

Broadband Funding Issue Brief

Updated: First Quarter, 2021

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 the Rural Digital Opportunity Fund (RDOF), 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 moves ahead on its \$20.4 billion RDOF program, UTC is encouraging the agency to ensure that federal taxpayer money is well spent on entities that can meet program requirements and bring affordable, reliable broadband to these areas.

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 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.

Moreover, many rural utilities won funding from the recently concluded first round of the RDOF as well. These auctions will greatly benefit utilities and, by extension, their customers by providing resources for

deploying robust, affordable and resilient broadband networks.

The auctions will help winning utilities 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

The CAFII auction and the \$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 urges the FCC to ensure that all winning bidders in the RDOF auction can meet the funding commitments. Noting that RDOF is taxpayer money, UTC believes the FCC should invest this funding 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 hold all winning bidders accountable to their funding commitments.

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.

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