet, Digital Inclusion means all potential users know how to use it to improve their lives through increased access to information and services.”

Timeline: California Sets Regulatory Framework to Attract Broadband Investment

- 2005-06: California Emerging Technology Fund set up by CPUC for digital divide projects.
- 2006: Digital Infrastructure & Video Competition Act (DIVCA) passed allowing ILECs to build video fiber systems and cable companies to obtain statewide video franchises.
- 2007-early 2008: California performed a broadband mapping project pursuant to California Broadband Task Force. 96% have access but 1.4 million persons & 2,000 mostly rural communities w/o broadband.

CPUC Establishes Innovative California Advanced Services Fund

- Sept. 2007: CPUC opened docket for creation of a broadband grant program called California Advanced Services Fund (CASF). Two comment rounds, with full public input.
- Dec. 2007: CPUC issued Decision No. 07-12-054 providing matching funds of up to 40% for broadband infrastructure if applicant provides 60% for projects for unserved and underserved areas. CASF was funded by .25% surcharge on end users’ intrastate phone bills for two years, raising \$100 million fund. Two year build out schedule required.
- In Feb.-Mar. 2008: CPUC held workshops on application requirements and scoring criterion to rank proposed projects.
- June 2008: CPUC issued resolution approving CASF application requirements, timelines and scoring criteria.
- SB 1193 (Padilla) establishes CASF in State Treasury through Jan. 2013.

- Jul. 24, 2008: First unserved applications filed.
- Aug. 25, 2008: First underserved applications filed.
- Nov. 21, 2008: First CASF grants made on unserved areas and grants ongoing for underserved areas. Applications still being accepted.
- Mar. 3, 2009: Over \$8.42 million granted to date, covering 7,500 households.

CASF Scoring Criteria

Criterion	Weight (Points)
Funds requested per Potential Customer	40
Speed	20
Service Area	15
Timeliness of Completion of Project	5
Pricing	10
Guaranteed Pricing Period	5
Low Income Areas	5
Total	100

Definition of Unserved and Underserved

- “Unserved” was defined as an area that is not served by any form of facilities-based broadband, or where Internet connectivity is available only through dial-up service or satellite.
- “Underserved” was defined as an area in which broadband is available but no facilities-based provider offers service at speeds of at least 3 Mbps download and 1 Mbps upload.
- First priority was unserved areas.
- Applications were submitted in time windows with unserved applications first, then underserved applications to focus CASF funds first on unserved areas.
- Applications are subject to protest by third parties who may claim the proposed project area (or parts of it) is served. CPUC staff may exclude parts of project area after investigation. (Broadband map of the state is updated with this new data.)

Broadband Speeds

- CPUC established a “current gen” speed benchmark of 3 Mbps download and 1 Mbps upload to CASF subscribers. This speed was not a minimum, however, as the CPUC felt that any broadband speed is better than no service at all; thus applications with any speed were accepted.
- CPUC was balancing a speed level that would allow one to telecommute given current Internet uses to download video and data, while acknowledging “speed matters” by ranking faster speed applications higher in our application criteria.
- California Broadband Task Force set state goal of 50 Mbps by 2015 for global competitiveness.

Applicants submit maps, shape files and speeds

- CASF applicants are required to submit the most up-to-date census block group and geographic spatial map data to show broadband deployment and accurately depict unserved/underserved areas.
- A shape file showing proposed service boundaries is required, along with lists of CBGs and zip codes to identify project boundaries.
- Advertised speed of existing broadband infrastructure within 5 miles of proposed project is required.

Prorating costs

- Applicants for CASF funds were allowed to pro-rate costs for projects where both unserved, underserved and served areas were included.
- Applicants had to fully explain the allocation of costs between areas eligible for funding and those that were not but affected by the project.

- “Middle mile” costs were allowed, but applicant had to show it was necessary to upgrade “middle mile” transit facilities to reach broadband speeds for unserved or underserved project areas.

Applications Include Potential Subscribers to Be Served and Detailed Budget

- CPUC required the number of potential subscribers to be served in the targeted area, by households consistent with U.S. Census Bureau definition.
- Detailed budget also required, showing breakdown of project cost elements, and the availability of the 60% matching funds to be supplied by applicant or third parties.
- Grantees must submit invoices to obtain CASF reimbursement.

Bonds

- No bond was required upon application but an executed bond was required 5 days after effective date of CASF award.
- A performance bond “insures costs in the event that the contractor abandons the work before its completion or fails to complete the work as required by the contract. The performance bond equals the contract price”.
- The staff gave recommendation on need for performance bond and could waive it for well established carriers.

