

Testimony by Vermont Communications Union District Association
On Draft 1.1 of House Energy & Technology Committee (Broadband Bill)

VCUDA is an association representing 8 of the 9 existing Communication Union Districts. We are a diverse group with members in different stages of development. What I am presenting here are views on the specifics of the legislation that are shared by all members.

VCUDA is heartened that this bill acknowledges that Communication Union Districts are the most effective means to ensure universal availability of high speed broadband by 2028. By “universal” and “high-speed,” we mean access to symmetrical, 100/100 minimum to all on-grid locations in the state. We strongly support the general approach, which we would summarize as targeting public money to incentivize private companies to work in partnership with Communication Union Districts. Our members are more than just ready for this challenge. We are already actively addressing it.

We take issue with the argument that private enterprise alone will meet this challenge. History and the economics of the industry simply do not bear this out. Universal service is not part of their plans. It will not be, unless and until they are in explicit partnership with a public entity. Rest assured that some private broadband providers see an expanded role for CUDs as an opportunity to grow their business in partnership with us, not as a threat to it.

Vermont Community Broadband Authority

VCUDA agrees that a high profile, centralized entity is needed to coordinate broadband expansion funding in the state.

A new stand-alone authority is a bold, straightforward and potentially ideal approach. However, we are concerned, given the testimony already received, about the timeframe. We caution that standing up a new authority could require a year or more. That amount of lead-time is incompatible with the goal of coordinating funding in the short term, which is a pressing need. A prime example of the need faces us today: many of our member CUDs are stalled in their progress due to a lack of internal capacity, while \$800,000 in already allocated funding for that purpose sits idle.

We see promise in the concept of an independent fund within the Department of Public Service, which could take advantage of existing mapping and grant-management capacity. The details will be important. A new fund must have independent leadership and operational and programmatic autonomy. It should have a governing board on which CUDs have significant representation. It will also need funding for staff and for data management. It must be able to accept and distribute federal block grant funding, or help coordinate statewide applications to existing programs.

Our other comment is that the current sunset provision should be extended by several years. This would align with the longer time horizons related to existing federal funding pools such as the Rural Digital Opportunity Fund.

CUDs & Access to Public Funding

We appreciate the role that CUDs are given as “gatekeepers” to state funding for broadband expansion in the form of the Connectivity Initiative, VEDA expanded loan capacity and the Community Broadband Innovation Grant Program. This is the only way to ensure that these public funds are put to work furthering universal high-speed broadband, rather than making that goal ever harder to achieve.

We encourage you to make explicit that this legislation anticipates and supports the development of public-private partnerships between CUDs and private ISPs in the use of these funds. It does not shut these entities out from these funds, but requires them to partner with CUDs in planning and delivery of service in order to access them.

Increased Funding for VEDA

We are happy to see this strengthening of the VEDA funding for broadband.

- Increase size of loan from \$4 million to \$8 million
- Increase size of loan pool from \$10.8 million to \$36 million
- Increase loan loss reserve for broadband from \$3 million to \$9 million
- Adds \$12 million to VEDA overall fund appropriation
- \$1.26 million in credit enhancements and administration

This is certainly an improvement and will allow more CUDs to take advantage of these funds in their development.

However, testimony from VEDA leadership suggests that these necessary steps alone will not provide the start-up capital that all of our members, save EC Fiber, now need. We see promise in promoting cooperative lending between a Broadband Development Fund and VEDA and hope that those ideas will be further developed in this legislation.

Transfer of state fiber-optic assets

We support the transfer of these assets to their respective CUDs. CUDs are or will be in the business of owning and maintaining fiber. CUDs are the appropriate home for these assets, should they desire them, as they are best situated to ensure that they are fully utilized and leveraged to greatest impact on broadband deployment. All existing contracts would remain in force and would not, indeed could not, be affected by such a transfer.

Property Tax Exemption

There is a range of opinions on the property tax exemption, so we agreed to offer no comment as an association. We do all agree that should such a policy go into effect, it would be critical to require that any new broadband infrastructure must be sub-leased through the relevant CUD to achieve the tax-exempt status. This again will ensure that the expenditure of public funds go towards furthering universal broadband service, and not towards making that goal harder to achieve.