



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

March 21, 2017

Assembly Committee on Energy & Utilities

Testimony on Assembly Bill (AB) 123 and Senate Bill (SB) 49

Good afternoon and thank you for the opportunity to testify in favor of Assembly Bill 123. Expanding rural broadband is one of my top priorities. There are many communities in the 17th Senate District that have little-to-no broadband service. Obviously, it is difficult to run a business, communicate or take advantage of current technology when we don't have broadband access. We must also consider the way education and healthcare are changing and relying more and more on the internet.

The Rural Broadband Expansion Grant program is a positive way for Wisconsin to encourage investment in broadband in locations where it is difficult for a private company to justify the expense of installation. It also helps municipalities, community organizations and community champions work with their telecommunications providers to build projects that might not otherwise happen.

Assembly Bill 123 is the companion to Senate Bill 49, which has successfully passed the Senate Committee on Revenue, Financial Institutions and Rural Issues. It is now headed to the Joint Finance Committee.

These bills are a combination of the proposal that was promoted by Governor Scott Walker on December 1, 2016 and recommendations made by the 2016 Study Committee on Rural Broadband, which I chaired last fall. Combining our ideas, we produced legislation that will make an immediate, significant impact on rural broadband in Wisconsin.

The bill allocates at least \$11 million more for rural broadband grants during the current fiscal year. This means, when the bill passes, the Public Service Commission (PSC) will be able to make at least \$11 million more in awards immediately. It is a continuing appropriation, so the PSC is not bound by the fiscal year, but they also receive the flexibility to get started right away and take advantage of the summer months.

This \$11 million is in addition to the \$1.5 million the PSC has already awarded this year. The funding comes from surpluses in the Universal Service Fund (USF) and the E-Rate reimbursement fund. No other programs are being impacted by this allocation. This bill will not result in any new taxes, fees or assessments.

The Study Committee developed several recommendations for improving the Rural Broadband Expansion Grant program including improving the definition of economic development, prioritizing unserved areas more than areas that have some sort of broadband technology and expanding the consideration for broadband in the home from an educational and healthcare perspective. This bill insures that these ideas are applied to any new grants from the program.

In addition to broadband grant expansion the bill adds funding to the Technology for Educational Achievement (TEACH) program and focuses the program more heavily on rural schools.

The Rural Broadband Expansion Grant program is a positive way for Wisconsin to encourage investment in broadband in locations where it is difficult for a private company to justify the expense of installation. It also helps municipalities, community organizations and community champions work with their telecommunications providers to build projects that might not otherwise happen.

Thank you again for allowing me the opportunity to testify in support of this bill, and I would welcome any questions.



Romaine Quinn

STATE REPRESENTATIVE • 75th ASSEMBLY DISTRICT

AB 123: Advancing Rural Broadband

3/21/2017

Committee on Energy and Utilities

Ladies and Gentlemen, good afternoon and thank you for the opportunity to testify on Assembly Bill 123, which would help Wisconsin make significant strides forward in providing broadband to our rural areas.

When the Rural Wisconsin Initiative began, we wanted to focus on four areas that would make the most significant impact for outstate communities in our state. Those areas were health care, education, workforce readiness, and technology. While researching these areas and how we can make state investment go as far as possible, we realized that high-speed internet was inextricably tied to each of the other issues. Recognizing that broadband technology is truly the next century's critical infrastructure, we called for an expansion of Wisconsin's Broadband Expansion Grant Program to \$10 million per year.

That call began a conversation across the state on broadband access, which led to the creation of the 2016 Study Committee on Rural Broadband.

The bill before you today is a product of a proposal by Governor Scott Walker and the findings of the Study Committee. Our bill allocates \$15.5 million more for rural broadband grants during the current fiscal year, which is currently funded at \$1.5 million. Additionally, we are adding funds to the Technology for Educational Achievement (TEACH) program. The funding comes from surpluses in the Universal Service Fund (USF) and the E-Rate reimbursement fund. No other programs are being impacted by this allocation.

That's the funding aspect. Equally crucial is the improved ability to target these projects to the rural areas that need them the most. The Study Committee identified a number of criteria that should serve as considerations when implementing broadband projects. Members noted the need to focus on

economic development, and defined the guidelines for this. Previous legislation only allowed PSC to allow projects going to "unserved areas" – those with no current access to internet at all. We broaden that to allow PSC to fund grants for "underserved areas," where internet exists but speeds are extremely slow. This bill also ensures that we are considering educational and health care opportunities created by broadband access.