Pricing Information

- Monthly charge for first year pricing for broadband required to be disclosed, with service restrictions, required equipment, etc. set forth
- Minimum commitment of a year for monthly subscription fee sought.
- Extra points if there is a special broadband rate for low income persons in the area.

Qualifications

- Applicant’s balance sheet for latest available date was required.
- CASF funding limited to entities with a Certificate of Public Convenience and Necessity or a wireless carrier registered with the CPUC.
- CPUC considering making CASF program technology neutral as there has been interest by unregulated entities like Wireless ISPs.
- ARRA requires non discrimination and network interconnection policy, no less than the FCC’s Broadband Policy Statement.

CASF Infrastructure Results So Far

- \$8.42 million committed so far, with over 7,500 households benefited.
- Plenty of money left to match federal ARRA funds for new projects in a new round to be gathered ASAP.
- 40% CASF funds with 60% match by applicant or third party may not be enough for high cost unserved areas.
- Looking at complete technology neutrality for applicants, and the possibility of increased state and federal money match to reach more unserved and underserved areas, to reach Broadband Task Force Goal of 50 Mbps by 2015.

APPENDIX D

Recommendations of Massachusetts Department of Telecommunications and Cable (MDTC) to NTIA Broadband Technology Opportunities Program

Preliminary Response to Notice for Feedback Issued March 9, 2009

Contact Sharon E. Gillett, Commissioner, MDTC, sharon.gillett@state.ma.us

Donna Baron, Program Director, MBI, baron@masstech.org

Stan McGee, Asst Sec. Policy & Planning, Ex. Office of Housing & Econ. Dev., stan.mcgee@state.ma.us

Bryan Jamele, Broadband Policy Analyst, Executive Office of Housing and Economic Development, bryan.jamele@state.ma.us

General Information about Broadband in Massachusetts (MA)

- Initial mapping exercise conducted after Governor Deval Patrick took office in 2007 showed that of 351 cities and towns in MA, 32 had no broadband, and 63 more were only partially served.
 - Most unserved citizens live in the rural western portion of the state. Ubiquitous, affordable broadband access is a top economic development priority for the Governor and western MA legislators.
- On August 4, 2008, Governor Patrick created a broadband authority for Massachusetts by signing Chapter 231 of the Acts of 2008, *An Act Establishing and Funding the Massachusetts Broadband Institute*.
 - The Institute (MBI), a quasi-public agency, is staffing up, has a full Board of Directors, and has already completed a “Call for Solutions” (RFI) process for western MA. www.masstech.org/broadband
 - MBI is currently engaged in more detailed mapping of broadband gaps in western MA, as well as working with other state agencies – including MassHighway, the Executive Office of Public Safety and Security, and the Executive Office of Education – to identify opportunities for synergies and sharing of resources.
 - *MBI will serve as the Governor’s point of contact with federal agencies regarding broadband stimulus funding, and will be designated as the “eligible entity” for implementing the provisions of the Broadband Data Improvement Act (BDIA), once NTIA advises states on the appropriate mechanism for this designation.*
- The Act provides for up to \$40 million in state bonding authorization for the purpose of closing broadband gaps, relying on a regionally-based, co-investment model of public-private partnership.
 - *Stimulus funds can particularly help “unfreeze” private investments essential to the partnership. We recommend that NTIA allow state funds, as well as contribution of other state resources such as use of a highway right of way, to satisfy the matching requirement for private partner firms proposing to co-invest with the state.*

Responses to Specific NTIA Questions

1. Purposes

- a. Should a certain percentage of grant funds be apportioned to each category? *No. NTIA should award funds to projects that best accomplish the stated purposes of the Act.*
- b. Should applicants be encouraged to address more than one purpose? *Yes, but this should not be required. Broadband is by its nature a general-purpose infrastructure. Because of this, any broadband deployment project will almost certainly meet many of the purposes laid out in the statute (such as better public safety, education and health care) even if the application does not include explicit programmatic components to this effect.*

