



# Montana Broadband Advisory Commission Meeting

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September 6, 2023

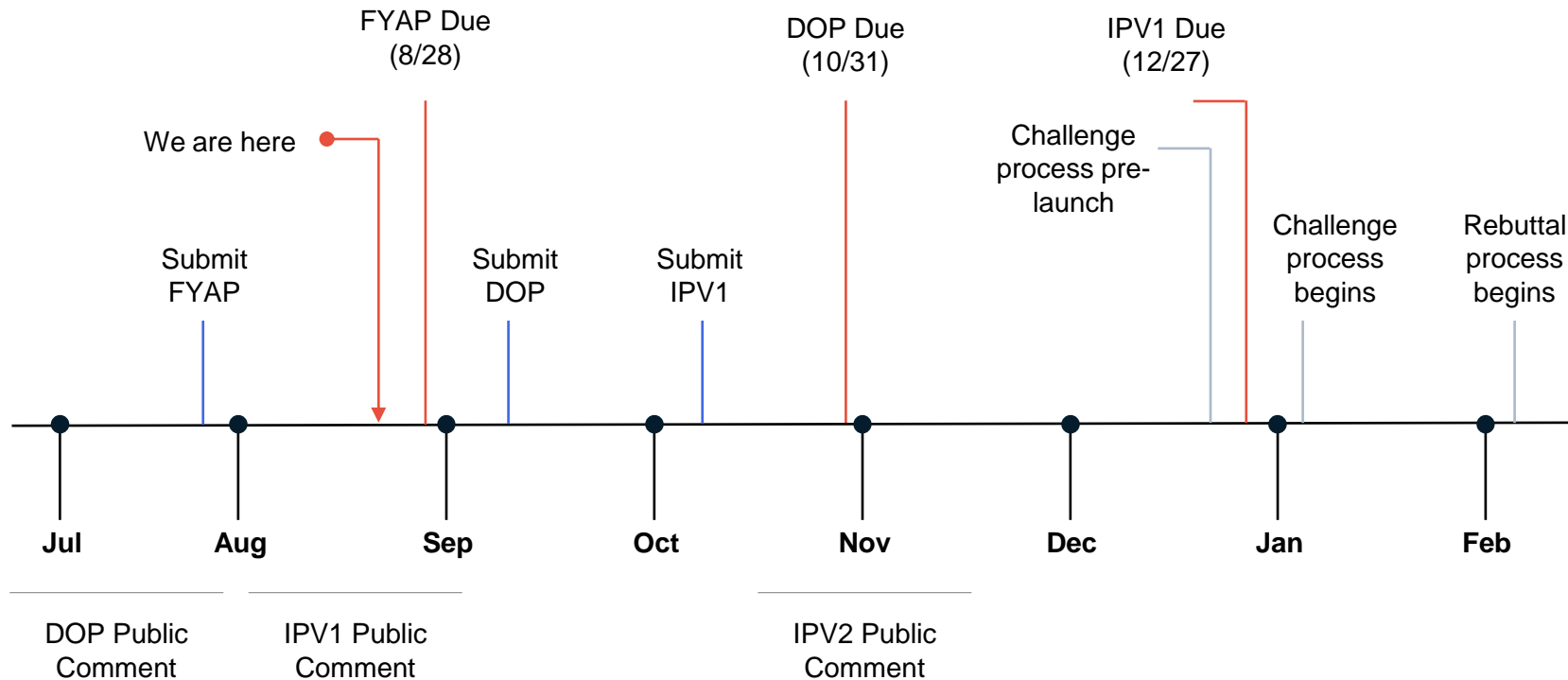
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# BEAD timeline and draft agendas

As of 24 August 2023

## Timeline of key BEAD milestones



**FYAP:** BEAD Five-Year Action Plan    **IPV1:** BEAD Initial Proposal Volume 1    **DOP:** Digital Opportunity Plan    **IPV2:** BEAD Initial Proposal Volume 2

