Broadband Infrastructure- Session 1

Broadband Initiatives Program (BIP) & Broadband Technology Opportunities Program (BTOP)
Two Sessions

Session 1
- Overview of Critical Policies

Session 2
- Scoring an Application
- Selection of Awardees
Session 1: Key Topics

- Distinguishing BIP from BTOP
- Definitions
- Eligibility Factors
- Eligible Costs
- Contents of the Application
# Distinguishing BIP from BTOP

## Agency
- **RUS**
- **NTIA**

## Program
- **BIP**
- **BTOP**

## Service Area Profile
- **BIP**:
  - Areas Considered Rural AND Unserved or Underserved

- **BTOP**:
  - All Areas So Long as Unserved and Underserved
  - Consider Funding Rural Applications Only Upon BIP Refusal for Funding

## Allocated Infrastructure Funds For Current Round
- **BIP**: $2.4 Billion
- **BTOP**: $1.2 Billion
**Key Definitions**

**Broadband**
- Two-way data transmission with advertised speeds of at least 768 kbps downstream and 200 kbps upstream.

**Last Mile**
- Infrastructure projects with the predominant purpose of providing broadband service to end users.

**Middle Mile**
- Other broadband infrastructure projects that do NOT predominantly serve end users directly.

**Rural**
- Area that is not located within a city, town, or incorporated area that has a population of greater than 20,000 inhabitants;
- OR an urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.
### Key Definitions (continued)

- Applicants self-define proposed funded service areas
- But the service area must be comprised of **contiguous Census blocks**

<table>
<thead>
<tr>
<th>Unserved</th>
<th>Underserved</th>
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<tbody>
<tr>
<td>• An area, composed of one or more Census blocks, where at least 90% of the households lack access to facilities-based terrestrial broadband service</td>
<td>• Divided between underserved for last mile projects and underserved for middle mile projects (next slide)</td>
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</tbody>
</table>
### Definitions – Underserved (continued)

<table>
<thead>
<tr>
<th>Underserved for Last Mile Project</th>
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<tbody>
<tr>
<td>• At least one of the following factors must be met, although there is a presumption that more than one factor will be met:</td>
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<tr>
<td>✓ No more than 50% of the households in the applicant-defined service area have access to facilities-based, terrestrial-delivered broadband service at speeds great than 768 kbps downstream and 200 kbps upstream;</td>
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<tr>
<td>✓ No broadband service provider offers downstream speeds of 3 Mbps or more; OR</td>
</tr>
<tr>
<td>✓ 40% or less of the households subscribe to broadband service.</td>
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<table>
<thead>
<tr>
<th>Underserved for Middle Mile Project</th>
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<tbody>
<tr>
<td>• One interconnection point of the network must terminate in a proposed funded service area that qualifies as unserved or underserved for Last Mile Projects.</td>
</tr>
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Eligibility Factors

**BTOP**

- 6 Factors Apply to Both Programs

**BIP**

**BTOP**

- Four BTOP “Only” Factors

**BIP**

- Four BIP “Only” Factors
Six Common Eligibility Factors

Four of Six Common Factors

1) Fully Completed Application
2) Timely Completion
3) Broadband Service
4) Technical Feasibility
Common Eligibility Factors: 5) Non-Discrimination & Network Interconnection

Adherence to FCC’s Internet Policy Statement (August 5, 2005)

- Consumers are entitled to access the lawful Internet content of their choice
- Consumers are entitled to run applications and services of their choice, subject to the need of law enforcement
- Consumers are entitled to connect their choice of legal devices that do not harm the network
- Consumers are entitled to competition among network providers, application and service providers, and content providers

BTOP and BIP Eligibility Factors
Commitment to

- Not favor any lawful Internet applications or content
- Display network management policies on the web and disclose changes
- Connect to the public Internet
- Offer technically feasible interconnection on reasonable rates and terms
Common Eligibility Factors:
5) Non-Discrimination & Network Interconnection (continued)

<table>
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<tr>
<th>Exceptions</th>
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<tbody>
<tr>
<td>• Needs of Law Enforcement</td>
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<tr>
<td>• Reasonable Network Management</td>
</tr>
</tbody>
</table>
Eligibility Factors Apply to Both Programs (continued)

6) Last Mile Coverage Obligations

✓ Identify the census blocks they intend to serve
✓ Provide documentation supporting the applicant’s determination that proposed funded service area is unserved or underserved
✓ Commit to providing service to the entire territory of each census block that makes up the proposed service area.
BIP Only Eligibility Factors

- Eligible Service Area
  - Demonstrate that at least 75% of proposed funded area qualifies as rural area AND is unserved or underserved

- Overlapping Service Areas

- Fully Funded

- Financial Feasibility & Sustainability
BTOP Only Factors

- BTOP Statutory Purposes
- Matching Requirement
- “But For” Requirement
- Reasonableness of Project Budget
## BTOP Statutory Purpose

### Five BTOP-Specific Statutory Purposes

- Providing access to unserved consumers;
- Improving access to underserved consumers;
- Providing access and awareness to support community anchor institutions, organizations and agencies serving vulnerable populations, or job-creating strategic facilities; and
- Improving access to and use of broadband for public safety agencies; and
- Stimulating broadband, economic growth, and job creation.
BTOP: Matching Requirement

