




1 **Shading Code for this Draft Committee Amendment**

2  **Blue** – Committee Amendments

3  **Yellow** – Proposed Amendments regarding, primarily,
4 Telecommunications and Connectivity Board, to be considered by
5 Committee

6  **Green** – TBD by Committee

7 **CA** – means Cloud Alliance recommendation (not all CA
8 recommendations, which are available in CA’s written testimony, are
9 included in this draft simply because time was running short.)

10

11 TO THE HOUSE OF REPRESENTATIVES:

12 The Committee on Commerce & Economic Development to which was
13 referred House Bill No. 117 entitled “An act relating to creating a Division for
14 Telecommunications and Connectivity within the Department of Public
15 Service” respectfully reports that it has considered the same and recommends
16 that the bill be amended by striking out all after the enacting clause and
17 inserting in lieu thereof the following:

18 Sec. 1. REPEAL

19 3 V.S.A. § 2225 (creating the Division for Connectivity within the Agency
20 of Administration) and 2014 Acts and Resolves No. 190, Secs. 12 (Division
21 for Connectivity), 14 (creation of positions; transfer; reemployment rights),

1 and 30(a)(2) and (b) (statutory revision authority regarding the Division for
2 Connectivity) are repealed.

3 Sec. 2. 30 V.S.A. § 1 is amended to read:

4 § 1. COMPOSITION OF DEPARTMENT

5 (a) The ~~department of public service~~ Department of Public Service shall
6 consist of the ~~commissioner of public service, a director for regulated utility~~
7 ~~planning, a director for public advocacy, a director for energy efficiency,~~
8 Commissioner of Public Service, a Director for Regulated Utility Planning,
9 a Director for Public Advocacy, a Director for Energy Efficiency, a Director
10 for Telecommunications and Connectivity, and such other persons as the
11 ~~commissioner~~ Commissioner considers necessary to conduct the business of
12 the ~~department~~ Department.

13 (b) The ~~commissioner of public service~~ Commissioner shall be appointed
14 by the ~~governor~~ Governor with the advice and consent of the ~~senate~~ Senate.
15 The ~~commissioner of public service~~ Commissioner shall serve for a term of
16 two years beginning on February 1 of the year in which the appointment is
17 made. The ~~commissioner~~ Commissioner shall serve at the pleasure of the
18 ~~governor~~ Governor. The ~~directors for regulated utility planning, for energy~~
19 ~~efficiency and for public advocacy~~ Directors for Regulated Utility Planning,
20 for Public Advocacy, and for Energy Efficiency shall be appointed by the
21 ~~commissioner~~ Commissioner. The Director for Telecommunications and

1 Connectivity shall be appointed by the Commissioner in consultation with the
2 Secretary of Administration.

3 (c) The ~~director for public advocaey~~ Directors for Public Advocacy and for
4 Telecommunications and Connectivity may employ, with the approval of the
5 ~~commissioner~~ Commissioner, legal counsel and other experts, and clerical
6 assistance, and the ~~directors of regulated utility planning and energy efficiency~~
7 Directors for Regulated Utility Planning and for Energy Efficiency may
8 employ, with the approval of the ~~commissioner~~ Commissioner, experts and
9 clerical assistance.

10 Sec. 3. 30 V.S.A. § 202d is amended to read:

11 § 202d. TELECOMMUNICATIONS PLAN

12 (a) The Department of Public Service shall constitute the responsible
13 planning agency of the State for the purpose of obtaining for all consumers in
14 the State stable and predictable rates and a technologically advanced
15 telecommunications network serving all service areas in the State. The
16 Department shall be responsible for the provision of plans for meeting
17 emerging trends related to telecommunications technology, markets, financing,
18 and competition.

