

Connecting Michigan Communities Grant Program Public Comment – February 4-15, 2019

Andrea Ott, Michigan Citizen

When moving from a suburban area to our retirement home that is in the country/rural part of Newaygo County, I was very disappointed to find that we now only have ONE available service for TV reception and ONE available service for internet service. Even at that, the internet is so slow and often unreliable that even on-line shopping is a chore. I had hoped to be able to use on-line banking services, etc. because of my remote location, but even that is risky. Grants should be issued to support local providers in providing better service, and provider companies need to be incentivized to run cable and fiber in less populous areas that might not be as lucrative in terms of customer counts.

David Slikkers, Michigan Citizen

As a citizen of the State of Michigan I would like to express my sincere concerns for the language that was include in the Appropriations Bill in reference to HR 5670. The real truth is that very large population has very poor access to broadband internet that is 25 mbps or better. I am currently living between two communities both of which offer good availability of Broadband internet service. I live 6 mile away from one city and 4 miles away from the other and the best I can get is satellite internet at a cost of \$130/mo. and the speed is less than 5 Mbps on most days, and occasionally less than 1Mbps. As a professional with the ability to work from home, it is impossible to do so with this kind of broadband capabilities or lack there in. The \$20 million that is being proposed to help communities get broadband in their areas in a joke. The cost on any installation today for a small rural township is likely to be \$10 to \$15 million. When you look at the number of townships in our state without adequate broadband service, it is very alarming.

1. Education ... today most schools are requiring homework to be done on line, which means families without broadband have to either stay late at school where there is good internet, or potentially go to a local business or fast food joint in order for their children to learn and develop in the 21st century. Michigan is already grossly behind in its education performance, and now you want to further disadvantage Michigan families and students?
2. Senior Health Care ... more and more seniors can have on line medical care and check-ins providing that they have good broadband service to allow Facetime or some other image capabilities for doctors to see and communicate with their patients. Health care cost are sky rocketing, and the broadband allow senior to gain access a little easier from their homes, but the State is withholding this capabilities.
3. Professionals ... in our township, 46 % of residents have a college degree. This is great news for the township from an economic stand point. Today a lot of businesses will allow their professional staff to work from home 1-2-3 days a week, but that is not possible with the kind of speeds we have in our township or where there is no service or even the satellite service I mentioned above.
4. Economic Growth ... for Michigan to continue to experience economic growth, small and large businesses will demand high speed broadband internet of 100 Mbps just to exchange documents and information. That is just how business is done in the 21st Century. Without this, these small businesses will go where they can get service even if that means out of our State. That is all a part of being a business friendly State.

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5. Social, business, school, and church communications ... today that is all done through the internet. It is as essential as electrical power to your home was 100 years ago. What part of this do we not understand today?

Public Act 188 allows for communities and townships to tax themselves for infrastructure investment and improvements. From parks, to bike paths, to street lights to sewer to street improvements. The voters can and do determine this ... no one else. So why does the State Legislature block the same units of government the ability to make investments in internet infrastructure to allow or citizens, families and students the same advantages as some third world countries today. Broadband internet is as essential today as any other utility. I am amazed that the lack of vision and good business sense that NOT doing this exhibits.

Access to internet will allow families and students an opportunity for economic growth, and if they have economic opportunity and grow, they will stay in the State of Michigan, and we will all benefit from this growth and investment.

Jim Pitsch, Salem Township Supervisor (Allegan County)

I feel that the sub grantee should have a broadband study and a plan like those whom have worked with Connect Michigan. I feel that there should be something that explains what they have studied (such as surveys and support information from a company like Connect Michigan) and how they have come to where they are today with what they have in their plan.

Jennifer Greenburg, Vice President, Telecommunications Association of Michigan

The Telecommunications Association of Michigan represents 37 broadband companies, all of which provide broadband service to residential and business customers in the state. The vast majority of our members focus exclusively on serving rural communities. We appreciate the opportunity to comment on how funds available through the Connecting Michigan Communities Grant (CMIC) Program can be most effectively targeted to expand broadband access in “unserved” areas.

