

**Deerfield Valley Communications Union District**

Ann Manwaring, Chair

15 towns in Windham & Bennington Counties

One of 9 CUDs

Testimony before Senate Finance Committee

September 1, 2020

Communication Union Districts (CUDs) were created by the Legislature and the Administration because the State of Vermont made a commitment to extend universal high speed access to the Internet to every home & business in Vermont, focusing on the nearly 70,000 homes and businesses that are unserved or underserved. The standard for high speed is defined as a minimum of 100 megabits upload and 100 megabits download, which is accomplished by extending fiber to every home and business.

This is as monumental a task as was building the highway system or the electrification system and is just as likely to be economically rewarding to our State and its people. The highway system is publicly financed in its entirety, both in its construction and its ongoing operations. Electrification is privately owned but is publicly regulated. In contrast, Broadband is delivered through a competitive market system that is unregulated.

That market system is driven by a requirement for the highest possible return on financial investment. It is this feature of the market economy that has failed rural Vermonters, and all rural Americans, from participating in the 21<sup>st</sup> century's economy and indeed increasingly the every day life of all our citizens.

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 it was achieved in such a short time is testimony to the need.

The job of the State now, along with other public and private financing systems, is to do all in its power to sustain and strengthen the work needed to accomplish this in the shortest time possible. While that will require substantial public resources in a time when demand for those dollars is far reaching, the good news is that the need for public dollars will go away once the CUDs have reached service to a critical number of subscribers. At that point CUDs, even though we are municipalities, will continue to operate as though we are private sector providers by competing successfully in the market by offering the best service at the best price.

There is, however, 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. Subsidies should be available to customers of private providers as well.

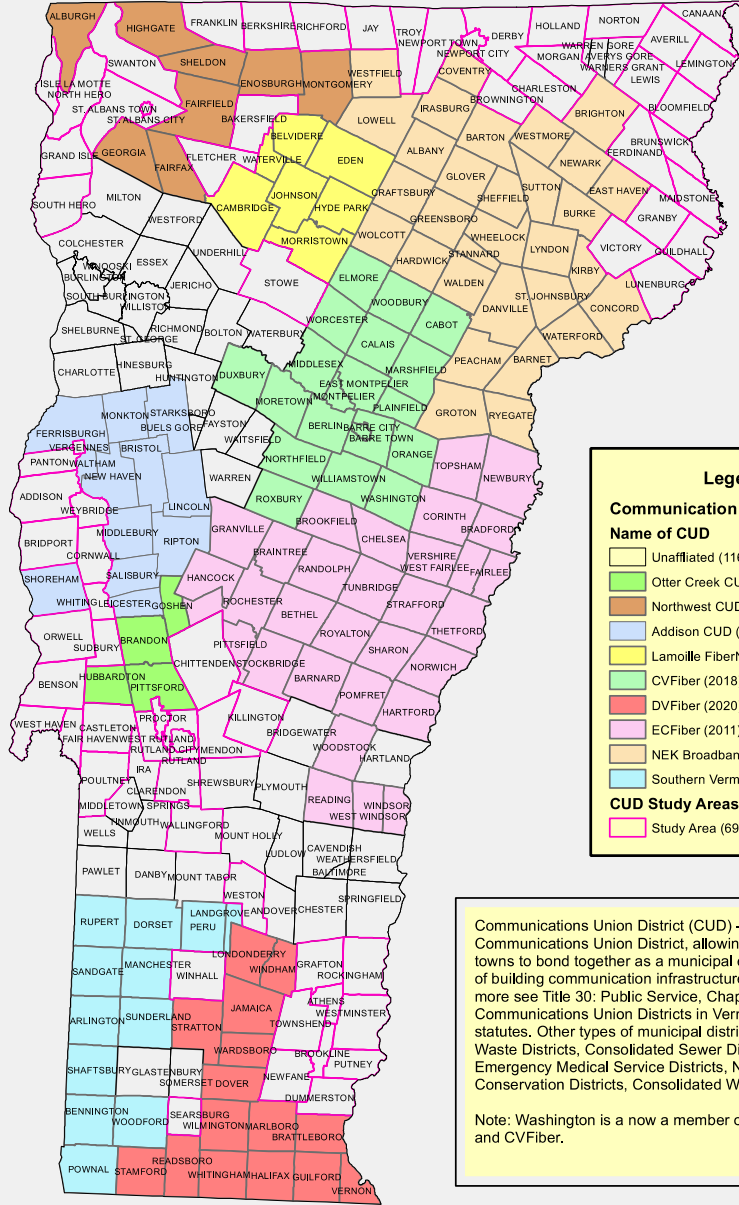
The Vermont Public Service Department has estimated that the total cost of the infrastructure needed to connect all currently served or underserved Vermonters will be \$293 million from all sources including federal and state grants and loans. The \$800,000 made available to us in H.966 and the \$2 million requested in the new budget will offer us a good start as we do our pole studies, work with utilities to do “make ready” for those poles to accept new fiber, do our engineering and design for the system with all its needed redundancies, and undertake construction and marketing, all leading to the day when we can “light up the fiber” to all our homes and businesses. Toward that end, the primary purpose of the \$2 million request is for each CUD to be able to provide the 10% match to unlock up to \$4 million in VEDA loans available to each of us.

