

2009 Annual Report on Broadband Availability in the Commonwealth

Access to affordable broadband services remains a priority for the Kaine Administration. Building on the work of the Commonwealth's Broadband Roundtable (final report submitted as 2008 annual report), barriers continue to be removed and creative partnerships formed to facilitate deployment.

Report Sections

1. Legislation
2. Mapping
3. Federal Funding
4. Going Forward

Attachments

1. Governor Kaine's reponse to NTIA

Report prepared by Karen Jackson, Deputy Secretary of Technology and Director, Office of Telework Promotion and Broadband Assistance
(karen.jackson@governor.virginia.gov)

Legislation

The Commonwealth has a long history of using legislative measures to remove barriers to broadband deployment and facilitate public-private partnerships. In recent years, budgetary constraints have limited the use of incentives and tax-credits to entice/speed deployments, consequently, legislative activities have centered on maintaining Virginia's broadband leadership position and ensuring program sustainability. During the 2009 legislative session, three pieces of legislation were enacted.

HB1885 - Telephone regulatory alternatives; determination of competitiveness.

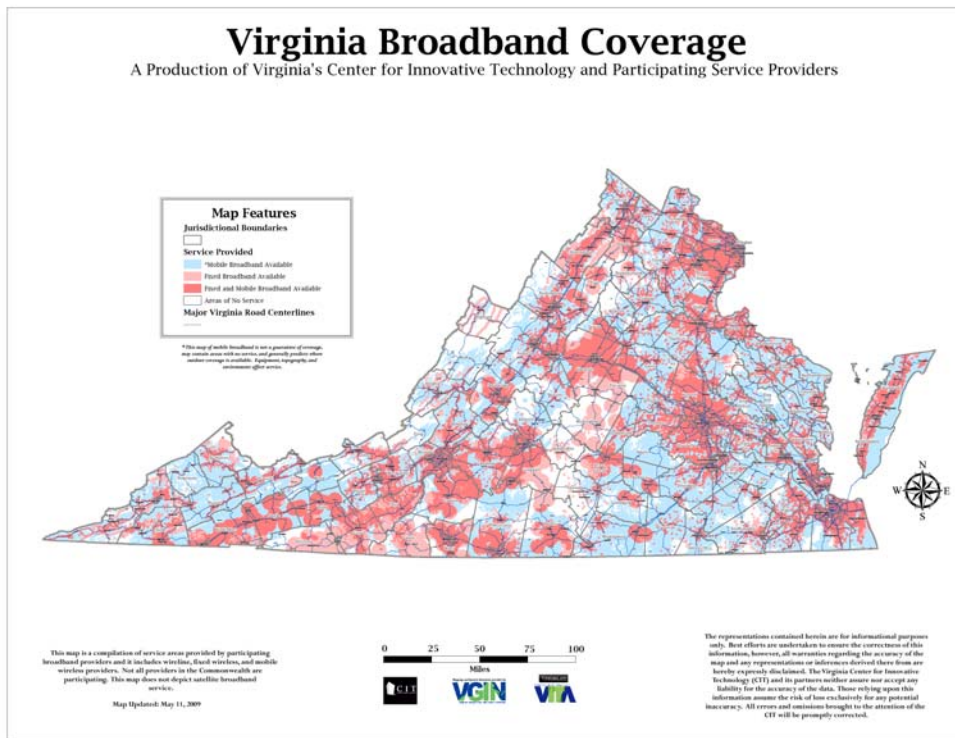
Requires the State Corporation Commission, when determining whether the telephone services of a telephone company are competitive, to consider all wireless communications providers that offer voice communications services to be facilities-based competitors owning wireline network facilities and reasonably meeting the needs of consumers. In making its determination, the Commission shall not exclude as a competitor any affiliate of the telephone company. The measure also requires the Commission, if it determines that 75 percent or more of residential households or businesses in a telephone company's incumbent territory are in areas that are competitive for a telephone service, to expand, for that telephone service throughout the company's incumbent territory, its competitive determination. In such cases, the Commission is further required to apply the same regulatory treatment already adopted for that telephone service in competitive areas. The same regulatory treatment shall be applied if a telephone company provides 90 percent or more of its residential and business lines access to fiber-optic or copper-based broadband service within an exchange area.