We strongly encourage the CMIC program to recognize that Congress and the Federal Communications Commission (FCC) have authorized hundreds of millions of dollars for broadband expansion in Michigan over the next several years (<https://prodnet.www.neca.org/publicationsdocs/wwpdf/011119crs.pdf>). State grants should be carefully managed to enhance these investments, not duplicate them. If scarce tax dollars are used to create new competitors in areas that already have broadband service, they will be wasted.

It will also be useful to look to existing state grant programs for guidance. One program that has received nearly universal acclaim is the “Border-To-Border Broadband Development Grant Program” in Minnesota. Though this program isn’t strictly limited to projects in unserved areas as Michigan’s is, the processes and definitions they have developed and refined can be instructive in implementing the CMIC Grant Program. (<https://mn.gov/deed/programs-services/broadband/grant-program/>)

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What follows are our comments on how Section 806 of Public Act 618 of 2018 can be interpreted to maximize the effectiveness of the CMIC Program in expanding broadband access to areas where there are currently no known or planned investments. Our member companies have real-world experience in successfully operating rural broadband networks. We are more than willing to share those experiences with you and to participate in any way that would be helpful. Please feel free to contact Jennifer Greenburg at 517-482-1209 or greenburg.jennifer@telecommich.org if there is anything we can do for you.

Public Act 618 of 2018 Section 806(2) This subsection contains three important requirements:

1. Grants are limited to “unserved areas;”
2. No government entity, including educational institutions, can directly receive grants;
3. Applicants can’t “double dip” using government funds for the same project.

Taking the first two points together, the requirements reflect the legislature’s intent to carefully target grant monies to private sector projects that may include public sector partnerships but that do not allow public sector entities to receive funding to build or operate their own networks. By leaving the option of private/public partnerships open, the legislature sought to ensure that investments in unserved areas can serve a public purpose without obligating taxpayers to the kinds of potential future expenditures that have caused public sector-owned networks to become controversial in other states.

The third point is important to prevent an applicant from receiving grants from more than one government program on the same project. The restriction “shall not obtain financing from any other government grants, loans, or subsidies that is offered to support deployment of broadband service in the same unserved areas” should be interpreted to leave open the possibility that an applicant can leverage other sources of funding to offer customers more service than would otherwise be possible. For example, a company may be receiving federal support to extend service in unserved areas at 10Mbps download and 1Mbps upload speeds. If the company could increase those speeds or further extend its network by receiving a CMIC grant, that would be in everyone’s best interest. Leveraging available government resources to maximize access to the most robust broadband networks possible will help to “future-proof” network investments as they are being made. It is also important to ensure that companies receiving other sources of funding for non-broadband services be allowed to participate in the CMIC Grant Program. These companies may be in the best position to cost-effectively expand broadband networks in unserved areas.

Section 806(4) This is another area where the Minnesota program has developed a process that can be useful in the CMIC program. (See pages 17-20 of the most recent Minnesota application: https://mn.gov/deed/assets/broadband-grant-app_tcm1045-297805.docx) Section 806(5)(a), (c) and (d) The provision of this data is critical to ensure that grant dollars are being appropriately targeted to unserved areas and to allow for a valid challenge process. Much of the data can be obtained from the FCC’s “Reports and Research” website (<https://www.fcc.gov/reports-research>) and from numerous consultants that have already incorporated much of the data into Michigan project databases.

Section 806(7) Providing clear guidance for the types of information that will be most useful in evaluating challenges will save the CMIC, applicants and challengers time, which will lead to applications

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being more efficiently processed. The Minnesota program has identified “Challenge Documentation Requirements” that can be adapted to fit the CMIC program (https://mn.gov/deed/assets/2017-challenge-process_tcm1045-304536.pdf).

Section 806(8-9) As already stated, awarding grants in areas where broadband service already exists would be wasteful because it would not reduce the number of consumers without access to any broadband service. By requiring companies to inform the CMIC Grant Program of existing/planned services in areas included in grant applications, it will help to avoid spending money where money has already been or will soon be spent. Those dollars can then be awarded in areas that may be unserved for the foreseeable future or can be used to leverage federal funding in cases where a grant can improve planned speeds or network footprints.

Justin Smith, Michigan Citizen

I am writing to state my displeasure with the language passed in the appropriations bill (Senate Bill 601) passed during the lame duck session of the Senate. I am disappointed to see that the legislature is trying to bar local municipalities from participating in the DTMB - CMIC Grant program. This seems to run counter to the goals laid out in the Michigan Broadband Roadmap. It doesn't make sense to me to restrict the public end of a public-private partnership from applying for Grant money.