2. Role of States

- a. How should the grant program consider State priorities in awarding grants? *Defer to the state's eligible entity to determine priorities.*
- b. What is the appropriate role for States in selecting projects for funding? *States should play 2 separate roles. First, states that have or are organizing public-private partnerships should be allowed to serve as "aggregators" for regionally-based or otherwise larger projects. All of the entities (both public and private) that are working together in partnership should be allowed to apply to NTIA as a group. Second, eligible entities in states should be consulted by NTIA to "vet" proposals from other entities that are not part of a state-led partnership. This approach will help NTIA sort out high quality, truly "shovel-ready" proposals as well as ensure that the most pressing needs are addressed within each state.*
- c. How should NTIA resolve differences among groups or constituencies within a State in establishing priorities for funding? *We recommend that each governor be asked to designate one point of contact for the state for the grant programs, and that NTIA defer to that entity. This entity can be, but should not have to be, the same as the eligible entity designated according to the BDIA (mapping) provisions.*
- d. How should NTIA ensure that projects proposed by States are well-executed and produce worthwhile and measurable results? *NTIA should design standardized forms and mechanisms for progress reporting, and should enforce claw-back provisions based on this reporting. Furthermore, NTIA should ensure adequate oversight and monitoring by providing for states to cover some portion of their administrative costs associated with implementation of the ARRA/BTOP provisions.*

3. **Eligible Grant Recipients** What standard should NTIA apply to determine whether it is in the public interest that entities other than those described in Section 6001(e)(1)(A) and (B) should be eligible for grant awards? *At minimum, a private firm's participation in BTOP should be considered as in the public interest when: (a) that private firm is acting in partnership with a public entity; or, (b) the firm is applying to serve otherwise unserved citizens (where unserved means no facilities-based Internet access other than dial-up or satellite-based access); or, (c) the firm's offering would improve the quality or affordability of broadband in an area. Quality should be judged along multiple dimensions including bandwidth (in either direction), redundancy, and reliability.*

4. Selection Criteria

- a. How can NTIA determine that a Federal funding need exists and that private investment is not displaced? *NTIA should consider historical investment patterns in the affected region as part of this determination.* How should the long-term feasibility of the investment be judged? *NTIA could consider requiring financial modeling as part of the grant application, however they should keep any such requirements from becoming unduly burdensome for smaller applicants.*
- c. How should the BTOP prioritize proposals that serve underserved or unserved areas? *BTOP should prioritize projects that bring new, affordable, next-generation infrastructure and services to unserved and underserved communities while at the same time connecting those communities to the broader region, integrating them with existing infrastructure, and building redundancy into their networks. Projects that make “middle-mile” or “backhaul” connections more robust and affordable can be just as important as “last-mile” projects in remote areas.*
- g. Should the fact that different technologies can provide different service characteristics, such as speed and use of dedicated or shared links, be considered given the statute’s direction that, to the extent practicable, the purposes of the statute should be promoted in a technologically neutral fashion? *Technology neutral does not mean “quality” neutral – rather it should be interpreted as meaning that no one broadband industry segment (e.g. telco or cable) should be favored. Proposals should be favored that provide the best value in terms of quality offered relative to cost incurred.*
- h. What role, if any, should retail price play in the grant program? *Lower is better, but again price needs to be judged relative to the quality offered.*⁹

5. Grant Mechanics

- a. What mechanisms for distributing stimulus funds should be used by NTIA and USDA in addition to traditional grant and loan programs? *NTIA should ensure that Notices of Funding Availability (NoFAs) give respondents at least 8 weeks to assemble their grant applications, or possibly longer for public-private partnerships. Application directions and guideline documents should be kept short and simple. Given that multiple application rounds are planned, winning proposals should be published after each round and agencies should promote knowledge sharing regarding application best practices to avoid repetition of mistakes or poor quality applications in subsequent rounds. Finally, agencies should allow electronic or paper submission.*
- b. How would these mechanisms address shortcomings, if any, in traditional grant or loan mechanisms in the context of the Recovery Act? *NTIA could also consider allocating a portion of the funding up front to block grants to states to get funds out quickly. A particularly valuable use of such grants would be for technical assistance. The state’s broadband point of contact would identify the unserved and underserved communities and regions that need assistance with developing “broadband-friendly” ordinances for local issues such as zoning, siting, and right-of-way management.*

6. Grants for Expanding Public Computer Center Capacity

- a. What selection criteria should be applied to ensure the success of this aspect of the program? *Allow these applications to be bundled within infrastructure grants, instead of requiring separate applications for this purpose.*

⁹ Note California’s use of standard “\$ per Mbps per month” metric in comparing broadband service price offerings in their Broadband Task Force report. See http://www.calink.ca.gov/xls/CBTF_PricingSurvey_2007.xls

