

RURAL BROADBAND INSIGHTS FOR CLOSING THE DIGITAL DIVIDE



WITH PARTNER JONATHAN CHAMBERS

Co-ops Connect FYI

By Jonathan Chambers • May 31, 2024

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Cassandra



In Greek mythology, the god Apollo fell in love with Cassandra, the daughter of King Priam and Queen Hecuba of Troy. He promised her the divine gift of foresight in exchange for her favors. Cassandra accepted the gift, then rejected him, so Apollo cursed his gift so that her prophecies would never be believed. Among the many tragedies attributed to this curse, the Trojans did not believe her that Greek soldiers would be hiding in a large wooden horse. You know the rest. And Cassandra, cursed and disbelieved, suffered and was driven mad.

It has been a while since I gave a shoutout to [Mike Conlow](#), who regularly provides excellent analysis on the state of broadband.

This week, Mike examined the latest broadband availability data, collected in December 2023, that the FCC recently made public ([read his May 29 column here](#)).

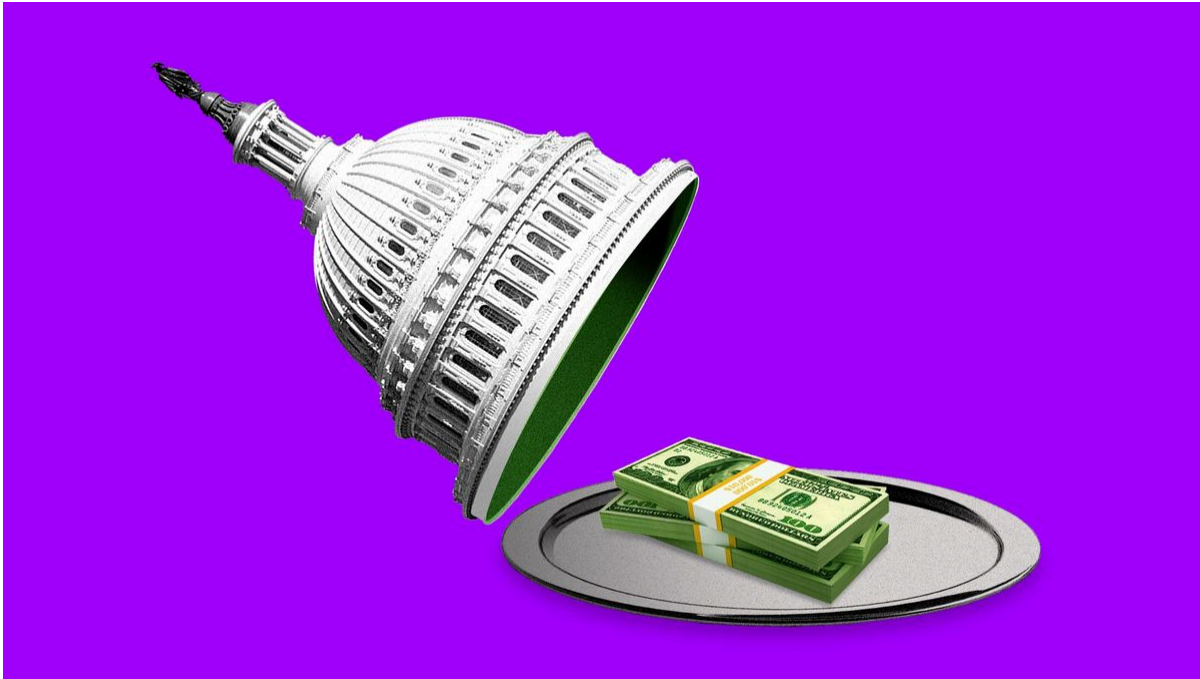
The FCC data shows:

- **There are now significantly fewer** unserved and underserved locations in the country than there were just six months prior, down to 8.8 million unserved and underserved locations. That's down from 10.1 million locations, or 11% fewer.
- **These 8.8 million locations** include areas with existing CAF II, RDOF, ARPA, ReConnect, and Enhanced ACAM commitments.