Also, the way Broadband is defined in this bill would essentially make it so that cell coverage would count as broadband. As someone who lacks any quality broadband option, this seems silly to define broadband at such a low speed. Typically, broadband is at least 25 mbs (download)...This just seems like a way for private companies to apply for grant money, get the money and do very little actual broadband infrastructure work because they can default to the fact that everyone in a particular area has access to broadband because residents can get some cell service (at or above 10mbs)..This seems to be the way many carriers operate in rural areas. They just rely on a coverage map that states the area has adequate speed but none of the residents can get that speed or have equal access to the service. This just seems like another attempt by industry to restrict who can operate and control broadband and limit local municipalities access to grant funding, if they have chosen to come up with a solution to their broadband issues.

I hope the language in this bill and grant funding opportunity will be changed to let local municipalities have the same access as private industry.

Benjamin J. Fineman, President, Michigan Broadband Cooperative

As a member of the Michigan Consortium of Advanced Networks (MCAN) Grant Subcommittee, I was very disappointed to see the legislation (PA618) enabling the Connecting Michigan Communities (CMIC) Grant Program. In short, the program as currently described goes against the recommendations outlined in the Michigan Broadband Roadmap released by MCAN and will be ineffective in addressing the digital divide for the 300,000 Michigan households without broadband access.

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The Michigan Broadband Roadmap stated that CMIC grant funds will be used to expand broadband “through community planning, adoption programming, and infrastructure investment.” The MCAN group recognized that the \$20M grant pool is a modest contribution toward a problem that will take many times this amount of funding to solve, and could be best spent in many cases to catalyze larger investments through planning grants. The language in PA618 excludes all of these purposes except direct infrastructure investment. Grant funds should be available to use for community planning and adoption programming activities.

The Michigan Broadband Roadmap stated that CMIC grant funds would only be available to “public and not-for-profit local and county governments and regional agencies, and private businesses that have established partnerships with one or more public or non-profit organizations in the grant impacted community”. The language in PA618 reverses this and explicitly excludes governmental entities from eligibility. Public-private partnerships cannot be encouraged if the public side is prohibited from engaging. Grant funds should be available to governmental entities.

PA618 states that only areas of Michigan not currently receiving terrestrial internet service of 10Mb download and 1Mb upload will be eligible for grant funds. Cellular internet service falls into this definition, even though significant limitations including prohibitive cost, unreliable service, data caps, and limited accessibility should disqualify cellular service as a substitute for fixed home broadband. Additionally, according to current FCC maps, only 2,000 households in the entire State of Michigan are unserved according to this metric.

Availability of cellular/mobile service at any speed should not preclude an area from grant eligibility. PA618 states that only areas of Michigan not currently receiving terrestrial internet service of 10Mb download and 1Mb upload will be eligible for grant funds. This speed threshold is significantly lower than the federal standard of 25Mb download and 3Mb upload, which itself is four years old and has become outdated. Broadband should be defined as at least 25Mb download and 3Mb upload.

The Michigan Broadband Roadmap was the result of a bipartisan effort that aggregated input from dozens of experts spanning diverse industry, government, non-profit, and community anchor institutions. To implement a program that not only ignores but explicitly goes against the recommendations of this group is an insult to the citizens of Michigan and will perpetuate the digital divide in our state. Please consider making the changes outlined above to create an effective grant program that results in broadband service for more Michigan households.

Kevin Schoen, CEO, ACD.net

Broadband Speeds Consideration: while the grant is technology neutral, the grant should favor speeds where the best capacity can be provided. Services that provide 1000mb/s up and 1000mb/s down, after they are built, ensure that the State of Michigan will not need to respend the money in the future, to upgrade the same locations twice. For example if the state funds a type of broadband at 25/3 mb/s, it is likely in a few years that this will not be adequate speed for changing technology in the future, and more grant funding may need to be spent in the future. It is best to solve the broadband speed challenge in a geography.