Quite simply, when we pass this bill, we will be able to drastically expand the broadband projects being put in across the state, without raising any new taxes, fees, or assessments.

Summary of FY 2016 Broadband Grants

Applicant(s)	Grant amount awarded	Matching funds	Total project cost	Technology Type	Description
Amery Telephone Co.	\$99,000.00	\$393,200.00	\$492,200.00	Fiber	This project will build a fiber route along rural roads in the Amery Tel. Clayton exchange. The project area is located in the Town of Vance Creek in southwest Barron County. The fiber route will pass about 150 locations. Initially, Amery expects to install its broadband fiber to the home service to about 110 of those locations.
CenturyTel of the Midwest - Wisconsin, LLC Cumberland Project	\$140,970.00	\$303,030.00	\$444,000.00	Fiber/DSL	This project will build 9-mile fiber route and upgrade electronics at five serving devices. Potential service to 34 businesses and 490 residences.
CenturyTel of the Midwest - Wisconsin, LLC Sullivan Project	\$145,558.00	\$235,442.00	\$381,000.00	Fiber/DSL	This project will construct 7.3-mile fiber route and upgrade electronics at two serving devices. Potential service to 15 businesses and 242 residences.
Chequamegon Communications Cooperative, Inc. Town of Cable Project	\$98,000.00	\$123,095.00	\$221,095.00	Fiber	This project will provide fiber to the home to 65 locations in the Town of Cable, southwest of City of Cable, WI. Town of Cable will contribute \$5,000 and assist future development by securing easements and rights of way.
Chippewa County, Wisconsin Independent Network, LLC	\$286,165.00	\$260,000.00	\$546,165.00	Fiber	This project will build a 5.4-mile fiber route to connect two business parks on the south side of Chippewa River to existing fiber facilities. 25 existing businesses have indicated interest in fiber service from the fiber ring. Spare fiber could support additional public and private use in the future.
ChoiceTel LLC, Town of Land O'Lakes	\$249,093.00	\$249,092.00	\$498,185.00	Fiber	This project will build an 18 mile route to serve locations in Town of Land O' Lakes in Vilas County. Initially, potential service to 59 businesses and 250 residences. ChoiceTel will expand its network to cover potential 97 businesses and 1,184 residences within 2 years.
GogebicRange.net, Iron County Resource Development Association	\$41,914.00	\$36,785.00	\$78,699.00	Fixed wireless Up to 25/3 Mbps	This is a fixed wireless project. It will build 3 wireless towers in northern Iron County, 1 in Hurley and 2 others west of Hurley. Potential service to 30 businesses and 2,293 residences.

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City of Reedsburg, Reedsburg Utility Commission	\$69,300.00	\$254,000.00	\$323,300.00	Fiber	Extend fiber service to 2 rural subdivisions in Town of Delton in Sauk County. Potential service to 100+ residences in the 2 subdivisions. The extent of current broadband service is disputed. The residents of the subdivisions consider themselves to be unserved.
Siren Telephone Co. (Village of Webster project)	\$150,000.00	\$778,854.00	\$928,854.00	Fiber	This project will provide fiber to the home service to potentially 310 homes in the Village of Webster. Siren Telco also intends to expand this project to over 1,000 homes and small businesses in Webster area in future years.
Wittenberg Wireless LLC (Silver Birch Ranch project)	\$150,000.00	\$266,125.00	\$416,125.00	Fiber	This project will build a fiber route to a Cellcom cellular tower north of White Lake, and north to vicinity of Sawyer Lake and Silver Birch Ranch. Will initially serve potential of 305 households and seasonal residences in the Sawyer Lake Silver Birch Ranch area and the Cellcom tower in White Lake. Wittenberg Wireless plans to would also expand its fiber service south to the Village of White Lake in 2017.
Wittenberg Wireless LLC (Village of Mattoon)	\$70,000.00	\$73,608.00	\$143,608.00	Fiber	This project will build a fiber route to Village of Mattoon in Shawano County. Will provide fiber to the home service a potential 15 businesses and 180 residences in Mattoon, and an additional 20 residences along fiber route.
TOTAL	\$1,500,000.00	\$2,973,231.00	\$4,473,231.00		