19 (b) The Department shall prepare a Telecommunications Plan for the State.
20 The Department of Innovation and Information, ~~the Division for Connectivity~~
21 ~~and~~ the Agency of Commerce and Community Development, and the Agency

1 of Transportation shall assist the Department of ~~Public Service~~ in preparing the
2 Plan. The Plan shall be for a ten-year period and shall serve as a basis for State
3 telecommunications policy. Prior to preparing the Plan, the Department shall
4 prepare:

5 (1) an overview, looking ten years ahead, of future requirements for
6 telecommunications services, considering services needed for economic
7 development, technological advances, and other trends and factors which, as
8 determined by the Department of Public Service, will significantly affect State
9 telecommunications policy and programs;

10 (2) a survey of Vermont residents and businesses, conducted in
11 cooperation with the Agency of Commerce and Community Development ~~and~~
12 ~~the Division for Connectivity~~, to determine what telecommunications services
13 are needed now and in the succeeding ten years;

14 (3) an assessment of the current state of telecommunications
15 infrastructure;

16 (4) an assessment, conducted in cooperation with the Department of
17 Innovation and Information and the ~~Division for Connectivity~~ Agency of
18 Transportation, of the current State telecommunications system and evaluation
19 of alternative proposals for upgrading the system to provide the best available
20 and affordable technology for use by government; and

1 (5) an assessment of the state of telecommunications networks and
2 services in Vermont relative to other states, including price comparisons for
3 key services and comparisons of the state of technology deployment.

4 (c) In developing the Plan, the Department shall take into account the State
5 telecommunications policies and goals of section 202c of this title.

6 (d) In establishing plans, public hearings shall be held and the Department
7 shall consult with members of the public, representatives of
8 telecommunications utilities, other providers, including the Vermont Electric
9 Power Co., Inc. (VELCO), [at least one representative of each of the telephone,
10 cable, mobile-wireless, fixed-wireless, and fiber broadband and voice
11 providers. (CA)] and other interested State agencies, particularly the Agency
12 of Commerce and Community Development, ~~the Division for Connectivity,~~ the
13 Agency of Transportation, and the Department of Innovation and Information,
14 whose views shall be considered in preparation of the Plan. To the extent
15 necessary, the Department shall include in the Plan surveys to determine
16 existing, needed, and desirable plant improvements and extensions, access and
17 coordination between telecommunications providers, methods of operations,
18 and any change that will produce better service or reduce costs. To this end,
19 the Department may require the submission of data by each company subject
20 to supervision by the Public Service Board.

1 (e) Before adopting a Plan, the Department shall conduct public hearings
2 on a final draft and shall consider the testimony presented at such hearings in
3 preparing the final Plan. At least one hearing shall be held jointly with
4 Committees of the General Assembly designated by the General Assembly for
5 this purpose. The Plan shall be adopted by September 1, 2014, and then
6 reviewed and updated as provided in subsection (f) of this section.

7 (f) The Department, from time to time, but in no event less than every three
8 years, institute proceedings to review ~~a~~ the Plan and make revisions, where
9 necessary. [An interim review shall be conducted and interim plan shall be
10 adopted by September 1, 2015. (CA)] The three-year major review shall be
11 made according to the procedures established in this section for initial adoption
12 of the Plan. For good cause or upon request by a Joint Resolution passed by
13 the General Assembly, an interim review and revision of any section of the
14 Plan may be made after conducting public hearings on the interim revision. At
15 least one hearing shall be held jointly with Committees of the General
16 Assembly designated by the General Assembly for this purpose.

17 (g) The Department shall review and update the minimum technical service
18 characteristic objectives not less than every three years beginning in 2017. In
19 the event such review is conducted separately from an update of the Plan, the
20 Department shall issue revised minimum technical service characteristic
21 objectives as an amendment to the Plan.

