

Broadband: The New Anti-Viral Wonder Drug

Even before COVID-19 hit, broadband interest among policymakers was ramping up. Now the national emergency has solidified support among governments and maybe even Wall Street for broadband expansion. Can broadband compete with other needs?

By Steven S. Ross / *Broadband Communities*

As the U.S. broadband industry finished a triumphal year in 2018 – \$2.35 billion in new rural federal broadband funds, new funds and looser deployment restrictions in many states, and a sharper focus by the Federal Communications Commission (FCC) for spending funds raised by Universal Service assessments – industry observers hoped for wise spending as the money spigots opened. Their hopes were largely fulfilled in 2019.

Electric co-ops finally started long overdue broadband projects, on course to triple the number deploying networks with consumer-facing fiber to about 200. They were enticed by state regulatory changes, needs for smart grids, declining deployment costs, simplification of the selling proposition, the specter of job and population loss erasing existing electricity customers, and the new availability of federal funds. Six of the first 54 ReConnect awards by the Rural Utilities Service (RUS) went to electric co-ops; 17 more went to telephone co-ops.

Unfortunately, the FCC, with its lowball definition of “broadband” in 2019 (10 Mbps down, 1 Mbps up), tended to attract national telephone carriers and video providers last year, along with deployers promising use of satellite and white space.

ReConnect was the star, as I detail in depth in this issue (see page 24). All of the first 54 awards will deploy fiber – and all but four of those were for fiber to the premises. What’s more, RUS-funded projects showed that fiber deployment costs are within reach, even with small subsidies or none at all. At \$5,000 per home passed, deployers borrowing the full cost would have to bill about \$35 per month to amortize a commercial 20-year loan.

A bit of creativity – having some customers pay, say, \$1,000 up front or in the bill and maybe own a share of the deployer – could cut that as well. Judicious mixing of fiber, 5G cellular and point-to-point wireless can easily save another \$1,000 per premises.

Creativity is needed. The cost of bringing fiber broadband to 117,000 customers served by those first 54 deployments spread across a land area larger than Massachusetts, Connecticut and Rhode Island combined was more than \$500 million. If the federal government had to shoulder the whole cost of deploying to all 14 million homes that lack broadband, the price tag would be far more than the \$70 billion the median cost to pass a premises in ReConnect

would suggest. The ReConnect areas at least have existing deployers or other assets, such as co-op-owned poles, nearby!

THEN COVID-19 ARRIVED

Covid-19 makes even a price tag on this scale (it would probably top \$100 billion) seem worthwhile to face the next national emergency. Telehealth, distance learning and working from home have spawned a patchwork response showing how central broadband is to creating and maintaining a resilient economy.

The FCC asked for the Keep Americans Connected Pledge, and most large broadband deployers quickly signed on. It includes not terminating service to any residential or small business customers for the next 60 days because of their inability to pay due to coronavirus disruptions, waiving any late fees, and, most important, opening Wi-Fi hotspots to anyone who needs them – notably, schoolkids. Some big-city mayors have gone further in an effort to temporarily expand homeschooling.

In rural areas, 20 percent of the population is 65 years and older, making telehealth a high priority. Medicare already allowed provider reimbursement for some telehealth services, but expanded its coverage to include regular office visits, mental health counseling, and preventive health screenings. The idea is to minimize in-office or hospital visits, which strain the system in times of crisis and put patients and caregivers at risk. Medicare advises those with an existing appointment or a health problem that might require a doctor to call first to see if it can be handled with a phone call or a video-capable device such as a tablet or a laptop.

Various sectors of the economy are lobbying Congress as we go to press, attracted by talk of \$1 trillion or more in economic aid. Airlines, small businesses, retail and restaurant wage-earners and many others are making their cases. It will be a shame if the fractionated broadband industry – especially small deployers that Wall Street fears as disruptive to heavily leveraged national carriers – does not get in line, too. Wall Street is at least listening. The digital age investors praise has always simply assumed broadband would magically appear to carry new digital services. COVID-19 clarifies that argument. ❖

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