

*U.S. Department of Agriculture  
Rural Utilities Service  
Broadband Initiatives Program Quarterly Report  
As of 12/31/2014*

**Introduction**

The Department of Agriculture's broadband goal is to increase the number of rural Americans with access to robust broadband service and provide the speeds and bandwidth for health care, public safety, educational, business and social services. Rural Utilities Service (RUS) financing facilitates broadband service providers offering affordable, broadband service to residents and businesses, expanding access to education and health care, creating high-skilled, high-wage jobs, and increasing economic opportunities across rural America. This infrastructure investment creates jobs when projects are planned and built, adds jobs when these projects become operational and again as these services are used by communities to spur further economic expansion.

RUS provides financing for telecommunications infrastructure through direct loans and loan guarantee programs. The program priorities are to ensure that rural communities have access to advanced telecommunications services, such as high-speed Internet services and advanced communications services such as distance learning and telemedicine. The program makes new or improved services available to borrowers' subscribers, including rural residents and businesses. Performance measures directly measure the impact of the programs on rural communities. Program outreach efforts are focused on identifying rural areas that do not have access to these services, which are essential for economic development and improved health and education services.

**The Broadband Initiatives Program**

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (Recovery Act) into law. The Recovery Act provided RUS with \$2.5 billion to expand access to broadband services in rural America. The Recovery Act expanded RUS' existing authority to make loans and provided new authority to make grants for the purpose of facilitating broadband deployment in rural communities. To maximize the level of funds available for broadband projects, the agency leveraged its budget authority appropriated by the Recovery Act to make grants, loans and loan/grant combination awards. In total for the broadband program, over \$2.33 billion in grants and \$1.19 billion in loans were made to 320 projects, totaling over \$3.5 billion. Of those original 320 projects, 297 were for infrastructure, 4 for satellite broadband service support, and 19 for technical assistance, the majority of which went to tribal communities.

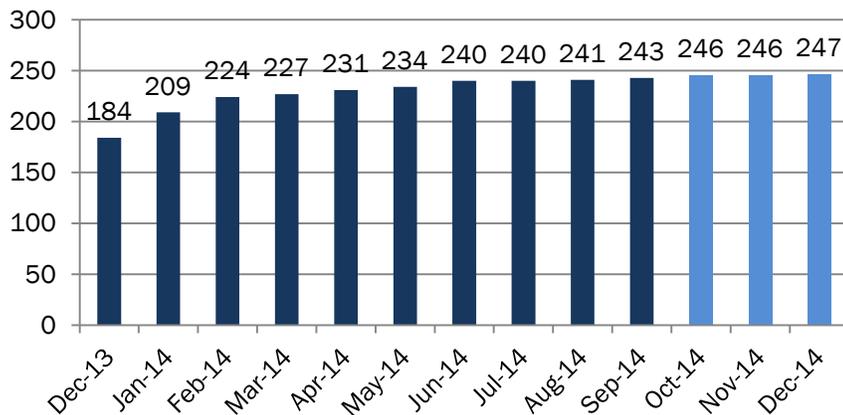
The Recovery Act funded projects designed to provide broadband service quickly, and large infrastructure projects—considered transformative—that may take as many as five years to build out. All RUS projects must comply with federal and state environmental, historic preservation and in some cases tribal or intergovernmental reviews that can require significant consultation with the public. RUS technical and financial oversight continues throughout the project's life and beyond. Rigorous project

*Numbers and text that have been updated from the previous report appear in blue font.*

oversight has led to the rescission of 42 Recovery Act awards. As a result, nearly \$325 million was returned to the Treasury.

Under the Recovery Act, contracts signed by awardees require that all loan/grant funds must be advanced by September 30, 2015. Funds not advanced will be rescinded by RUS and returned to the U.S. Treasury. RUS and senior USDA officials have repeatedly encouraged awardees to complete Recovery Act projects as quickly as possible. RUS field employees continue to vigorously monitor the progress of construction and compliance of the BIP awardees, conducting on-site visits and reporting on the awardees' progress regularly.

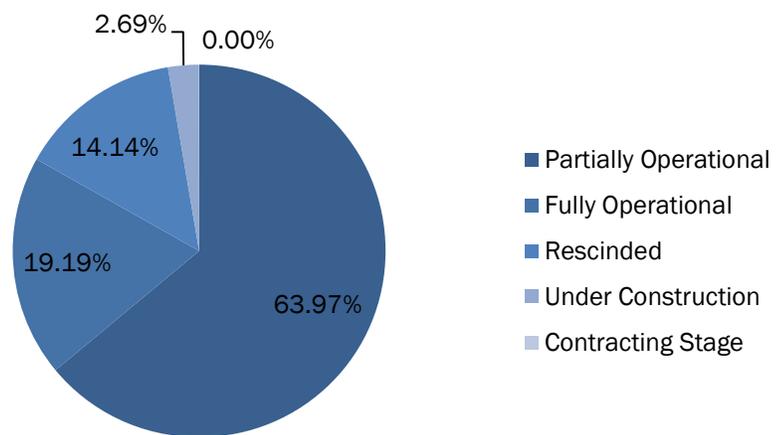
**Number of BIP Infrastructure Projects Partially Operational or Complete Over Time**



