

# **A BRIEF HISTORY OF THE VTA**

## **(VERMONT TELECOMMUNICATIONS AUTHORITY)**

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# ACT 79 OF 2007

- An act relating to establishing the Vermont Telecommunications Authority to advance broadband and wireless communications infrastructure throughout the State
- Approved by Governor Douglas June 9, 2007
- Complete text can be found [here](#)
- Additional VTA provisions can be found:
  - 2009 – Act 54 - [here](#)
  - 2010 – Act 78 – [here](#)
  - 2010 – Act 161 - [here](#)
  - 2011 – Act 53 - [here](#)
  - 2014 – Act 190 - [here](#)

## ACT 79 – COMMUNICATIONS INITIATIVES, GENERALLY

- Establishes the VTA
- Broadband Development Grant Program (session law)
  - Funded with State appropriations
  - Administered by VTA, preference for small ISPs (fewer than 125 employees)
  - Includes grants for Wi-Fi hotspots
  - VTA can transfer funds to VEDA to be used to guarantee a loan made by VEDA under the technology infrastructure financing program
  - VTA can transfer funds to the VT Municipal Bond Bank to be used to guarantee a loan made by the Bank
  - Performance requirements; failure results in VTA ownership

## ACT 79 – COMMUNICATIONS INITIATIVES (CONT'D)

- North-Link Project of Northern Enterprises (open access fiber managed by VTA; \$500K in 2010 and 2011)
- Public Safety Pilot Project – NEK/NH/Quebec – next gen wireless and broadband
- Municipal Communications Plant and Service – revenue bonds (24 VSA chapter 54)
- Alternative Financing of Assets – lease agreements treated as operating expenses (24 VSA 1789)
- Cable Line Extensions (30 VSA 517)
- PSB Rules on Pole Attachments, includes broadband (30 VSA 209(g))
- ROW Usage (Lines Along Railroad Tracks), includes broadband (30 VSA 2513)
- Wireless and broadband along highways (30 VSA 2502 )

## ACT 79 – COMMUNICATIONS INITIATIVES (CONT'D)

- Rent for Wireless and broadband on State-owned ROW under AOT jurisdiction (19 VSA 26a)
- Act 250 – 50' requirement (10 VSA 6001c); muni permitting (24 VSA 2291); 248
- Wireless facilities on electric facilities (30 VSA 248(n))
- 248a enacted – sunset July 1, 2010
- Amendments to 30 VSA 227d (small telecom carriers) – repeal extended 12/2008
- PSB proceeding on the role of electric utilities to further telecom deployment
- Legislative communication regarding sale of Verizon
- Study on land use and planning and expediting deployment – Committee recommendations due January 2008

## VTA - ACT 79 OF 2007 (AMENDMENTS IN ITALICS)

- § 8060(a) – Findings
- § 8060(b) – Purpose/Goal
  - All addresses have access to affordable broadband by end of 2010
  - Ubiquitous availability of mobile telecom. (voice and data) by end of 2010
  - Investment supports best available, economically feasible service
  - Infrastructure continuously upgraded
  - Encouragement of open-access infrastructure
- *In 2011, extended to 2013. In 2014, State policy amended to specify goal of 100/100 Mbps by 2024*

# VTA (CONT'D)

- **§ 8061 – Establishment of Authority; Organization**
  - Board of Directors – 11 members
    - Treasurer
    - Secretary of Admin.
    - VEDA
    - 2 public members appointed by Speaker
    - 2 public members appointed by Committee on Committees
    - 2 public members appointed by Governor
    - 2 public members appointed jointly by Governor, Speaker, Pro Tem., (Chair and Vice Chair)
  - No financial interest
  - Executive Director – Chief Administrative Officer
- *(2011 amendments to Board – 9 members; no VEDA; legislators okay; public members revised to: 1/1/5/0; Governor selects Chair and Vice Chair; public members represent unserved areas (broadband and cellular); terms; limit on advocacy before the VTA*

## VTA (CONT'D)

- **§ 8062** – Purpose, Powers, and Duties
  - Establish partnerships; provide assistance; facilitate efforts
  - Provide loans, grants, guarantees
  - Issue bonds backed by project revenues of the State, or both
  - Work with VEDA and Muni Bond Bank
  - Coordinate funding opportunities
  - Receive and accept grants, etc.
  - Form a nonprofit
  - Broker access to reduced prices; waive or reduce State fees