HB 2665 - Virginia Broadband Infrastructure Loan Fund. Creates the Virginia Broadband Infrastructure Loan Fund. The Fund would be administered by the Virginia Resources Authority. Money in the Fund would be used exclusively for the financing of broadband infrastructure projects undertaken by a local government. Priority for loans would be given to projects that will utilize private industry in operating and maintaining the projects where private involvement will provide cost savings, to projects that serve two or more local governments, and to projects in unserved areas. (Note: fund was created but not capitalized).

SB1336/HB2423 - Broadband Advisory Council. Establishes the Governor's Broadband Advisory Council. The purpose of the Council shall be to advise the Governor on policy and funding priorities to expedite deployment and reduce the cost of broadband access in the Commonwealth. The council shall be staffed by the Office of Telework Promotion and Broadband Assistance.

Mapping

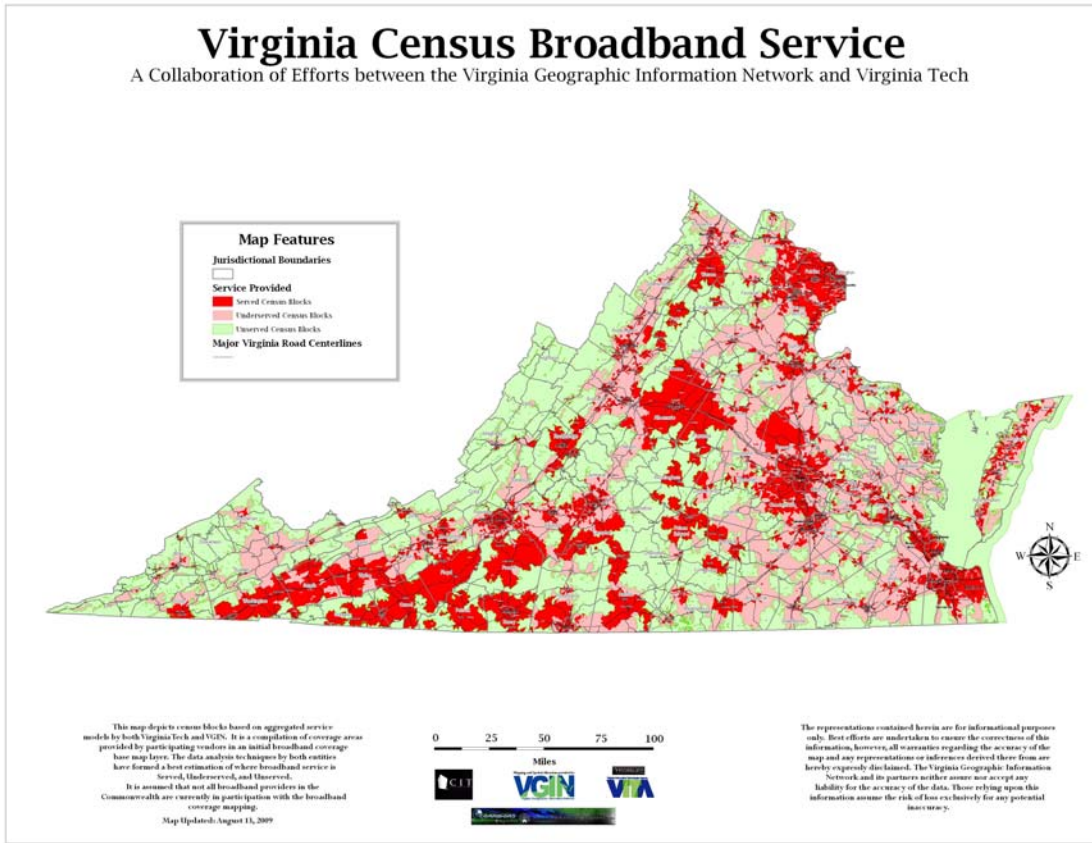
Creation of initial map depicting broadband availability across the Commonwealth. Virginia gathered broadband availability data from more than 25 broadband providers across the Commonwealth and is the only state to complete such an exercise at no additional cost to taxpayers. The Office of Telework Promotion and Broadband Assistance, Center for Innovative Technology, and VITA-VGIN provided resources to collect the data and produce the map shown below and online at www.wired.virginia.gov



A second interim mapping work product was created in Spring 2009 to assist communities/companies applying during the first round of (ARRA funded) RUS/NTIA solicitations for broadband infrastructure buildout. The second map, based on the provider data collected for the initial map, was a collaborative effort between the Office of Telework Promotion and Broadband Assistance, VITA-VGIN and the Virginia Tech eCorridors group to ESTIMATE broadband service availability based on the definitions outlined by RUS/NTIA in their Notification of Funding Availability (NOFA) published in July 2009.