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Previous Experience with State of Michigan Broadband Programs: Successful execution of broadband projects is difficult. Thus point should be provided to providers that have successfully executed grant or loan programs with the state of Michigan in the past for broadband deployment. A scoring mechanism should be in place for previous Michigan Broadband Loans/Grants.

Michigan Based Companies: To increase the capacity of Michigananders to build broadband infrastructure, we believe that points should be provided to companies that have headquarters and their major business operations in Michigan.

Julie Burrell, Business Development Coordinator, Newaygo County

As a condition of an award, an applicant shall not obtain financing from any other government grants, loans, or subsidies that is offered to support deployment of broadband service in the same unserved areas. The department shall not award more than \$5,000,000.00 of the 1-time funds to any 1 project. This may likely eliminate certain providers from expansion. Could this be changed to: An applicant shall now obtain government financing more than 75% (or whatever number) f a project for each unserved area.

The delineated area is not within a census block that has been selected to receive, provisionally or otherwise, Connect America funds from the Federal Communications Commission. If a delineated area within a census block is tentatively determined by the department to be an unserved area, the recommended grant award for the application is still subject to a challenge by internet service providers pursuant to subsections (6) and (7). Same as above... The Connect America Fund grant allows for expansion to SOME unserved areas, but still does not provide assistance for providers to go the last mile and truly serve every house.

Ryan Peel, President, Vergennes Broadband, LLC

Sec. 806 (1)(e), Sec. 806 (5)(a) and Sec. 806 (9) “‘Unserved area’ means either a census block without at least 1 provider providing broadband service within the census block, or a delineated area within a census block without at least 1 provider providing broadband service as established as part of the application approval process set forth in subsection (9).” “(a) The location of the project by census block or a request to delineate an area within a census block as being unserved pursuant to subsection (9).”

Vergennes Broadband’s Public comment: Within a census block, the only way to truly ascertain whether a location has access to the identified broadband speed minimums is at the parcel level. Parcel geography is generally available to the public free of charge. Viewing a delineated section within a census block at any level greater than the parcel boundary will not allow for the most judicious and effective use of State grant funds. Further, parcels are used by engineers and network designers to determine where to place infrastructure and how a subscriber will become physically connected to the network. The parcel is the smallest and most accurate physical boundary that can be used to a) engineer and design a wireline or wireless network to reach a particular location, b) allow the state to accurately

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measure if funds can be used to cover a certain location, and c) measure the successful penetration of such an endeavor to cover those parcels through mapping and statistical analysis exercises.

Sec. 806 (2) “The 1-time funds appropriated in part 1 for statewide broadband shall be awarded by the department to applicants as grants for projects that exclusively extend broadband service into unserved areas in Michigan and for the department’s costs to administer the facilitation of the grant and related reports. The 1-time funds shall not be directly or indirectly awarded to a governmental entity or educational institution or an affiliate, to own, purchase, construct, operate, or maintain a communications network, or to provide service to any residential or commercial premises. An award of the 1-time funds by the department may not as a condition of the award impose an open network architecture requirement, rate regulation, or other terms or conditions of service that differ from the applicant’s terms and conditions of service in its other service areas.

As a condition of an award, an applicant shall not obtain financing from any other government grants, loans, or subsidies that is offered to support deployment of broadband service in the same unserved areas. The department shall not award more than \$5,000,000.00 of the 1-time funds to any 1 project.”

Vergennes Broadband’s Public comment: Vergennes Broadband agrees with these statements, and we appreciate the State’s respect for small businesses that would likely be placed at a significant disadvantage without these stipulations.

Sec. 806 (3) Awards of funds must be issued pursuant to a competitive grant process. The competitive grant process shall be technology neutral, and shall result in awards to applicants proposing projects based on objective and efficient procedures. The criteria for determining the award of a grant shall include the following:

Vergennes Broadband’s Public comment: With regard to “technology neutral”, it should be noted that fixed wireless RF propagation models that have been used by some ISPs do not take into account tree clutter. Trees are a major cause of signal attenuation and can cause a propagation study to be inaccurate.

Sec. 806 (3)(b) “The readiness to build, operate, and maintain the project.”

Vergennes Broadband’s Public comment: Preference should be given to companies that have shown a pattern of repeatedly successfully delivering high speed internet services, as opposed to proposals of experimental or otherwise locally-untested models.

