

Connect America Fund Issue Brief

Updated: Third Quarter, 2019

SUMMARY

Many electric utilities, particularly not-for-profit consumer- and publicly owned utilities, are offering robust, affordable and reliable broadband services in rural areas of the country. The Federal Communications Commission's (FCC) research indicates that such areas have been neglected by telecommunications providers for almost two decades. These areas are eligible for funding under the FCC's Connect America Fund (CAF), and many utilities are eligible for funding opportunities in areas measured by census blocks that are currently unserved by broadband.

UTC POSITION

The Utilities Technology Council (UTC) applauds the FCC's efforts to fund broadband projects in rural areas. The CAF process has helped enable several utilities to provide broadband connectivity to and beyond their communities. As the FCC considers a new \$20.4 billion funding program called the Rural Digital Opportunity Fund, UTC is encouraging the agency to preserve funding in the census blocks where utilities are deploying broadband networks. UTC also supports criteria and weighting factors that enable funding for the kind of robust broadband services that rural America needs and that either are being provided by utilities or could be provided by them in unserved areas.

UTC has been active at the FCC on this issue by raising concerns that if the CAF funding rules are adopted in a way that disadvantages utilities, this would prevent them from competing against incumbent telecommunications carriers and satellite providers for access to funding.

BACKGROUND

Many utilities are offering or considering offering broadband in unserved or under-served areas. In many cases, they are providing services greatly exceeding the minimum broadband speeds of 4/1 mbps (megabits per second) or 10/1 mbps offered by the incumbent telecommunications carriers. These utilities are offering services to customers in their existing territories and beyond, and not just in populated areas. Furthermore, these utilities offer service at prices that are affordable and "reasonably comparable" to prices for broadband in urban areas.

Numerous utilities participated in the FCC's July 2018 CAF Phase II (CAF II) auction, which made nearly \$2 billion available over the next 10 years for broadband deployment. In fact, 33 electric cooperatives were among the auction's winners; they will receive \$220 million over the next decade.

UTC believes this auction will greatly benefit utilities and, by extension, their customers by providing resources for deploying robust, affordable and resilient

broadband networks.

The auction will help bring broadband services to nearly 1 million homes and businesses across the country in unserved rural areas. The reverse auction used weighting factors to assess different proposals for different service tiers so that the FCC will favor proposals to provide faster speed and lower latency networks. These factors closely align with a proposal filed by UTC and a coalition of rural organizations.

SITUATIONAL AWARENESS

UTC believes the CAFII auction and the proposed \$20.4 billion Rural Digital Opportunity Fund are significant developments that will provide tangible benefits for utilities deploying broadband networks and services to unserved areas. UTC has been working with the FCC for years on policies providing utilities with a fair opportunity to compete for access to broadband funding -- and with these actions the FCC has provided utilities with that opportunity.

UTC encourages the FCC to invest its broadband funding in g in future-proof technologies that will keep pace with increasing consumer demands and provide access to broadband in rural areas that is reasonably comparable to the quality and cost of broadband services in urban areas. In order to preserve available funding and provide

broadband as widely as possible, the Commission should focus first on serving high-cost areas that currently lack access to broadband speeds of 25/3 Mbps,

Utilities are proving that broadband can be deployed in rural and unserved areas in a cost-effective manner. Policymakers should support utilities in order to promote broadband access and competition in areas that are currently unserved and underserved.

ABOUT UTC

The Utilities Technology Council (UTC) is a global trade association dedicated to serving critical infrastructure providers. Through advocacy, education and collaboration, UTC creates a favorable business, regulatory and technological environment for companies that own, manage or provide critical telecommunications systems in support of their core business.

UTC CONTACTS

Brett Kilbourne, Vice President & General Counsel

Email: Brett.Kilbourne@utc.org

Sharla Artz, Senior Vice President of Government Affairs, Policy and Cybersecurity

Email: Sharla.Artz@utc.org

Rob Thormeyer, Senior Director of Communications & Advocacy

Email: Rob.Thormeyer@utc.org

