

The BTOP NOFA: Round 1, more to come

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BTOP: purposes

- ◆ Access to unserved
- ◆ Better access to underserved
- ◆ Education, awareness, equipment, training, access, support to
 - Education, medicine, libraries, “community support entities”
 - Organizations that work on demand with “vulnerable populations”
 - Job-creating facilities in empowerment/development zones
- ◆ Public safety
- ◆ Stimulate demand for BB, economic growth, jobs

BTOP: eligible entities

- ◆ Public entities (including states)
- ◆ Non-profits
- ◆ Other entities, including carriers, that NTIA “finds by rule to be in the public interest”

NOFA: three key practical outcomes

- ◆ Focus is on rural areas
- ◆ Anchor institution networks appear hard (but we may yet see that change in funding)
- ◆ High burdens for local government/non-profit participation

NOFA: three key practical outcomes

- ◆ “unserved” and “underserved” become effective pre-requisites for the other purposes (eg, community anchor networks)
- ◆ “underserved” is very hard to demonstrate
- ◆ significant burdens imposed on localities that are not imposed on carriers

NOFA: the definition of “underserved”

“Underserved” has three criteria, of which at least one must be met, but the NOFA “presumes” more than one will be met:

- ◆ 50 percent or less have access to “broadband” (at least 768 kbps down; at least 200 kbps up)
- ◆ no carrier advertises speeds of at least 3 mbps
- ◆ the area has 40 percent or less “broadband” penetration

NOFA: “underserved” required for middle-mile projects

- ◆ “A proposed funded service area may qualify as underserved for Middle Mile projects if one interconnection point terminates in a proposed funded service area that qualifies as unserved or underserved for Last Mile projects”

NOFA: two potential strategies

- ◆ Last mile: the second criterion for meeting the definition of "underserved" is that no provider advertises speeds of at least 3mbps. Carriers don't advertise these speeds (though that may change immediately) and they can't guarantee them even if they do advertise them.
- ◆ Middle-mile: a service area may qualify as underserved if ONE interconnection point terminates in an area defined as underserved.

NOFA: Demonstrating 40% penetration for “underserved”

- ◆ Housing projects and extremely depressed areas may fall into this category
- ◆ The NOFA requires documentation by census block, which is very costly and time-consuming, but may be feasible for targeted deployments of limited numbers of census blocks. The data should be collected through statistically-significant surveys, either face-to-face, in written form, phone surveys (although this is a problematic methodology as many consumers no longer have land-lines or published phone numbers).

NOFA: Demonstrating 40%, cont'd

- ◆ An alternative methodology with far lower expense would involve documenting income levels (and/or other demographic criteria) in those census blocks based on the 2000 census and then applying Pew (or other respected) data regarding penetration rate by income level (and/or the other selected demographic criteria). This is a less costly but potentially more risky strategy, as we do not know whether NTIA will accept this methodology or whether the carriers would contest it.

Potential build strategy?

If market research demonstrates that residents of housing projects and/or certain neighborhoods have less than 40 percent penetration rate, focus on last-mile builds in those communities, connecting over middle mile fiber you lay by relying on the loophole that ONE interconnection point has to be in an underserved area

What now?

- ◆ Some controversy over this already
- ◆ New leadership at FCC, RUS, NTIA
- ◆ One interpretation is that Round 1 was rural-focused; the next rounds will be different