Sec. 806 (8) (8) The department shall not award a grant to an applicant if verifiable information is made available that shows any of the following:

Vergennes Broadband’s Public Comment: Bank loans that have already been secured for construction or permits that have already been submitted and approved should be recognized as “verifiable information”.

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According to the MCAN Final Report issued to then Gov. Snyder's office, one of the goals of the Commission was to "Accomplish speeds of 1 Gigabit per second to all residents and businesses by 2026."
Ref:https://www.michigan.gov/documents/snyder/MCAN_final_report_630272_7.pdf

Vergennes Broadband's Public Comment: It should be noted that current fixed wireless technology cannot reliably and consistently meet this goal, if at all. Wireline services are the only services able to meet this standard.

Michael J. Watza, PROTEC Michigan Coalition to Protect Public Rights-of-Way

This letter is in reference to the call for public comment on the recently announced Connecting Michigan Communities (CMIC) Grant Program. PROTEC is a consortium of local Michigan governments advancing the interests of local governance of our Rights of Way (ROW) which includes addressing telecom, electric, pipeline and other industries utilizing the ROW. <https://www.protec-mi.org/>. While we are excited to see Michigan investing in closing the digital divide for our more than 300,000 households without broadband access, the program as defined in 2018 Public Act 618 (PA6 I 8) has several flaws that will prevent it from being effective.

- PA618 states that only areas of Michigan not currently receiving terrestrial internet service of 10Mb download and 1Mb upload will be eligible for grant funds. This speed threshold is significantly lower than the federal standard of 25Mb download and 3Mb upload. Broadband should be defined as at least 25Mb download and 3Mb upload.
- PA618 does not exclude cellular/mobile internet service when defining whether an area is served by broadband, even though significant limitations including prohibitive cost, unreliable service, and data caps should disqualify cellular service as a substitute for fixed home broadband. Additionally, according to current maps from Connect Michigan, only 2,000 households in the entire State of Michigan are unserved according to this metric. Availability of cellular/mobile service at any speed should not preclude an area from grant eligibility.
- Building broadband infrastructure in rural areas is a challenging problem that is best addressed by bringing together diverse stakeholders, often via public private partnerships. The language in PA618 takes this off the table by explicitly excluding governmental entities from eligibility. Grant funds should be available to governmental entities.
- While \$20M is an excellent start, closing the digital divide in Michigan will require many times this amount of investment. As such, this modest fund could be best spent in many cases to catalyze larger investments through planning grants.
- Grant funds should be available to use for community planning and adoption programming activities.

Please consider making the changes outlined above to create an effective grant program that results in broadband service for more Michigan households.

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Michael S. Ashton, Michigan Cable Telecommunications Association

In response to the Department of Technology, Management, and Budget's ("Department") solicitation of comments, the Michigan Cable Telecommunications Association proposes that the Department adopt the criteria set forth below for selecting applications for the Connecting Michigan Communities Grant Program.

I. Definitions: As used in the criteria for competitively scoring applications the term:

(a) "Applicant" means an internet service provider that submits an application for a grant after having collaborated with other persons and the community within the unserved area. (b) "Broadband service" means a retail terrestrial service capable of delivering high-speed internet access at speeds of at least 10 megabits per second downstream and 1 megabit per second upstream. (c) "Census block" means a geographic area defined as a census block by the United States Department of Commerce, Bureau of the Census in conducting the 2010 decennial census. (d) "Department" means the Michigan department of technology, management, and budget. (e) "Unserved area" means either a census block without at least 1 provider providing broadband service within the census block, or a delineated area within a census block without at least 1 provider providing broadband service as established as part of the application approval process. (f) "Person" includes an individual, a community organization, cooperative association, corporation, federally recognized Indian tribe, limited liability company, nonprofit corporation, partnership, or political subdivision of this state. (g) "Internet service provider" means any of the following: (i) An entity holding a license under the Michigan telecommunications act, 1991 PA 179, MCL 484.2101 to 484.2603. (ii) An entity holding a franchise under the uniform video services local franchise act, 2006 PA 480, MCL 484.3301 to 484.3315. (iii) An entity currently providing broadband service in Michigan.

II. Mandatory or Qualifying Criteria

To qualify for a grant award, an Applicant must set forth the following qualifying criteria in its application:

(a) The Applicant must acknowledge and agree to exclusively use the awarded grant to extend broadband service into the unserved area which is identified in its Application.