A refresher of terminology:

- **A location** is a structure the FCC has determined could be served with broadband.
- **Unserved** means service availability less than 25/3 Mbps.
- **Underserved** means service availability less than 100/20 Mbps.
- **CAF II** was a 2018 FCC auction of \$1.5 billion in funds to serve locations lacking 25/3 Mbps.
- **RDOF** was a 2020 FCC auction of \$16 million in funds to serve locations still lacking 25/3 Mbps.
- **ARPA** contained a \$10+ billion state broadband grant program.
- **ReConnect** is a multi-billion-dollar RUS program set up to do the same thing as all the other programs.
- **Enhanced ACAM** is an \$18 billion gift to all small telephone companies to improve their networks to 100/20 Mbps.

More BEAD Math



Arguably, BEAD funding cannot be spent in ways that overlap other programs.

- So, for the BEAD program, somewhere between 4 and 5 million locations must be removed from the December 2023 report of 8.8 million locations.
- **With that adjustment, there are perhaps 4 million locations remaining** to be funded by BEAD.
- That works out to **more than \$10,000 per location.**
- Since BEAD is a state program, **the more precise amounts per location must be considered state by state.**

In some cases, the calculations are just quite silly.

- In Washington, D.C., one of the first applicants whose plan was approved by NTIA, the FCC data shows 88 underserved and 5 unserved locations. D.C. was allocated more than \$100 million to fund these 93 locations – or more than \$1 million per location.
- Connecticut was allocated more than \$144 million to fund 7,229 locations. Delaware: more than \$107 million for 9,185 locations.

North Dakota: more than \$130 million for 3,972 locations. Rhode Island: more than \$108 million for 2,382.

I'm not picking on D.C. and the small states. Nearly every state will have an extreme excess of funds and will either figure out how to waste the money or will be required to return the money.

- I wouldn't want to be the director of a broadband office who is asked by their state legislature or governor why they returned hundreds of millions in funding to the Federal Treasury. **So, my money is on waste.**

I found Mike Conlow's analysis of fixed wireless locations that were unserved before, but now reported served, particularly interesting.

- In earlier federal broadband funding programs, after the definition of eligible locations was established, there was a rush of reporting by incumbent providers that changed locations from unserved to served.
- As a suspicious sort, I think incumbent providers do so to protect their service territories from competition.

BEAD eligibility has been set at locations lacking the availability of 100/20 Mbps. As Mike Conlow found through random sampling:

- Choice Wireless increased its reported speeds from 200/200 Kbps to 100/20 Mbps.
- Hot Spot Wireless now uses licensed CBRS spectrum, which changes its previous service from unserved to served.

