

NARUC Winter Meeting Washington, DC

***Rural Development
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Telecommunications Program

Loans/ Grants Approved FY 2008

Traditional Loan Program: \$674,966,000 (+79% over FY 2007)

Broadband Loan Program: \$438,475,000 (+75% over FY 2007)

Community Connect Grants: \$ 15,488,579 (+50% over FY 2007)

DLT Grants: \$28,270,764

DLT Loan/Grant Combos: \$15,005,308



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Telecommunications Program

FY 2009 Budget

Traditional Loan Program:	\$ 685,000,000
Broadband Loan Program:	\$ 594,000,000*
Community Connect Grants:	\$ 13,405,500
DLT Grants:	\$ 29,790,000

**Includes \$297 million in
carryover funds*



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The Telecommunications Program

Changes for FY 2009

- No program changes anticipated for Infrastructure, DLT or Community Connect grants
- 2008 Farm Bill necessitates changes to the Broadband Loan Program
- American Recovery and Reinvestment Act of 2009

2008 Farm Bill, Sec. 601:

Broadband

- Rural Area means any area, which is not located within:
 1. A city, town, or incorporated area that has a population of greater than 20,000 inhabitants; and
 2. An Urbanized Area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants

2008 Farm Bill, Sec. 601: Broadband

- **Broadband Definition:**

- Requires the Secretary to, as advances in technology warrant, review and recommend modifications to the transmission rate

- What should the definition be???????

- 1M/1M, 5M/3M, 10M/10M, 40M/15M

2008 Farm Bill, Sec. 601:

Broadband

- **Eligible Entities:**
 1. Demonstrate the ability to furnish, improve, or extend Broadband Service to rural Areas;
 2. Submit an application containing all required information;
 3. Agree to complete build-out of the service described in the loan application by not later than three years after the initial date on which the proceeds from the loan are made available

2008 Farm Bill, Sec. 601 Broadband

Incumbent Service Provider

“Means an entity that, as of the date of submission of the application, is providing broadband service to not less than 5 percent of the households in the service territory proposed in the application.”

2008 Farm Bill, Sec. 601:

Broadband

- **Eligible Projects:**

- “(i) not less than 25 percent of the households in the proposed service territory is offered broadband service by not more than 1 incumbent service provider; and”
- “(ii) broadband service is not provided in any part of the service territory by 3 or more incumbent service providers .”

Sec. 601:

Broadband (modified)

- Exceptions:
 1. To the “25% un-served” rule:
 - For previous borrowers (Title VI) for the proposed service territory
 2. To the “Less than 3” rule:
 - For incumbents upgrading service to existing territory
 - » However, must not be eligible to apply under another program in the RE Act
 3. Loan size restricted to 15% of available funding if the applicant provides service to 20% of telecom and/or broadband customers

2008 Farm Bill, Sec. 601: Broadband

- **Equity and Market Survey Requirements:**
 - **Equity:** No more than 10% unless a higher amount is needed to satisfy financial feasibility
 - “Recurring Revenue” can be considered
 - **Market Survey:** “May” require an applicant that projects more than 20% market share to submit a survey
 - “May not” for applicants proposing less than 20%

American Recovery and Reinvestment Act of 2009

Rural Development – Rural Utilities Service

\$2,500,000,000



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Rural Utilities Service: \$2.5 Billion

- 75% of the area to be served by a project receiving funds from such grants, loans or loan guarantees shall be in a rural area without sufficient access to high speed broadband to facilitate rural economic development

Priorities

- Shall be given to project applications for broadband systems that will deliver end users a choice of more than one service provider

RUS - Priorities

- **Priority to the most rural residents that that do not have access to broadband service**
- **Priority to borrowers or former borrowers under title II of the Rural Electrification Act of 1936**
- **Priority to applications that demonstrate all project elements will be fully funded**

Priorities - continued

- Priority for project applications that can be completed if the requested funds are provided
- Priority shall be given to activities that can commence promptly following approval

Priorities - continued

- That no area of a project funded with amounts made available under this paragraph may receive funding to provide broadband service under the Broadband Technology Opportunities Program (NTIA)

QUESTIONS?



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