

**State of Vermont****Department of Public Service**

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February 14, 2019

VIA EMAIL

Honorable Ann Cummings Chair

Senate Finance Committee

Vermont General Assembly

115 State Street

Montpelier, Vermont 05633-5301

Re: Connectivity Initiative Grant Proposal

Dear Senator Cummings:

As you are aware, the Administration is proposing a one-time infusion of \$955,000 into the Connectivity Fund for the purpose of funding last mile broadband projects. Commissioner Tierney informed me that you had some questions about the Connectivity Initiative and the uses to which the monies in the fund could support broadband expansion. The Connectivity Initiative is a grant program that was created by the General Assembly in 2014 and is administered by the Department of Public Service. The program provides funding to Internet service providers (“ISPs”) to build broadband infrastructure capable of serving last mile locations. This means that ISPs must use the money to bring broadband to specific homes and businesses that today lack broadband. The Department collects data on broadband availability at an address level and only those addresses that lack broadband may be funded under the program. Key attributes of the program include:

- **Focus on the “last mile”** – the program funds business and residential locations lacking 4/1 Mbps broadband
- **Minimizes overbuilding** – while overbuilding is sometimes necessary, granular mapping data helps ensure that funds are directed to locations without broadband.
- **Technology agnostic** – higher speeds are favored over lower speeds but the program can fund any technology
- **Scalable** – with an emphasis on cost per location, support can increase with increased levels of funding.
- **Compliments other sources** – the program can be used in conjunction with federal, local and private funding.

The Department has made three rounds of awards since the program’s inception and a fourth round is currently pending. The tables below show the awards by company, amount, and town.



February 15, 2019 Letter to Senator Cummings  
 Re: Connectivity Initiative

**Table 1**

**Round: CI 2015**

**Date of Award: May 5, 2015**

Company	Award amount paid	Number Underserved	Cost per Address	Town	Technology
Comcast	\$952.59	1	\$953	Jamaica	Cable
Comcast	\$58,897.37	13	\$4,531	Norwich	Cable
ECFiber	\$49,984.00	17	\$2,940	Randolph	FTTP
ECFiber	\$267,944.00	67	\$3,999	Royalton	FTTP
ECFiber	\$39,976.00	20	\$1,999	Pittsfield	FTTP
ECFiber	\$1,500.00	2	\$750	Norwich/Thetford	FTTP
FairPoint	\$164,488.00	36	\$4,569	Reading	DSL
FairPoint	\$90,000.00	16	\$5,625	Bradford	DSL
Non-Standard Drops	\$4,000.00				
<b>Total:</b>	<b>\$677,741.96</b>	<b>172</b>		<b>9 Towns</b>	

**Table 2**

**Round: CI 2016-01**

**Date of Award: October 16, 2016**

Company	Amount Awarded	Number Underserved	Cost Per Location	Town	Technology
FairPoint	\$90,000	108	\$833.33	Peru	DSL
FairPoint	\$87,500	57	\$1,535.09	Lowell	DSL
FairPoint	\$90,000	50	\$1,800.00	Canaan	DSL
EC Fiber	\$13,500	13	\$1,038.00	Stockbridge	FTTP
EC Fiber	\$43,500	38	\$1,144.00	Norwich	FTTP
EC Fiber	\$12,000	9	\$1,333.00	Sharon	FTTP
EC Fiber	\$24,000	14	\$1,714.00	Randolph	FTTP
EC Fiber	\$10,500	6	\$1,750.00	Royalton	FTTP
EC Fiber	\$17,000	9	\$1,888.00	Norwich	FTTP
EC Fiber	\$36,000	19	\$1,894.00	Chelsea	FTTP
Pear Networks	\$22,695	14	\$1,621.00	W. Craftsbury	FTTP
Pear Networks	\$27,795	15	\$1,853.00	S.W. Craftsbury	FTTP
WCVT	\$61,638	28	\$2,201.00	Charlotte	FTTP
<b>Total:</b>	<b>\$536,128</b>	<b>451</b>		<b>13 Towns</b>	

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**Table 3**

**Round: CI 2016-02**

**Date of Award: August 2, 2017**

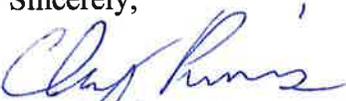
Company	Amount Awarded	Number Underserved	Cost per Address	Town	Technology
FairPoint	\$55,000	53	\$1,038	Reading/Woodstock	DSL
FairPoint	\$120,000	109	\$1,101	Whitingham	DSL
EC Fiber	\$13,300	7	\$1,900	Royalton	FTTP
EC Fiber	\$28,000	13	\$2,154	Stockbridge	FTTP
EC Fiber	\$31,200	11	\$2,836	Randolph	FTTP
Comcast	\$300,000	114	\$2,632	Cavendish	Cable
Total:	\$547,500	307		6 Towns	

The Connectivity Initiative is funded through the Vermont Universal Service Fund. While the program has been successful in expanding access to broadband service over the last four years, cost pressures on the VUSF have diminished the effectiveness of the program. In the current grant round, the Department has \$220,000 in available funding. There is no available funding from the VUSF for next year, which is why the Administration's proposal for an infusion of \$955,000 is so important.

Today there are currently 16,899 residential and business locations that lack broadband of at least 4/1 Mbps. These locations have no functional broadband options. The Department estimates that it could serve between 500 and 600 locations with an appropriation of \$955,000. While it would take a considerable amount of resources to fund all 16,899 locations, the Administration's proposal can and will be leveraged to help existing rural ISPS and communications union districts expand their facilities where it is not otherwise economical for them to go.

Please feel free to contact me if you have any additional questions concerning the Connectivity Initiative. I look forward to working with you as you weigh the merits of the Administration's proposal.

Sincerely,



Clay Purvis