(b) The Applicant must acknowledge that it is not a governmental entity, educational institution or an affiliate of a governmental entity or educational institution.

(c) The Applicant must agree to not use the grant to allow a governmental entity, educational institution or an affiliate of these entities to own, purchase, construct, operate, or maintain a communications network, or to allow such an entity to provide service to any residential or commercial premises.

(d) The Applicant must acknowledge and agree not to obtain financing from any other government grants, loans, or subsidies that is offered to support deployment of broadband service in the same unserved areas as set forth in its Application.

(e) If the Applicant is awarded grant funds, then the Applicant must agree to submit semiannual report from the time it receives the funds to 5 years after completion of the construction of the project. The reports shall give an accounting by the Applicant of the use of the funds received and the progress toward fulfilling the objectives for which the funds were granted including all of the following:

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- (i) The number and location of residences and businesses that will have access to the broadband service.
- (ii) The speed of broadband service.
- (iii) The average price of broadband service.
- (iv) The broadband service adoption rates within the unserved area established in the Application.
- (f) The Applicant must state the kind and amount of broadband infrastructure to be purchased for the project.

III. Identifying the Proposed Unserved Area

The Applicant must identify the unserved area either:

- (a) By census block and for each census block state to the best of the Applicant's knowledge that:
 - (i) The census block is not already being served by provider offering broadband service;
 - (ii) The census block does not include an area where construction of a network to provide broadband service is underway, and such construction is scheduled to be completed within 1 year of the date of the application;
 - (iii) The census block does not include an area where the construction of a network to provide broadband service is to be completed no later than 3 years after the date of an application;
 - (iv) The census block does contain an area that has been selected to receive, provisionally or otherwise, Connect America funds from the Federal Communications Commission; or
- (b) If the unserved area is located within only a portion of a census block, by requesting that the department specifically delineate an area within an identified census block as being an unserved area. To tentatively establish an area within a census block as being an unserved area, the Applicant must attest to all of the following:
 - (i) The delineated area within the census block is unserved and does not have access to broadband service.
 - (ii) To the best of the applicant's knowledge, no other internet service provider has plans to provide broadband service within the delineated area within 3 years after the date of application.
 - (iii) The delineated area is not within a census block that has been selected to receive, provisionally or otherwise, Connect America funds from the Federal Communications Commission.

IV. Scoring and Weighting Criteria

The competitive criteria for determining the award of a grant shall be:

- (a) The Applicant's experience and financial wherewithal.
- (b) The Applicant's readiness to build, operate, and maintain the project, including the total cost of the project and a detailed budget and schedule for the project. The budget must include all sources of funding or in-kind contributions for the project in addition to any grant award.
- (c) The proposed broadband speed to be provided over the proposed network.
- (d) The long-term viability of the project and the scalability of the network.
- (e) Evidence regarding the unserved nature of the community in which the project is to be located, including the number of households that will have access to broadband service as a result of the project, or whose internet access service will be upgraded to broadband service as a result of the project.
- (f) Evidence of community support for the project with a narrative on the impact that the investment will have on community and economic development efforts in the area. The narrative should include the significant community institutions that will benefit from the proposed project and the Applicant's ability

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to demonstrate the community's ability to leverage broadband for community and economic development, such as rural development, tourism, new investment, or business attraction or retention.

Priority shall be given to projects that demonstrate collaboration to achieve community investment and economic development goals of the area impacted, and that are able to demonstrate that they have the managerial, financial, and technical ability to build, operate, and manage a broadband network

Mark R. Ortlieb, AT&T Michigan

AT&T Michigan is an integrated telecommunications company that provides a wide variety of services through-out the state, including telephone service, wireless services, video services and high-speed internet access services. AT&T Michigan has participated in the Connect American Fund and Connect American Fund II ("CAF/CAF II") development grant programs at the federal level and has substantial experience in (1) applying for and receiving grants, and (2) constructing and operating high-speed internet access facilities under grant programs.

AT&T Michigan has reviewed the enabling legislation and believes that it provides a detailed description of the eligibility criteria, the requirements for a grant application and the criteria to be used by DTMB to evaluate an application.