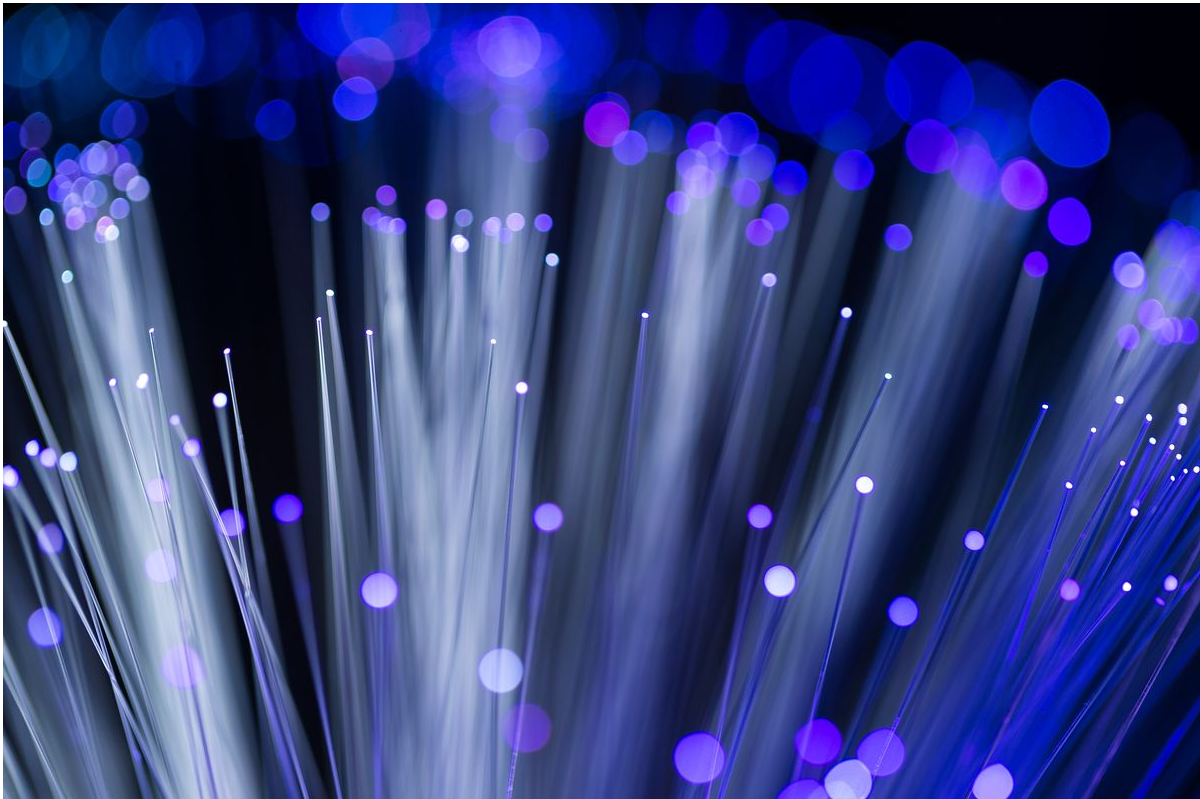
The run-up to BEAD reminds me of the run-up to RDOF, when companies began reporting newly found service to exclude them from the RDOF auction.

Take the case of Frontier:

- Frontier reportedly told the FCC that it moved DSLAMs closer to certain census blocks so that they could advertise service to at least one location of 25/3 Mbps, which would have the effect of excluding the blocks from the auction.

- Frontier also changed its reported service to 25/2 Mbps from 25/3 Mbps so that those blocks would qualify for the auction. Presumably, Frontier was of a mind to bid in those census blocks.
- Lots of us pointed out Frontier's chicanery, and Frontier privately told the FCC it could ignore Frontier's filings.

How to Fix It



For the better part of two years, I have said that there would be fewer than 5 million BEAD-eligible locations left to fund, and that would mean more than \$20 billion would go unspent.

It would be one thing if the funding was not needed because all rural homes had access to true broadband internet access.

But there will be defaults throughout the alphabet of programs above and the definition of broadband will change again.

After the unused BEAD money is returned to the Treasury, ***there will still be millions of unserved/underserved rural locations.***

Two simple fixes:

First, the FCC should offer a default program for CAF II and RDOF recipients with nominal default penalties.

- Only by doing so **now** (and by now, I mean June), will geographic areas containing hundreds of thousands of locations become eligible for BEAD.
- Otherwise, when defaults occur (and they will), it will be too late for BEAD to help the affected rural areas.

Second, the Department of Commerce should announce a third category of eligibility.

1. **The first priority** would remain those locations lacking 25/3 Mbps.
2. **The second priority** would remain those locations lacking 100/20 Mbps.
3. **A new third priority** should be locations in rural census blocks lacking 1 Gbps/1 Gbps service.

The new third priority could be delayed until all the unserved and underserved locations are addressed.

- In the past decade, the federal definition of broadband has changed from 4/1 Mbps to 10/1 Mbps to 25/3 Mbps to 100/20 Mbps.
- Over the next decade, it will change again.
- And, without using BEAD to address those locations that lack Gigabit symmetrical services, those parts of rural America served mainly by fixed wireless will be inadequately served.

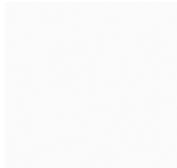
Without this adjustment to BEAD, in the post-BEAD landscape, large swaths of rural America will remain largely underserved — ironically, the antithesis of what BEAD seeks to achieve.

I'm no prophet. I've just been around so long that I've seen almost everything. BEAD is about to become a Trojan horse.

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