## VTA (CONT'D)

- **§ 8062** (cont'd)
  - Own, acquire, sell, trade and lease infrastructure
  - Advise municipalities
  - Obtain permits
  - Market State property for collocation
  - Consult on charges for use of State property, easements, and ROW and waiver criteria
  - Sue and be sued
  - Administer and invest its own funds
  - Borrow money
  - No sales of telecom services

## VTA (CONT'D)

- **§ 8063** – Interagency Cooperation and Assistance
- **§ 8064** – Bonds and Notes
  - \$40M limit on outstanding debt
  - Need prior approval of Governor and Treasurer
  - Provide explanation of bond issue to Emergency Board
  - General obligations of the VTA payable out of revenue or moneys of the VTA
- **§ 8065** – Reserve Funds
- **§ 8066** – Refunding Obligations
- **§ 8067** – Remedies of Bondholders and Note holders
- **§ 8068** – Pledge of the State (not to limit VTA's obligations)

## VTA (CONT'D)

- **§ 8069** – Sovereign Immunity; Credit of State Not Pledged
  - Obligations paid from VTA revenue and assets
  - Faith and credit and taxing power of the State not pledged
- **§ 8070** – Notes and Bonds as Legal Investments
- **§ 8071** – Annual Reports; Audit (operating and financial statements)
  - *2011 – quarterly reports required*

## VTA (CONT'D)

- § 8072 – Annual Oversight Reports *(2011 – repealed)*
  - Inventory of where service is available
  - Progress report
  - Projected progress
- § 8073 – Authorization to Accepts Appropriated Monies (for initial expenses)
- § 8074 – Tax Exemption (applies to property of the VTA)
- § 8075 – Liberal Construction (this chapter)
- § 8076 – Inconsistent State Laws Superseded

## VTA (CONT'D)

- **§ 8077** – Establishment of Minimum Technical Service Characteristic Objectives
  - Until DPS specifies objectives in State Telecom Plan, priority given to broadband services that:
    - Deploy equipment capable of 3 Mbps; and
    - Offer a service plan with 1.5 Mbps in at least one direction
  - *2009 Amendment – Characteristics must be revised every 3 years*
  - *Repealed by Act 190 in 2014*

## VTA (CONT'D)

- **§ 8078** – Selection of Proposals; Open and Competitive Process
- For broadband service:
  - DPS identifies served and unserved areas of the State
  - Small locally based broadband providers should have reasonable opportunity
  - Allows projects in served areas to reach nearby unserved areas
- For cellular service (voice and data):
  - Evaluation criteria include consideration of environmental impact and opportunities for future development

## ACT 54 OF 2009 – RELEVANT FINDINGS

- (17) The lack of adequate and reliable broadband and cellular infrastructure and access across the state not only impedes the growth of existing and new business in Vermont, but may induce existing businesses to relocate to other states that have better access to broadband and cellular service. Digital infrastructure benefits include government cost savings, increased productivity, and improved quality of life for Vermonters.
- (18) The availability of mobile telecommunications and broadband services is essential for promoting the economic development of the state, the education of its young people and life-long learning, the delivery of cost-effective health care, the public safety, and the ability of citizens to participate fully in society and civic life.
- (19) The VTA has made significant progress toward, and should continue going forward as the primary vehicle for, achieving the goal of realizing universal availability of adequate mobile telecommunications and broadband services, with a focus on unserved and underserved areas in the state.

## ACT 54 – RELEVANT LEGISLATIVE PRIORITIES

- Municipal communications services. Since passage of an act relating to establishing the Vermont telecommunications authority and to advancing broadband and wireless communications infrastructure throughout the state of Vermont, No. 79 of the Acts of 2007, many Vermont towns and cities have affiliated themselves to promote, sponsor, develop, and provide a range of communications services to their respective inhabitants, governments, schools, and businesses. Through local volunteer initiatives, resources have been collected and directed toward the design, construction, operation, and management of publicly owned communications plants, with minimal dependency on the resources, finances, and credit of the state of Vermont. Access to various forms of public and private credit enhancement will assist towns and cities in further developing and constructing communications plant improvements through lower capital interest and financing costs. Under the ARRA, financial resources may be made available to the state that are suitable for application in assisting unserved municipalities in their communications goals.