Virginia Census Broadband Service

A Collaboration of Efforts between the Virginia Geographic Information Network and Virginia Tech



Despite having considerable coverage (multiple providers/services) in areas of population density across the state, many sparsely populated and remote areas remain unserved. Unfortunately, many of the unserved markets are also areas that have been severely impacted by the economic downturn making it difficult to generate sufficient revenue to justify/sustain broadband deployments. The Commonwealth's ability to facilitate the delivery of affordable and reliable services into these unserved markets is a priority and the OTPBA along with the Virginia Resources Authority (VRA), the Center for Innovative Technology (CIT) and the Department of Housing and Community Development (DHCD) are all working to educate community leaders on "how" to structure a suitable/sustainable deployment model capable of delivering a return on investment sufficient to deploy and maintain broadband services.

Federal Funding

The American Recover and Reinvestment Act of 2009 included \$7.2 Billion for advancing broadband. The funding, to be administered by the Rural Utilities Service (RUS) and National Telecommunications and Information Administration (NTIA), is allocated across four (4) categories: mapping (one grant per state), infrastructure deployment (last/middle mile), building sustainable broadband demand, and public computing centers as listed below

- RUS - Broadband Initiatives Program (BIP)
 - \$2 billion of the government funding for grants to un-served, remote areas
 - \$7 billion for loans to provide more advanced broadband in rural communities. Loans or grant/loan combinations will be awarded to non-remote yet underserved rural areas.

- NTIA - Broadband Technology Opportunities Program (BTOP)
 - Administered by the National Telecommunications Information Administration (Dept. of Commerce)
 - \$4.7 billion of government funding
 - to deploy broadband infrastructure in underserved regions,
 - expand public computer center capacity,
 - encourage sustainable adoption of broadband service in educational, societal, and economic organizations

Funding will be dispersed in two “rounds” and all grant opportunities will be competed nationally. Additional information on the mechanics of the program can be found at <http://www.ntia.doc.gov/broadbandgrants/index.html> and <http://www.broadbandusa.gov/>

Mapping

The Center for Innovative Technology was designated the Commonwealth’s mapping entity for purposes of participating in the NTIA broadband data collection program and National Broadband Plan. As such, CIT submitted a proposal outlining our plans to NTIA in August 2009. At the time of this report, no awards have been made.

Infrastructure, Building Sustainable Broadband Demand, Public Computing Centers

National interest in the NTIA and RUS programs was much greater than anticipated. At the end of the first round application period more than 2200 applications (exclusive of mapping requests) had been received totalling \$28 billion – more than four (4) times the amount available for the total program. According to information provided by NTIA/RUS (http://www.ntia.doc.gov/press/2009/BTOP_BIP_090827.pdf), the number of proposed projects by category is as follows:

	BTOP	BIP	Joint Applications
Infrastructure	260 Applications \$5.4B Requested	400 Applications \$5.0B Requested	830 Applications \$12.8B Requested
Sustainable Broadband Adoption	320 Applications \$2.5B Requested	Not Applicable	Not Applicable
	\$150 Million Available 1 st Round		
Public Computing Centers	360 Applications \$1.9B Requested	Not Applicable	Not Applicable
	\$50 Million Available 1 st Round		

For Virginia alone there were 137 applications submitted:

Sustainable broadband adoption: 54

Infrastructure: 67 (Last mile: 45, Middle mile: 22)

Public computing centers: 16

Funding requests for the 137 projects (broken down by whether the application requested a grant or a loan) was:

	Loan (RUS only)	Grant
Total (137) applications (in-state/out-of-state applicants applying for funds to perform work in Virginia)	\$269,407,004	\$2,447,993,879
Total Applications from VA companies for work in VA and other states	\$63,745,832	\$627,858,089
Total Virginia applications for services to be provided IN Virginia ONLY	\$51,230,020.	\$428,248,784

(Source:

<http://www.ntia.doc.gov/broadbandgrants/applications/results.cfm?org=&keywords=&program=BTOP&program=BP%2FBTOP&state=&prostates=VA>)

Upon closer review, it was determined that a number of the funding requests had been submitted by vendors/organization outside the Commonwealth (with no apparent linkage/connections to ongoing initiatives in the state) proposing to do business in the Commonwealth. In the interest of isolating those projects being done “by Virginia entities for Virginia Communities” the project breakdown was as follows:

