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## MEMORANDUM

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To: Chair Kitchel, Senate Appropriations; Chair Cummings, Senate Finance, Chair Tolls, House Appropriations; Chair Briglin, House Energy & Technology

From: June E. Tierney, Commissioner

Date: August 18, 2020

Subject: Status of CARES Act Appropriations pursuant to Section 5(b) of Act 137

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- Pursuant to Section 5(b) of Act 137, appropriations totaling **\$26,700,000** were made to the Department of Public Service to fund grant programs<sup>1</sup> designed to mitigate the impacts of the COVID-19 pandemic. As of the date of this report, these grant funds are in varying stages of robustly progressing toward actual disbursement, which in many instances is imminent.
- Below in Section I is a snapshot summary of the grant funding allocation.
- Section II contains a description for each allocation of the plans for awarding these remaining available funds by December 20, 2020.

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<sup>1</sup> Section 5(b) of Act 137 specifically seeks reporting on **grant** administration. Act 137 includes two appropriations to the Department that are **not grants** and therefore are **not** included in the total sum of grant funding of \$26,700,000 discussed in this report. The first such appropriation is \$50,000 to reimburse the Department and the Agency for Digital Services for expenses incurred in standing up COVID-19 emergency Wi-Fi hot spots. See Section 13(a)(5). The second such appropriation is \$500,000 for telecommunications planning needs arising from the COVID-19 Pandemic. See Section 15 of Act 137. That said, work is well underway to review and vet three proposals the Department received on July 27th in response to the RFP that was published on July 13th. This review includes heightened review for compliance with applicable U.S. Treasury Guidelines for use of CARES Act funds.

**SECTION I – Snapshot summary of Grant Funding Allocation**

Total Grant Appropriations under Act 137: **\$26,700,000**

Total Remaining Grant Funds Available for Distribution: **\$26,700,000**

- Section 13 (COVID-RESPONSE ACCELERATED BROADBAND CONNECTIVITY PROGRAM):
  - Appropriated: **\$17,433,500**;
  - Remaining Funds Available: **\$17,433,500**.

*Section 13 created the COVID Response Accelerated Broadband Program, which has the four parts discussed below. Please note, the Department has reserved **\$433,500** for future allocation among these four parts depending on need as it becomes apparent. As of this report, this \$433,500 remains available and is included in the sum of \$17,433,500 appropriated for Section 13 purposes.*

(1) Get Vermonters Connected Now:

- **\$12 Million** allocated, shared with #4 below.
- Remaining Funds Available: **\$12 Million**.  
(First awards –shared with #4 below -- totaling \$4 Million are imminent).

(2) The Consumer Assistance Line Extension Program:

- **\$2 Million** allocated;
- Remaining Funds Available: **\$2 Million**.  
(First disbursements totaling approx. \$30k - \$180k are imminent).

(3) COVID Response Temporary Lifeline Program:

- **\$3 Million** allocated;
- Remaining Funds Available: **\$3 Million**.  
(First disbursements are imminent).

(4) The Connectivity Initiative:

- **\$12 Million** allocated, shared with #1 above.
- Remaining Funds Available: **\$12 Million**.  
(First awards –shared with #1 above -- totaling \$4 Million are imminent).

- Section 14 (COVID-RESPONSE CONNECTED COMMUNITY RESILIENCE PROGRAM):
  - **\$800,000** allocated.
  - Remaining Funds Available: **\$800,000**  
(First disbursements totaling \$350k are imminent).
- Section 18 (PEG ACCESS FUNDING):
  - **\$466,500** allocated.
  - Remaining Funds Available: **\$466,500**.
- Section 20 (DEPARTMENT OF PUBLIC SERVICE; UTILITY RATEPAYER ARREARAGES):
  - **\$8,000,000** allocated.
  - Remaining Funds Available: **\$8,000,000**  
(First disbursements are imminent).

## SECTION II - Plans For Remaining Grant Funds

- Section 13 (COVID-RESPONSE ACCELERATED BROADBAND CONNECTIVITY PROGRAM):  
Appropriated: **\$17,433,500.00**; **Remaining Funds Available: \$17,433,500.00.**

Section 13 created the COVID Response Accelerated Broadband Program, which has four parts:

