

March 13, 2018

**Before the Senate Committee on Commerce, Science, and Transportation's Subcommittee**

**Rebuilding Infrastructure in America: Investing in Next Generation Broadband**

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Chairman Wicker, Ranking Member Schatz, and Members of the Senate Committee on Commerce, Science, and Transportation's Subcommittee, I am Robert DeBroux, Director of Federal Affairs and Public Policy for TDS Telecom ("TDS"). Thank you for the opportunity to share with you some insights into how Congress can help close the digital divide in rural America. I am not only testifying today on behalf of TDS but also as a member of ITTA, a Washington, D.C. industry association that includes TDS as a member. I recently also have had the pleasure of serving on the Federal Communication Commission's ("FCC's") Broadband Deployment Advisory Committee ("BDAC") as the chair of its "Removing State and Local Regulatory Barriers" work group. This workgroup was tasked with identifying barriers to broadband deployment at the state and local level and providing policy recommendations to help eliminate those barriers. Its report, as voted on and approved by the BDAC, is available on the FCC's website.<sup>1</sup> While I am not here today to speak on behalf of the BDAC, you may find the report useful. Serving on the BDAC provided me with valuable insight into the challenges and barriers of providing broadband in many localities across the country.

TDS owns 108 separate telephone companies that provide broadband, voice, and video services. We serve a mix of rural and urban areas such as the bottom of the Grand Canyon and islands off the coast of Maine and Michigan, as well the suburbs of larger cities such as Madison, Wisconsin and Nashville, Tennessee. TDS has a long history of building and maintaining robust voice and data networks in its service areas.

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<sup>1</sup> <https://www.fcc.gov/sites/default/files/bdac-regulatorybarriers-report-012018.pdf>

Closing the digital divide has widespread bipartisan support in Washington. Gone are the days of the “urban vs. rural” debate in telecommunications policy. Today, we can all agree consumers living in rural America deserve exactly the same digital opportunities as those citizens living in urban areas. How we close the digital divide and what steps Congress can take in the short and long-term deserve policymakers’ full attention and commitment.

### **Infrastructure Proposal**

Recently, the Administration released the framework for its infrastructure initiative, which includes a broadband component. Unfortunately, the framework does not include dedicated funding for broadband projects in unserved and underserved parts of our country. TDS and ITTA have been clear that if the Administration wants to make closing the digital divide a top priority, dedicated funding for broadband projects must be a key component of the overall plan.

The Administration’s infrastructure plan appears to set forth a process whereby rural broadband projects will compete against other infrastructure projects (e.g., roads, sewers, airports) for \$40 billion in state-administered “block grants.” TDS and ITTA do not think that this will be the most efficient and effective way to provide the dollars needed to close the digital divide and move the nation closer to rural and urban comparability.

Therefore, Congress should specifically designate funds for broadband deployment and ensure the money it designates follows the course that other successful programs to date have followed. Those programs, which include, most importantly, the FCC-administered Universal Service Fund High-Cost program, have a proven track record of success in turning funds earmarked for broadband into broadband networks.

### **Ensuring the Correct Federal Agency is Tasked with Administering a Broadband Infrastructure Program**

TDS, along with our national association ITTA, supports directing any funding for broadband infrastructure deployment to the FCC to be administered through its Universal

Service Fund (“USF”). As noted by FCC Chairman Pai in March 2017,<sup>2</sup> the FCC, through the USF, can maximize the impact of any infrastructure funding while minimizing waste. The FCC has programs in place that make sure that there are specific, tangible obligations associated with funding and that funding goes to the appropriate areas, for example, areas that are not already served by another broadband provider.

### **Leveraging Existing Programs – FCC High Cost Program**

One such program, created by the FCC in December 2016, is the Alternative Connect America Cost Model (“A-CAM”) program.<sup>3</sup> This program allowed rate-of-return carriers the option to receive USF support to serve high-cost rural areas based on a forward-looking cost model in return for their agreement to deploy and maintain broadband to a specified number of locations with service standards as defined and enforced by the FCC. TDS, along with 206 other rural rate-of-return carriers in 43 states, opted into the ten-year A-CAM program.

In this program, TDS will receive over \$75M annually to provide broadband to 160,000 households in 25 states. TDS has already begun the process of deploying fiber deeper into its network with this money, thus improving consumer broadband speeds in various locations, including, for example, in Wisconsin and SE Mississippi. This work is expected to stabilize the existing broadband delivery platform even in times of peak demand. Other ITTA members, including Ritter Communications based in rural Arkansas, have also already been able to use A-CAM funds to deploy fiber closer to customers.<sup>4</sup> In Nebraska, Great Plains Communications has used A-CAM dollars to increase the broadband capacity to schools and libraries in Ponca, Nebraska. There are hundreds of additional examples of A-CAM funding being used to bring broadband to consumers living in rural America.

