

## Utility Broadband Issue Brief

In more ways than one, electric utilities empower broadband deployment. In fact, electric utilities of all shapes and sizes are providing different levels of broadband service, helping bridge the digital divide in locations throughout the U.S. unserved by traditional telecommunications companies.

And as state and federal policymakers make broadband deployment a priority, electric utilities are often seen as key partners in bringing internet connectivity across the country.

### **UTC POSITION**

The Utilities Technology Council supports federal and state actions that encourage electric utilities to consider participating in broadband-deployment programs. While doing so will not be appropriate in every situation, electric utilities have the infrastructure and engineering capabilities to help bridge the digital divide.

UTC has actively shaped and supported federal grant programs like the Federal Communications Commission's Connect America Fund and the Rural Digital Opportunity Fund, along with the Rural Utilities Service's ReConnect program. Each of these programs has provided millions in grants and loans to qualified electric utilities—typically rural electric cooperatives—to bring broadband services to their service territories.

In addition, UTC has promoted electric utility broadband programs before congressional staff and federal and state officials who are seeking a solution to the longstanding problem of providing broadband access in unserved areas.

### **WHY ELECTRIC UTILITIES ARE KEY PARTNERS**

When most people think of electric utilities, they think of the poles, power lines, and steel towers that dot the landscape, bringing electricity to all corners of the world. In addition, electric utilities deploy sophisticated private communications networks to monitor their critical infrastructure.

These networks also allow utility workers to communicate with each other while performing maintenance or restoring services after natural disasters. In addition, utilities use these networks to take automated action to prevent failures along their electric distribution and transmission systems, deploy distributed energy resources, and much more.

Utilities use a variety of technologies to build out their networks, including wireless and wireline systems. Wireline systems generally consist of fiber that utilities run along their own infrastructure to send situational data and information from remote locations to control-center operators, providing real-time awareness into the status and performing capability of their infrastructure.

Because electricity is an essential service, utilities' communications networks are highly durable, resilient, and reliable, as the equipment must work nearly 100% of the time. This means the communications networks themselves are built to either withstand severe weather or be quickly rebuilt after a disaster.

Many parts of utility infrastructure are located in rural and even remote areas. At the same time, many parts of rural America are either unserved or underserved by traditional internet-service providers. As a result, policymakers across the country are looking to utilities to help bridge this digital gap.

### **UTILITY BROADBAND MODELS**

For the most part, there are three kinds of electric utility companies in the U.S. Most of the U.S. is served by investor-owned utilities (IOUs). These are private, typically multi-state companies owned by shareholders whose rates are regulated by state and federal authorities. Another type of utility is the consumer-owned or cooperative utility. These utilities were formed in the early to mid-1900s to bring electrical service

to rural parts of the U.S. not served by the larger IOUs. The third is the publicly owned municipal utility. In this case, the utility is owned and operated by a city or municipality, such as the Los Angeles Department of Water and Power or the Sacramento Municipal Utility District.

Each of these kinds of utilities plays a different role in bringing broadband services all across the country. First, IOUs, cooperatives, and public power entities all own and/or operate the utility distribution poles found along most streets, cities, and neighborhoods. In addition to electricity lines, these poles carry voice, data, and cable services as well. Without the [utility pole](#), delivering broadband and other services would be much more costly and far less reliable.

But more directly, approximately 100 electric cooperatives in several states provide broadband service directly to their customers. Many of these utilities have created standalone subsidiaries to provide broadband service. As an example, Mid-Carolina Electric Cooperative, based outside Columbia, S.C., has established [CarolinaConnect](#) to provide broadband service to customers in the utility's service territory. United Electric Cooperative in Missouri created [United Fiber](#) for its customers.

In addition, several public-power utilities through their municipalities also provide internet services. Because electric cooperatives and some public-power utilities are located in unserved and underserved areas, and have the resources and staff engineering expertise to build and operate communications networks, providing broadband service is a natural extension of their commitment to serve their customers.

### **INVESTOR-OWNED UTILITIES**

And in a growing trend, more investor-owned utilities are leveraging their communications assets to work with regional and local entities to help bring internet services to unserved and underserved areas. The most common example of this is by providing so-called "middle-mile"

services. Under this arrangement, a utility will build out its communications network and connect it to a local ISP's system to reduce the costs of stringing lines and fiber in difficult-to-serve areas. Utilities in [Virginia](#), West Virginia, and elsewhere are pursuing these kinds of arrangements.

In [Mississippi](#), the state's largest utility—Entergy—reached a deal with a regional ISP to deploy smart meters to homes and businesses in unserved parts of Entergy's territory. Entergy signed a long-term deal to use the ISP as its service provider for its metering initiative, thereby giving the ISP access to the utility's customers along the way.

### **UTC POSITION**

UTC believes all electric utilities play a vital role in bringing broadband connectivity services. UTC encourages and supports federal, state, and local regulations that encourage utility involvement and opposes rules and laws that prohibit utility broadband service.

### **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 regulatory and technological environment for companies that own, manage or provide critical communications systems in support of their core business.

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