**(1) Get Vermonters Connected Now:** \$12Million allocated, shared with #4 below.

*Plans for awarding available funds by December 20, 2020:*

The Get Vermonters Connected Now initiative (GVCN) provides funding to fiber-to-the-premises providers to offset the customer costs of fiber drops and conduit. Act 137 directs the Department to prioritize the installation of underground conduit that would result in increased broadband access to low-income households. For ease of administration, rather than establish a separate budget and RFP for the GVCN, the Department combined it with the Connectivity Initiative. The total budget for both programs is \$12 Million. Accordingly, the GVCN program was included in the general Connectivity Initiative RFP (see #4 below) which the Department issued on July 17, 2020. The first round of proposals for \$4 Million in project funding closed on July 30. The Department expects to announce the winning bids for Round I on August 19<sup>th</sup>. Round II for the second installment of \$4 Million in project funding closed on August 14 – review of these bids is now underway. Round III for the final installment of \$4 Million in project funding will close on August 21. A key provision of the RFP is that bids must be for projects that will be completed and in service before December 31, 2020. In first round alone for \$4 Million the Department received \$24 Million in project proposals. Accordingly, there appears to be a high degree of likelihood that the \$12 Million will be expended before the December 20, 2020.

**(2) The Consumer Assistance Line Extension Program:** \$2 Million allocated.

*Plans for awarding available funds by December 20, 2020:*

Based on the 62 applications received to date, the Department estimates that between \$30,000 to \$180,000 will soon be committed. The Department plans to continue accepting applications on a rolling first come-first serve basis, with attention paid to equitable distribution. Given that this program has only been up and running for a comparatively short time, the Department expects the pace of applications will pick up. As of August 4, the Department had received 27 applications. As of August 17 there are 62. The difficulty in assessing how likely the \$2 Million is to be expended by December 20, 2020, is the program intersection with the service provider companies' work plans, schedules, design process, and pole-attachment make-ready arrangements.

**(3) COVID Response Temporary Lifeline Program:** \$3 Million allocated

*Plans for awarding available funds by December 20, 2020:*

Section 13 authorizes the Department to offer a broadband subscription subsidy. Accordingly, the Department has established 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. This program will launch close in time with the Department's electric utility customer arrearage program (see below re: Section 20 of Act 137). The Department has been working with the Agency of Digital Services and its software developer, MTX, on the development of this program.

**(4) The Connectivity Initiative:** \$12 Million allocated, shared with #1 above.

*Plans for awarding available funds by December 20, 2020:*

This program is designed to expand broadband infrastructure for COVID-19-related needs via the existing Connectivity Initiative Fund and its programmatic infrastructure. 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 this spring to identify “priority” locations, which are defined as residential and business addresses with an identified education, telehealth, or telework need. Pursuant to the July 17<sup>th</sup> RFP, the first round of proposals for the first \$4 Million in project funding closed on July 30. The Department expects to announce the winning bids for Round I on August 19<sup>th</sup>. Round II for the second installment of \$4 Million in project funding closed on August 14 – review of these bids is now underway. Round III for the final installment of \$4 Million in project funding will close on August 21. A key provision of the RFP is that bids must be for projects that will be completed and in service before December 31, 2020. In first round alone for \$4 Million the Department received \$24 Million in project proposals. Accordingly, there appears to be a high degree of likelihood that the \$12 Million will be expended before the December 20, 2020.

- Section 14 (COVID-RESPONSE CONNECTED COMMUNITY RESILIENCE PROGRAM):  
**\$800,000.00**

*Plans for awarding available funds by December 20, 2020:*

To date the Department has committed \$350,000 of this funding and is finalizing grant agreements that will lead to disbursement in short order. The Department is accepting grant applications from eligible Communications Union Districts on a rolling basis and, at this time, expects to fully expend these funds well before December 20, 2020.

- Section 18 (PEG ACCESS FUNDING):  
**\$466,500.00**

*Plans for awarding available funds by December 20, 2020:*

The Department has convened several discussions with Vermont Access Network to establish an equitable process for allocating these funds among the 26 Access Media Organizations that appear eligible for grants. The Department expects to move to program design and implementation in the next two weeks. At this time, the Department expects these funds will be fully expended well before December 20, 2020.

- Section 20 (DEPARTMENT OF PUBLIC SERVICE; UTILITY RATEPAYER ARREARAGES):  
**\$8,000,000.00**

*Plans for awarding available funds by December 20, 2020:*

Act 137 included an appropriation of \$8 million to the Department to design a grant program to help regulated utility ratepayers who are suffering economic hardship from the COVID-19 pandemic and who are at risk of disconnection and bad credit reports due to mounting unpaid bills. As per Act 137, both residential and non-residential customers are eligible for this grant assistance. The soft-launch for this program was on August 15. So far, the indications are that all systems are go for the official launch on August 18, which will involve outreach from community action groups, the state-regulated electric

utilities and state-regulated telecommunications providers. The Department expects that the \$8 Million will prove insufficient to meet demand and will be expended well before December 20, 2020.