

Deerfield Valley Communications Union District
Ann Manwaring, Chair
15 towns in Windham & Bennington Counties
One of 9 CUDs
Testimony before House Energy and Technology Committee
September 3, 2020

Possible Legislative Topics

General

- We are now nine CUDs most of which have been formed this year, building on the success of the original CUD, EC Fiber. Thousands upon thousands of volunteer hours of our community members have gone into this endeavor. That so much has been achieved in such a short time is testimony to the need.
- Expectations are high for universal access to high speed broadband. The job of the State now is to do all in its power to sustain and strengthen the work needed to accomplish the roll out of fiber to the nearly 70,000 unserved or underserved homes and businesses in the shortest time possible.
- The Vermont Public Service Department has estimated that the total cost of the infrastructure needed to connect all currently served or underserved Vermonters will be \$293 million from all sources including federal and state grants and loans and other private financing mechanisms.
- The Governor's budget proposed \$2 million which should go only to CUDs or CUDs in public/private partnerships. The primary use of the \$2 million appropriation is to provide the 10% match to unlock up to \$4 million in VEDA loans.
- The \$10 million VEDA loans available is enough to begin infrastructure work for 2 – 3 CUDs.
- The State must recognize that while CUDs have been created as municipal organizations subject to all the laws that govern municipalities, including open meeting laws, CUDs, unlike all other municipalities, operate in a market economy, subject also to the rules of that market economy. The Legislature should find a way to level the playing field with our private sector competitors, including but not limited to, modifying open meeting laws, targeting laws and regulations to our benefit, finding resources that can be used to unlock yet other resources.
- Once the infrastructure is built and CUDs have become stable entities, there will be one ongoing need for further public investment in CUDs and that is to

find a way to subsidize rates for eligible subscribers. This is important for true universal service, but also because private providers do not have to carry subsidy costs in their profit and loss statements.

- Below are specific suggestions from many different conversations. Some may be possible for Legislative action this session, some need to be developed for consideration in January.

Veda Loans

- Remove the \$4 Million limit.
- A Private company must be in a public/private partnership with a CUD or have a letter of support from a CUD
- CUDS may block VEDA loans for broadband expansion to private carriers companies in their territories.
- Ten percent match for loans to CUDs may be met by in kind contributions
- Expand the pool of money available to VEDA for loans to CUDs
- State buys down interest rate on loans to CUDs, private companies pay market rate

Get Vermont Connected Fund (Cares Act Money – must be spent by December 20, 2020)

- Any remaining or unused awarded funds or money that is clawed back money goes to CUDS
- Any private recipient also awarded other State or Federal money for broadband expansion must return funds awarded under this grant award.
- Vendors may not scale back speeds claimed to have been reached as a result of the implementation pursuant to this award.
- Vendors must prove that they have reached all addresses in their proposal at required speeds

The Connectivity Initiative (Funded by the Universal Service Fund – ongoing money)

- Only goes to CUDs, or CUDs in public/private partnerships, none to private providers

- All applicants must prove achievement of speeds of at least 25/3 to all addresses in the grant award.
- All awarded entities must offer a terabyte (1 Gig) of data to all customers in perpetuity. (Present rule in effect for only 5 years.)
- Address eligibility for funding is determined by the wired speed at that address.
- Only entities achieving 100/100 at all addresses are eligible for funding under the Connectivity Initiative.

Pole Collection

- Any data collected in the right of way must be sent to the PSD
- State funds pole collection work, distributes to CUDS as interest free loans to be paid back in 5 years or when revenue stream is sufficient.
- If funds are awarded to for profit companies, interest charged at market rates.
- Allow utilities to use cost recovery to fund collection of data on poles and to maintain an ongoing data base for this data
- Standardize the method used to collect pole data and how it is to be maintained.