1 Sec. 4. 30 V.S.A. § 202e is added to read:

2 § 202e. TELECOMMUNICATIONS AND CONNECTIVITY

3 (a) Among other powers and duties specified in this title, the Department of
4 Public Service, through the Division for Telecommunications and
5 Connectivity, shall promote:

6 (1) access to affordable broadband service to all residences and
7 businesses in all regions of the State, to be achieved in a manner that is
8 consistent with the State Telecommunications Plan;

9 (2) universal availability of mobile telecommunication services,
10 including voice and high-speed data along roadways, and near universal
11 availability statewide;

12 (3) investment in telecommunications infrastructure in the State that
13 creates or completes the network for service providers to create last-mile
14 connection to the home or business and supports the best available and
15 economically feasible service capabilities [services meeting the objectives in
16 paragraph (a)(4) below (CA)];

17 (4) the continuous (CA) upgrading of telecommunications and
18 broadband infrastructure in all areas of the State to reflect the rapid evolution
19 in the capabilities of available mobile telecommunications and broadband
20 technologies, the capabilities of mobile telecommunications and broadband
21 services needed by persons, businesses, and institutions in the State; and

1 (5) the most efficient use of both public and private resources through
2 State policies by encouraging the development [funding and implementation]
3 (CA) of open access (CA) telecommunications infrastructure that can be
4 shared by multiple service providers.

5 (b) To achieve the goals specified in subsection (a) of this section, the
6 Division shall:

7 (1) provide resources to local, regional, public, and private entities in the
8 form of grants, technical assistance, coordination, and other incentives;

9 (2) prioritize the use of existing buildings and structures, historic or
10 otherwise, as sites for visually-neutral placement of mobile
11 telecommunications and wireless broadband antenna facilities;

12 (3) inventory and assess the potential to use federal radio frequency
13 licenses held by instrumentalities of the State to enable broadband service in
14 unserved areas of the State; take steps to promote the use of those licensed
15 radio frequencies for that purpose; and recommend to the General Assembly
16 any further legislative measures with respect to ownership, management, and
17 use of these licenses as would promote the general good of the State;

18 (4) coordinate telecommunications initiatives among Executive Branch
19 agencies, departments, and offices;

20 (5) identify the types and locations of infrastructure and services needed
21 to carry out the goals stated in subsection (a) of this section;

1 (6) formulate, with the advice and assistance of the Telecommunications
2 and Connectivity Board, an action plan that conforms with the State
3 Telecommunications Plan and carries out the goals stated in subsection (a) of
4 this section, and is developed with input from a public stakeholder process;

5 (7) coordinate the agencies of the State to make public resources
6 available to support the extension of mobile telecommunications and
7 broadband infrastructure [reverse order to broadband and mobile
8 telecommunications] (CA) and services to all unserved and underserved areas;

9 (8) support and facilitate initiatives to extend the availability of mobile
10 telecommunications and broadband services, and promote development of the
11 infrastructure that enables the provision of these services;

12 (9) through the Department of Innovation and Information, aggregate
13 and broker access at reduced prices to services and facilities required to
14 provide wireless telecommunications and broadband services; and waive or
15 reduce State fees for access to State-owned rights-of-way in exchange for
16 comparable value to the State, unless payment for use is otherwise required by
17 federal law work cooperatively with the Agency of Transportation and the
18 Department of Buildings and General Services to assist in making available
19 transportation rights of way for telecommunications projects in conformity
20 with applicable federal statutes and regulations; and

1 (10) receive all technical and administrative assistance as deemed
2 necessary by the Director for Telecommunications and Connectivity.

3 (c)(1) The Director may request from telecommunications service
4 providers voluntary disclosure of information regarding deployment of
5 broadband, telecommunications facilities, or advanced metering infrastructure
6 that is not publicly funded. Such information may include data identifying
7 projected coverage areas, projected average speed of service, service type, and
8 the anticipated date of completion in addition to identifying the location and
9 routes of proposed cables, wires, and telecommunications facilities.

