



Legislative Testimony
House Energy and Technology
April 15, 2022
Christa Shute, Executive Director

NEK Broadband District Statistics

- Lower density, lower household income, and less access to high-speed broadband
- 3 of the 4 counties with highest percentage of un/underserved
- 3 most economically challenged counties (www.vtmi.info)
- 51 Members covering the 55 communities in the Northeast Kingdom and Wolcott
- Universal Service Plan depends on private market participants (RDOF/Cabled Areas)
 - 2,500 miles (9.6/mile) at \$165 million (\$17,571/subscriber or \$7,702/passing)
 - 2,760 miles (10.7/mile) at \$185 million (\$18,917/subscriber or \$7,155/passing)
- 2 FT; 1PT Employees; Executive and Finance Committees; Communication and Affordability Working Groups.

NEK Broadband Accomplishments

Services and Assets

- High-speed fiber to the premise service now available to 346 premises in the Concord, Lunenburg, Waterford area along 21 miles
- Preliminary service offerings: 250/250 Mbps for \$102.95 and 50/50 Mbps for \$79.95
- Free installation up to 400 ft aerial; two months free service at 250/250 Mbps
- More than 80% choosing to stay with 250/250
- FCC Approved Service Provider for the Affordable Connectivity Program
- Contract relationships with Waitsfield-Champlain Valley Telecom for the provision of network operations and retail services
- Received ownership of state fiber assets effective September 30, 2021 for the ownership or lease throughout 170 miles of fiber - forming roughly 50% of the NEK Broadband backbone.



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Construction

Contracts

- Contract relationships with National Rural Telecommunications Cooperative for design services, construction management, and inspection services
- Contract relationships with local contractors for make ready application services
- Master Services Agreement with one construction contractor
- Request for Proposals for next 230 miles of fiber construction posting 4/15/2022

Services

- High level network design complete
- Preliminary address by address design for distribution network complete
- 595 miles currently in detailed design
- 5,803 poles submitted in make ready applications representing roughly 250 miles across Green Mountain Power, Vermont Electric Cooperative, Washington Electric Cooperative, and Lyndonville Electric Department

Materials

- Purchase of 1,000 miles of fiber using a \$3.5 million line of credit from Community National Bank
- RFPs complete for other construction materials and network materials - selections imminent

Grant Funding and Financing

- In depth business model complete with material and labor requirements reflecting current reality and 5% inflation rate
- VCBB PreConstruction
 - \$6.9M in VCBB PreConstruction Awarded
 - \$1.35M in VCBB PreConstruction Application Pending
- VCBB Construction
 - \$16M Construction Grant Application Pending (of total allocation of \$31M)
 - If 2,760 mile build and Governor's budget proposal for \$95 this year and \$100 from IIJA then the total will cover 56.5% of the build.
- USDA ReConnect
 - \$21.5 million application submitted March 9th - 50% loan/50% grant
 - 740 square miles with population of less than 6 per mile
- Financing
 - Anticipate \$4 million in VEDA loans
 - Anticipate \$40-\$70 million in Municipal Bond Financing

Plans and Challenges

Plans

- Build the entire backbone, 21 OLT sites, and areas with unserved priority addresses near those areas
- Construct at a pace of up to 50 miles per month
- Leverage grant funding for municipal bond financing starting in 2023

Challenges

Make Ready

- Work with GMP and VEC proceeding very well; unserved tariff
- Concerns over resources and ability to meet needs for WEC and 4 muni's
- Severe shortage and long lead times for poles for pole replacements
- WEC and Lyndonville Electric have more than 60% of plant off road
- Already a shortage in labor resources

Materials

- This will impact when we start building and lighting customers
- Long lead time items include cabinets at 7-10 months; splicing and splitters 6-9 months
- Changing market given national funding
- Immediate challenge; longer term solutions
- Supply and demand; global supply chain issues already causing severe price hikes

Labor

- This is the primary impediment to a 5 year deployment
- Labor needs for make ready
- Labor needs for construction
- Labor needs for splicing
- Labor needs for installation
- In a year we won't have the luxury of pulling folks from other states, we need the resources here at home.
- VTC / challenge finding instructors - as they get pulled into more overtime at work
- Social Finance - pay it forward fund, for wrap around support that helps low income wage earners transition to higher paying jobs.