Policy

- 20% toward the total eligible cost
- Cash and in-kind contributions permitted

Waivers

- Petition for Waivers will be considered based on financial need
- Required Information
  - List of assets, liabilities, revenues, operating expenses
  - Other documents that demonstrate financial need (e.g., denial of funding from a public or private lending institution)
## BTOP: “But For”

### Demonstrating Need for Financial Assistance

- Denial of funding from a public or private lender for the costs of the project
- Denial of funding from the RUS
- Current budget showing lack of revenues
- Business case showing that project is economically infeasible without the federal grant
Evaluation Factors

- Budget is appropriate
- Costs are reasonable
- Project will be completed if awarded funds
Eligible Costs

Criteria To Demonstrate Eligibility of Costs

• **Reasonable** – for the goods and services provided, consistent with local norms

• **Necessary** – sufficient to carry out the project and directly related to its success

• **Allocable** – clearly tied to an eligible activity

• **Appropriate** – aligned with the scope of the proposed project – neither too large nor too small
## Types of Eligible Costs

<table>
<thead>
<tr>
<th>Eligible Award Costs Under BIP and BTOP May Include:</th>
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<tbody>
<tr>
<td>• Constructing or improving all facilities required to provide broadband service</td>
</tr>
<tr>
<td>• Leasing facilities to provide broadband service under a capital lease as defined by GAAP</td>
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<tr>
<td>• Funding reasonable pre-application expenses not exceeding 5% of the award</td>
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Types of Eligible Costs (continued)

<table>
<thead>
<tr>
<th>Examples of Eligible Costs</th>
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<tbody>
<tr>
<td>✓ Network and access equipment</td>
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<tr>
<td>✓ Outside plant</td>
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<tr>
<td>✓ Buildings and land</td>
</tr>
<tr>
<td>✓ Customer premises equipment</td>
</tr>
<tr>
<td>✓ Billing and operational support systems</td>
</tr>
<tr>
<td>✓ Operating equipment</td>
</tr>
<tr>
<td>✓ Professional services</td>
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<tr>
<td>✓ Testing equipment</td>
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<tr>
<td>✓ Site preparation</td>
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Ineligible Costs

<table>
<thead>
<tr>
<th><strong>Eligible Costs Do NOT Include Items (such as):</strong></th>
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<tbody>
<tr>
<td>• Operating expenses of the project, including fixed and recurring costs</td>
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<tr>
<td>• Costs incurred prior to the application submission date except for eligible pre-application expenses</td>
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<tr>
<td>• Purchasing or leasing any vehicle not used primarily in construction or for any system improvements</td>
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</tbody>
</table>
Ineligible Costs
(continued)

Additional Ineligible Cost Items

- Acquisition costs, including purchases of stock, equipment or facilities of an affiliate
- Leasing broadband facilities under an operating lease as defined by GAAP
- Funding the merger or consolidation of entities
- Costs incurred in acquiring spectrum as part of an FCC auction or in a secondary market acquisition
Contents of Application

Step One

- Essential data upon which project applications are scored

Step 2

- Supplemental data must be submitted
Step One: Application Information

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<tr>
<th>Information Requirements</th>
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<tr>
<td>✓ Background Information on the Applicants</td>
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<td>✓ Verification of eligibility factors</td>
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<tr>
<td>✓ Executive summary of the project, including the problem or opportunity to address and proposed solution</td>
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<tr>
<td>✓ Map</td>
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<tr>
<td>✓ Description of the proposed service offerings</td>
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<tr>
<td>✓ Description of the proposed technology solution</td>
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<tr>
<td>✓ Timeline</td>
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<td>✓ Partnerships</td>
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<tr>
<td>✓ Itemized budget and financial analysis</td>
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<td>✓ Support for non-recurring costs</td>
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<tr>
<td>✓ Collaboration with socially and economically disadvantaged small businesses</td>
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Application will be immediately rejected if information is missing
### Suggestions for Step One

#### Considerations

- **Serving Rural Areas**
  - Consider applying to both BIP and BTOP
- **Last Mile vs. Middle Mile**
  - Complete separate applications for both last mile and middle mile projects
- **Coordination with Other Projects**
  - Complete separate applications and explain the synergies in the project narrative

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**Tip:** If you are wondering how to classify your project, ask which customers constitute your primary target markets
Verification Requirements for Step 2

Applications Moving to 2nd Round Must Present The Following:

- A list of all outstanding and contingent obligations
- A detailed description of working capital requirements
- A detailed description of the proposed technology
- A detailed construction build-out schedule
- A completed Environmental Questionnaire
- Underlying documentation required by the application
- For BIP only, a description of measurable service metrics
Agenda – Session 2

<table>
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<tr>
<th>Scoring</th>
<th>Selection Process</th>
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<tr>
<td>• Evaluation Criteria</td>
<td>• Screen for Eligibility</td>
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<tr>
<td>- BTOP (1\textsuperscript{st} Half)</td>
<td>• Step One: Application Review</td>
</tr>
<tr>
<td>- BIP (2\textsuperscript{nd} Half)</td>
<td>• Step Two: Due Diligence Review</td>
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<td></td>
<td>• State Prioritization (BTOP Only)</td>
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