- b. What additional institutions other than community colleges and public libraries should be considered as eligible recipients under this program? *Town halls, schools, and other community anchor institutions. Flexibility is warranted here since the smallest unserved communities may have neither a community college nor library located nearby, and may effectively use a different institution (e.g. town hall, community center, elementary school) to serve the equivalent purpose of providing a communal point of access to broadband.*
7. **Grants for Adoption** *NTIA should consult with each state's broadband point of contact regarding the quality of proposals from within the state's borders.*
8. **Broadband Mapping** The Recovery Act directs NTIA to establish a comprehensive nationwide inventory map of existing broadband service capability and availability in the United States that depicts the geographic extent to which broadband service capability is deployed and available from a commercial provider or public provider throughout each State. *NTIA should provide a standard form for designating the state's eligible entity for receipt of broadband mapping funds.*
- a. What uses should such a map be capable of serving? *Such a map should, through the use of GIS layers and overlays, be able to identify (a) locations (ideally addresses) without broadband service; (b) the level of service at any given served location (at a minimum identifying the number of competitors, bandwidth, and price available); (c) progress over time.*
 - b. What specific information should the broadband map contain, and should the map provide different types of information to different users (e.g., consumers versus governmental entities)? *See answer to a. For clarity, multiple maps should be produced to illustrate different dimensions of broadband, such as availability, affordability, or quality.*
 - c. At what level of geographic or other granularity should the broadband map provide information on broadband service? *Ideally the address level.*
 - d. What other factors should NTIA take into consideration in fulfilling the requirements of the Broadband Data Improvement Act, Pub. L. No. 110-385 (2008)? *Clarify that states can compel and receive the same information about broadband deployment as federal authorities.*

APPENDIX E

Recommendations of South Carolina

Project Ranking:

- Projects should be ranked on the basis of greatest benefit for the dollars spent
- Public Safety, Health Care and Educational needs should receive extra weight in the ranking process
- Generally, unserved areas should receive highest priority but not at the expense of projects that benefit much greater numbers of households for the same or smaller expenditures
- Projects should have a sufficient size so as to minimize overhead expenses as a percentage of the total project
- Projects impact on economic development should be considered i.e. number of jobs created, potential for increasing economic activity in depressed areas, and other similar considerations
- Projects should not be required to provide 100% coverage in rural areas

States' Role in the Process:

States should have input into the definition of unserved/underserved areas

It would be appropriate to involve the states in evaluation of areas considered unserved or underserved

State or local agencies may be in a position to assist in the review of projects and where appropriate this should be encouraged

Definitions:

Area – A project area should be an easily defined geographic area. It may be an identifiable community of interest, a school district, a census tract or block, or a county or other smaller political subdivision.

Unserved – An area should be unserved if it does not have broadband service available to at least 90% of the households at download speeds of 512 Kilobits per second and upload speeds of 128 Kilobits per second. An area serviceable only by satellite should be considered unserved.

Underserved – A rural area should be considered underserved if it does not have broadband service available to 99% of households at download speeds of 768 Kilobits per second and upload speeds of at least 384 kilobits per second.

APPENDIX F

New York PSC Process Overview for BTOP grant program administered by NTIA

Contact: Commissioner Maureen Harris

It will be difficult for NTIA to review and evaluate thousands of applications. In light of the States' intimate knowledge of the communications environment, geography, and demographics within their boundaries, States can provide key assistance to ensure efficient utilization and targeting of stimulus monies.

Proposals:

1) NTIA should issue very broad guidelines. The thrust should be to leave as much discretion to the states as possible (including definitions of "rural" and "speed"). NTIA should set low floors on speed as a trade-off to getting more people connected. NTIA should say that all applications and the data included will be public. NTIA should also list criteria it will employ to allocate among states. NTIA should also set forth reporting/monitoring requirements of the states.

2) NTIA should require all applicants to send a copy of their proposal to the designated state agency (ies). Directing the applicants to the states should be justified to the applicants as "consulting" with the states. NTIA will make the final award.

3) States would have a short time period to establish their definitions and determine which agency (ies) are the ones to receive the applications. States would also issue a "unserved" prioritization map or listing. For NYS we already would have that done. Other states might have to issue a listing of "areas" that are unserved.

4) States would prioritize all the applicants they receive, based on the mapping and any other relevant criteria. Any state applicants (where the states themselves put in an application) would be sent separately to NTIA and not included in the state ranking of its applications. This information would be posted on each state's designated agency www site one week after the submissions made to NTIA.

5) NTIA would then determine which projects to fund. NTIA may have its own criteria/views. For example, at least one "project" in each state. But any additional NTIA criteria that is employed to make the determinations among states should be issued under 1 above. Further, a certain percentage of each project should be provided to the states if it is determined that the states are responsible for monitoring the project.

6) Checks go to winning applicants.

7) Applicants' progress to completion is monitored by states and reported to NTIA.