

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

- Areas Considered Rural AND Unserved or Underserved

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

Allocated Infrastructure Funds For Current Round

\$2.4 Billion

\$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

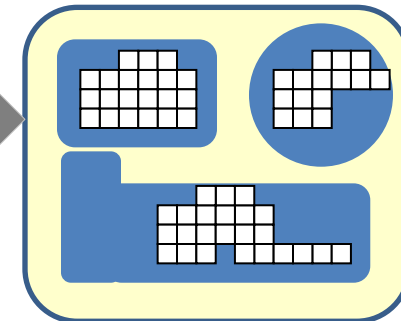
Rural

- 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



Unserved

- An area, composed of one or more Census blocks, where at least 90% of the households lack access to facilities-based terrestrial broadband service

Underserved

- Divided between underserved for last mile projects and underserved for middle mile projects (next slide)



Definitions – Underserved (continued)

Underserved for Last Mile Project

- At least one of the following factors must be met, although there is a presumption that more than one factor will be met:
 - ✓ 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;
 - ✓ No broadband service provider offers downstream speeds of 3 Mbps or more; OR
 - ✓ 40% or less of the households subscribe to broadband service.

Underserved for Middle Mile Project

- One interconnection point of the network must terminate in a proposed funded service area that qualifies as unserved or underserved for Last Mile Projects.



Eligibility Factors

BTOP



BIP

BTOP



Four BTOP "Only" Factors



Four BIP "Only" Factors

BIP



Six Common Eligibility Factors

Four of Six Common Factors

- 1) Fully Completed Application
- 2) Timely Completion
- 3) Broadband Service
- 4) Technical Feasibility

BTOP and BIP Eligibility Factors



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



Common Eligibility Factors:

5) Non-Discrimination & Network Interconnection (continued)

Other Minimum Requirements

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

BTOP and BIP Eligibility Factors



Common Eligibility Factors:

5) Non-Discrimination & Network Interconnection (continued)

Exceptions

- Needs of Law Enforcement
- Reasonable Network Management



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.

BTOP and BIP Eligibility Factors



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;
- 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



BTOP: Budget Reasonableness

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

Eligible Award Costs Under BIP and BTOP May Include:

- Constructing or improving all facilities required to provide broadband service
- Leasing facilities to provide broadband service under a capital lease as defined by GAAP
- Funding reasonable pre-application expenses not exceeding 5% of the award



Types of Eligible Costs

(continued)

Examples of Eligible Costs

- ✓ Network and access equipment
- ✓ Outside plant
- ✓ Buildings and land
- ✓ Customer premises equipment
- ✓ Billing and operational support systems
- ✓ Operating equipment
- ✓ Professional services
- ✓ Testing equipment
- ✓ Site preparation



Ineligible Costs

Eligible Costs Do NOT Include Items (such as):

- Operating expenses of the project, including fixed and recurring costs
- Costs incurred prior to the application submission date except for eligible pre-application expenses
- Purchasing or leasing any vehicle not used primarily in construction or for any system improvements



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



Information Requirements

- ✓ Background Information on the Applicants
- ✓ Verification of eligibility factors
- ✓ Executive summary of the project, including the problem or opportunity to address and proposed solution
- ✓ Map
- ✓ Description of the proposed service offerings
- ✓ Description of the proposed technology solution
- ✓ Timeline
- ✓ Partnerships
- ✓ Itemized budget and financial analysis
- ✓ Support for non-recurring costs
- ✓ Collaboration with socially and economically disadvantaged small businesses

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

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

Scoring

- Evaluation Criteria
 - BTOP (1st Half)
 - BIP (2nd Half)

Selection Process

- Screen for Eligibility
- Step One: Application Review
- Step Two: Due Diligence Review
- State Prioritization (BTOP Only)