

# All Hail the Middle Mile

Policymakers at NTIA and RUS seem to be favoring middle-mile projects. They're not wrong, but the price is fewer jobs in the short term.

By Steven S. Ross ■ *Broadband Properties*

The small batch of “noncontroversial, obvious” broadband stimulus projects released in mid-December got us to thinking. What caught our eye were the middle-mile builds, which totaled \$121.6 million. Only 5 percent of funds requested were for middle-mile projects, but they received two-thirds of the \$183 million awarded. Sources at NTIA and RUS say there will be more.

## THE INITIAL MIDDLE-MILE LIST

The middle-mile choices so far are hard to argue with:

The North Georgia Network Cooperative, a nonprofit formed to push economic development, got \$33.5 million to build in eight counties in northern Georgia and North Carolina. The 260-mile regional fiber optic ring will deliver gigabit speed, reliability, affordability and abundant interconnection points for first-mile projects.

The ION Upstate New York Rural Broadband Initiative – a partnership between for-profit ION in Albany, N.Y., and the Development Authority of North Country, a public-benefit corporation, got a \$39.7 million grant for 10 new middle-mile segments that will add more than 70 rural communities to the reach of its existing statewide fiber backbone. ION promises that the open-access backbone “will enable a host of last mile service providers to bring their products and services to numerous underserved and unserved areas of rural New York.”

The Biddeford Internet Corporation, a public-private partnership between the University of Maine and various Internet service providers, got \$25.4 million to construct middle-mile fiber across remote areas of Maine. Its “Three Ring Binder” project will enable 100 Mbps

(and more) broadband connectivity to businesses, households and community anchor institutions, “facilitating rural economic development, job stimulation, education, and health care.”

Project Connect South Dakota, built by South Dakota Network, will use its \$20.6 million grant to upgrade its middle-mile network, adding 140 miles of backbone and 219 miles of middle-mile spurs for 10 Mbps+ service to more than 220 existing anchor institution customers in rural and underserved areas. Almost 300 more public safety agencies and government units will also benefit.

A less ambitious but extremely well-conceived project by the Consolidated Electric Cooperative in north central Ohio got \$2.4 million (a \$1.0 million grant and a \$1.4 million loan matched by \$1.2 million – well beyond the typical 20 percent match) for a 166-mile middle-mile open-connectivity fiber optic backbone network that will also connect 16 electric substations. The project is integral to a smart-grid initiative and broadband service that will bring urban connectivity to rural Ohio.

## IMPLICATIONS

Obviously, middle-mile projects improve the business case for first-mile FTTx projects by providing more local points of presence (POPs) and more competition to reduce the high interconnect charges levied by national carriers. The extra POPs also add reliability, helping to attract more economic development to remote areas.

However, because mid-mile projects are not as labor-intensive as FTTx builds, they will not provide as many jobs in the near term per federal dollar spent. We thought that stimulus funds would, well, be more immediately stimulative. Of course, we also thought they'd come sooner.

What's going on?

Several sources in the Federal Communications Commission praised the mid-mile projects as setting the stage for more investment by private carriers and the federal government – in follow-on broadband grant and loan packages that go beyond the \$7.2 billion appropriated so far. They also noted that mid-mile projects are inherently open access, and carriers remain nervous about open-access local builds. That makes mid-mile projects safer politically.

They also said library and sustainable adoption projects are more labor-intensive, making up the mid-mile shortfall for everyone except FTTx suppliers. Sources at NTIA and RUS add that plenty of FTTx projects will be funded in the first round.

No one wanted to talk about it openly, though. Why? It looks as though stimulus funds are being aimed at longer-term national broadband goals rather than entirely at near-term jobs. As a bandwidth hawk, I applaud. But what about the folks who invent, manufacture, sell and install FTTx networks? And what about the innovative service providers looking for connected users right now? **BBP**

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