AT&T Michigan has two additional proposals that may assist the DTMB in carrying out its duties under the enabling legislation. The first concerns the process that will apply to the disbursement of grant money from the DTMB to grant recipients. The second involves having the DTMB identify the census blocks that are eligible to receive funding up-front, in order to make the application process more efficient.

Disbursement of Grants

An obvious area of concern for both the Department and the industry is how grant money will be disbursed to a grant recipient. The Federal Communications Commission ("FCC") has examined this question and developed a detailed process that may serve as a model for the Department. AT&T Michigan has experience with the process developed by the FCC for its CAF and CAF II programs and we believe it would work well for the CMIC Grant Program. At a high level, the process works as follows:

1. Shortly after a provider is awarded support in the CAF II auction, the provider is required to submit an irrevocable stand-by letter of credit meeting requirements specified by the FCC. See 47 C.F.R. § 54.315(c)
2. CAF II support is disbursed in equal monthly installments over the course of the funding period.² The DTMB would have to determine the funding period for the Michigan awards. AT&T Michigan recommends that the funding period begin as soon possible once a grant recipient has been authorized to receive support and end at the CMIC project end date of September 30, 2023.

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3. The FCC's rules specify interim deployment milestones in terms of the percentage of total locations to which CAF II recipients must offer internet service by specified deadlines. See 47 C.F.R. § 54.310(c).
4. There are annual reporting and certification requirements for CAF II recipients. This includes a list of the geocoded locations to which they are offering high-speed internet access service pursuant to CAF II and a certification that the offering complies with the service obligations and is available to the required number of locations specified by the provider's interim deployment milestones identified in § 54.310(c). See 47 C.F.R. § 54.316.
5. CAF recipients must submit the required annual reports and certifications in order to receive CAF support the following year. Late submissions trigger CAF support reductions in specified amounts. See 47 C.F.R. § 54.313(j) and § 54.316(c).
6. If a CAF II recipient misses its service milestones, support is withheld. If the CAF II recipient doesn't come into compliance within 12 months, the Universal Service Administrative Company ("USAC") can recover amounts previously disbursed and is entitled to draw upon the entire amount of the letter of credit. See 47 C.F.R. § 54.315(c)(4).
7. CAF II recipients that fail to meet deployment milestones are subject to specific enforcement activities, including withholding/recovery of CAF support and additional oversight. See 47 C.F.R. § 54.320(d).
8. CAF recipients must maintain all necessary records, are subject to audit, are subject to existing FCC enforcement procedures and penalties, reductions in CAF support, potential revocation of ETC designations, and suspension or debarment. Failure to meet deployment milestones trigger the enforcement and oversight mechanisms in 47 C.F.R. §§ 54.320(a)-(c).

This process provides a reliable source of funding to the grant recipient, while insuring the grantor that the funds will be faithfully used for their intended purpose. Modeling the Michigan process on the FCC's CAF/CAF II process would also enhance industry efficiency by providing consistency between state and federal grant programs.

Identifying Eligible Census Blocks

Another area of concern is identifying the census blocks that will be eligible for projects funded under the CMIC Grant Program. Grants may only be approved for projects in "unserved areas," which are defined in the enabling legislation as a census block, or area within a census block, without 10/1 service. Sections 806(1)(b) and (e). After grants are provisionally approved, they are subject to challenge if construction of a high-speed internet access network is underway in the project area and will be completed within 1 year, or if such a network is planned to be completed within 3 years. Sections 806(8)(b) and (c).

Under these rules, it is quite possible for grant applicants and the Department to waste a lot of time and energy on grant applications that may not be eligible for funds. To address this concern, the Department

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could use public information to develop an initial list of eligible census blocks. The Department could publicly distribute that list and ask for comments from providers - including those that are constructing, or plan to construct, high-speed internet access networks within 3 years

That information could be incorporated into a final list of census blocks that are eligible for grants. At a high level, the process could work as follows:

1. DTMB would propose a list of presumptively eligible census blocks identified by GEOID based on: a. Publicly available Form 477 data; b. Publicly available data on census blocks that were awarded support through the FCC's recent CAF II auction; and c. Publicly available data on the locations that providers identified as having deployed 10/1 or faster internet pursuant to the FCC's CAF program.
2. After DTMB distributes this list of presumptively-eligible census blocks, providers would be permitted to submit data and evidence demonstrating that they already serve, are constructing a network, or plan to construct a network within 3 years in any of the presumptively-eligible areas.
3. The DTMB would then issue its final list of eligible census blocks.