Congress can leverage the A-CAM program as well as the legacy funding mechanisms in the High-Cost program to increase broadband deployment to rural America by instructing the

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<sup>2</sup> [https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-343903A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-343903A1.pdf)

<sup>3</sup> See *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 13775 (2016) (*Order* and/or *FNPRM*).

<sup>4</sup> In the first year of the A-CAM program Ritter has deployed fiber in the economically challenged Mississippi Delta.

FCC to increase the High-Cost Fund budget and by providing the funding necessary for that increase.

## **RUS**

To be sure, TDS and many other rural broadband providers have enjoyed a good working relationship with RUS.<sup>5</sup> While our preference is that any broadband infrastructure money be directed to the FCC for distribution through the existing USF High-Cost program, we recognize that the RUS has the expertise and experience to be able to distribute funds wisely. If Congress decides that RUS should play a role in distributing infrastructure funding, Congress should instruct that entities applying for funding meet the eligibility requirements and service standards applicable to the FCC's USF Program.

## **State Grant Programs**

The FCC's USF programs are successful because they are well defined in terms of the dollars to be spent, the obligations which are required to be met with those dollars, and the consequences for not meeting those obligations. TDS and ITTA are skeptical of programs that simply send money to the states and then rely exclusively on the states to determine how the money should be spent. While many states may be committed to improving their broadband networks, there are many competing interests for dollars that arrive in a state without specifics as to where the dollars must be spent. If such a grant program is ultimately used for distributing infrastructure funding, Congress should set forth specific parameters to ensure that the funds go to areas that are most in need.

TDS has participated in 5 such state grant programs and has been awarded over \$28M to provide advanced broadband services to over 18,000 households. Based on its experience, TDS believes that Congress should, in addition to specifically earmarking dollars for broadband deployment, set parameters for such programs that include: (1) defining unserved and underserved areas; (2) setting criteria for selecting projects that include cost per location to

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<sup>5</sup> Under the RUS Broadband Initiative Program ("BIP"), TDS was awarded 44 grants totaling over \$105M with specific buildout obligations. TDS exceeded those obligations, ultimately deploying broadband to 27,125 unserved households in 20 states at a cost of almost \$136M.

deploy, economic impact, matching funds, and network scalability; (3) awarding projects that are technology neutral and not duplicative; and (4) setting the technical, managerial and financial capabilities that private and public entities must possess in order to be eligible to receive funding.

### **NTIA BTOP Program**

Under the 2009 American Recovery and Reinvestment Act (“ARRA”), carriers could apply for grants through the National Telecommunications and Information Administration (“NTIA”) to support broadband deployment in unserved rural areas. As well documented through numerous Department of Commerce Inspector General reports<sup>6</sup> and a Government Accountability Office (“GAO”) study, the BTOP program had a number of shortcomings. For example, many awardees were public entities with ambitious goals of building their own broadband networks. However, at the time of approval of their applications, many of these entities did not have the expertise or the infrastructure in place to build broadband networks capable of being operational in relatively short order. In order to prevent a similar situation from reoccurring, Congress should mandate that any broadband funding made available through the infrastructure initiative go to providers that have the expertise and infrastructure in place to immediately deploy broadband. In addition, any federal dollars used to deploy broadband must be subject to the highest degree of scrutiny to ensure that the money is not being used to overbuild existing broadband networks.

### **Streamlining of the Federal Permitting Process & Streamlining Regulation at the FCC**

It is beyond debate that the costs and time involved in securing state and federal permits to deploy broadband delay projects and increase costs. Congress should work to create a “deemed granted” standard that places the burden on the applicable government agency to approve, deny, or require more information from an applicant within a defined period of time. While TDS recognizes that deemed granted language presents jurisdictional issues among Congressional committees, I encourage the various relevant committees to work together to find a solution that protects the integrity of our federal permitting process and, at the same

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<sup>6</sup> [https://www.oig.doc.gov/OIGPublications/OIG\\_Report\\_No\\_14-0480\\_West\\_Virginia\\_BTOP.pdf](https://www.oig.doc.gov/OIGPublications/OIG_Report_No_14-0480_West_Virginia_BTOP.pdf)

time, brings certainty and resolution to broadband projects that are tied up in bureaucratic red tape.

Thank you for the opportunity to testify today. I look forward to answering any questions you may have.