

Monthly Report on the COVID Response Accelerated Broadband Connectivity Program

Prepared by the Vermont Department of Public Service

August 31, 2020

I. Introduction

This report is made to the Joint Information Technology Oversight Committee, the House Committee on Energy and Technology, and the Senate Committee on Finance on the status of broadband expansion programs established in Act 137 of 2020. Section 13 (m) states as follows:

On or before July 31, 2020, and every month thereafter until December 1, 2020, the Commissioner shall provide to the Joint Information Technology Oversight Committee, the Senate Committee on Finance, and the House Committee on Energy and Technology a status report on the Program that identifies funding distributions to date, the amount of funds that remain available for distribution, and plans for awarding available funds on or before December 20, 2020.

Each month this report will provide a brief overview of each program established thus far to administer the \$17,433,500 CARES Act funding appropriated to the Department of Public Service (“Department”) through Act 137 for the COVID Response Accelerated Broadband Program. As of the date of this report, no distributions of CRF funding have been made. However, the Department has committed a total of \$4,363,679 of the monies appropriated through Act 137. The Department issued its first report on July 31, 2020.

Overview of Programs

Section 13 created the COVID Response Accelerated Broadband Program and appropriated \$17,433,500 to this effort. The program has four constituent parts: (1) Get Vermonters Connected, (2) the Consumer Assistance Line Extension Program, (3) COVID Response Temporary Lifeline Program, (4) the Connectivity Initiative, and (5) reimbursement for the Department’s Wi-Fi project. This section will discuss the Department of Public Service’s plans for each.

1. *Get Vermonters Connected Now* – The Get Vermonters Connected Now Initiative (“GVCNI”) provides funding to fiber-to-the-premises providers to offset the customer costs of fiber drops and conduit. The legislation directs the Commissioner of Public Service to prioritize the installation of underground conduit that would result in increased broadband access to low income households. This program was established by the Department under the Connectivity Initiative and is being administered through the Connectivity Initiative RFP that was issued on July 17, 2020. Rather than establish a separate budget for the GVCNI, the Department has combined it with the Connectivity Initiative. The total budget for both programs is \$12 Million.

August 31 Update: The Department made awards in Round 1 of the GVCNI, serving a total of 295 locations. Rounds 2 and 3 are under review, and a decision is expected in the second week of September.

2. *Consumer Assistance Line Extension Program* – The Consumer Line Extension Program provides up to \$2 million in assistance to individual consumers who are seeking line extensions from cable and other Internet Service Providers. The Legislation requires the Department to establish guidelines for administration of the program. The guidelines were published on July 28th.

August 31 Update: The Department has received a total of 172 Applications for this program and awarded grants for a total 38 applications as of August 28, 2020. Although there was a delay in issuing awards, the Department believes that it will substantially increase the number of awards during September. The Department has set an application deadline of September 15 in response to carrier concerns about completing line extensions before December 30. The Department will review this deadline with the carriers to see if extending the deadline is warranted. The program would benefit greatly from an extension of time beyond December 31, 2020.

3. *COVID Response Temporary Broadband Subsidy* – Section 13 authorizes the Department to offer a broadband subscription subsidy. Section 13 (d) states “To the extent it is administratively feasible within the time constraints of section 601(d) of the Social Security Act, the Department may establish a COVID-Response Temporary Broadband Lifeline Program to provide subsidies for customer broadband monthly subscriptions to increase broadband adoption rates in response to the COVID-19 public health emergency.” Accordingly, the Department is establishing a program to offer a \$20-per-month subsidy to qualifying subscribers of broadband service to sustain and increase broadband adoption during the COVID-19 emergency. Applicants will have the ability to receive a subsidy retroactive to March 1.

August 31 Update: The Temporary Broadband Subsidy portal is live and accepting applications. Department Staff are working with the Agency of Digital Services and the State’s contractor MTX to design the carrier side portal. Application review will begin once the utility side portal is complete. The carrier side portal is currently in the testing phase and go-live is scheduled for launch on or before September 4, 2020.