- Sustainable broadband adoption: 15
- Last mile: 35 (note: 15 individual applications were submitted by a single)
- Middle mile: 12
- Public computing centers: 7

Representing funding requests totalling (by category):

	Loan (RUS only) (\$)	Grant (\$)
Last mile	48,641,857	232,757,250
Middle mile	2,588,163	132,722,913
Public Computing Center	n/a	5,786,778
Sustainable Broadband Adoption	n/a	56,981,843
Total	51,230,020.	428,248,784

As a part of the overall review and funding process, states were given the opportunity to (if they so chose) provide “comment on” and/or “rankings” of the applications submitted for their state. Governor Kaine’s letter and the Commonwealth’s list of preferred projects are available on www.stimulus.virginia.gov and as an attachment to this report.

At the time of submission, NTIA is still in the review process, with first round funding announcements expected between December 15, 2009 and February 28, 2010. A second round is scheduled to open in early 2010.

Note: All funding allocated to broadband under the ARRA must be expended by September 2010 and all funded projects must substantially complete within two (2) years of award.

Going Forward – The Need for a Holistic Approach to Infrastructure Planning

For many, the lack of infrastructure is merely another chapter in the book of “services and opportunities not available” penned by the hand of low population densities, challenging terrain, and limited institutional resources. Without access to affordable broadband services and applications, many citizens in these areas will continue to be negatively impacted by factors such as inadequate access to neonatal and specialty healthcare, the inability to affordably access rehabilitative services, and skyrocketing unemployment rates.

Virginia is viewed as a leader in the field of broadband of policy, programs, mapping and overall progressive attitude regarding how to facilitate the deployment of broadband. In order for Virginia to retain this role, we must continue to look beyond the obvious and start to expand our broadband conversation to answer the question of “how do we take a holistic/coordinated approach to infrastructure planning to maximize funding opportunities, reduce duplicative spending and expand opportunity and quality of life for the citizens of the Commonwealth? The coordination of applications (deployment and funding) requiring broadband such as healthcare, telemedicine, telework, distance learning, smart grid, and first responder interoperability with deployments and funding in transportation, local and state-owned infrastructure (towers, water tanks, etc.), coupled with traditional broadband funding mechanisms will provide a basis for the deployment and sustainability of networks and quality of life-enhancing opportunities for citizens across the Commonwealth.

Website list # Project Program Loan Grant Remote/Non-Remote Type multi-state VA application

Infrastructure Applications - Preferred projects are those applications submitted by Virginia registered organizations operating in the Commonwealth of Virginia and proposing to (at a minimum) provide services to the citizens of the Commonwealth. Further consideration should be given to those applications proposing services in areas of the Commonwealth determined to be unserved (by the RUS/NTIA definition) and not singled out by any providers during the 30 day Public Notice Filing period as outlined on www.broadbandusa.gov.

