Financing Fiber Networks

The 2015 Broadband Communities Summit included a new day-long program on financing networks, which covered a broad variety of public and private financing options. Following are some of the highlights.

A BBC Staff Report

Crowdfunding a Fiber Network With Patient Capital

ECFiber, the 23-community FTTH network in East Central Vermont, didn’t have an easy time getting started. The 2008 financial collapse put the kibosh on its first financing plan – issuing public debt instruments. Federal agencies denied five ECFiber applications for loan and grant funding. Finally, in 2011, the group decided to borrow money in small amounts from local investors and achieved “success when all else failed,” according to Leslie Nulty, one of the founders of the project.

To date, ECFiber has raised $6.4 million from 451 individual lenders and has used the proceeds to build 200 miles of fiber in 16 rural towns and to connect its first 1,000 customers. The network was EBITDA positive at the end of 2014, and ECFiber expects it to be cash-flow positive in 2016.
The triple-tax-exempt promissory notes, issued in three or four tranches per year, are available in a minimum amount of $2,500; the median note purchase is $5,000. Though the amounts are small, not everyone can afford them. Sometimes, groups of neighbors purchase notes together. Typically, people invest in ECFiber when the network is getting close to their neighborhoods; however, only half the customers are investors, and investors aren’t always customers.

Tim Nulty, chairman of ValleyNet, the Vermont nonprofit that provides planning and operational services to ECFiber, said, “The biggest single fear [in raising debt capital] is a ‘vulture lender’ foreclosing on the network, but because ECFiber lenders’ main concern is that the network stay in operation, this mechanism prevents that.”

ECFiber sees several other advantages to promissory-note financing. First, because the promissory notes are unsecured and privately placed, they are not subject to many of the securities regulations that govern public offerings – which makes the buildout very efficient. Second, ECFiber can borrow at favorable terms – 7.5 percent interest over 15 years after an 18-month holiday during which notes do not accrue interest or principal.

Third, notes can be subordinated if ECFiber goes into the capital markets. Current investors will have the option of getting an interest-rate bump or selling out with a bonus. If that occurs, Tim Nulty said, he expected most note holders to retain their investments and take the interest-rate increase because investors are getting a good rate of return and “the risk will be mostly gone by then.”

The major disadvantage of crowdfunding, Tim Nulty continued, is that it’s slow and labor-intensive. Money is raised neighborhood by neighborhood, which can create frustration among community residents waiting for the network to reach them. At current rates, it could take another 17 years to complete the network. To shorten the rollout time, now that it has a financial track record, ECFiber is preparing to reenter the private municipal debt market.

Tim Nulty believes ECFiber’s experience is replicable for many small rural communities. Crowdfunding is a good way for a community network to get started, he said. Communities used to raising money for libraries or volunteer fire departments don’t see the concept as unusual. Even a homeowner with a modest income can take out a home equity line of credit to buy a note and earn a much higher interest rate than what is needed to repay the home equity loan.

**Attracting Major Investors**

Large investors are intensely interested in fiber networks, according to Jason Hill, managing director of Media Venture Partners, but their requirements differ from those of the patient-capital investors that finance community networks. Private debt and equity investors look for 20 to 30 percent rates of return in telecom investments; in five to seven years, they expect to recoup their investments and withdraw their funding. Equity investors, rather than taking dividends, hope to make money when selling their stakes. Metro fiber providers Zayo, Lightower and Lumos have been the “big success stories” of the last few years, with investment fueling continued expansion and consolidation.

In addition to high rates of return, investors look for high-quality networks with potential for growth. They prefer metropolitan areas with plenty of “reputable” enterprise customers willing to enter into long-term contracts. Network owners should have business plans that are clear, specific and focused; simple legal structures; experienced management teams; low churn and positive EBITDA. “Not all these attributes are necessary,” Hill said, “but they need a number of check marks.”

Responding to a question about whether investors would finance network equipment apart from the network itself, Hill said, “No, they’re interested in the overall story, including the equipment. It’s tougher just to finance the equipment.”

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**BEFORE USING CROWDFUNDING…**

- Establish the local demand for fiber.
- Thoroughly research local securities laws.
- Make sure you have enough startup funding to cover legal costs as well as initial design and construction.
- Develop a business model that ensures payback of interest at rates commensurate with risk.
State Grants

In the last several years, 14 states have launched broadband grant programs to encourage the buildout of broadband networks in underserved areas.

