



Rural Development

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OPEN LETTER FROM THE ASSISTANT ADMINISTRATOR

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To all RUS Telecommunications personnel, Infrastructure and Broadband Loan Applicants and Borrowers: Guidelines regarding the funding of CPE, CLE, and Premises Wiring.

In order to best serve the residents of rural America, and ensure that they enjoy the same technology enabled opportunities as residents of urban areas, RUS routinely reviews and updates program guidelines and procedures.

As part of this endeavor, and in response to multiple inquiries for clarification, the Rural Utilities Service (RUS), has generated an updated set of guidelines addressing the eligibility of program funding for CPE, CLE, and premise wiring under the Infrastructure and Farm Bill Broadband loan programs.

To better reflect current technologies and industry practices, these guidelines include an updating of some of the past funding eligibilities. In particular, the funding practices of network elements such as ONTs and DSL Modems located inside a customer's premises, and borrower owned CPE, such as non-integrated Wi-Fi routers, have been addressed and modified.

Please contact the Portfolio Management and Risk Assessment Division at (202) 720-1025, or your General Field Representative, if you require clarification or additional information.

Sincerely,

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Assistant Administrator
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Farm Bill and Telecommunications Infrastructure Program System Construction Guidelines

Guidelines regarding the funding of premises located equipment and cabling

GENERAL:

These guidelines, effective as of September 1, 2016, are intended to clarify the information regarding the eligibility of equipment and facilities for funding under the Infrastructure (7 CFR 1735) and the Farm Bill Broadband (7 CFR 1738) programs. In particular this guideline discusses Customer Located Equipment (CLE) and Customer Premises Equipment (CPE). Inside premises wiring installation is also addressed.

DEFINITIONS:

Customer Located Equipment (CLE) – Network equipment which is located at the customer’s premises to terminate network facilities and provide a demarcation between network operations and the customer’s subscribed services. CLE can be externally mounted on an outside wall or inside the customer’s premises.

Customer Premises Equipment (CPE) – Equipment, typically either owned by the customer or leased from the network provider, used for the delivery and control of services subscribed to by the customer. CPE typically does not connect directly to network facilities or plant, rather it connects to CLE which functions as the demarcation between the carrier’s network and the subscriber’s facilities. The functionality of CPE is sometimes integrated into CLE in which case it serves as the demarcation point.

Digital Subscriber Line (DSL) – Digital subscriber line (also known as digital subscriber loop) is a family of technologies that are used to transmit digital data over ordinary copper telephone lines. Depending on the modulation techniques employed and the ratio of download to upload speed, DSL technologies are capable of providing services ranging from 256Kbps to over 100 Mbps.

Fiber To The Premises (FTTP) – Fiber to the Premises is a variant of network architectures which employs optical fiber to provide local access to broadband and telecommunications services. FTTP is also referred to as Fiber to the Business/Building (FTTB) or Fiber to the Home (FTTH) depending on the application. FTTP access can be deployed to support both passive and active optical distribution networks.

Network Interface Device (NID) – The point at the customer’s premises where the network drop cable is terminated. A NID is also sometimes referred to as a Network Interface Unit (NIU) and may include CLE such as an Optical Network Terminal (ONT), used for FTTP, or a DSL modem.

Optical Network Terminal (ONT) – A type of CLE and NID located at the customer’s premises at which the optical drop cable is terminated and converted to electrical service signals in an FTTP network.

Plain Old Telephone Service (POTS) – Legacy circuit switched telephone service.

Voice Over IP (VOIP) – Voice telecommunications service which is carried and routed as Internet data packets rather than as switched circuits as in POTS.

FUNDING GUIDELINES:

Customer Located Equipment (CLE): Under the Infrastructure Loan Program (7 CFR 1735.2 and 1735.17) RUS funds can be applied to CLE such as ONTs for FTTP systems, NIDs/DSL Modems for DSL systems, and Radio antennae and access radios for wireless networks. In addition to these items, the Farm Bill Broadband program (7 CFR 1738.51) additionally allows the funding of CLE for systems which can also deliver cable TV service in addition to voice, Internet, and other digital interactive solutions and services.

RUS funds can be used for these types of equipment regardless of whether their installation location is on an external wall or inside of the subscriber’s premises. RUS funds can be used to provide connectivity from an external NID or entrance point to CLE devices installed in the interior of the subscriber’s premises.

Customer Premises Equipment (CPE): RUS funds can be used for the funding of borrower owned CPE, such as Wi-Fi routers which are not integrated with the CLE, under both the Infrastructure (7 CFR 1735.2 and 1735.17) and Farm Bill Broadband (7 CFR 1738.2 and 1738.51) programs as both programs include voice and data in the definition of telephone service.

Video service CPE, such as set top boxes, are only fundable under the Farm Bill Broadband program (7 CFR 1738.51). The Infrastructure program (7 CFR 1735.2) specifically prohibits the funding of CATV system services and facilities.

In-house wiring:

Per 7 CFR 1735.17 (c)(1) RUS will not fund any wiring between CLE and either subscriber or borrower owned CPE devices such as non-integrated Wi-Fi routers under the Infrastructure program. In-house wiring between CLE and borrower-owned CPE is eligible for funding however under the Farm Bill Broadband program (7 CFR 1738.52(e)).

DIAGRAMS:

Figure 1a shows an FTTP installation where the ONT is located inside the home. In this case the ONT and non-integrated router are eligible for funding under both the Infrastructure and Farm Bill Broadband programs. The cabling between the NID and the ONT is also fundable under both programs, however the cabling between the ONT and the owner owned CPE is only fundable under the Broadband program. Figure 1b shows the case where the ONT is located on

an outside wall of the building. The same rules regarding the cabling between the ONT and the router apply in this situation as for the case in figure 1a.

Figure 2 shows where the DSL modem is located inside the premises. In this case the cabling from the NID to the DSL modem, as well as the cost of the NID and DSL modem is fundable, as is the cost of the borrower owned CPE. The cost of the cabling between the DSL modem and the owner owned CPE is only fundable under the Farm Bill Broadband program.