Access to the internet is no longer a luxury, it is a requirement for participating in today’s economy and so many of today’s essential services, from ordering groceries online to educating our children. Access to the Internet is available to all who live in large communities but denied to those of us who live in rural areas. Because Vermont is the second most rural state in the Country, there is no public investment that will be more rewarding to Vermont’s fiscal strength than is the public money that will bring ALL its citizens into the 21<sup>st</sup> century economy.

We support the \$2 million included in this budget targeted to CUDs, and ask that you direct these and future funding and regulatory structures to assuring that CUDs can become viable providers of broadband to meet the needs of all of our citizens.



# Communications Union Districts



**Legend**

**Communication Union District**

**Name of CUD**

- Unaffiliated (116)
- Otter Creek CUD (2020) (4)
- Northwest CUD (2020) (8)
- Addison CUD (2020) (12)
- Lamoille FiberNet CUD (2020) (7)
- CVFiber (2018) (20)
- DVFiber (2020) (15)
- ECFiber (2011) (30)
- NEK Broadband (2020) (31)
- Southern Vermont CUD (2020) (12)

**CUD Study Areas**

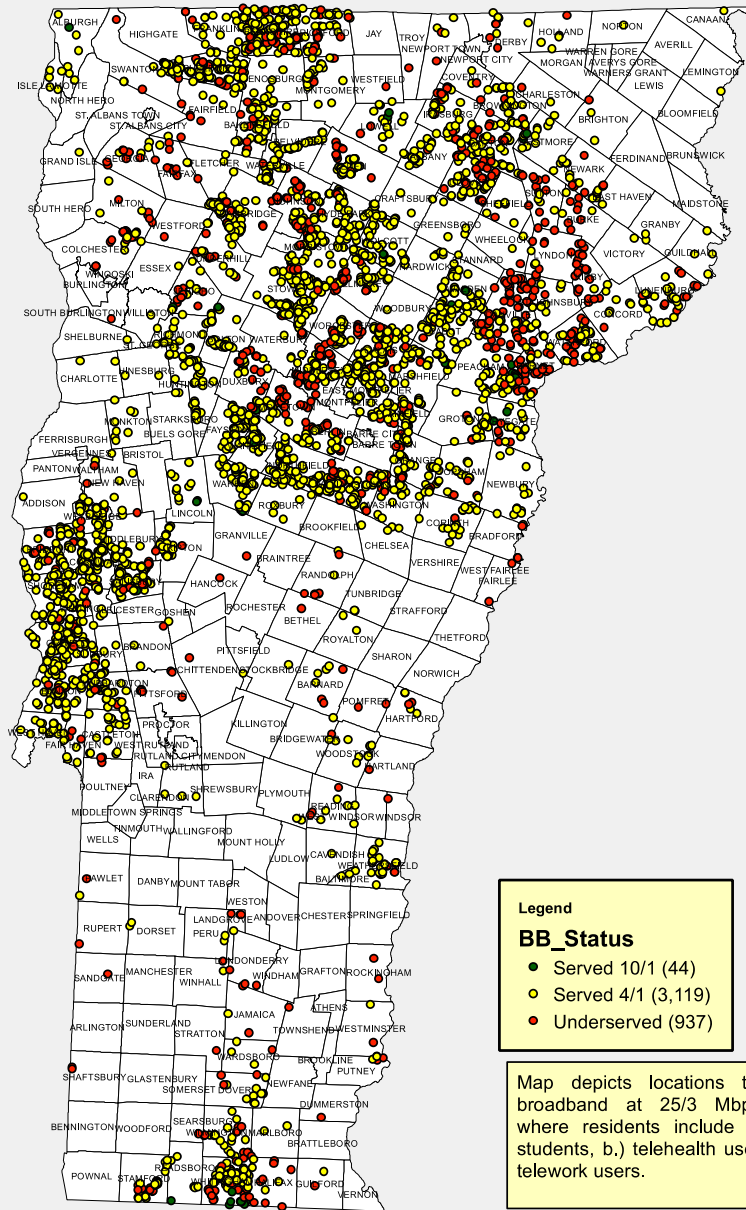
- Study Area (69)

Communications Union District (CUD) - CUD is a Communications Union District, allowing two or more towns to bond together as a municipal entity for a means of building communication infrastructure together. For more see Title 30: Public Service, Chapter 82: Communications Union Districts in Vermont state statutes. Other types of municipal districts include Solid Waste Districts, Consolidated Sewer Districts, Emergency Medical Service Districts, Natural Resources Conservation Districts, Consolidated Water Districts.

Note: Washington is now a member of both ECFiber and CVFiber.

# Connectivity Initiative 2020 - Priority Locations

July 17, 2020



**Legend**

**BB\_Status**

- Served 10/1 (44)
- Served 4/1 (3,119)
- Underserved (937)

Map depicts locations that lack broadband at 25/3 Mbps, AND where residents include a.) K-12 students, b.) telehealth users or c.) telework users.