Summary of FY 2017 Broadband Grants

Applicant(s)	Grant amount requested	Matching funds	Total project cost	County	Description	Technology Type
Amherst Telephone Company (Town of Hull project)	\$150,000.00	\$382,921.00	\$532,921.00	Portage	This project proposes to build a fiber to the home service in rural Portage County, northeast of Stevens Point. The 16-mile fiber route will build past 167 residential and business locations in three townships: Hull, Dewey, and Sharon.	Fiber
Black Earth Telephone Company, LLC d/b/a TDS Telecom (Town of Berry project)	\$156,500.00	\$156,500.00	\$313,000.00	Dane	This project proposes to build a dsl service in rural Dane County, northeast of the Village of Black Earth. TDS would provide dsl service to 166 households in the Town of Berry.	VDSL2+ 25/3 Mbps to 75 % of households and 10/1 Mbps to 25% of households
CenturyTel of the Midwest - Kendall, LLC d/b/a CenturyLink (City of Peshigo project)	\$39,900.00	\$93,100.00	\$133,000.00	Marinette	This project proposes to build a 2.4-mile fiber route in the Peshigo Industrial Park in the City of Peshigo. The route will pass 58 business and 98 residential locations in the project area. Century currently provides dsl broadband service to 66 locations. It anticipates that if this project is built, an additional 109 locations could be connected within 24 months, or a total of 175 locations served.	Fiber/DSL
Telephone USA of Wisconsin, LLC d/b/a CenturyLink (Berry Lake project)	\$134,625.00	\$134,625.00	\$269,250.00	Oconto	This project proposes to build an 8.37-mile fiber route in Oconto County to support an upgraded dsl service in the vicinity of Berry Lake. Century currently provides broadband service to 67 locations. It anticipates that if this project is built, an additional 123 locations could be connected within 24 months, or a total of 190 locations served.	Fiber/DSL

Summary of FY 2017 Broadband Grants

Applicant(s)	Grant amount requested	Matching funds	Total project cost	County	Description	Technology Type
CenturyTel of the Midwest - Kendall, LLC d/b/a CenturyLink (Big Top Chautauqua project)	\$25,000.00	\$32,000.00	\$57,000.00	Bayfield	This project proposes to build a fiber route along Ski Hill Road in Bayfield County. The route will provide 1 Gbps to the Ski Hill and Big Top sites. This level of service will support the business operations of both enterprises, and also provide support for a Wi-Fi service for approximately 48,000 guests annually. The project would also locate a DSL service node along Ski Hill Road. CenturyLink currently provides broadband service to 52 locations in the area. These locations would be upgraded. Century anticipates that if this project is built, an additional 12 locations could be connected within 24 months, or a total of 64 locations served.	Fiber
CenturyTel of Central Wisconsin, LLC d/b/a CenturyLink (Hickory Park project)	\$10,000.00	\$30,000.00	\$40,000.00	Eau Claire	This project proposes to update the electronics at the Hickory Park subdivision, south of Eau Claire in Eau Claire County. CenturyLink currently provides DSL broadband service to 96 locations in the project area. Century anticipates that with the upgraded service it will add an additional 94 broadband subscribers within 24 months, or a total of 190 locations served.	VDSL & ADSL2+ 80/40 Mbps to 4/1 Mbps depending on distance from serving device
Chibardun Telephone Cooperative (Indianhead Holsteins project)	\$38,477.00	\$42,000.00	\$80,477.00	Barron	This project proposes to build fiber to the home service in the Town of Clinton in Barron County, just north of Poskin. The route will build past 13 farms and 1 business location.	Fiber

Summary of FY 2017 Broadband Grants

Applicant(s)	Grant amount requested	Matching funds	Total project cost	County	Description	Technology Type
ChoiceTel (Land O'Lakes Phase II project)	\$131,475.10	\$131,475.10	\$262,950.20	Vilas	This project proposes to build a 50-mile fiber to the home service in the Town of Land O'Lakes in Vilas County. This is a partial grant award. The intention is to connect as many as business and residential locations in Land O'Lakes as possible this year. ChoiceTel may reapply for the balance of the project next year.	Fiber
Ethoplex, LLC (Town of Oconomowoc project)	\$7,886.00	\$8,208.00	\$16,094.00	Waukesha	This project proposes to build a fixed wireless service to serve 21 locations along Highlander Road in the Town of Oconomowoc in Waukesha County. The fixed wireless service will reach an additional 50 business and residential locations within the footprint of the service.	Fixed wireless Up to 500 Mbps
Frontier North Inc. (Town of Weston project)	\$201,750.00	\$301,750.00	\$503,500.00	Marathon	This project proposes to build a 10-mile fiber route, upgrade the existing dsl service at three remote terminals, and install one new terminal in a housing subdivision southeast of Wausau in the Town of Weston. This project will provide approximately 1,245 households with broadband service with a maximum speed of 25/3, and 2,333 households with a maximum speed of 10/1. The project area includes 41 business locations as well. ^a	Fiber/DSL 1,245 households with broadband service with a maximum speed of 25/3, and 2,333 households with a maximum speed of 10/1.