10 (2) The Director may enter into a nondisclosure agreement with respect
11 to any voluntary disclosures under this subsection, and the information
12 disclosed pursuant thereto shall remain confidential. Alternatively, entities that
13 voluntarily provide information requested under this subsection may select a
14 third party to be the recipient of such information. The third party may
15 aggregate information provided by the entities, but shall not disclose
16 provider-specific information it has received under this subsection to any
17 person, including the Director. The third party shall only disclose the
18 aggregated information to the Director. The Director may publicly disclose
19 aggregated information based upon the information provided under this
20 subsection. The confidentiality requirements of this subsection shall not affect

1 whether information provided to any agency of the State or a political
2 subdivision of the State pursuant to other laws is or is not subject to disclosure.

3 (d) The Division shall only promote the expansion of broadband services
4 that offer actual speeds that meet or exceed the minimum technical service
5 characteristic objectives contained in the State’s Telecommunications Plan.

6 (e) Notwithstanding 2 V.S.A. § 20(d), on or before January 15 of each year,
7 the Director, with the advice and assistance of the Telecommunications and
8 Connectivity Board, shall submit a report of its activities for the preceding
9 fiscal year to the General Assembly. Each report shall include an operating
10 and financial statement covering the Division’s operations during the year,
11 including a summary of all grant awards and contracts and agreements entered
12 into by the Division, as well as the action plan required under subdivision
13 (b)(6) of this section. In addition, the report shall include an accurate map and
14 narrative description of each of the following:

15 (1) the areas served and the areas not served by wireless
16 communications service, and cost estimates for providing such service to
17 unserved areas;

18 (2) the areas served and the areas not served by broadband that has a
19 download speed of at least 4 Mbps and an upload speed of at least 1 Mbps, and
20 cost estimates for providing such service to unserved areas;

1 (3) the areas served and the areas not served by broadband that has a
2 download speed of at least 10 Mbps and an upload speed of at least 1 Mbps,
3 and the costs for providing such service to unserved areas; and

4 (4) the areas served and the areas not served by broadband that has a
5 download speed of at least 100 Mbps and is symmetrical, and the costs for
6 providing such service to unserved areas.

7 Sec. 5. 30 V.S.A. § 202f is added to read:

8 § 202f. TELECOMMUNICATIONS AND CONNECTIVITY BOARD

9 (a) There is created a Telecommunications and Connectivity Board for the
10 purpose of making recommendations to the Commissioner of Public Service
11 regarding his or her telecommunications responsibilities and duties as provided
12 in this section. The Connectivity Board shall consist of 11 members, nine
13 voting and two nonvoting, selected as follows:

14 (1) the State Treasurer or his or her designee;

15 ~~(2) the Secretary of Administration or his or her designee;~~

16 (2) the Secretary of Commerce and Community Development or his or
17 her designee;

18 (3) one member of the House of Representatives appointed by the
19 Speaker of the House;

20 (4) one member of the Senate appointed by the Committee on
21 Committees of the Senate;

1 (5) five at-large members appointed by the Governor, who may not be
2 employees or officers of the State at the time of appointment.

3 (6) the Secretary of Transportation or his or her designee, who shall be a
4 nonvoting member; and

5 (7) a representative of the Vermont Electric Power Co., Inc. (VELCO),
6 who shall be a nonvoting member.

7 (b) A quorum of the Connectivity Board shall consist of five members. No
8 action of the Board shall be considered valid unless the action is supported by
9 a majority vote of the members present and voting and then only if at least four
10 members vote in favor of the action. The Governor shall select, from among
11 the at-large members, a Chair and Vice Chair, who may not be members of the
12 General Assembly or employees or officers of the State at the time of the
13 appointment.