# ACT 54 – RELEVANT LEGISLATIVE PRIORITIES (CONT'D)

- Municipal communications services (cont'd) - With respect to these local efforts and the federal stimulus monies, the general assembly establishes the following priorities:
  - (1)(A) The North-link project launched by Northern Enterprises in 2007
    - (B) The broadband initiative of East Central Vermont Community Fiber
    - (C) Replacement of the Burke Mountain power line owned and operated by Vermont Public Television
  - (2) To the extent possible, allocation of ARRA initiatives available to Vermont shall include direct and indirect credit enhancement assistance to unserved municipalities seeking capital to fund communications plant improvements
  - (3) The development, promotion, construction, and operation of public communications plants in unserved areas is declared to be in the best interest of Vermont and an infrastructure priority among capital improvements eligible to receive benefits under the ARRA

# ACT 78 OF 2010

- Sec. 4 – RURAL BROADBAND; VTA
- (a) The amount of \$2,850,000.00 is appropriated to the VTA for the purpose of making broadband services available to at least 10,000 households or businesses in locations where such services are not currently available, as provided in 30 V.S.A. § 8079 as established in Sec. 11 of this act. Of the appropriation made in this subsection, up to \$500,000.00 may be used for upgrades in underserved business districts, as specified in 30 V.S.A. § 8079(f)
- (b) No portion of the appropriation made in subsection (a) of this section shall be encumbered or disbursed until a detailed itemization of the specific manner in which the funds shall be spent is presented to and approved by the joint fiscal committee, after obtaining input from the senate committee on finance and the house committee on commerce and economic development

## ACT 78 (CONT'D)

- Sec. 4 - RURAL BROADBAND; VTA (cont'd)
- (c) The appropriation provided in subsection (a) of this section is in addition to the proposed appropriation to the VTA in the fiscal year 2011 capital bill, intended to allow VTA to construct telecommunications infrastructure (towers and fiber-optic cable). Together, these funds will allow the VTA to leverage access to moral obligation bonding as authorized under No. 79 of the Acts of 2007
- (d) Access to telecommunications and broadband services is this era's equivalent to rural electrification in the 1930s. It was viewed at that time as uneconomical, and private electric companies were unwilling to operate lines and distribute electricity in rural areas. Under the authority of the Rural Electrification Act of 1936, the United States Department of Agriculture began making direct loans and loan guarantees to electric utilities to serve customers in rural areas. Rural electrification is now viewed as an achievement that has been a tremendous force for positive social change and social equality in rural areas

# ACT 78 (CONT'D)

- Sec. 11 added **§ 8079** - Broadband Infrastructure; Investments
  - 10,000 addresses in target communities
  - 100% in target communities
  - Consider opportunities to leverage or support other sources of federal, state, or local funding for the expansion or adoption of broadband service
  - Some grants may be rendered unnecessary due to federal funds
  - *Repealed by Act 190 (2014)*
- Sec. 12 added **§ 8080** – Agreements; Telecom Facilities
  - Payment schedule
- Sec. 20 – Legislative Priorities for ARRA Funds, include:
  - Telecommunications projects determined by Vermont’s chief technology officer as being consistent with the goals and policies established under chapter 91 of Title 30

# ACT 161 OF 2010

- The sum of \$4,500,000 is appropriated to the VTA to build infrastructure to meet the cellular and broadband needs of unserved Vermonters
- To the extent possible, the VTA shall use the funds to leverage drawdown of ARRA funds and to build infrastructure that can be used as a revenue stream to enable use of up to \$40,000,000 in moral obligation bonding allocated to the VTA
- These funds shall be spent in accordance with the provisions of 30 V.S.A. § 8079 and Sec. 4 of No. 78 of 2010 as amended by this act (in Sec. 40)

# VTA 2010 ANNUAL REPORT

- Submitted January 1, 2011
- Full report can be found [here](#). Excerpt from Executive Summary:
- Act 79 created the VTA in 2007 and called for the universal availability of broadband and cellular service throughout the state by the end of 2010
- Neither of these twin charges will be a reality by the original date. Few, if any, foresaw all of the significant changes in Vermont's telecommunications landscape over the last few years, including:
  - The sales of the Vermont operations of Vermont's largest telephone company (Verizon) and Vermont's largest cellular operator (Unicel), the transition of both which stretched into 2009
  - The bankruptcies of the company that acquired Vermont's largest telephone operations (FairPoint) and Vermont's second largest cable operator (Charter)
  - The global financial crisis in 2008, and the subsequent recession
  - The American Recovery and Reinvestment Act, which promised massive funding for broadband in 2009, and which is beginning to provide it in late 2010