Danna MacKenzie, executive director of Minnesota’s Office of Broadband Development, heads one of the more ambitious programs, which allocated about $20 million in 2014, its first full year of operation. “We wanted to see if the state could bring enough to the table to change the conversation,” MacKenzie said. The state catalyzed external investment with a match of up to 50 percent for broadband networks capable of 100 Mbps symmetrical speeds. To cast as wide a net as possible, it made local and tribal governments, private entities and co-ops all eligible for funding.

The most important criterion was that proposed networks reach unserved and underserved areas. Other important criteria included an area’s economic distress, the percent match offered, the readiness of a project, financial sustainability, community support and assistance for broadband adoption.

Forty applications from all over Minnesota were submitted, all of good quality, MacKenzie said. The agency allocated the entire fund to a geographically diverse set of applicants, which contributed more than the required 50 percent match. Some of the applications were from public-private partnerships. MacKenzie said that initially, such partnerships were difficult to introduce, but now a number of “unique collaborations,” including in-kind contributions, are being developed.

The projects that the grants fund will result in more than 6,000 homes passed, about two-thirds of them in unserved areas and one-third in underserved areas.

State Capital-Lease Financing

“Our governor gets it,” said Art Ware, general manager for the technology funding division of the Dormitory Authority of the State of New York. Ware’s organization will issue some of the $2 billion worth of smart-school bonds that were authorized in a 2014 referendum. Schools can apply for these funds to purchase and install broadband networks. Ware also noted that Governor Cuomo set aside $500 million for matching grants to service providers to build out broadband networks in underserved parts of the state.

The Dormitory Authority administers New York’s tax-exempt leasing program (TELP), which helps finance technology not only for universities but also for health care facilities and certain other nonprofits. TELP finances everything from MRIs to buses, but increasingly it is being used for information technology, especially for networking. The advantages of the leasing program for eligible entities include low interest rates, simplified documentation, single-source payment for multiple equipment purchases and access to industry-leading technologies.

The Appalachian Regional Commission

Broadband access is one of many challenges to creating good jobs in rural Appalachia, said Mark DeFalco, telecommunications initiative manager at the Appalachian Regional Commission (ARC). A federally created agency that combines federal, state and local funding, ARC focuses on sparking growth in a region that includes parts of 13 states.

In a region where financing is hard to obtain, ARC tries to make sure its grants deliver the most bang for the buck. For example, wiring business parks is relatively inexpensive and helps attract businesses that create new jobs. The agency also capitalizes on broadband stimulus-funded networks to bring fiber to the region’s schools and set up Wi-Fi networks inside the schools.

In the field of telehealth, ARC has funded health information systems, digital diagnostic equipment and connectivity to allow small rural hospitals to connect with larger metropolitan hospitals.

“There’s definitely a place for small, regional organizations to help fill the gaps,” DeFalco said.
Tax Law Changes: What to Lobby For

Tax laws may make it difficult for communities to get the broadband they need, but they can work with leagues of cities and towns to build coalitions and lobby for changes. A few examples:

**Broadband tax credits:** “I love this idea,” said Dave Shaw, chair of the government and utilities industry section in the Utah law firm Kirton McConkie. Shaw drafted legislation for broadband tax credits during “an insomniac moment,” but the legislation has yet to be enacted. Under Shaw’s plan, homeowners would get tax credits if they paid for drop fiber, internal wiring, Wi-Fi routers or even new computers. The credit would encourage homeowners to invest in broadband connections for their homes, just as solar tax credits encourage them to invest in roof solar panels.

**Loan guarantees:** “Grants and loans have done much good,” Shaw said, “but loan guarantees could have done much more. A federal or state guarantee lowers the borrowing costs and maximizes the use of money. There’s a multiplier effect for loan guarantees.”

**Exemption from private-use rules:** The IRS says a city can’t issue tax-exempt debt for a project if more than 10 percent of the project will benefit a private company. There are exceptions to the rule, but it’s not clear that broadband is one of them. Being able to issue tax-exempt debt for private broadband projects would lower interest rates and attract more investors. “Cities should be able to take advantage of both,” Shaw said.

Municipal Debt Financing

Municipalities that issue tax-exempt debt to finance broadband networks and other infrastructure can choose among several types of instruments, said Fred Cornwall, president of Municipal Capital Markets Group. General obligation bonds, revenue bonds and municipal lease financing are the primary choices. General obligation bonds are in some ways the most attractive – they carry the lowest interest rates and have the lowest cost of issuance – but they are not often used for broadband because they put communities directly on the hook for any losses and require a favorable vote by taxpayers.