14 (c) In making appointments of at-large and legislative members and the
15 Chair, the appointing authorities shall give consideration to citizens of the
16 State with knowledge of telecommunications technology, telecommunications
17 regulatory law, transportation rights-of-way and infrastructure, finance,
18 environmental permitting, and expertise regarding the delivery of
19 telecommunications services in rural, high-cost areas. However, the legislative
20 and five at-large-members may not be persons with a financial interest in or
21 owners or employees of an enterprise that provides broadband or cellular

1 service or that is seeking in-kind or financial support from the Department of
2 Public Service. The conflict of interest provision in this subsection shall not be
3 construed to disqualify a member who has ownership in a mutual fund,
4 exchange traded fund, pension plan, or similar entity that owns shares in such
5 enterprises as part of a broadly diversified portfolio. In addition, at least one
6 at large member two legislative members shall represent an area of Vermont
7 determined by the Commissioner to be unserved by broadband at the time of
8 his or her appointment or reappointment, and at least one at large member two
9 legislative members shall represent an area of Vermont determined by the
10 Commissioner to be unserved by mobile telecommunications at the time of his
11 or her appointment or reappointment. The legislative and at-large members
12 shall serve terms of two years beginning February 1 in odd-numbered years,
13 and until their successors are appointed and qualified. However, three of the
14 five at-large members first appointed by the Governor shall serve an initial
15 term of three years. Vacancies shall be filled by the respective appointing
16 bodies for the balance of the unexpired term. A member may be reappointed
17 for up to three consecutive terms. Upon completion of a term of service for
18 any reason, including the term's expiration or a member's resignation, and for
19 one year from the date of such completion, a former Board member shall not
20 advocate before the Connectivity Board, Department of Public Service, or the

1 Public Service Board on behalf of an enterprise that provides broadband or
2 cellular service.

3 (d) Except for those members otherwise regularly employed by the State,
4 the compensation of the Board’s members is that provided by 32 V.S.A.
5 § 1010(a). Legislative members are entitled to compensation for services and
6 reimbursement of expenses as provided in 2 V.S.A. § 406. All members of the
7 Board, including those members otherwise regularly employed by the State,
8 shall receive their actual and necessary expenses when away from home or
9 office upon their official duties.

10 (e) In performing its duties, the Connectivity Board may use the legal and
11 technical resources of the Department of Public Service. The Department of
12 Public Service shall provide the Board with administrative services.

13 (f) The Board shall have review and non-binding approval authority with
14 respect to the awarding of grants under the Connectivity Initiative. The
15 Commissioner shall have sole authority to make the final decision on grant
16 awards, as provided in subsection (g) of this section. The Board shall function
17 in an advisory capacity to the Commissioner on the development of State
18 telecommunications policy and planning, including the action plan required
19 under subdivision 202e(b)(6) of this chapter and the State Telecommunications
20 Plan.

1 (g) The Commissioner shall make an initial determination as to whether a
2 proposal submitted under the Connectivity Initiative is eligible for funding.
3 The Commissioner shall then provide the Connectivity Board a list of all
4 eligible providers, and make recommendations to the Board as to which
5 applications merit funding. The Board shall review the recommendations of
6 the Commissioner and may review any eligible, provider-specific proposals, as
7 it deems necessary, and either approve or disapprove each recommendation
8 and may make new recommendations for the Commissioner’s final
9 consideration. The Commissioner shall have final decision-making authority
10 with respect to the awarding of grants under the Connectivity Initiative. If the
11 Commissioner does not accept a recommendation of the Board, he or she shall
12 provide the Board with a written explanation for such decision.
13 (h) On September 15, 2015, and annually thereafter, the Commissioner
14 shall submit to the Board an accounting of monies in the Connectivity Fund
15 and anticipated revenue for the next year. Not later than January 1 of each
16 year, the Commissioner, after consulting with the Connectivity Board, shall
17 recommend to the relevant legislative committees of jurisdiction a plan for
18 apportioning such funds to the High-Cost Program and the Connectivity
19 Initiative.

1 (i) The Chair shall call the first meeting of the Board. The Chair or a
2 majority of Board members may call a Board meeting. The Board may meet
3 up to six times a year.

