

EXHIBIT #2

USDA's Broadband e-Connectivity Pilot Program

Background

On April 25, 2017, President Trump established the Interagency Task Force on Agriculture and Rural Prosperity through Executive Order 13790 and appointed Sonny Perdue, United States Secretary of Agriculture, as its Chair. The purpose and function of this Task Force was to identify legislative, regulatory, and policy changes to promote agriculture, economic development, job growth, infrastructure improvements, technological innovation, energy security, and quality of life in rural America.

On October 21, 2017 the Task Force issued the *“Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity.”* More than 21 federal agencies, offices, and executive departments identified over 100 actions the federal government should consider undertaking to achieve this vision. These recommendations were organized around five key indicators of rural prosperity: e-Connectivity, Quality of Life, Rural Workforce, Technological Innovation, and Economic Development.

Rationale for the Call to Action #1: Achieving e-Connectivity for Rural America

The USDA's Broadband e-Connectivity Pilot Program is the first significant action as a result of the Report. Its impetus is found in the Report which states:

“In today's information-driven global economy, e-connectivity is not simply an amenity - it has become essential. E-connectivity, or electronic connectivity, is more than just connecting households, schools, and healthcare centers to each other as well as the rest of the world through high-speed internet. It is also a tool that enables increased productivity for farms, factories, forests, mining, and small businesses. E-connectivity is fundamental for economic development, innovation, advancements in technology, workforce readiness, and an improved quality of life. Reliable and affordable high-speed internet e-connectivity will transform rural America as a key catalyst for prosperity.

The expansion of high-speed, high-capacity internet to connect rural America to the “digital superhighway” of global commerce is a key infrastructure priority. E-connectivity for rural America is essential for ensuring America's economic competitiveness and enabling all Americans to be plugged in to a world of opportunity.

Unfortunately, too many Americans do not experience the benefits of robust internet service. As of 2014, 39 percent of the rural population lacked access to broadband at speeds necessary for advanced telecommunications and data transfer capability (see chart for comparison with urban and national populations). This e-connectivity gap not only prevents rural Americans from

participating in the global marketplace but also limits urban Americans from accessing the innovations and products of rural America. Additionally, this digital divide means rural American businesses miss opportunities to serve new global customers.”

The Broadband e-Connectivity Pilot Program is Created

The Rural Utilities Service (RUS), an agency of the United States Department of Agriculture, launched the pilot broadband program (e-Connectivity Pilot) on March 23, 2018, in the Consolidated Appropriations Act of 2018. The e-Connectivity Pilot was appropriated \$600 million in budget authority to be operated under the Rural Electrification Act of 1936 on an expedited basis. Loans and grants are limited to the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural areas and communities.

Those rural areas are defined as having at least 90 percent of the households without sufficient access to broadband, defined as 10 Mbps downstream, and 1 Mbps upstream..

RUS’ Request for Comments

RUS has sought input on several questions concerning development of the e-Connectivity Pilot. Comments were requested from a broad range of stakeholders with an interest in rural broadband deployment. Specifically, RUS sought comment on the following:

- (1) Eligible rural areas are defined as having at least 90 percent of the households without *sufficient access* to broadband, defined in the law as 10 Mbps downstream, and 1 Mbps upstream. RUS wants to determine:
 - A. The types of technologies and services to be defined as “sufficient access.”
 - B. The transmission capacity required for economic development, and speed and latency, especially in peak usage hours, to ensure rural premises have access to coverage similar to that offered in urban areas.
 - C. Whether affordability of service should be included in evaluating whether an area already has “sufficient access” and how to benchmark affordability of internet services.
- (2) RUS uses a combination of a Public Notice Filing—Public Notice Response process through our online mapping tool and the most current data of the National Broadband Map, or any other data regarding the availability of broadband service that may be collected or obtained through reasonable efforts. RUS' mapping tool will publicly post proposed service territories of applicants to allow existing service providers an opportunity to comment if 10 Mbps downstream and 1 Mbps upstream service exists for households in the proposed service area or not. RUS is seeking comments on:

- A. How data speeds are to be used or verified, given the limited availability of publicly-available information regarding accurate broadband speeds provided to rural households.
 - B. What other sources of data availability should be used for evaluation?
- (3) RUS is working to ensure that projects funded by the e-Connectivity pilot provide improvements to rural prosperity. This includes projects that benefit rural industries such as agriculture, manufacturing, e-commerce, transportation, health care, and education. Comments are specifically requested on:
- A. Effective methods that can measure leading indicators of potential project benefits for these sectors, using readily available public data. USDA is also aiming to improve rural economies, especially for those being served.
 - B. How to evaluate the viability of applications that include local utility partnership arrangements, including locally-owned telecommunications companies where possible.