Revenue bonds, which pledge system revenues to repay debt, carry slightly higher interest rates than general obligation bonds but are less risky. There are many variations on revenue bonds, such as tax-increment bonds, economic development bonds, public improvement bonds and local government corporation bonds; Cornwall recommended using bond counsel to investigate all the options and choose the most suitable. Entities that may issue revenue bonds include not only cities and counties but also agencies such as public improvement districts, economic development corporations, local government corporations, enterprise zones and public facility corporations.

Because “it’s hard to repossess fiber,” Cornwall said, the whole network package – including switches and other equipment – must be part of a bond offering. All cash flows must be pledged to the debt repayment. In addition, he said, investors want to see commitment from communities, including “skin in the game.”

**CITIES AS ANCHOR TENANTS**

One way communities can put “skin in the game” is to serve as anchor tenants for their own networks or for private
networks. GWI, an independent ISP and CLEC in Maine, recently entered into several public-private partnerships with Maine cities for FTTH networks. Some of these partnerships were made possible by the middle-mile network built with BTOP funds. CEO Fletcher Kittredge spoke about the financing methods used in three of the partnerships.

In Rockport, GWI agreed to be the default lit-service provider on the town’s existing dark fiber and contributed engineering costs to the project. Maine Media College agreed to be an anchor tenant, buying a 20-year IRU for $30,000 and guaranteeing cash flow. The town paid $30,000 out of tax-increment bond funds. The town is now considering expanding the network.

In South Portland, the city held a formal RFP process, which GWI won. In this case, the city took a 20-year IRU on GWI’s dark fiber, which it paid for out of general funds. GWI serves residents and businesses, and it pays the city 5 percent of the revenue. GWI financed the buildout with a bank loan based on the cash flow from the IRU. The network is currently being turned up.

In Isleboro, a small resort town, the network was made possible when the local electric company laid fiber for its own use, and the town paid the incremental costs to add extra fiber strands. The town financed the fiber using municipal bonds from the Maine Municipal Bond Bank, an independent public authority, and will repay the debt from property taxes. GWI won an RFI process and will serve as system operator. The town will pay GWI’s costs plus 10 percent of revenues as potential profits.

Financing costs vary with types and ratings of the bonds issued.

A New Cooperative: RS Fiber

This multicommunity fiber network in rural Minnesota was originally conceived as a public-private project but faltered when a bond attorney ruled that the pledge to repay revenue bonds was not absolute. “To be a complete failure by year three, the network would have had to lose all its customers,” said Mark Erickson, economic development director for the city of Winthrop, one of the municipalities involved. “But the attorneys won.”

Ultimately, RS Fiber became a cooperative with a public-private partnership and a complex financing scheme. Its first phase will be financed by an economic development bond guaranteed by the cities (without the help of the outlying rural areas, which also belong to the cooperative); a grant from the state of Minnesota; member equity raised from individuals and businesses in the community; loans from an electric cooperative; and bank financing from a coalition of banks, with a local bank taking the primary role in putting together the coalition. Some of the financing will involve USDA loan guarantees.

The second phase will be financed by revenues generated from the early operation of the business; an economic development bond guaranteed by the rural townships; additional loans from other cooperatives; additional bank loans, some also backed by USDA loan guarantees; and a cash infusion based on new market tax credits. In addition, the organization will try to obtain another state grant and additional member equity.

Erickson explained, “This all involves rather complicated financial guarantees, such as determining the order of preference for the various sources of funding. First in line at default are the banks, with the member equity being last in line.”

RS Fiber, a new cooperative, is tapping both public and private sources of funding.
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Before you go down the road to financing, you must be able to demonstrate that you have a well-conceived plan and that people in your community support your efforts. Your path from concept to deployed fiber project will probably take longer than you expect. Here are some questions to consider:

**Do you have a champion?**
Is a person or a team of people willing to step up and devote the considerable amount of time needed to undertake the necessary steps?

**What is the competitive landscape?**
Do the incumbents do a good job? Are they well liked? Have you talked to the incumbents about upgrading their network? Is there an opportunity to partner with an incumbent?

**What kind of support do you have in the community?**
How do local businesses feel about the city’s becoming involved? Are schools on board? Have you talked with health care providers? You will need to be able to demonstrate support – meaning customers – before you can attract financing.

