New Broadband Funding, New Ways to Finance Deployments

The U.S. is on the brink of having enough money to connect all businesses and residences with high-quality broadband – and having the financial and regulatory tools to spend wisely.

By Steven S. Ross / *Broadband Communities*

This issue confirms that **Broadband Communities** is a business magazine more than a publication that dwells on technology. Inside you'll find my annual compilation of where multiple-dwelling-unit (MDU) buildings are being planned or are under construction (p. 20). Spoiler alert: Fiber-friendly MDU construction is running at record rates nationally.

You'll also find an exciting article by David Daugherty (p. 54) about a new twist on financing and managing deployments, especially small ones in rural areas and MDUs: franchising.

Large carriers, including Google, already have begun to lease and operate systems built by others. The three major cellular providers (AT&T, Verizon, T-Mobile) have sold most of their large towers and leased them back, and have leased fiber for tower and microcell backhaul as well. But how about flipping the business model: small deployers that have built networks where significant carriers can't or won't? There often may be mutual financial advantages for small operators to "franchise" a larger carrier's technology, management standards and brand name. Customers win, too.

In an upcoming issue, we'll explore another rarely used idea whose time may have come: state and local governments making broadband systems part of regular government operations, funded through taxes in the same way local roads and public schools are. If it sounds a bit like bulk broadband subscriptions for MDU tenants, especially in student housing, well, it is. Bob Frankston, whose Visicalc spreadsheet kickstarted the home computer revolution more than 40 years ago, is one proponent. A few small communities do it now, but a major North American push by financial giant

Macquarie to interest communities to fund broadband through taxes failed a decade ago.

The fresh look at financing ideas comes as Congress is (at press time) considering a major infrastructure bill, discussed in more detail in the August/September issue. There's enough money in that bill and existing Rural Utilities Service (RUS) and FCC programs to bring broadband to almost every U.S. residence, farm and business.

FARM FRESH BROADBAND

There are pitfalls, however. For rural areas, many are discussed in a new book from The MIT Press, "Farm Fresh Broadband: The Politics of Rural Connectivity," by Christopher Ali, associate professor at the University of Virginia. The book is already outdated, as many of the issues discussed may have been solved, and one big one Ali mentions, bureaucratic infighting between the FCC and RUS, seems to be overblown. There is no point in cooperating when the FCC is authorized mainly to give out operating subsidies and RUS handles capital costs – and Congress barred them from sending money to the same deployers for the same deployment areas anyway.

I have been pleasantly surprised at RUS and FCC performance lately, although much FCC money goes to larger carriers because they have more customers and are well-versed in grantsmanship. My detailed data, available for download on the **Broadband Communities** website, was published in the January/February issue for the FCC (www.bbcmag. com/rural-broadband/bandwidth-hawk-fccs-rdof-auction-dissected) and in March for RUS ReConnect (www.bbcmag. com/rural-broadband/bandwidth-hawk-get-ready-for-usda-

reconnect-round-three). I have been appalled, however, as advocates for various broadband technologies spit on each other.

Drafters of the infrastructure bill understood the potential for getting it wrong. Instead, they pushed most regulatory authority to the National Telecommunications and Information Administration (NTIA), but state agencies handle fund dispersal under NTIA rules that have yet to be written. State activists and all deployers should read Ali's book to recognize past mistakes and prevent them from being repeated.

FIBER TO THE HOME HANDBOOK

Back to MDUs. Jim Hayes added to a brilliant and valuable collection of books on fiber technology at the Fiber Optic Association, www.foa.org. His "Fiber To The Home Handbook"

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perfectly explains the basics needed by public officials, real estate folks and activists. Many economic development consultants also could be enlightened. It's available in hard copy and on Kindle on Amazon.

I've already recommended it to several attorneys reviewing contract documents for MDU owners, although in one complicated case, I also suggested several specialized law firms. It includes plenty of technical details beneficial for inside plant contractors, too. ❖

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