Summary of FY 2017 Broadband Grants

Applicant(s)	Grant amount requested	Matching funds	Total project cost	County	Description	Technology Type
Hagar Telecom, Inc. dba BEVCOMM	\$43,775.60	\$65,663.40	\$109,439.00	Pierce	This project proposes to build a 1.24-mile fiber route to connect 35 residential locations in the Town of Diamond Bluff in Pierce County.	Fiber
Iron County Resource Development Association, Inc., Gogebicrange.net	\$79,101.30	\$80,101.30	\$159,202.60	Iron	This project proposes to expand the fixed wireless service that GogebicRange.net provides in Iron County. The applicants propose to place GogebicRange.net's fixed wireless equipment on four additional antenna locations. There are 1,743 business and residential locations within the footprint of the proposed fixed wireless service. Based upon the PSC's experience with fixed wireless projects, this project could be expected to serve 20% of these locations, or about 350 new customers.	Fixed wireless Up to 25 Mbps
Lafayette Development Corporation	\$86,084.00	\$344,336.00	\$430,420.00	Lafayette	This project proposes to build a fixed wireless internet service in Lafayette County. This is a partial award that funds fixed wireless service to Shuberts, Gratiot and Wiotra. LDC may reapply for the balance of the project next year.	Fixed wireless Up to 25/3 Mbps
MH Telecom, LLC (City of Dodgeville project)	\$55,360.00	\$83,040.00	\$138,400.00	Iowa	This project proposes to build a fiber route through a business park on the east side of Dodgeville. The route will build past 8 existing businesses and 28 potential commercial locations. The fiber route could also be used to service new and existing residential locations adjacent to the business park.	Fiber

Summary of FY 2017 Broadband Grants

Applicant(s)	Grant amount requested	Matching funds	Total project cost	County	Description	Technology Type
Oneida County Economic Development Corporation, Northwoods Telecommunications Technologies, LLC d/b/a Northwoods Connect	\$180,566.00	\$222,670.00	\$403,236.00	Oneida	This project proposes to build an expansion of the existing fixed wireless service in the northern portion of Oneida County. The project will install service on three existing and four new communications towers at an advertised speed of 25 Mbps down. The footprint of these towers is approximately 310 sq miles, reaching 7,957 local residences and businesses. The applicants state that they believe the project will eventually sign up 3,750 customers, including 40 business locations.	Fixed wireless Up to 25 Mbps
24-7 Telcom, Inc. (Town of Red Cedar project)	\$67,500.00	\$67,500.00	\$135,000.00	Dunn	This project proposes to build fiber to the premises service in the vicinity of the Village of Rusk, adjacent to I-94, just east of City of Menomonie in Dunn County. The route will build past 17 homes and 16 businesses. The project area is a narrow strip of land bounded on the north by an active rail corridor and on the south by the interstate. The purpose of this project is to improve the usefulness of this area for commercial development.	Fiber
Wittenberg Wireless (Village of White Lake project)	\$92,000.00	\$97,734.93	\$189,734.93	Langlade	This project proposes to build fiber to the home service in the Village of White Lake in Langlade County. Wittenberg expects to connect about 100 businesses and residences to its fiber service.	Fiber

Summary of FY 2017 Broadband Grants

Applicant(s)	Grant amount requested	Matching funds	Total project cost	County	Description	Technology Type
TOTAL	\$1,500,000.00	\$2,273,624.73	\$3,773,624.73			



KATHLEEN VINEHOUT
STATE SENATOR

Assembly Committee on Energy and Utilities

March 21, 2017

TESTIMONY

By Senator Kathleen Vinehout

Mr. Chairman and committee members, thank you for the opportunity to testify before you today. I strongly support the stated purpose of this bill “to make immediate and significant impact on rural broadband in Wisconsin.”

However, there are a number of concerns I have about the way the bill is written and the unintended consequences that may prevent the bill from succeeding in meeting our goals for broadband expansion.

First, as written, this bill is not a “rural” broadband bill. Nowhere in the bill does the word “rural” appear. In fact, the way certain provisions in the bill are written, the bill would favor broadband expansion in more populated areas.