The vast majority of the BIP awards were obligated between March and September 2010. Projects are progressing well and within expectations. The RUS has worked closely with

Federal and state partners to complete required reviews and to address regulatory or processing issues. All environmental reviews have been completed. The agency is working closely with awardees to expedite project construction. All 19 Technical Assistance awards have been fully disbursed. The \$100 million satellite broadband program disbursed 94.7 percent of its funds to the four satellite awardees, and the remaining funds were rescinded to the Treasury. Satellite awardees could only request funds through September 30, 2013.

**BIP Infrastructure Projects by Status as of 12/31/14**



Infrastructure projects, larger and more complex, continue to progress, offering more rural residential and business consumers access to broadband service. Of those, **190** projects, representing **\$2.542 billion** in funding, are partially operational (meaning the awardee is providing service to some of its proposed service territory), and an additional **57** projects, representing **\$366.2 million** in funding, are fully operational (meaning the awardee is providing service throughout its proposed service territory). The pace of construction exceeds the pace of reimbursement. **\$2.481 billion** in Infrastructure project funding was advanced **as of 12/31/14**.

Numbers and text that have been updated from the previous report appear in blue font.

## Key Performance Metrics and Results

Metric	Result
Miles of fiber deployed	63,576*
Number of wireless access points placed	1,727*
Broadband subscribers receiving new or improved broadband:	
• Households	208,879*
• Businesses	14,879*
• Educational Providers	708*
• Libraries	142*
• Healthcare Providers	426*
• Public Safety Providers	470*
• Total broadband subscribers receiving new or improved broadband	225,504*
• Subscribers forecasted to receive new or improved broadband as a result of total funding (5 years after project award)	728,733

\*Note: These numbers are according to reports provided by the awardees.

## Operational Statistics for Infrastructure Projects

Number of original projects awarded	297
Number of active projects	255
Amount of original awards (loans and grants)	\$3.425 billion
Projects partially operational or complete	247
Percent of active projects partially operational or complete	96.9%
Number of projects with completed environmental reviews	255
Percent of projects with completed environmental reviews	100%
Number of projects actively drawing funds**	202**
Percent of projects actively drawing funds**	79.2%**
Number of rescinded projects	42
Percent of projects rescinded	14.1%
Number of projects not started	0

\*\*Note: This number has decreased from the previous quarterly report because some projects are now fully advanced and therefore are no longer actively drawing funds. This number will continue to decrease over time.

## Success Story

### *Atlantic Telephone Membership Corporation (ATMC)—North Carolina*

#### **Need:**

Southeastern Columbus county residents in North Carolina were without access to high speed internet. Some people in these rural areas couldn't even check their e-mail at home on the slow connection speeds that were previously available.

Numbers and text that have been updated from the previous report appear in *blue font*.

### **How Rural Development Helped:**

The Atlantic Telephone Membership Corporation (ATMC) received a Broadband Initiatives Program (BIP) loan and a BIP grant in 2010. The loan was for approximately \$4.8 million and the grant for \$11.2 million, totaling just over \$16 million.

ATMC has also received several Telecommunications Infrastructure Loans over the years, the most recent one being in 2006 for \$10.1 million. In fact, ATMC was founded in 1955 with the help of a loan from the Rural Electrification Administration (REA), the predecessor to Rural Utilities Services (RUS) and the Telecommunications Program. ATMC is now the largest telephone cooperative in North Carolina and serves more than 38,000 members, many of whom have been helped through these loans and grants.



*Above: Groundbreaking of ATMC's BIP project, March 2011*

### **Results:**

Funds from the BIP loan and grant were used to create a network for 3,600 households in southeastern Columbus County as well as 270 small businesses in the area. ATMC has been able to construct a fiber network to serve this rural area of North Carolina and they completed the build out over a year ahead of schedule, in 2013. Towns in this area are already beginning to see the benefits of a high-speed fiber connection. For example, several members of the community of Pleasant Plains in Columbus County are enrolled in online courses. The new broadband service has made the classes faster and more manageable so that online learning and telecommuting, which previously seemed impossible, are now achievable realities.

Allen Russ, the CEO of ATMC said "We know school teachers, principals and medical administrators in this area who [did] not have access to broadband and that is crucial to their jobs." The Vice President of Plant Operations for ATMC is married to a local school teacher who was never able to access even her e-mail on their home internet due to the lack of broadband. She was unable to enter grades at home due to the slow speed of their dial-up connection, so she would often have to stay late at school to complete tasks that she is now able to do at home.

ATMC's first customers under the BIP network in Columbus County, Mr. and Mrs. Carl Ward, were hooked up in September 2011. Mrs. Ward said that previously they had to wait for some things online for as long as 45 minutes, and now "it's so fast that if you blink you'll miss it."