**Who is going to help you?**
Have you selected a consultant to draft a business plan? You also might need an engineering firm to provide an estimate of network costs to verify the numbers suggested by your initial consultant.

  - Find a financial adviser appropriate to your planned form of financing. Get the adviser’s opinion early to make sure that what you have in mind is feasible and legal.
  - Be prepared to be flexible because the realities of funding may make you change your plans.

You also need a plan to bring the public on board. Educating residents about the benefits of a fiber network is key to gaining their support. If they see the benefits, they will be more inclined to support your efforts. This will require surveys, mailers, newsletters, websites and lots of public meetings.

You will need a team of local volunteers to handle the early work that needs to be done. Somebody has to take charge of working with the consultants and working with the public.

**Who is going to pay for development costs?**
Before you go for final financing, you are going to have to pay for feasibility reports, engineering, legal advice, advertising and public awareness. This cost can be considerable and generally is proportional to the size of your project. Make sure you know up front how you are going to raise the needed money. These up-front costs can often be repaid from final financing, but somebody has to write the checks to get the project to the point of being ready for financing and construction.

**How will you be organized?**
You need to know which business structure you will use to own and operate the business. Will the network be a municipal, cooperative, nonprofit or for-profit corporation?

  - If it’s a municipal business, this means getting the local politicians involved, holding public hearings and asking them to vote to support and fund the project. If more than one municipality is involved, you will probably have to create some sort of joint powers board as a way for the communities to act together. Expect that every community will have naysayers who do not want to use public funds to pay for fiber.

  - If you form a corporation or cooperative, you need to create the operating entity, choose people to lead the effort, and create and implement governance rules.

**How is this going to operate?**
Will you hire employees or bring in an outside firm? In either case, you need a detailed plan of how this will work before you get funded.

**Will you have any partners?**
If the project involves multiple entities, those agreements must be reached early. If this is to be a public-private partnership, all parties must be on board early with a clear understanding of roles, risk assignment, limitations and governance.

  - In the end, you are going to ask someone to lend you a substantial amount of money from a private or public source or a combination of sources. More sources equal more complexity.

  - Cities need to understand that borrowing money for fiber projects is never easy and that the final step of getting financed is the hardest step in the process.
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A New Template for Financing

Macquarie Capital is a global financial institution that, several years ago, began to finance, build and operate public infrastructure in the United Kingdom. Last year, it entered the U.S. broadband market with the aim of replicating the approach it pioneered in the U.K.

Nick Hann, senior managing director of Macquarie Capital, said he hopes this public-private partnership model will establish a new template for financing broadband. In Macquarie’s preferred model, he said, the public sector retains control over the infrastructure but passes rights, responsibilities and risks to the private partner.

“The public sector doesn’t, as a rule, deliver large-scale public infrastructure very well,” Hann said. “A private partner can do it better.” Private partners typically deliver projects two years sooner than public agencies do, he added. In the Macquarie model, the same entity takes responsibility for design, build and performance warranty. “Taking away the interface management risk lowers costs,” Hann said.

The public partner also transfers to the private partner the risk of failing to complete the project on time and under budget. In addition, a private partner can often attract a broader range of design bidders than a public entity can. Overall, Hann said, this risk mitigation yields a typical savings of greater than 20 percent over the infrastructure life cycle.

“There is a huge demand for long-life infrastructure investments,” Hann said. “We have $65 billion in equity invested in these sorts of projects. Pension funds, even in the United States, want to invest 3 to 5 percent of their capital in these assets. Typically, the same investors that might buy municipal revenue bonds will buy a public-private partnership bond. We can be competitive with the cost of a revenue bond – though not with a general obligation bond – because investors trust us to deliver.”

Hann explained that public entities that borrow for infrastructure projects are required to hold large debt-service reserves – in essence, “dead money” tied up in low-income accounts. Private partners tap the same bond markets, but their lenders don’t require them to hold as much in debt-service reserves. As a result, a private borrower has more cash available than a public borrower would – and can invest this cash into the project itself.

In a typical design-build-operate-maintain contract – the usual way a public entity contracts for a large project – the private partner can walk away when things get tough, and the public entity is left with a long-term debt liability. In the model preferred by Macquarie, the private partner takes on that responsibility. “It’s an important incentive for us to get it right and protection [for the public partner] in the few cases where we don’t,” Hann said.

