RURAL BROADBAND INSIGHTS FOR CLOSING THE DIGITAL DIVIDE

conexon

WITH PARTNER JONATHAN CHAMBERS

Co-ops Connect FYI

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A Race to Build

Then:

In a January 2022 *Co-ops Connect FYI* post, I posited that, until funds were disbursed, the BEAD program would be a disincentive to building broadband in rural areas in 2022. [Read the post here]

To inspire builders to build while they waited for funds, I proposed that the Commerce Department tell the states to adopt a "look back" provision so anything built to BEAD-eligible locations before funds were available

would be reimbursed. Without "look back" reimbursements, I observed that it was best to wait until 2023 to build to BEAD-eligible locations; by then, I thought, BEAD funding might begin to be available.

Now:

Boy, was I optimistic. It turns out the disincentive to build will stretch well into 2025.

The Commerce Department has administered BEAD in a manner that arguably has done more damage to rural America than any other program in recent history.

- After two and a half years of announcements and ceremonies for the $42.5 billion rural broadband program, not a single rural home has been connected using these monies. Not one.

- At this pace, it'll be another two and a half years before any company receives BEAD funds for building a rural broadband network.

- **Perhaps most devastating of all — particularly since it was entirely avoidable — the design of the program discourages broadband construction to the very places that need it most**.

Last week, I was complaining to a friend about the Commerce Department's approach, as I again ruminated on a conversation with a former Commerce Department colleague who worked on the BEAD program and told me, "Maybe BEAD isn't for you."

Conexon and our co-op partners have built more fiber miles in rural America than any company in the country. If BEAD isn't for rural electric cooperatives, *then who is it for?*

While I like complaining more than most people, I do try not to complain unless I am willing to offer a solution.

My friend, knowing this, asked: **"So what's your big idea to fix it now?"**

Here are two solutions I offered, with my priority being to get fiber to rural communities faster.

Solution #1: Incentivize Building Now with Pole Replacement Resources
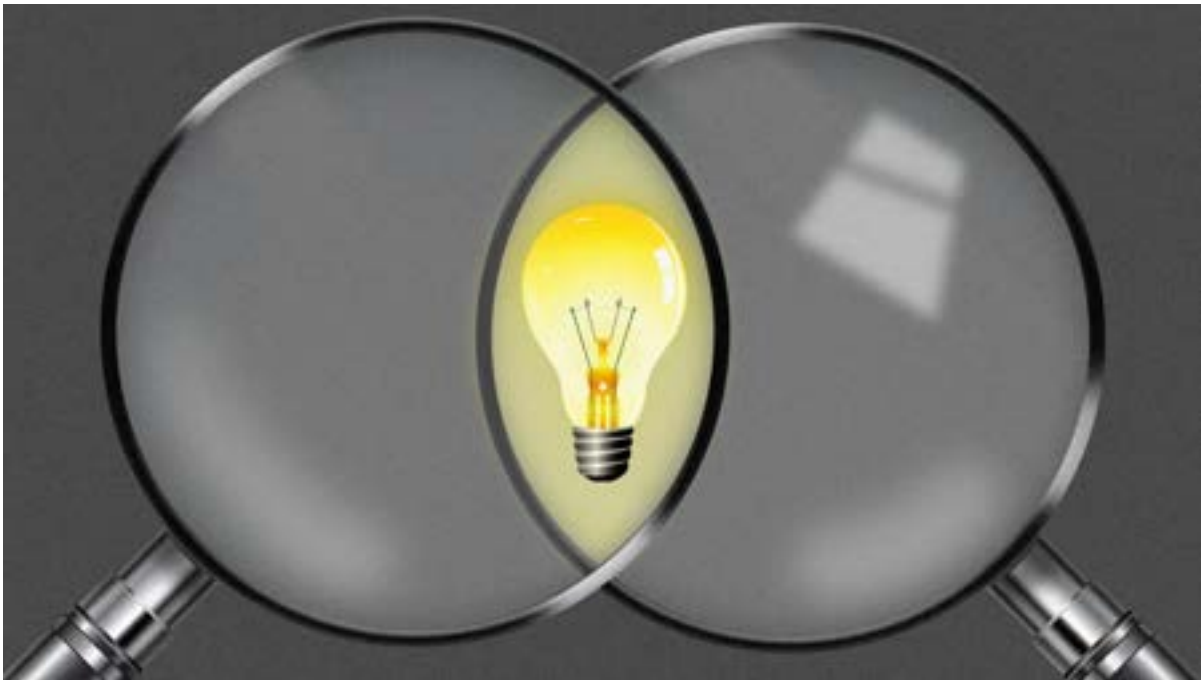
Urge state broadband offices to allocate some BEAD funds *now* for pole replacement — it's easy to do, cost-effective, and essential to reach unserved and underserved areas.

