



## **Expanding High Speed Broadband to All Vermonters**

### **Testimony before Senate Finance Committee**

Ann Manwaring, Chair

Deerfield Valley Communications Union District

April 7, 2021

DVFiber, as our Communications Union District is known, began life at Town Meetings in March 2020 when five towns voted to form a CUD. We are now 21 member towns which collectively have appointed 56 citizens as Representatives and Alternatives to our Governing Board.

Among the first thing our Governing Board did was to state our Vision and our Principles – why we are doing this work. At the end of my testimony I have included them for your review.

In the year since we were created, our member volunteers formed three working committees:

- A Communications Committee whose job it is to reach out and connect with our potential customers;
- A Vendor Committee responsible for assessing the technology to deploy and the vendors with which to partner;
- and a Finance Committee whose job is to find the money to build out the infrastructure and manage these funds responsibly.

Early on we understood that our best, most reliable, quickest path forward would be to partner with a private firm in what is referred to as a public/private partnership. Toward that end, we began a process of learning and development which enabled us to issue a comprehensive RFP on February 6. We have received viable responses, and we are now doing our due diligence with each to reach an agreement that is consistent with our vision and principles. Our timetable calls for negotiations to be completed and a contract signed by the end of May.

Even if more time is needed to contract signing, we will still be able to do preconstruction design, engineering and pole make-ready this year with a strong likelihood that we can deliver service beginning next year and reach all currently underserved locations in three years.

Here is what is important to us now:

- We need substantial funding to get started.
- The Legislature needs to recognize that CUDs were created to compensate for the Federal decision that the free market, driven by profits for investors, would be the vehicle to deliver broadband in the United States, as opposed to a regulated public utility structure in which both producers and consumers are considered in all decisions and actions. The requirement to earn a high rate of return on investment, which drives the free market, will always inhibit commercial providers from reaching the Last Mile.
- In contrast, ECFiber, our model CUD, has proven that CUDs can deliver world-class, high speed, symmetrical service universally at an affordable cost and in alignment with the interests of the communities that are served.
- Infrastructure is expensive and CUDs are start-ups, for which the availability of capital for investment is critical. The speed and size of public funding for CUDs will have a direct impact on the speed at which we can connect the customers in our communities and maintain the financial health that will qualify us to issue municipal bonds after we are well established.
- Because CUDs are municipalities, we do not have to reflect in our consumer rates any profit margins for equity investors. Once the principal and interest of loans and bonds are repaid, our operating and replacement costs will drive consumer rates, not the need for profits above a threshold level.
- In order to reach ALL Vermonters, public subsidies to eligible families will be needed whether the provider is for-profit or not-for-profit. Affordability is as important for universal coverage as is construction of the infrastructure.
- CUDs are accountable to our member towns for results. We understand the needs of our communities and are in a good position to manage relations with private sector providers that are ready to partner with us to satisfy these needs. The funding, administrative structure and target internet speeds proposed in H.360 are the key to delivering on our promise most quickly and will set us up to rely on the capital market for future funding needs.

## Vision and Principles

### **Overview**

The Internet is an essential service for every Vermonter. The future of our communities' health depends on closing the digital divide and driving economic diversity. Our vision and principles are our core beliefs in setting a course to provide access to not just some but to all.

### **Principles**

#### **Equity**

No one should face a barrier based on where they live. Priority installation will be given to unserved or underserved areas.

#### **Performance**

The Internet should be fast and reliable and the quality should improve over time as uses of the Internet continue to evolve. Our network should be capable of at least gigabit-per-second service to all fixed locations, with substantial additional capacity for future demand and flexibility to support rapid deployment of new technologies.

#### **Affordability**

Cost should not be a barrier for any Vermonter who wants to connect to the Internet. The network design minimizes capital and operating costs, has a long, useful lifespan, and provides low-cost upgrade paths to meet future demands or accommodate new technologies. The system should provide diverse service level options for residential and business connectivity.

#### **Reliability**

The network design should reflect the best industry practices for Vermont's unique topography, partnering networks, and requirements of users. The infrastructure will be reliable and resilient, designed to withstand equipment failures, power outages, natural disasters, or man-made disasters.

#### **Privacy**

Vermonters must be able to determine how their data are or are not used. Our network will support net neutrality. The network's components will be secured against physical and electronic threats.