THE CURRENT STATE OF THE MARKET

Currently, there are two financially viable models for fiber to the home, Hann said. One is the proprietary model, in which the infrastructure owner is the sole service provider – the most common situation in the United States today. “This leads to cherry picking,” Hann said.

The other model is a ubiquitous open-access network in which broadband is treated as a basic utility or public good available to everyone. “The advantages, aside from political equity, are the enormous economies of scale, the construction efficiencies, and the operations and maintenance efficiencies. This brings down the cost for everyone and attracts an ecosystem of service providers who will compete to provide better niche services. This best fits with our philosophy of being an infrastructure provider,” Hann said.

Within the utility framework, there can be a range of funding models, Hann said. A utility-type network may need an underpinning of support from an anchor tenant, which may be a public-sector entity. For example, in Kentucky, where Macquarie is negotiating a public-private partnership with the state for a middle-mile network, more than 3,000 state institutions will be directly connected to the network. The state will pay Macquarie for these connections for 30 years – though it won’t pay any more than it was already paying for these institutions’ connectivity. “By pooling these expenditures, it can improve the institutions’ connectivity with no new funding,” Hann said. “I’m convinced this would be effective everywhere.”

In Utah, Macquarie is negotiating with UTOPIA member cities to take over operating the UTOPIA network. It is proposing a utility fee on every premise, which would entitle the premises to a low-cost, basic Internet connection as well as access to multiple premium providers. “We’re confident that will generate additional subscriber revenue, and we will be able to return revenues back to the public-sector partners,” Hann said.
Technology Companies Invest in Broadband

Google proved that a technology company outside the traditional telephone and cable world could fund, build and operate a fiber-to-the-home network – and that it might have good reasons to do so. Since Google announced its Fiber project, several other technology companies have followed in its path, though on a smaller scale (so far) and with less hoopla. Two of them were represented at the Summit.

Toronto-based Tucows was best known as a domain registrar until it entered telecommunications with the launch of Ting, a mobile virtual network operator. Now it is focusing on FTTH. “I think we’re at the beginning of a 10- to 15-year fiberization,” said Elliot Noss, CEO of Tucows. In the last year, Tucows acquired Blue Ridge InternetWorks, a small competitive fiber provider in Charlottesville, Va., and, in a separate venture, entered into a public-private partnership with the city of Westminster, Md.

Tucows’ infusion of capital into Blue Ridge InternetWorks enabled it to “build out the network top to bottom,” Noss said. He said Tucows was looking for additional investments, and there were hundreds or even thousands of small, local service providers that might be potential candidates. Tucows would use different partnership structures based on the specific circumstances of each company it invested in. The companies would retain their local orientation, but, with Tucows’ investments, they could build out FTTH throughout their markets.

“It could always be the case that we are stupid,” Noss said, “but we look at the internal rate of return and think it’s a fantastic investment. We don’t see where the talk of a long payback period comes from.” Building on the back-office investments it already made for the Ting MVNO (billing and provisioning, customer service, network operations) allows Tucows to deliver services at low cost; in addition, Noss pointed out, the cost of transport continues to drop.

**LIT SAN LEANDRO**

In San Leandro, Calif., an industrial city in the Bay Area, the investment was motivated by a crisis, said Deb Acosta, the city’s chief innovation officer. The city had already lost much of its traditional manufacturing base. Then one of the most successful businesses – a B2B software company called OSIsoft – was facing having to move out of the city because it could not obtain sufficient bandwidth.

OSIsoft’s founder and CEO, Patrick Kennedy, decided he could build his own 10 gigabit network if the city made its conduit available, and he formed a dark-fiber company and a lit-fiber company to do this.

The city was glad to partner with Kennedy, trading the use of 11 miles of existing conduit for 30 fiber strands, and OSIsoft became the anchor tenant on the Lit San Leandro network.

Today, 200 businesses with 3 million square feet of space are connected to the network. Two ISPs provide Internet access to network customers.

Lit San Leandro’s success inspired the U.S. Economic Development Administration to award the city $2.1 million to build out an additional 75 miles of conduit. This will enable the network to reach additional businesses in existing and developable areas of the city. Because of the network, Acosta said, San Leandro is transitioning from old-fashioned manufacturing to advanced manufacturing.

Working With a Local Foundation

Foundations can be helpful partners in bringing broadband to everyone, said Bernadine Joselyn, who directs the Blandin Foundation’s public policy and engagement program area. The Blandin Foundation’s mission is strengthening rural Minnesota communities, and Joselyn sees broadband access and digital skills as “fundamental to everything we care about.”