4. *Connectivity Initiative* – the Department is allocating \$12 million in CRF funding to expand broadband for COVID-19 related needs through the programmatic infrastructure of the existing Connectivity Initiative. The Connectivity Initiative is designed to expand broadband service of at least 25/3 Mbps to locations currently lacking 25/3 Mbps broadband service. On July 17, 2020, the Department issued an RFP seeking proposals to serve the nearly 70,000 eligible locations. Of those locations, the Department collected data on “priority” locations. Priority locations are residential and business addresses with an identified education, telehealth, or telework need. To date, the Department has identified 7195 priority addresses. Proposals will be received in three rounds. The Department received its first round of proposals on July 30.

August 31 Update: Round 1 awards were announced on August 20.¹ These projects will serve over 5,800 unserved and underserved locations. Rounds 2 and 3 are under review, and awards will be made in the second week of September. The Total dollar value of all proposals received exceeds the \$12 million that the Department has allocated for this program.

5. *Wi-Fi Reimbursement* - Section 13(e) provides up to \$50,000 in funding to reimburse the Department for costs associated with the Wi-Fi hotspot project not covered by the Federal Emergency Management Agency (“FEMA”).

August 31 Update: The Department has not drawn down on this funding yet, pending resolution of its reimbursement request to FEMA.

The Department has not yet committed funding in the amount of \$433,500. The Department will assess where these funds should be allocated after it receives more information on these four programs. A decision on how these funds will be spent will likely be made in September.

II. Other Matters

Act 137 provides resources to the Department to support three other Telecommunications related initiatives. These are discussed in this section.

1. *COVID Response Telecommunications Recovery Plan* – Act 137 appropriates \$500,000 in funding for a COVID Response telecommunications Plan. As the legislation states, “[t]he purpose of the Recovery Plan is to reassess the State’s critical connectivity needs in light of the COVID-19 public health emergency and to reevaluate broadband deployment objectives going forward.” The Department is directed to file this report with the General Assembly on or before December 20, 2020. On July 13, 2020, the Department released an RFP seeking a consultant to work with the Department to prepare the COVID Response Telecommunications Recovery Plan. The consultant will be required to submit a draft to the Department by November 1, allowing a little over a month and half for the Department to engage in a public comment period. Responses to the RFP were received on July 27.

August 31 Update: In consultation with the Department of Finance, the Department has selected a vendor for this project. The Department will be working with CTC Technology & Energy to complete the plan. The Department intends to make small modifications to the

¹ Vermont Department of Public Service Announces Awards for COVID-19 Emergency Connectivity Initiative and Get Vermonters Connected Now Initiative, <https://publicservice.vermont.gov/sites/dps/files/documents/8-20-20%20PSD%20Announces%20Awards%20for%20COVID-19%20Emergency%20Connectivity%20Initiative%20and%20Get%20Vermonters%20Connected%20Now%20Initiative.pdf>

Scope of work to comply with CRF funding guidelines after consultation with the Department of Finance’s contractor Guide House.

2. *COVID Response Connected Community Program* – This program was established “to fund recovery planning efforts of communications union districts (“CUDs”), particularly with regard to accelerating their deployment schedules.” The program is supported by \$800,000 in CRF appropriations.

August 31 Update: The Department has received four applications for this funding totaling \$350,000 from qualifying CUDs. The Department anticipates receiving additional applicants in the next few weeks.

3. *PEG Access Funding* – Act 137 appropriates \$466,500 to the Department to support Public, Education, and Government access television (“PEG TV”). The legislation aims to support these media organizations for their staffing and other unbudgeted costs “related to increased production and technical support for live-streaming government and community-based organizations” during the COVID-19 emergency. This program is in the early stages of development but the Department is working closely with Vermont Access Network to ensure a fair and equitable distribution of funds to all of Vermont’s 26 public media organizations.

III. Challenges Ahead

The use of Coronavirus Relief Fund support is not without its challenges. Two of these challenges are outlined here.

1. *Timing* – the use of CRF funding for the purposes contemplated under Act 137 in the realm of broadband expansion presents significant challenges with regard to timing. With decisions on the GVCNI and Connectivity Initiative coming in August, broadband providers have just under five months to complete projects ahead of the December 20, 2020 deadline imposed by Act 137. This short timeline will limit the scope and reach of most projects. Even small-scale line extensions will be challenging under this timeline. Several providers have notified the Department that timing is the most significant barrier to deployment using CRF funding.

The short timetable for implementing the Act 137 programs and other activities is also placing significant demands on the resources of the Department.