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February 27, 2019

Representative Tim Briglin, Chair
House Energy and Technology Committee
Vermont General Assembly
115 State Street
Montpelier, Vermont 05633-5301

Re: Committee Bill 19-1206

Dear Representative Briglin:

By this letter the Department of Public Service (“Department”) offers comments on House Energy and Technology’s telecommunications bill, 19-1206. First and foremost, the Department thanks the committee for the opportunity to provide comments. The Department is encouraged to see many of the Administrations 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).

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 which would be funded through the VUSF. While the Department appreciates the committee’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 create 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 which would effectively fund over 11 studies. The Department believes that some of this available funding would be better spent on actual last mile projects through the Connectivity Initiative and would ask that the Committee reconsider the proportions of money dedicated to the Connectivity Initiative and this new grant program.



Section 10, Subsection (b) requires the department to draft a report on January 1, 2020 on information gathered from grant recipients. This report deadline does not align with the December 1 deadline for issuing the RFP. The Department recommends a deadline of July 1, 2020 or later.

The Department proposes that the Committee add language to section 11 that directs the state's distribution utilities to participate in the creation of the report. The Department recommends the following language:

Any company subject the Public Utility Company's jurisdiction that distributes electrical energy, and any company owning and operating electric transmission plant in Vermont shall aid in the development of such information and analysis as the Department shall require to complete the report.

The Department does not oppose the pole attachment make-ready provisions included in sections 19-20. The Department recommends that the committee add language that makes clear that pole owning entities ("POE") would be responsible for refunding or returning make-payments issued to the pole owning entity ("POE") and that the POE is not responsible for the cost of make-ready. After discussing the provisions with the DUs, the Department would also support language that allows the PUC to consider waivers based on natural disasters, extreme weather, other state priority projects (such as VTans projects), or where Joint pole owners cause a delay and leave the other pole owner with insufficient time to complete the work.

The Department thanks the Committee for its time and attention to these important issues, and looks forward to working with the Committee other telecommunications and energy initiatives. If the Committee has any further questions about these comments please feel free to contact me or Commissioner Tierney at (802) 828 - 4071.

Sincerely,



Clay Purvis
Department of Public Service