The bill uses a statutory definition of economic development found at 196.796 (1) (c): “*Economic Development means development that is designed to promote job growth or retention, expand the property tax base or improve the overall economic vitality of a municipality, as defined in s. 30.01 (4), or region.*”

Many farmers talk with me about labor issues. Some want to invest in robotic milking but need a dedicated fiber-optic line for the equipment. Improving the economic vitality of a municipality or a region is too vague and does not specifically help rural areas. The definition would not encourage the PSC to award a grant to an application that helps farmers implement broadband-based agriculture technologies.

Which brings me to the second problem with the bill: it is not a “broadband” bill.

The bill defines “unserved area” (p. 11 Section 29) as actual speeds of 5 Mbps download/600 Kilobits per second upload. Any service slightly higher than this speed would not be “unserved” and would not be within the criteria set in the bill.

This defined minimum speed is in no way, shape or form “broadband.” My constituent in Pierce County travelled to a family member’s home to work in her basement as she did medical transcribing for Mayo Clinic. She needed 25 Mbps down and 3 Mbps up. Farmers investing in robotic milking operations need a dedicated fiber-optic line with at least 25 Mbps down and 3 Mbps up.

I heard from a local co-op manager who told me the way the bill is currently written most of the rural projects **that were approved under this grant program** would not be approved if this bill – as written – becomes law.

One provision of concern is on page 12, Line 2-8. This Section (31) sets out the criteria for the grant applicants and says the successful projects “will not result in delaying the provision of broadband service to areas neighboring areas to be served by the proposed project” nor “duplicate existing broadband infrastructure.” The effective definition of “broadband” is absurdly low. With this low definition, many areas with low Internet speed would never be built out with true broadband. Some co-ops are eager to go into these areas and bring fiber, but they need help.

The third problem with this bill is the “promised” service may never be delivered because of the way the bill is written. Here are a few parts of a long letter I received from Justin Fortney in Clifton Township in Pierce County:

“All we seek is help to get the basic broadband services that you all take for granted... it has been frustrating for us families to watch the digital revolution pass us by... we often had to pack the family into the car and drive to a relative's house or commercial business to use their Internet... in fact our area is CAF-II Subsidized Area, but still no Internet... these limited funds are being used by the... company to further increase the speed of areas that already have broadband. ... I cannot believe how inaccurate the data is that is displayed by the Wisconsin State Broadband Office and the National Broadband Map. They both show that our area does have broadband and that we are in [company name] service area.”

Mr. Fortey then explains that large “company A” has no intention of coming to him – they are one mile away – and large “company B” who has his telephone service who also received a CAF grant “has made no efforts to upgrade in any of our area.”

I received a very similar complaint about large “company C” who also received a large federal grant. Bruce Fuerbringer lives near Mondovi in rural Buffalo County. He is very upset about the advertised speed and the actual speed he receives. He complained and complained to the company. The advertised speed the company promised is over the definition in the bill for “underserved” but the actual speed he received is 1.5 Mbps down and as low as .65 Mbps on nights and weekends. The only explanation the company gave him is that he is located “a fair distance from their service hub” and “my speed was dependent on how many customers closer to the hub were using the service.” He wrote me three times with similar stories.

I have many stories. Constituents are very frustrated with the large companies promising one thing, taking federal and state money and delivering something else or not delivering at all. In some cases the large companies have trenched fiber right in front of the customer's house and will not connect the house.

Many months ago I attended a community meeting put together by the businesses in Ellsworth in Pierce County. Ellsworth is a community not served by a broadband provider. Large “companies A & B” were represented at the meeting. Both of these companies received federal funds and used the problems in western Wisconsin in their grant applications. But neither company would commit to building out Pierce County.

In their own words they said, “I don't want to promise you fiber where fiber is not going to come; It's not a great business investment to put in copper or fiber and We're not going to go trenching through a bluff ... We are a large wireless company...how do we leverage [our assets] to get the best bang for the buck...where can we grab the low hanging fruit...where do we have cell towers with capacity...there is a lot of engineering that goes into this.”

Cell towers and fixed wireless are not going to work in the Driftless Area. These are not options in our area of the state – we need fiber optics.

Local co-ops are doing a much better job of actually getting fiber into people's home. Some co-ops, like Nelson Co-op in my district already offer high-speed broadband Internet (30 down, 15 up) and they are going to triple their speeds (90 down, 45 up) with no additional charge to customers.

I suggest we focus our hard-earned state tax dollars on those smaller companies and co-ops that are actually bringing fiber to our rural families and farmers. I suggest we make the companies who have already received tens and hundreds of millions of federal dollars ineligible for the state grant program.

Thank you for your consideration.