How it would work:

- Builders who build to BEAD-eligible locations would submit the poles they replaced for reimbursement from BEAD funding.

- The amount per pole would be set at a prescribed amount (*e.g.,* the lesser of 50% of the replacement cost or $5,000 per pole).

- Only poles on routes to BEAD locations would be eligible.

- Reimbursement would be available and issued based on actual receipts — not a BEAD application.

- There also should be a "look back" provision for any pole replaced as of the date NTIA allocated each state's funding.

Why it matters: When electric co-ops build in unserved and underserved areas, 90-100% of the construction is on existing poles.

Typically, electric poles in sparsely populated areas (*i.e.,* all BEAD-eligible areas) are older, shorter and, at times, in need of replacement.

Building on existing infrastructure is faster, cheaper, and necessary. It also doesn't require environmental surveys since the construction won't disturb the land.

Look to Kentucky: The state of Kentucky has such a program, so no innovation for this solution is needed — just cut and paste.

Solution #2: Stimulate A Race To Build to BEAD-Eligible Locations

Reimburse companies per location for building fiber to BEAD-eligible locations *now*, especially when they do so without costing the state the time and money it takes to review additional applications, mapping, challenges, labor issues, environmental analyses, and other time-consuming processes.

A decade ago, the FCC hired a consultant, CostQuest, to do cost models for construction of fiber to the premise for every rural location in the country.

- These models have been used to calculate, allocate and fund billions of FCC spending on rural Universal Service programs.

- CostQuest also prepared mapping for every broadband-serviceable location for the BEAD program.

- The FCC has made these mappings and datasets available to every state broadband office.

Why it matters:

The FCC, the Commerce Department, and every state broadband office have data showing the most efficient cost of fiber construction to every census block in the country, and by extension, the cost of construction for every BEAD-eligible location in the country.

How it would work:

First, make the data — paid for by taxpayer dollars — public. Calculate and publish the amount of construction reimbursement for every BEAD-eligible location.

Second, for any company that delivers multi-gigabit symmetrical service to a BEAD-eligible location, award that company the amount calculated by the cost model; since the cost models are based on multi-gigabit symmetrical service, it's apples to apples.

How it helps: This solution is transparent and uncomplicated.

For companies that use their own monies now to build a fiber network capable of multi-gigabit service to a BEAD-eligible location, a state broadband office should reimburse that company using the amount calculated by the cost model for that location.

Yes. It really can be that simple.

Why These Solutions Work

My friend asked, "But the BEAD program is now almost set to begin — won't these solutions slow down BEAD's implementation?"

No. It would not.

Why? Because both solutions create a race to build.

- While the last two and a half years are past and gone, that is no reason to wait even longer.

- Experience with government programs like BEAD has taught us that the application process alone will take another 12-18 months to complete; the reimbursement process will take 12-18 months beyond that.

In conclusion:

I'm not suggesting replacing the current application process; *I am suggesting supplementing it.* A "race-to-build" approach will deliver more fiber, faster, to unserved areas. Isn't that the goal?

Ecclesiastes 9:11 teaches that the race is not to the swift, nor the battle to the strong. But maybe this time, we can make at least the first true — and

reward those willing to work harder, faster, to serve those residing in unserved areas sooner.

*Feel free to forward this **Co-ops Connect FYI** to colleagues who want to stay in the know on all things broadband! Subscribe to Conexon's weekly newsletter [here](#).*

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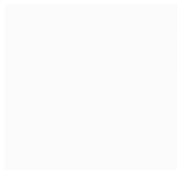
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