

2019-2020 Study Options

Broadband Issues – Access and Affordability



Broadband Activities in Montana

- Pilot project in Troy
 - Developed a connectivity roadmap (next steps, which includes developing a Broadband Taskforce). Partnership with Deloitte Consulting and Montana Telecommunications Association.
- Tribal broadband project TBD (according to Governor's Office of Economic Development)
- Broadband in Schools Initiative (HB 390 (2017) provided up to \$2 million from 7/1/2017 to 6/30/2019 through the Department of Commerce for schools to use as state matching funds in the federal e-rate broadband program. (See following slide) Total awards were \$571,540, based on Dept. of Commerce grant information database.
- Federal funding from Federal Communications Commission to Montana in 2018 – about \$132 million from universal service funds.



Broadband in Schools Grants		Contract Type	Status of grants	Amounts
<p>HB 390 in 2017:</p> <ul style="list-style-type: none"> • Designated yearly \$1 million specifically for state match in federal e-rate broadband program. • Required Dept. of Commerce to administer. • Statute (20-9-534, MCA) reverted 6/19 to former status of \$1 million/year for school technology grants. 	Consulting	4 completed	\$20,000	
				\$25,000
				\$32,143
				\$8,000
			1 obligated	\$39,857
	Construction	2 completed	\$2,179	
			\$4,700	
		8 obligated	\$7,875	
			\$5,958	
			\$6,350	
		\$4,578		
		\$23,955		
	(Yaak)	\$330,637		
		\$49,782		
		\$7,720		
	2 awarded	\$1,000		
		\$1,806		
Totals		6 completed 9 obligated 2 awarded	\$571,540	

Are Statewide Goals Too Low?

For Schools, an Education Superhighway fact sheet dated 8/2018 says:

- FCC Download Speed Goal = 100 kilobits/second
 - Those MT schools not meeting this goal: 112 (of 821)
 - Of which – 98% were rural; 2% were urban (~ 19,600 students)
 - Schools meeting goals were 405
 - 75% of schools on fiber; 25% using satellite/DSL in 2017
- Affordability (for schools)
 - Since 2015 – cost down 53% in Montana, 72% nationally
 - Fed \$\$ on the table: \$9.1 million* (state has used \$7.1 mil) * but \$4.1 million was to disappear if unused in 2018.

Eligible Telecommunications Carriers

Federal Funding Available (via universal serving funding) in at least 2 programs:

- High Cost Program – serves generally low-population areas that are not economically enticing for the private market to serve. A carrier has to be designated as an Eligible Telecommunication Carrier (ETC) to get federal high-cost funds.
- Lifeline Program – serves eligible, low-income customers.

Montana has 2 price cap carriers:

- CenturyLink – annual support of \$15 million for ~ 33,000 locations
- Frontier Communications – annual support of \$1.1 million for ~ 2,300 sites

These Price Cap Carriers Operate under Connect America Fund Phase II

- Deployment Goals: By Year 5 (2019) 80% of eligible locations
By Year 6 (2020) 100% of eligible locations

CAF Phase II Requirements:

- Minimum download: 10 Mbps; Minimum upload: 1 Mbps
- At least one plan must have minimum usage allowance of 150GB/month.
- Broadband plans must be at a rate reasonably comparable to urban areas.

Montana Statutes on Broadband

- Legislative Intent – Goal is for high-speed internet expansion through the private sector without interference or competition from government (2-17-601, MCA)
 - Exceptions allowed if areas not already served or a state agency or local jurisdiction can provide advanced services that a private provider is not providing.
 - Public agencies and local jurisdictions are to use private providers to the extent possible (2-17-604, MCA)
- Defines broadband by technology not speed (one capable of handling frequencies greater than for high-grade voice transmission)
- Exempts cooperatives from PSC regulation (35-18-104, MCA)
- Allows cooperatives to organize to provide broadband, use public right of way and public lands for broadband lines, (Title 35, ch. 18, part 1)

What are EAIC goals for Broadband?

How important is:

- Setting certain download and upload speeds (e.g. 10 Mbps download and 1 Mbps upload) as a target base to recognize high-speed through fiber-optic or a separate satellite criteria?
- Achieving accountability from grant recipients regarding standard goals (e.g. speeds, price)?
- Obtaining transparency to see where carriers invest their federal funds, which ultimately are based on service charges that each telecom customer pays?
- Providing incentives (like tax credits) for building fiber optic in rural areas? See SB 239 (2019).
- Working with schools, libraries, rural health care providers, and other anchor institutions to achieve: minimum access and reasonable costs?