Having a definitive list of eligible census blocks before the program accepts applications will ensure that potential applicants can focus the necessary technical and financial due diligence on areas that they know are eligible, rather than having to spend significant time and energy on areas that turn out to be ineligible. A lot of work goes into preparing an application, even without the risk that areas covered by the application could be ineligible. The DTMB could minimize risk and maximize potential provider participation by identifying eligible census blocks at the beginning of the process. This would also help minimize objections brought under Sections 806(7) and (8) and should allow the DTMB to review and decide on applications more quickly. This, in turn, should lead to the more rapid delivery of high-speed internet access service to end users in unserved areas.

In closing, AT&T Michigan appreciates the opportunity to offer its comments to the DTMB and looks forward to the implementation of an open and transparent application and evaluation process.

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Judith M. Allen, Director – Government Relations, Michigan Townships Association

The Michigan Townships Association (MTA) is providing comments on behalf of our members in response to your request for public comment on the Connecting Michigan Communities (CMIC) Grant Program. Broadband is no longer a luxury, it is a utility necessary for business, education, tourism, agriculture, and quality of life. Homes without broadband access have watched their values decrease, and the lack of access prevents economic and community development.

While MTA is supportive of Michigan investing in a program to provide greater access, we are concerned that the program provisions will not provide the benefit or effect sought. Thus, we are asking that the changes outlined below be made to create a more effective grant program that results in broadband service for a greater number of Michigan households.

Broadband should be defined as at least 25Mb download and 3Mb upload - Public Act 618 of 2018 limits only areas of Michigan not currently receiving terrestrial internet service of 10Mb download and 1Mb upload will be eligible for grant funds. This speed threshold is significantly lower than the federal standard of 25Mb download and 3Mb upload.

Grant funds should be available to governmental entities - Building broadband infrastructure in rural areas is a challenging problem that is best addressed by bringing together diverse stakeholders, often via public-private partnerships. The language in Public Act 618 of 2018 would not allow this. MTA strongly supports public-private partnerships.

Availability of cellular/mobile service at any speed should not preclude an area from grant eligibility - Public Act 618 of 2018 does not exclude cellular/mobile internet service when defining whether an area is served by broadband, even though significant limitations (including prohibitive cost, unreliable service, and data caps) should disqualify cellular service as a substitute for fixed home broadband. Under this metric, only 2,000 households in the entire state are unserved based on current maps from Connect Michigan. This does not reflect the 300,000 Michigan households without access.

Grant funds should be available to use for community planning and adoption programming activities – We support grant monies being utilized for these purposes due to the limited amount of funds available.

Michael Moran, Supervisor, Ann Arbor Township

I am very disappointed in the language inserted during the lame duck session into HB 5670 that would prevent governmental entities such as Ann Arbor Township, population 4700, that would prevent us from participating in a public-private partnership to extend broadband service to the 20% of our township that does not have broadband service. We commissioned a \$70,000 study to determine the township's broadband needs, the residents' feelings regarding what should be the township's role in providing fiber service, the cost of extending fiber service to those unserved areas and possible other methods of extending this service. We learned that the residents felt that broadband was essentially a required utility like sewer and water, that the cost of the Ann Arbor Township providing that service would exceed \$9.2 million, and that a possible solution would be to work with a current cable provider

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in a public-private partnership to accomplish that task. Discussion with that provider look promising. Making such a solution impossible eliminates our only viable option.

In addition, HR 5670's inclusion of cellular in the definition of broadband service significantly underestimates the number of under served residents. Broadband is not a financially viable solution to most of the unserved. Moreover, limiting state grants to construction only is unwise. Although Ann Arbor Township was able to fund our study from our reserve funds, many township's do not have reserves that would permit such funding. We learned a great deal from our study, which was essentially a planning study, and I believe that eliminating planning from the acceptable grant list is unwise and unproductive.

In my opinion, if Michigan wants to solve this problem the above problems must be addressed and the indicated language in HR 5670 fixed.