Focus for today

## Draft Upcoming CAC Agendas

### September 6<sup>th</sup>

- IPV2:
- Subgrantee process
  - Affordability

### October 11<sup>th</sup>

- IPV2:
- Workforce
  - Climate assessment
  - Public comment period

### November 7<sup>th</sup>

IPV2 Approval

### December 6<sup>th</sup>

Finalize pending items for IPV2 or DOP



# Agenda for August Commission Meeting

As of 24 August 2023

Agenda Item	Facilitator	Time
<b>Open Meeting</b> <ul style="list-style-type: none"> <li>a. Call to order and notice of audio / video recording</li> <li>b. Roll call and proxies</li> </ul>	Commission Chair	15 minutes
<b>IIJA: Initial Proposal Volume 1 Updates and Feedback</b>	Adam Carpenter, Chief Data Officer	30 minutes
<b>IIJA: Initial Proposal Volume 2 Approach</b> <ul style="list-style-type: none"> <li>a. Prequalification</li> <li>b. Extremely high cost per location threshold</li> <li>c. Project area design</li> <li>d. Bidding</li> <li>e. Scoring</li> <li>f. Application review</li> <li>g. Affordability</li> </ul>	Misty Ann Giles, Director of DOA	4 hours
<b>Next Steps / Timelines</b>	Misty Ann Giles, Director of DOA	15 minutes



# Agenda

**Initial proposal volume 2**



# The Initial Proposal includes 20 requirements

As of 24 August 2023

Initial Proposal Volume 1 (Challenge Process)	BEAD NOFO Requirement
1.1 Federal funding	3
1.2 Eligible broadband serviceable locations	5
1.3 Community anchor institutions	6
1.4 Challenge process	7
1.5 Volume I public comment	N/A

Source: BEAD Initial Proposal Guidelines

DOCUMENT INTENDED TO PROVIDE INSIGHT BASED ON CURRENTLY AVAILABLE INFORMATION FOR CONSIDERATION AND NOT PRESCRIBE SPECIFIC ACTION

IP guidance element Details follow

Initial Proposal Volume 2 (Grant Program)	BEAD NOFO Requirement
2.1 Objectives	1
2.2 Existing efforts	2
2.3 Stakeholder engagement	4
2.4 Subgrantee process	8
2.5 Non-deployment subgrantee process	9
2.6 Direct implementation	10
2.7 Labor standards	11
2.8 Workforce	12
2.9 Minority- and women-owned businesses	13
2.10 Cost and barriers reduction	14
2.11 Climate Assessment	15
2.12 Low-cost plan	16
2.13 Middle class affordability	20
2.14 Use of 20% of funding	17
2.15 Existing laws and requirements	18
2.16 Certification	19
2.17 VII public comment	N/A



# Subgrantee process design complications

As of 24 August 2023

Issue	Considerations
<b>All unserved locations must be served</b>	<ul style="list-style-type: none"> <li>- Funding must be awarded “in a manner that ensures the deployment of service to all unserved locations.”<sup>1</sup></li> <li>- At least 80% of BSLs served by a project must be un- or underserved.</li> </ul>
<b>Priority projects must use fiber</b>	<ul style="list-style-type: none"> <li>- Priority Broadband Projects are defined as projects that utilize fiber and should be funded first.</li> <li>- BEAD guidance distinguishes between priority (fiber) and non-priority (alternative technology) projects (e.g., different scoring and prioritization rules), and it is unclear if or how hybrid-technology projects could be used.</li> </ul>
<b>Montana may have a BEAD funding shortfall</b>	<ul style="list-style-type: none"> <li>- Current estimates indicate that it would take \$1B+ to deploy fiber to all unserved locations, and \$1.2B+ to deploy fiber to all un- and underserved locations. Given the state’s allocation of ~\$629M, there may be a significant funding shortfall.</li> <li>- The subgrantee process will require careful budgeting to stretch the funding as far as possible.</li> </ul>
<b>BEAD outlay must be minimized</b>	<ul style="list-style-type: none"> <li>- Minimal BEAD program outlay is a priority criteria in the subgrantee selection process. However, many locations may fall in high-cost areas, which will require significant investment to serve.</li> </ul>
<b>Satellite is costly and not preferred under BEAD guidelines</b>	<ul style="list-style-type: none"> <li>- Satellite is only permitted when reliable technologies are not financially feasible.</li> <li>- The monthly fees for satellite service are costly to the customer, and they may be unaffordable for some households without a subsidy.</li> </ul>

