

Comments of the VTA on Senate Proposal of Amendment to H.279

The most efficient and cost-effective approach would be to allow the existing VTA to continue to improve broadband and cellular communications in Vermont.

Positives:

- Creation of a new 10-year 100 Mbps broadband goal.
- Creation of a Connectivity Fund which receives USF funding – even if it is under-funded to meet the state broadband goals as stated or to leverage additional public/private resources.

Omissions:

- Creates a new Division of Connectivity that has the charge to “promote” broadband but has no authority to build, design, partner, borrow, or otherwise initiate shared infrastructure projects.
- Access to grants under the Connectivity Fund is controlled by the Department of Public Service, who is a regulator, and has focused on funding infrastructure of only one kind company contributing to broadband service in Vermont today, the regulated incumbent telcos.
- Under the assumed objective of efficiency, the Division of Connectivity replaces the functions of the VTA by dedicating state government positions and committing to that ongoing expense. The proposed Division is restricted to a state agency’s lack of flexibility to staff up or staff down. In addition, transition to a new Division imposes significant hard and soft costs that have not been studied but are expensive and threaten on-going progress.
- The existing transparency and commercial viability of the VTA are terminated. The project selection and initiation of the VTA is consumed within the authority of the Department of Public Service to manage the Connectivity Fund. The DPS funding decisions do not have the same transparency as the VTA.

Key lessons learned:

The VTA has now been doing the work of expanding broadband and cellular service for seven years, and along the way, we’ve improved by collecting key lessons that about how to do the work cost-effectively. These lessons include:

- **Developing shared communications infrastructure is smart:** The VTA has produced dark fiber, towers, or shared-access cellular networks available to multiple service providers. These facilities **provide a low cost way for major providers to reach more Vermonters**. They also allow us to spend once, and get multiple benefits.
- **Have the flexibility either to build shared infrastructure or to provide grants:** Having both options is more cost-competitive than either grants or construction alone. It provides more certainty about being able to get services where you need it. It expands the number companies that you can work with. It provides more opportunities to draw on federal grant opportunities.
- **It takes a commercial orientation to work with carriers most effectively:** No State agency builds infrastructure to be leased or licensed for commercial use, especially telecom infrastructure. This calls for a different skill set and different types of contracts and business processes than one finds in state agencies.
- **Know the business model of the service providers:** State economic development activities can give away grant money or tax breaks, but cannot identify the commercial goal and collaborate to build the project. That is a poor fit for a regulatory agency.
- **Know what things cost!** Being involved in both building and funding facilities has taught us how to save millions of dollars, leverage investment, and spend public dollars effectively. Building high-capacity fiber infrastructure doesn’t necessarily cost more than the alternatives when you have experience doing it.
- **Build reliable commercial relationships:** The VTA now has worked with service providers of all stripes. Having funding, continuity and the flexibility to work in a variety of quasi-commercial and grant-making modes are all important to nurturing those diverse relationships.

The VTA transition proposed by the Senate will not save money or improve the effectiveness of the state’s efforts to improve broadband and mobile services. It will leave fewer, more expensive options available to the state—or none at all.