Synopsis of NBNCBC's Response

In its response NBNCBC:

- Applauded the recommendations and call for action in the “Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity.”
- Agreed with the Task Force that the five key indicators of rural prosperity are: e-connectivity for rural America, Improving Quality of Life, Supporting a Rural Work Force, Harnessing Technological Innovation and Economic Development.
- Cited that much of rural Northern California, especially the four counties in the NBNCBC region and the other rural counties (Del Norte, Humboldt, Trinity, Colusa, Lake, Glenn, Tehama, Shasta, Siskiyou, Modoc, Lassen, and Plumas) currently lack the robust connectivity needed to achieve the vision of this USDA report.
- Rural California could significantly utilize programs, such as the e-Connectivity Pilot Program, especially considering California agricultural communities primarily reside in rural areas where broadband services are lacking or nonexistent.
- Stated that rural California has not historically benefited from federal grants and loans provided through USDA broadband programs, relative to its size in population and vast under- and fully unserved areas.

From NBNCBC's perspective, the core problem with the proposed USDA e-Connectivity Pilot Program is that statutory and proposed rule change language takes us backwards from the previous broadband and telecommunications programs of USDA's Rural Utilities Service (RUS) and moves our goal of equitable funding for California farther away.

There are two elements of the Pilot Program that move the USDA-RUS broadband program in the wrong direction, which are:

1. The lower speed eligibility level (10/1); and,
2. The unnecessarily high increase in the area eligibility requirement for number of locations unserved in a proposed funded area (from 15% to 90%).

NBNCBC stated that 10/1 Mbps for connectivity to households is too low. We have endorsed the FCC standard of 25/3 Mbps as the minimum standard for providing broadband to unserved households.

NBNCBC pointed that future capacity requirements for the agriculture industry, manufacturing, small businesses, government agencies and anchor institutions that produce data will need to emphasize the importance of upstream speeds as well as downstream.

While upstream may be equally as important as downstream capabilities, it may be most effective to prioritize symmetrical services rather than asymmetrical services, meaning – the service has the same upstream speeds and downstream speeds. We recommended speeds to connect entities that produce and send data (minimum of 25mbps downstream and 25mbps upstream).

NBNCBC did not agree with RUS' plan to use at least 90% to identify communities where households do not have access to 10mbps/1mbps (as required by law). We believe it should be at least 15% as that threshold will capture a larger percentage of unserved households.

NBNCBC recommended RUS account for various factors in ensuring effective adoption of the broadband services once they are deployed including:

- Affordability;
- Data Allowances (unlimited);
- Latency, redundancy, and resiliency;
- Speeds to connect households (minimum of 25mbps downstream and 3mbps upstream);
- Speeds to connect entities that produce and send data (minimum of 25mbps downstream and 25mbps upstream); and,
- Use 15% of the unserved households as the standard for this program's funding.

The Value of NBNCBC Joining the Public Knowledge Coalition

As stated earlier, several entities submitted responses to RUS' request. One of those organizations was Public Knowledge, a highly recognized non-profit 501(c)(3) organization based on Washington DC. Public Knowledge promotes freedom of expression, an open internet, and access to affordable communications tools and creative works. It works to shape policy on behalf of the public interest.

Public Knowledge works at the intersection of copyright, telecommunications, and internet law, at a time when these fields are converging. PK's experience in all three areas puts it in an ideal position to advocate for policies that serve the public interest. Learn more about [how we choose issues to promote the public interest](#).

Public Knowledge focuses on:

- Ensuring universal access to affordable and open networks
- Promoting creativity through balanced copyright
- Advancing government transparency and the public's access to knowledge
- Upholding and protecting consumer rights
- Opposing policies that would slow technology, impede innovation, shrink the public domain, or limit fair use
- Educating the press, the public, and policymakers using plain-language analysis, white papers, blog posts, and videos
- Producing events that provide a forum for policymakers, the public, industry, and the press to exchange ideas about our core issues

In dealing with the Interagency Task Force report and specifically with the USDA Broadband e-connectivity Pilot Program, Public knowledge forged a coalition of several reputable organizations to become co-signers of its comments.

One of the organizations to join the Public Knowledge Coalition is the California Center for Rural Policy, based at Humboldt State University and headed by Connie Stewart. Connie is also the lead of our sister regional consortium, Redwood Coast Connect Consortium, representing Del Norte, Humboldt and Trinity counties.

While Calvin and Peter were developing our comments to RUS, Peter reached out to Public Knowledge and learned about the coalition. We were invited to join the coalition, but determined we did not have time to secure approval of the NBNCBC Oversight Committee.

Going forward we feel it may be advantageous for NBNCBC to join the Public Knowledge coalitions, or at least engage PK in an ongoing dialogue.