4 (j) At least annually, the Connectivity Board and the Commissioner or
5 designee shall jointly hold a public meeting to review and discuss the status of
6 State telecommunications policy and planning, the Telecommunications Plan,
7 the Connectivity Fund, the Connectivity Initiative, the High-Cost Program, and
8 any other matters they deem necessary to fulfill their obligations under this
9 section.

10 (k) Information and materials submitted by a telecommunications service
11 provider concerning confidential financial or proprietary information shall not
12 be subject to public disclosure under the Public Records Act, nor shall any
13 information that would identify a provider who has submitted a proposal under
14 the Connectivity Initiative be disclosed without the consent of the provider,
15 unless a grant award has been made to that provider. Nothing in this
16 subsection shall be construed to prohibit the publication of statistical
17 information, determinations, reports, opinions, or other information so long as
18 the data are disclosed in a form that cannot identify or be associated with a
19 particular telecommunications service provider.

1 Sec. 6. CREATION OF POSITIONS; TRANSFER OF VACANT
2 POSITIONS; REEMPLOYMENT RIGHTS; TRANSITIONAL
3 PROVISIONS

4 (a) Up to three additional exempt full-time positions are created within the
5 Division for Telecommunications and Connectivity, as deemed necessary by
6 the Secretary of Administration.

7 (b) The positions created under subsection (a) of this section shall only be
8 filled to the extent there are existing vacant positions in the Executive Branch
9 available to be transferred and converted to the new positions in the Division
10 for Telecommunications and Connectivity, as determined by the Secretary of
11 Administration and the Commissioner of Human Resources, so that the total
12 number of authorized positions in the State shall not be increased by this act.

13 (c) All full-time personnel of the Vermont Telecommunications Authority
14 employed by the Authority on the day immediately preceding the effective date
15 of this act who do not obtain a position in the Division for
16 Telecommunications and Connectivity pursuant to subsection (a) of this
17 section shall be entitled to the same reemployment or recall rights available to
18 nonmanagement State employees under the existing collective bargaining
19 agreement entered into between the State and the Vermont State Employees'
20 Association.

1 (d) All assets and liabilities of the Vermont Telecommunications Authority
2 (VTA) shall be transferred to the Department of Public Service. The VTA
3 shall not enter into any new contracts without the approval of the
4 Commissioner of Public Service.

5 Sec. 7. 30 V.S.A. § 7503 is amended to read:

6 § 7503. FISCAL AGENT

7 (a) A fiscal agent shall be selected to receive and distribute funds under this
8 chapter.

9 (b) The fiscal agent shall be selected by the ~~Public Service Board~~
10 Commissioner of Public Service after competitive bidding. No
11 telecommunications service provider shall be eligible to be the fiscal agent.
12 The duties of the fiscal agent shall be determined by a contract with a term not
13 greater than three years.

14 (c) In order to finance grants and other expenditures that have been
15 approved by the Public Service Board, the fiscal agent may borrow money
16 from time to time in anticipation of receipts during the current fiscal year. No
17 such note shall have a term of repayment in excess of one year, but the fiscal
18 agent may pledge its receipts in the current and future years to secure
19 repayment. Financial obligations of the fiscal agent are not guaranteed by the
20 State of Vermont.

1 (d) The fiscal agent shall be audited annually by a certified public
2 accountant in a manner determined by and under the direction of the Public
3 Service Board.

4 (e) The financial accounts of the fiscal agent shall be available at
5 reasonable times to any telecommunications service provider in this State. The
6 Public Service Board may investigate the accounts and practices of the fiscal
7 agent and may enter orders concerning the same.

8 (f) The fiscal agent acts as a fiduciary and holds funds in trust for the
9 ratepayers until the funds have been disbursed as provided pursuant to ~~sections~~
10 ~~7511 through 7515~~ section 7511 of this chapter. [Increase surcharge from 2 to
11 4 percent.] [See Sec. 12 (transferring USF from PSB to DPS)]

12 Sec. 8. 30 V.S.A. § 7515a is repealed

13 ~~§ 7515a. ADDITIONAL PROGRAM SUPPORT~~

14 ~~The fiscal agent may make distributions to the State Treasurer to fund~~
15 ~~Executive Branch activities related to and supportive of the programs funded~~
16 ~~under this chapter, as determined by the General Assembly.~~ [Amend § 7511,
17 accordingly, if approved by Committee.]

