

PUBLIC SERVICE COMMISSION

Broadband Expansion Grants  
[LFB Paper #535]

Motion:

Move the following:

*Transfers to Broadband Expansion Grant Program.* Approve the Governor's recommendations regarding transfers to the broadband expansion grant program as follows. Require the transfer of the unencumbered balance from the following universal service fund (USF) appropriations to the PSC's broadband expansion grant program appropriation on June 30 of each year: (a) universal telecommunications service (PSC); (b) digital learning collaborative (Department of Public Instruction - DPI); (c) periodical and reference information databases and Newsline for the Blind (DPI); (d) aid to public library systems (DPI); (e) library service contracts (DPI); (f) telecommunications services (University of Wisconsin System); and (g) telecommunications access for educational agencies (Department of Administration - DOA), as modified by the bill, except this transfer would occur on June 30 of each odd-numbered year. These provisions would take effect on the effective date of the bill.

Modify the Governor's proposal, which would amend the PSC's USF appropriation to authorize funds to be expended for performing the duties related to the administration of the broadband expansion grant program, to instead be expended for administering the broadband grant program. This provision would take effect on the effective date of the bill.

*Funding Level for Broadband Expansion Grant Program.* Approve the Governor's recommendations regarding the funding level for broadband expansion grants as follows. Modify the PSC appropriation for broadband expansion grants to accept the transfers, as noted above, and transfer \$6,000,000 SEG to the appropriation from the universal service fund in 2017-18. Also in 2017-18, transfer \$5,000,000 FED from DOA's federal E-rate appropriation to the broadband expansion grant appropriation. Delete the current law provisions limiting any year's expenditures to the amounts in the schedule and limiting the amount of grants in any fiscal year to \$1,500,000. Within the appropriation, transfer budget authority of \$1,500,000 SEG from 2018-19 to 2017-18, and further increase budget authority by \$11,000,000 in 2017-18 to reflect the transfers noted above.

Modify the Governor's proposal regarding the funding level for broadband expansion grants as follows. Modify current law provisions regarding the calculation of contributions to the USF to: (a) require each state agency receiving USF revenues to report to the PSC within 30 days of the close of the fiscal year an estimate of the amount of unexpended and unencumbered funds in the agency's USF appropriation, except require DOA to provide the estimate in each

odd-numbered year; and (b) require the PSC to reduce the amount of revenues to be raised through USF contributions for broadband expansion grants in the subsequent year by the amount of the estimated unexpended and unencumbered funds. In calculating contribution levels for telecommunications providers, require the PSC to ensure that a minimum annual funding level is available for making broadband expansion grants both through transfers from the various USF appropriations and from current year contributions. Create an appropriation to expend the contributions received under this mechanism for broadband expansion grants. Set the minimum annual funding level for broadband expansion grants at \$2,000,000.

*Broadband Expansion Grant Eligibility Criteria.* Delete the Governor's proposal to authorize the PSC to allocate an amount that it determines for making broadband expansion grants to telecommunications utilities receiving A-CAM or Connect America Fund Phase II support and to evaluate applications and award such grants on an expedited basis, without regard to the current law criteria for evaluating applications and rewarding grants.

Adopt the following changes to the broadband expansion grant eligibility criteria as proposed in Senate Bill 49 and Assembly Bill 123. First, define economic development (an eligibility criteria under current law) as development designed to promote job growth or retention, expand the property tax base, or improve the overall economic vitality of a municipality or a region. Second, delete the criteria that would give priority to projects that affect areas with no broadband service providers and instead create a criteria that would give priority to unserved areas. Require the PSC to designate areas of the state as unserved areas. Define unserved area as an area of the state not served by an Internet service provider offering Internet service that is either fixed wireless service or wired service and that service is provided at speeds of at least 20% of the upload and download speeds for advanced telecommunications capability as designated by the Federal Communications Commission. Define fixed wireless service (by way of cross reference to a current law provision) as a telecommunications service that provides radio communication between fixed points, except it does not include mobile wireless service or telecommunications services transmitted through the use of satellites. Third, create an additional eligibility criteria that would give priority to projects that will not result in delaying the provision of broadband service to areas neighboring areas to be served by the proposed project. Fourth, require the PSC to consider the impacts of proposed projects on the ability of individuals to access health care services from home and the cost of those services, and the impacts of proposed projects on the ability of students to access educational opportunities from home, and the degree to which projects would duplicate existing broadband infrastructure. Authorize the PSC to designate a time period within which the applicant or another person would be allowed to provide information pertaining to the duplication of infrastructure.

*Funding for State Broadband Office.* Adopt the Governor's recommendation to change the funding source for the contracted services in the state broadband office by reducing the PSC's utility regulation appropriation by \$225,000 PR annually and authorize those services to be funded within existing appropriation authority under the PSC's USF and broadband grant appropriations.

*Prohibit DNR and DOT from Charging Certain Fees.* Approve the Governor's

recommendations regarding broadband infrastructure on state-owned property as follows. Prohibit DNR from requiring any appraisal or fee to grant an easement, if the Department has granted an easement for the construction of broadband infrastructure in underserved areas, as designated under current law provisions related to PSC broadband expansion grants. Prohibit the Department of Transportation from charging any fee for the initial issuance of any permit necessary to construct broadband infrastructure along, across, or within the limits of a highway, if the Department has consented to the construction of broadband infrastructure in underserved areas, as designated under current law provisions related to PSC broadband expansion grants.

In addition, approve related provisions in AB 123 and SB 49, as amended as follows. First, modify the current law provision that authorizes state agencies and other state entities owning real estate to grant easements for public utility service by specifying that the provision extends to telecommunications service, including fiber, and to utility services that are underground. Second, modify the current law provision that authorizes certain entities transacting business in the state to construct and operate public utility property along state and local highways with the consent of the appropriate state or local officials to include lines, wires, or fiber for telecommunications service, including the transmission of voice, video, or data, and including service under the limits of the highway. These provisions would take effect on the effective date of the bill.

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Note:

This motion would adopt the provisions of SB 49 and AB 123 that were previously approved by the Committee. Some of these provisions are similar or identical to provisions recommended by the Governor in the biennial budget bill. The motion also adopts the Governor's recommendation regarding funding for the state broadband office. Finally, the motion adopts Alternative 4b from Paper #535.

As a result of this motion, \$14,000,000 SEG would be available for broadband expansion grants in 2017-18, as opposed to \$1,500,000 under current law. The appropriation schedule in the bill reports \$0 for 2018-19. However, because the appropriation is a continuing appropriation, any unspent amounts from 2017-18 could be used to fund grants in 2018-19. Further, any unencumbered balances in the various USF appropriations as of June 30, 2018, would be transferred to the broadband expansion grant appropriation and be available for expenditure in 2018-19; the administration estimates these transfers at \$1.5 million to \$2 million.

[Change to Base: -\$450,000 PR, \$11,000,000 SEG, and \$5,000,000 SEG-REV]

[Change to Bill: \$0]