70	e-MAC (concept hybrid network)	BIP/BTOP		\$35,500,000.00	Remote	LM	yes	yes
71	Buggs Island Telephone Coop	BIP/BTOP	\$5,928,140.00	\$11,873,280.00	Non-remote	LM	no	yes
74	City of Bristol (BVU) - lastmile	BIP/BTOP		\$33,864,404.00		LM	no	yes
63	City of Danville	BTOP		\$1,500,000.00		LM	no	yes
57	County of Rockbridge	BIP/BTOP		\$9,563,863.00	Non-remote	LM	no	yes
50	LENOWISCO Last-mile	BIP/BTOP		\$22,333,566.00	Non-remote	LM	no	yes
46	Virginia Broadband (wireless)	BIP/BTOP	\$23,903,381.00		Non-remote	LM	no	yes
35	Wired Road	BIP/BTOP		\$12,946,418.00	Non-remote	LM	no	yes
36	Nations-line connectivity to public housing developments	BTOP		\$2,880,429.00		LM	yes	yes
29	Scott County Telephone Cooperative (FTTP)	BIP/BTOP		\$17,006,799.00	Non-remote	LM	no	yes
15	Digital Bridge Communications (wi-max)	BIP/BTOP	\$649,923.00	\$776,738.00	Non-remote	LM	no	yes
16	Digital Bridge Communications (wi-max)	BIP/BTOP	\$776,887.00	\$928,475.00	Non-remote	LM	no	yes
17	Digital Bridge Communications (wi-max)	BIP/BTOP		\$174,143.00	Non-remote	LM	no	yes
18	Digital Bridge Communications (wi-max)	BIP/BTOP	\$864,278.00	\$1,032,918.00	Non-remote	LM	no	yes
19	Digital Bridge Communications (wi-max)	BIP/BTOP	\$1,596,207.00	\$1,907,662.00	Non-remote	LM	no	yes
20	Digital Bridge Communications (wi-max)	BIP/BTOP	\$600,966.00	\$718,228.00	Non-remote	LM	no	yes
21	Digital Bridge Communications (wi-max)	BIP/BTOP	\$126,225.00	\$150,855.00	Non-remote	LM	no	yes
22	Digital Bridge Communications (wi-max)	BIP/BTOP		\$844,929.00	Non-remote	LM	no	yes
23	Digital Bridge Communications (wi-max)	BIP/BTOP	\$844,833.00	\$1,009,678.00	Non-remote	LM	no	yes
24	Digital Bridge Communications (wi-max)	BIP/BTOP	\$600,778.00	\$718,003.00	Non-remote	LM	no	yes
25	Digital Bridge Communications (wi-max)	BIP/BTOP	\$2,133,267.00	\$2,549,515.00	Non-remote	LM	no	yes
11	Digital Bridge Communications (wi-max)	BIP/BTOP	\$241,868.00	\$289,063.00	Non-remote	LM	no	yes
12	Digital Bridge Communications (wi-max)	BIP/BTOP		\$346,418.00	Non-remote	LM	no	yes

Website list #	Project	Program	Loan	Grant	Remote/Non-Remote	Type	multi-state	VA application
13	Digital Bridge Communications (wi-max)	BIP/BTOP	\$1,984,916.00	\$2,372,218.00	Non-remote	LM	no	yes
14	Digital Bridge Communications (wi-max)	BIP/BTOP	\$216,797.00	\$259,099.00	Non-remote	LM	no	yes
5	Digital Bridge Communications (wi-max)	BIP/BTOP		\$2,606,764.00		LM	no	yes
89	WVVA.net, Inc Wireless	BIP/BTOP	\$111,303.00	\$492,580.00		LM	no	yes
92	Corporate Military, LLC Hartwood Virginia	BIP/BTOP		\$977,500.00	Non-remote	LM	no	yes
105	AOC-XGEN Wireless	BTOP		\$21,243,072.00		LM	no	yes
109	AOC-XGEN Wireless	BTOP		\$13,292,253.00		LM	no	yes
122	King and Queen County	BIP/BTOP		\$59,055,577.00		LM	no	yes
137	Buckingham County (wireless canopy)	BIP		\$905,000.00	remote	LM	no	yes
131	CablePlus (honaker)	BIP/BTOP		\$2,055,486.00		LM	no	yes
83	Ntelos	BIP/BTOP	\$8,062,088.00	\$8,062,088.00	Non-remote	LM	no	yes
84	Ty River Farms wireless	BIP/BTOP		\$900,658.00	remote	LM	no	yes
77	LENOWISCO Transport Fiber	BIP/BTOP		\$6,919,292.00		MM	yes	yes
73	City of Bristol (BVU) - midmile	BIP/BTOP		\$3,210,953.00		MM	no	yes
75	Roadstar Internet	BIP/BTOP		\$3,379,464.00		MM	no	yes
65	Surry County	BIP/BTOP		\$791,033.00		MM	no	yes
55	Northern Neck Planning District Commission (NNPDC)	BIP/BTOP		\$13,988,941.00	unknown	MM	no	yes
61	Open Band - Loudoun Light	BIP/BTOP	\$2,588,163.00	\$10,352,651.00		MM	no	yes
53	Page County Broadband	BIP/BTOP		\$1,648,941.00	unknown	MM	no	yes
40	Mid-Atlantic Broadband Cooperative	BIP/BTOP		\$16,044,290.00		MM	no	yes
30	Eastern Shore Broadband Cooperative	BIP/BTOP		\$12,700,099.00	Non-remote	MM	no	yes
32	Nelson County	BIP/BTOP		\$1,826,646.00		MM	no	yes
6	Virginia Tech - Mid-Atlantic Broadband Coop Network	BTOP		\$5,540,000.00		MM	no	yes
87	New River Valley Wireless Authority	BIP/BTOP		\$3,270,000.00		MM	no	yes
90	Hampton Roads Educational Telecommunications Association, Inc. Hpt roads regional area network	BTOP		\$59,969,895.00		MM	no	yes
4	Fiberlight	BTOP		\$26,597,400.00		MM	no	no - GA, but currently deploying infrastructure in VA
111	Telecom Capital (new company to be formed)	BIP/BTOP	\$12,515,812.00	\$50,063,247.00		MM	yes	yes