18 Sec. 9. 30 V.S.A. § 7516 is amended to read:

19 § 7516. CONNECTIVITY FUND

20 There is created a Connectivity Fund for the purpose of providing support
21 to the High-Cost Program established under section 7515 of this chapter and

1 the Connectivity Initiative established under section 7515b of this chapter.

2 The fiscal agent shall determine annually, on or before September 1, the

3 amount of monies available to the Connectivity Fund. Such funds shall be

4 apportioned ~~equally as follows:~~ 30 percent to the High-Cost Program and 70

5 percent to the Connectivity Initiative ~~referenced in this section.~~

6 Sec. 10. 30 V.S.A. § 7515 is amended to read:

7 § 7515. HIGH-COST PROGRAM

8 (a) The Universal Service Charge shall be used as a means of keeping basic

9 telecommunications service affordable in all parts of this State, thereby

10 maintaining universal service, and as a means of supporting access to

11 broadband service in all parts of the State.

12 (b) The Public Service Board, after review of a petition of a company

13 holding a certificate of public good to provide telecommunications service in

14 Vermont, and upon finding that the company meets all requirements for

15 designation as an “eligible telecommunications carrier” as defined by the FCC,

16 may designate the company as a Vermont-eligible telecommunications carrier

17 (VETC).

18 (c) The ~~supported~~ services a designated VETC must provide are voice

19 telephony services, ~~as defined by the FCC,~~ and broadband Internet access,

20 directly or through an affiliate. A VETC receiving support under this section

1 shall use that support for capital improvements in high cost areas, as defined in
2 subsection (f) of this section, to build broadband capable networks.

3 (d) The Board may designate multiple VETCs for a single high cost area,
4 but each designated VETC shall:

5 (1) offer **supported** services to customers at all locations throughout the
6 ~~service~~ high cost area or areas for which it has been designated; and

7 (2) for its voice telephone services, meet service quality standards set by
8 the Board.

9 (e) A VETC shall receive support as defined in subsection (i) of this
10 section from the fiscal agent of the Vermont Universal Service Fund for each
11 telecommunications line in service or service location, whichever is greater in
12 number, in each high cost area it services. Such support may be made in the
13 form of a net payment against the carrier's liability to the Fund. If multiple
14 VETCs are designated for a single area, then each VETC shall receive support
15 for each line it has in service.

16 (f) As used in this section, a Vermont telephone exchange is a "high cost
17 area" if the exchange is served by a rural telephone company, as defined by
18 federal law, or if the exchange is designated as a rural exchange in the
19 wholesale tariff of a regional bell operating company (RBOC), as defined by
20 the FCC, or of a successor company to an RBOC. An exchange is not a high
21 cost area if the Public Service Board finds that the **supported** services are

1 available to all locations throughout the exchange from at least two service
2 providers.

3 (g) Except as provided in subsection (h) of this section, a VETC shall
4 provide broadband Internet access at speeds meeting 4 Mbps download and
5 1 Mbps upload in each high cost area it serves within five years of designation.
6 A VETC need not provide broadband service to a location that has service
7 available from another service provider, as determined by the Department of
8 Public Service.

9 (h) The Public Service Board may modify the build out requirements of
10 subsection (d) of this section as it relates to broadband Internet access to be the
11 geographic area that could be reached using one-half of the funds to be
12 received over five years. A VETC may seek such waiver of the build out
13 requirements ~~in subsection (e)~~ within one year of designation and shall
14 demonstrate the cost of meeting broadband Internet access requirements on an
15 exchange basis and propose an alternative build out plan.

