

Memo

To: State broadband offices

From: Jake Varn, The Pew Charitable Trusts

Date: Nov. 4, 2021

Subject: State broadband programs—line extensions

The following memo contains information on state broadband line extension programs, including emerging examples from California, Indiana, and Vermont, and similar proposed examples, as of October 2021.

Summary points

- The cost of connecting an individual household or business to a network can be prohibitively expensive to achieve broadband access despite being located in a served area, as a significant portion of these costs typically falls to the property owner.
- State programs can support this final stretch of deployment by subsidizing these individual connections to existing infrastructure through line extension programs.
- State approaches to line extension programs have provided funds in the form of grants either directly to households and property owners (e.g., California and Vermont) or to the providers, following individual submissions (e.g., Indiana).

State examples

California

California's [Line Extension Program](#) provides grant funds to offset the costs for households that qualify for California LifeLine or California Alternate Rates for Energy (the utility bill discount program for low-income households). The program subsidizes 100% of the cost, up to a maximum of \$500 for a fixed wireless installation or \$9,300 for wireline installations.

Created by [A.B. 1665](#), the California Public Utilities Commission (CPUC) program launched as a pilot project within the California Advanced Services Fund Broadband Infrastructure Grant Account, with up to \$5 million in grants. Under the program, an individual household and/or property owner can apply for a grant to offset the costs of connecting a household or property to an existing or proposed facility-based broadband provider. All projects awarded are required to be completed in 12 months and must not be included in competing applications. The facilities-based broadband provider is required to inform the applicant of the availability of low-income plans.

See the program rules [linked here](#) and [CPUC Decision 19-04-021](#) for the full program rules, including an explanation for how the grant funding levels were set.

Indiana

Enacted in 2021 by [S.B. 377](#), the [Indiana Connectivity Program](#) allows residents and businesses to submit their location for potential line extension funding if their location currently lacks 25/3Mbps speeds. Eligible locations are submitted to providers, and provider bids to service those locations are eligible for grants. Administered by the Indiana Office of Community and Rural Affairs (OCRA), the program is a part of the \$270 million allocated to the Indiana Next Level Connections Broadband Grant Program and has a limit of \$25,000 per line extension, and a per passing limit of \$4,800.

The process for the program includes:

- At least every three months, OCRA will distribute to registered providers the addresses requesting service.
- Service providers will have 10 days to notify OCRA of service availability at those locations.
- Service providers have 60 days to submit bids on locations to which they would like to extend service.
- OCRA will evaluate all bids within 30 days and select the provider whose bid presents the lowest cost to the state. Awarded projects must provide speeds of at least 50/5Mbps.

Vermont

Vermont established a COVID-19 [Line Extension Customer Assistance Program](#) with CARES Act funding in 2020 through [H.B. 966](#). The program funds a maximum of \$600 for fixed wireless satellite installation and up to \$3,000 for wireline installations. In April 2021, [H. 315](#) allocated \$1.6 million in Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) to the COVID response program. Grants are awarded directly to qualified consumers: those who could demonstrate a COVID-19-related need—such as remote learning, telehealth, or telework—lacked a minimum of 25/3 internet service, and were roughly less than one mile from a cable provider or other internet service provider. Nearly 500 households were connected through this program in 2020.

This program is similar to Vermont's [cable line extension program](#), which uses a formula based on density to allocate costs between the provider and the customers (Vermont's online [cable line extension calculator](#) assumes a cost of \$30,000 per mile). The calculation can be summarized by the following formula:

$$A=(CT/N)*(1-(N/(H*L)))$$

- *A is the dollar contribution from each new customer.*
- *CT is the actual cost of the line extension.*
- *N is the number of verified subscribers in the project area who will be making the contribution in aid of construction.*
- *L is the length of the extension in miles.*

- *H is a number designated by the cable company's tariff representing the number of verified subscribers per mile, counting all the miles proposed on the extension, above which the company will not require a contribution in aid of construction.*

Previously proposed state examples

Note: These examples have either since changed or have not yet been implemented.

Connecticut

Connecticut Governor Ned Lamont [proposed spending \\$15 million](#) in ARPA State and Local Fiscal Recovery Funds for line extensions. The governor's plan stated: "Buildout of broadband infrastructure from street-curb to residences (fiber to the home) for low-income residents, particularly those in multi-family dwellings, is a critical component to digital equity. Curb-to-home buildout in low-income communities will make it easier for residents to get connected to wired broadband networks. ... Estimated cost is \$700-\$1,000 to cut into the right of way/road to make the fiber connection at the street and then a trench to the building/home where the connection is made to existing cabling in the building/home."

Virginia

Virginia's legislature [approved \\$8 million](#) in ARPA funds "to the Department of Housing and Community Development for the Line Extension Customer Assistance Program to support the extension of existing broadband networks to low- to moderate-income residents."

Wisconsin

In 2021, Wisconsin Governor Tony Evers [proposed a Line Extension Grant](#) program as a part of a \$152 million budget for broadband expansion grants. The proposed program [would have required](#) the Public Service Commission of Wisconsin to make grants to residents not served by a broadband service provider to assist in paying the customer costs associated with line extension necessary to connect broadband service to the properties. The maximum size of a broadband line extension grant would have been \$4,000. However, this program was not included in the State Legislature's final 2021-23 biennial budget.