**Draft Outline of NRECA Comments in Response to the RUS NOI on Rules Implementing the Broadband e-Connectivity Pilot Program**

**Comments due September 10, 2018**

**Introduction**

* NRECA, on behalf of its members, strongly supports Congress’ efforts to address the digital divide between rural and urban areas of the country
* Encourage RUS to meet the statutory mandate to expedite the availability of these funds
* Some of the greatest challenges facing electric cooperatives interested in broadband are:
  + High cost of serving low density areas without public financial support and sufficient financial support to make the resulting broadband service affordable;
  + Inaccurate federal data on broadband access and pricing
  + Opposition from providers currently serving their service territories with sub-standard service or claiming to serve areas (based on the inaccurate federal data) that they do not actually serve

**Sufficiency:**

* The statute (passed in March 2018) targets funding to rural areas “without sufficient access to broadband, defined [as 10/1 Mbps], which *shall be reevaluated and redetermined, as necessary, on annual basis by the Secretary of Agriculture*.” Because the first RUS loans and grants implementing the legislation will likely be made nearly a year after the legislation was passed, RUS should consider whether the definition of sufficient access should be changed to 25/3 Mbps at the outset. Doing so would avoid the administrative burden on RUS and applicants if the speed were changed shortly after this new program goes into effect.
* 10/1 Mbps does NOT constitute “sufficient access” to spur economic development
  + Include examples from member experience.
  + What bandwidth/speed is needed for: 1) effective telemedicine; 2) for each student at a school (FCC target is 10/1 per student); 3) required for a small business; 4) required by a large business; 4) other stakeholders, local government, etc…
* Alternatively, areas that have 10/1 Mbps could still be deemed to lack sufficient service if it is not meeting the needs of the community. (examples from membership)
* RUS should consider input from communities, consumers, and local leaders on the level of service or broadband speed they deem as sufficient for their community and their satisfaction with existing service.
* The statute does not mention the minimum build speed. Thus, regardless of the speed used to define sufficiency, the minimum build speed should be 25/3 Mbps, and the stated aim should be for higher speed or scalable network that can increase speeds as demand rises. This will ensure scarce federal resources will be used wisely to fund forward looking networks.

**Affordability:**

* Affordability must be considered in the determination of whether an area is sufficiently served.
  + If it is not affordable it is not sufficient argument
  + NDIA report finding AT&T charges similar prices for speeds ranging from 50 to 75 Mbps in urban areas ($65) as they charge for speeds ranging between 6 and 10 Mbps in rural areas ($60). Link: <https://www.digitalinclusion.org/blog/2018/07/31/tier-flattening/>
* A density factor should be used as a key determinant for amount of grant money made available to applications. Lower density areas eligible for more grant money. Higher density areas receive more in loans. Density range of 0-15 homes per mile.

**Data:**

* Incumbent challenging an applicant’s proposed area must provide verifiable proof it is offering the speeds using neutral, non-gameable testing methodology. (Rural Coalition proposal in the CAF proceeding)
  + Incumbent challengers must meet 95% of the reported speed and latency at least 90% of the time for the area to be deemed served (also proposed for obligation of winning applicant)
  + Tests must be made during peak times. Peak testing period 7-11 p.m.
* RUS contractors and GFR can aid in verification but will not be able to verify service at every location
* Crowd sourcing speed tests could be considered a potential source of information and data
* Applicants should be able to submit supplemental information and data up front with their application on the sufficiency of service existing within the application area and needs of the community
  + Example of TN state broadband program, and letter Chariton Valley filed with House Energy and Commerce Committee for hearing on their testing of actual speeds offered by the incumbent.

**Obligations:**

* RUS should have robust obligation to make sure the money is being spent wisely.
* Winning applicant should be required to test the lesser of 5% or 50 actively subscribed locations per state. (from Rural Coalition in CAF proceeding and used above for proving an area is served)
* Winning applicants meeting 95% of the speed and latency requirement at least 90% of the time should be considered in full compliance.
* Speed testing once hourly during peak times—between 7:00pm and 11:00pm local time on weeknights—for four consecutive weeks to ensure that the Commission receives an accurate snapshot of how well networks perform when customers are using them.

**Partnerships:**

* Partnerships should be eligible for grants and loans under the program but should not be given priority over other applications
* NRECA will be meeting with CFC and CoBank to discuss the appropriate collateral for lending to partnerships that seems to concern RUS

[**Leading Indicators of Benefits:**

Comments were specifically requested on effective means to measure leading indicators of potential benefits for local businesses and public services, such as schools and hospitals. Include examples from member experience. Some of possible indicators of value to rural areas are:

* Access to medical resources, such as telemedicine
* Meeting existing education requirements and improvements in public education
* Business expansion
* Business retention
* Capital investment
* Jobs
* Income levels
* Property appreciation]

***Statewide and cooperatives are encouraging to file comments and include information and data specific to the challenges, impediments and unique situations in their state.***