16 (i) The amount of the monthly support under this section shall be the pro
17 rata share of available funds ~~as provided in subsection (e) of this section~~ based
18 on the total number of incumbent local exchange carriers in the State and
19 reflecting each carrier's lines in service or service locations in its high-cost
20 area or areas, as determined under subsection (e) of this section. If an
21 incumbent local exchange carrier does not petition the Board for VETC

1 designation, or is found ineligible by the Board, the share of funds it otherwise
2 would have received under this section shall be used to support the
3 Connectivity Initiative established in section 7515b of this chapter.

4 (j) The Public Service Board shall adopt by rule standards and procedures
5 for ensuring projects funded under this section are not competitive overbuilds
6 of existing wired telecommunications services.

7 (k) Each VETC shall submit certification that it is meeting the
8 requirements of this section and an accounting of how it expended the funds
9 received under this section in the previous calendar year, with its annual report
10 to the Department of Public Service. For good cause shown, the Public
11 Service Board may investigate submissions required by this subsection and
12 may revoke a company's designation if it finds that the company is not
13 meeting the requirements of this subsection.

14 Sec. 11. 30 V.S.A. § 7515b is amended to read:

15 § 7515b. CONNECTIVITY INITIATIVE

16 (a) The purpose of the Connectivity Initiative is to provide each service
17 location in Vermont access to Internet service that is capable of speeds of at
18 least 4 Mbps download and 1 Mbps upload, or the FCC speed requirements
19 established under Connect America Fund Phase II, whichever is higher,
20 beginning with locations not served as of December 31, 2013 according to the
21 minimum technical service characteristic objectives applicable at that time.

1 Within this category of service locations, priority shall be given first to
2 unserved and then to underserved locations. As used in this section,
3 “unserved” means a location having access to only satellite or dial-up Internet
4 service and “underserved” means a location having access to Internet service
5 with speeds that exceed satellite and dial-up speeds but are less than 4 Mbps
6 download and 1 Mbps upload. Any new services funded in whole or in part by
7 monies ~~in this Fund~~ from this Initiative shall be capable of being continuously
8 upgraded to reflect the best available, most economically feasible service
9 capabilities.

10 (b) The Department of Public Service shall publish annually a list of census
11 blocks eligible for funding based on the Department’s most recent broadband
12 mapping data. The Department annually shall solicit proposals from service
13 providers, ~~the Vermont Telecommunications Authority, and the Division for~~
14 ~~Connectivity~~ to deploy broadband to eligible census blocks. The Department
15 shall give priority to proposals that reflect the lowest cost of providing services
16 to unserved and underserved locations; however, the Department also shall
17 consider:

18 (1) the proposed data transfer rates and other data transmission
19 characteristics of services that would be available to consumers;

20 (2) the price to consumers of services;

1 (3) the proposed cost to consumers of any new construction, equipment
2 installation service, or facility required to obtain service;

3 (4) whether the proposal would use the best available technology that is
4 economically feasible;

5 (5) the availability of service of comparable quality and speed; and

6 (6) the objectives of the State’s Telecommunications Plan.

7 **Sec. 12. STATUTORY REVISION**

8 In its statutory revision capacity under 2 V.S.A. § 424, the Office of
9 Legislative Council shall, where appropriate in Title 30, chapter 88:

10 (1) replace the words “Public Service Board” with the words

11 “Department of Public Service”;

12 (2) replace the word “Board” with the word “Commissioner”; and

13 (3) make other similar amendments necessary to effect the purposes of

14 this act.

15 **Sec. 13. EFFECTIVE DATE**

16 This act shall take effect on July 1, 2015, except that Sec. 6(d)

17 (Commissioner approval of all Vermont Telecommunications Contracts) and

18 Sec. 12 (statutory revision authority) shall take effect on passage.

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(Committee vote: _____)

Representative _____

FOR THE COMMITTEE