Website list #	Project	Program	Loan	Grant	Remote/Non-Remote	Type	multi-state	VA application
Public Computing Centers - Preferred projects are those proposed by Virginia entities to provide increased public computing center access to the citizens of Virginia								
41	City of Alexandria - 4 mobile computing centers	BTOP		\$254,762.00		PCC	yes	yes
38	Lonesome Pine Library - Free BB access	BTOP		\$372,612.00		PCC	no	yes
86	Norfolk re-development and housing	BTOP		\$1,798,634.00		PCC	no	yes
98	broadband census - bb data collection at public computing centers	BTOP		\$2,679,945.00		PCC	yes	yes
102	United Negro College Fund(PCCs at HBCUs)	BTOP		\$17,320,498.00		PCC	yes	yes
118	NN housing and redevelopment authority (11 sites)	BTOP		\$993,880.00		PCC	no	yes
129	Hampton University PCC capacity expansion	BTOP		\$2,621,652.00		PCC	no	yes

Building Sustainable Broadband Demand - Preferred projects are those that provide publically available training and services (not product or website/portal development) to citizens of the Commonwealth to cultivate demand (revenue/usage) for networks funded through BIP/BTOP Infrastructure awards

58	Center for Innovative Technology- hands on assistance and education for healthcare, commerce and vulnerable populations	BTOP		\$9,633,438.00		SBA	no	yes
76	Senior Net - Senior Education	BTOP		\$30,463,000.00		SBA	yes	yes
78	MPT Services - mobile computer classes for Seniors	BTOP		\$14,185,800.00		SBA	yes	yes
79	Riverside Health Systems - Healthcare training via distance learning	BTOP		\$7,985,755.00		SBA	no	yes
49	UVA - Distance Education Expansion	BTOP		\$545,011.00		SBA	no	yes
52	Digital Bridge - Service discounts, education, computers	BTOP		\$5,354,400.00		SBA	yes	yes
119	United Negro College Fund - HBCUs as anchor tenants for adoption	BTOP		\$24,000,000.00		SBA	yes	yes
124	Mountain Empire Older Citizens - training and outreach	BTOP		\$867,734.00		SBA	no	yes
3	Public Broadcasting - public outreach	BTOP		\$8,744,607.00		SBA	yes	yes



COMMONWEALTH of VIRGINIA

Office of the Governor

Timothy M. Kaine
Governor

October 13, 2009

The Honorable Lawrence E. Strickling, Administrator
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, NW, Room 4898
Washington, DC 20230

Dear Administrator Strickling:

Since 2006, the Commonwealth has focused resources on expanding broadband opportunities throughout Virginia and the American Recovery and Reinvestment Act (ARRA) funding provides an opportunity to serve those who have yet to benefit from our efforts – the remaining unserved areas. In May, I announced the formation of the Governor's Broadband Advisory Council and that Virginia's first broadband availability map – developed at no additional cost to taxpayers – was complete.

The map is an important resource that has guided our review of the applications that have been submitted to the Administration during this first round of Broadband Initiatives Program/ Broadband Technology Opportunities Program funding. Of the 137 applications submitted referencing Virginia, there are 66 projects that best fit the Commonwealth's broadband policy objectives and the goals of ARRA. The attached spreadsheet highlights those projects.

The Commonwealth requests that Virginia-based entities proposing to do business in Virginia receive a favorable evaluation across all categories -- Infrastructure, Building Sustainable Broadband Demand, and Public Computing Centers. For the infrastructure program, applications that propose services in unserved areas of Virginia would be our priority for project selection. For the building sustainable broadband demand category, delivery of direct services to our citizens such as publicly available training is our priority because direct services will cultivate long-term sustainable demand for the networks built with the ARRA funding.

The Honorable Lawrence E. Strickling
October 13, 2009
Page 2

We appreciate the opportunity to be a part of the project selection process. Karen Jackson, Deputy Secretary of Technology, is the Commonwealth's point of contact for this effort. She can be reached at karen.jackson@governor.virginia.gov.

Sincerely,


Timothy M. Kaine