The Blandin Foundation gives grants for broadband planning and feasibility studies, but Joselyn said foundations could be “more than just funding partners” because they could bring many other skills and resources to bear. For example, she said, foundations served as honest-broker conveners, knowledge entrepreneurs and informers of public discourse. They could raise awareness and understanding of broadband and help recruit the attention and resources of other philanthropic organizations. They could also commission relevant research, facilitate leadership teams and disseminate best practices.

Funding feasibility studies helps communities mitigate risk at the outset of projects, when there is unlikely to be any money available. Foundation grants also serve as matches for other grant making agencies that require matching funds.

Joselyn recommended that communities seeking better broadband approach local foundations with appeals to their special areas of concern – health, education, social welfare and so forth. “Everything is better with broadband,” she pointed out. “It’s easy to demonstrate that each area in which a philanthropy is active will benefit from broadband.”

To become good candidates for foundation funding, communities must not only demonstrate congruence with the foundation’s goals but also show they are capable of spending the money well. “Money follows vision,” Joselyn said. “One of the first questions is, ‘Is there the vision and the capacity to deliver?’ If you can make the case that ‘we’re going to get this done, we have fire in the belly,’ that’s what philanthropic partners are looking for.”
Federal Funding Streams

The broadband stimulus program is over, but the federal government still has funding streams that can be used for broadband (see Table 2), according to Sandeep Taxali, senior policy analyst at the National Telecommunications and Information Administration (NTIA). In addition, federal agencies have funds for planning and technical support.

The NTIA is now sharing broadband best practices and technical assistance with communities through the BroadbandUSA program, Taxali said. A new initiative, the Broadband Opportunity Council, co-chaired by the Departments of Agriculture and Commerce, will include 25 federal agencies. The purpose of the council is to make sure that federal agencies facilitate the deployment of broadband networks to the extent possible.

NEW E-RATE AND RURAL BROADBAND OPPORTUNITIES

Jonathan Chambers, chief of the office of strategic planning at the FCC, said that the FCC recently adopted two orders concerning E-Rate. Beginning next year, funds will be available for construction of fiber to schools and libraries. The FCC adopted steps that “make the deployment of fiber a no-brainer,” Chambers said. “Any school or library that wishes to get fiber can apply through a competitive process, and the FCC will pay more if there’s a state matching grant.

“It takes time to plan, so start looking at it now,” Chambers added. “This opportunity will be available for several years. E-Rate funding is increasing to $3.9 billion per year.”

In addition to E-Rate, the FCC administers support for high-cost carriers. This year, $1.8 billion in support is available for price-cap (generally Tier 1 and Tier 2) carriers to build out broadband in rural areas.

If these carriers turn down funding, it will be made available to others through competitive bidding.

Last year’s rural broadband experiment was an effort to find out what would happen if high-cost support were made available to entities other than the price-cap carriers. The first auction is nearing completion. Bids were received from telcos, electric co-ops, municipalities, wireless ISPs, satellite companies and others. The results of the experiment will be used in designing the auction for the areas in which the price-cap carriers turn down support.

More than 1,000 entities submitted expressions of interest in the rural broadband experiment, and about 100 participated in the auction. The winning entities sought only about half the amount of support that would have been available to price-cap carriers.

Most proposed FTTH projects.

“I never quite viewed the rural broadband experiment as something to learn from so much as something to teach,” Chambers said. “I wanted to teach certain people in Washington that we could do better than 4 Mbps down and 1 Mbps up; that there was interest across a wide, diverse set of communities for deploying broadband; that it could be done with the amount available [in the USF fund] because the models work differently in different places; that communities or states would put money up. And we learned all that.”

THE RUS BROADBAND LOAN PROGRAM RETURNS

The 2014 Farm Bill, passed two years late, renewed the Rural Utilities Service infrastructure loan program, including loans for broadband. However, because the legislation changed aspects of the program, such as appropriate speeds, eligibility criteria and reporting requirements, funding was unavailable until the RUS could update its regulations.

Once the new regulations are completed, the RUS will begin accepting loan applications under the program, said Laurel Leverrier, operations branch chief at the RUS. The agency is also trying to obtain appropriations for a rural gigabit pilot program.

Leverrier added that the RUS anticipated opening a grant window for distance learning and telemedicine projects. [This was done in May 2015.]