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March 12, 2019

Honorable Michael Marcotte, Chair
House Committee on Commerce and Economic Development
Vermont General Assembly
115 State Street
Montpelier, Vermont 05633

Re: Department of Public Service Comments; H.513

Dear Representative Marcotte:

By this letter the Department of Public Service (“Department”) offers comments on House Energy and Technology’s telecommunications bill, H.513. The Department thanks the committee for the opportunity to provide comments. The Department is encouraged to see many of the Administration’s proposals included in the bill. The Department supports the inclusion of the proposal to create a loan fund within the Vermont Economic Development Authority (VEDA), and the ThinkVermont Initiative funding. The Department also supports the provisions to study the use of municipal bonding (section 13) and the feasibility of electric utilities providing broadband (Section 11). Lastly, the Department is supportive of the Legislature’s efforts to resolve the many pole attachment make ready issues.

At this time the Administration does not support an increase to the rate of charge for the Vermont Universal Service Fund. The Administration’s broadband proposals favor the use of one-time money to support grants, a loan program and the removal of regulatory barriers over an increase in taxes and fees.

Because of the Administration’s opposition to the fee increase, the Administration must also oppose the creation of a new staff position funded through the VUSF. While the Department appreciates the House of Representative’s desire to increase staff devoted to the Telecommunications and Connectivity Division, the addition of a position would further strain the Department’s finances.

The legislation proposes increasing the threshold bandwidth requirements for projects built with public funding from 10/1 Mbps to 25/3 Mbps. While the Department does not oppose this change, it should be noted that certain technologies would be eliminated from funding, such as digital subscriber line (DSL) and certain fixed wireless services. This change would limit funding to cable-modem, vDSL, and fiber-to-the-premises services.



The Department recognizes the need for new projects to develop business plans that can then be used to apply for the VEDA fund and other grant opportunities. However, the Bill designates \$700,000 of one-time money for this purpose. The Department believes that some of that available funding would be better spent on actual last mile projects through the Connectivity Initiative and would ask that the Legislature reconsider the proportion of one-time resources dedicated to the Connectivity Initiative and this new grant program.

The Department thanks the Committee for its time and attention to these important issues. If the Committee has any further questions about these comments, please feel free to contact me at any time.

Sincerely,



Clay Purvis