# 2010 – ADDITIONAL BROADBAND HIGHLIGHTS

- State Telecom Plan sets goal of:
  - 50 Mbps symmetrical by 2017
  - Fiber to institutional and large businesses by end of 2012
- Dept. of Commerce, NTIA, Broadband Technology Opportunities Program (BTOP)
  - \$33.4M grant for middle-mile fiber (770 miles) – VT Fiber Link
- USDA (RUS) – Broadband Initiatives Program (BIP)
  - \$116M in grants and loans for Vtel's Wireless Open World (WOW) project and FTTP
  - \$3.9M (grant) and \$1.7 (loan) to Waitsfield and Champlain Valley Telecom for FTTP
- FairPoint must expand DSL as part of purchase agreement
- FCC Definition of broadband – minimum speeds of 4/1 Mbps

# ACT 53 OF 2011

- Sec. 1 - Findings related to the VTA
  - Of the \$8.9M in State funds appropriated to the VTA for capital investments since 2007:
    - \$6.4M has been awarded to projects
    - \$280K worth of those projects completed to date
  - \$2.35M to VTA for operations in FY 2013
  - \$174M in ARRA funds for broadband through NTIA and RUS
  - \$3.5M for broadband mapping
  - \$6.9M in matching federal funds for smart grid
  - VTA has \$40M in bonding authority, but no bonds issued to date
  - VTA must re-examine its role in light of federal infusion of money and 3-year time limit



## ACT 53 (CONT'D)

- Sec. 24c – Report on VTA’s Sustainability Once 100% Coverage Achieved
- The mission of the VTA is to ensure “that all residences and business in all regions of the state have access to affordable broadband services” and to ensure “the universal availability of mobile telecommunication services” by the end of 2010, now extended to 2013
- It is not clear what role the VTA intends to play in Vermont’s telecommunications landscape after December 31, 2013 when 100 percent broadband and cell coverage have been achieved in Vermont
- It is not clear what source of revenues, if any, will support the VTA’s operations into the future. It is not clear that Vermont taxpayers can continue to sustain the VTA’s operational budget, which is \$900,000

# ACT 190 OF 2014

- Noted \$300K in savings from transfer and consolidation of State telecom functions
- Established the Division for Connectivity, DPS
- VTA Dormancy (next slide)
- Established the Connectivity Fund; High-Cost Program; Connectivity Initiative
- VT universal service charge increased and set at 2% (additional \$650K annually)
- 100 Mbps symmetrical by 2024
- Study transferring E-911 to DPS (strive for \$300K in operational savings)

# ACT 190 (CONT'D)

- **§8060a – PERIOD OF DORMANCY**
- On July 1, 2015, the Division for Connectivity established under 3 V.S.A. §2225 shall become the successor in interest to and the continuation of the VTA, and the Authority shall cease all operations and shall not resume its duties as specified under this chapter or under any other Vermont law unless directed to do so by enactment of the General Assembly or, if the General Assembly is not in session, by order of the Joint Fiscal Committee
- Notwithstanding 32 V.S.A. §5, the Joint Fiscal Committee shall issue such order only upon finding that, due to an unforeseen change in circumstances, implementation of the Authority's capacity to issue revenue bonds or to accept any new gifts, grants, or contributions would be the most effective means of furthering the State's telecommunications goals and policies
- Upon the effective date of such enactment or order, the duties of the Executive Director and the Board of Directors of the Authority shall resume in accordance with 30 V.S.A. chapter 91 and the Director for Connectivity shall be the acting Executive Director of the Authority, until the position is filled pursuant to 30 V.S.A. §8061(e)

# VTA 2014 ANNUAL REPORT

- Submitted February 2, 2015
- Full report can be found [here](#)
- Telecom efforts fall into 5 categories:
  1. Grants to broadband and cellular providers
  2. New direct payments to consumers for cable line extensions
  3. Development and management of fiber projects
  4. Wireless tower development; site management; equipment leasing
  5. Community outreach and facilitation efforts

**QUESTIONS?**