1. Source: BEAD NOFO, page 41



# BEAD Initial Proposal Volume 2 key components and questions

As of 24 August 2023

Element	Question
<b>Prequalification</b>	① Should MBO prequalify a subset of providers before the launch of the subgrantee process?
<b>Extremely High Cost Per Location Threshold (EHCPLT)</b>	② When in the subgrantee process should MBO determine its preliminary and finalized EHCPLT?
	③ Should MBO notify providers of its EHCPLT during the subgrantee process?
<b>Project area design</b>	④ What will be the foundational unit (e.g., CBG, county, MSA, etc.) that providers will bid on?
	⑤ How much freedom will providers have to construct a project area?
<b>Bidding</b>	⑥ Will providers be able to submit multiple bids for the same foundational unit (i.e., in a project area permutation)?
<b>Scoring</b>	⑦ What should be the criteria on MBO's subgrantee scorecard? How should MBO represent guidance from SB531 in the scoring criteria?
	⑧ What weight should be assigned to each criteria?
	⑨ How can providers earn the maximum amount of points for a given criteria?
<b>Application review</b>	⑩ How will the applications be reviewed?
	⑪ How should MBO deconflict bids with overlapping project areas?
<b>Affordability</b>	⑫ How will the MBO design its low-cost plan?
	⑬ How will the MBO address middle-class affordability?



# 1 Applicant pre-qualification ahead of subgrantee process

As of 24 August 2023

## Description

Applicants will submit materials for pre-qualification to determine whether they meet the BEAD minimum eligibility requirements

Pre-qualification will take place ahead of the subgrantee process

## Purpose

Pre-qualifying applicants will determine providers' eligibility to apply for BEAD funding

Completing this step before the application window opens will streamline and expedite the subgrantee process, reducing the burden for potential applicants during the subgrantee application window

BEAD Element	BEAD eligibility requirements <sup>1</sup>
2.4.5	EHP and BABA compliance
2.4.11	Subgrantee minimum qualifications: Financial capability
2.4.11.1	Application materials related to the BEAD subgrantee selection process
2.4.12	Subgrantee minimum qualifications: Managerial capability
2.4.13	Subgrantee minimum qualifications: Technical capability
2.4.14	Subgrantee minimum qualifications: Compliance with applicable laws
2.4.15	Subgrantee minimum qualifications: Operational capability
2.4.16	Subgrantee minimum qualifications: Ownership information

1. Source: [BEAD Initial Proposal Guidance](#)





## ②③ Extremely high cost per location threshold (EHCPLT)

As of 24 August 2023

### Function

- Sets a subsidy threshold for fiber installation in a particular location

### BEAD definition<sup>1</sup>

- If fiber installation exceeds this amount, an alternate technology (e.g., fixed wireless, satellite), can be used if it is less expensive and meets BEAD Program technical requirements (BEAD NOFO, pg. 13)

### Goals

- Reach universal coverage of unserved and underserved locations
- Optimize allocated BEAD funding
- Maximize use of fiber where possible

### Setting the threshold

- To be set by MBO after all applications have been reviewed
- Will not be disclosed before the bidding stage of the subgrantee process
- Will be set to meet MT and BEAD goals based on the cost to serve and MT's BEAD allocation following the initial review of applications

1. [BEAD NOFO](#)



# 4 5 Project area design principles

As of 24 August 2023

## Principles to ensure a successful project area design process

### **Achieve BEAD goal of reaching all unserved and underserved**

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Foundational units could be designed to maximize the potential of achieving service to all un- and underserved

### **Ensure objectivity during subgrantee process**

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Foundational units could be designed to:

- Promote a fair and competitive bidding process
- Ensure impartiality to providers and objective selection of awardees

### **Minimize deconfliction given the compressed timeline**

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Foundational units could be designed to help facilitate a straightforward deconfliction process to address bids with overlapping service areas



# 4 5 Potential project area approaches

As of 24 August 2023

	<b>A</b> Existing, buildable units	<b>B</b> Engineered, buildable units	<b>C</b> Existing standalone units
<b>Units</b>	MBO could designate existing units (e.g., CBGs) as the building blocks of project areas	MBO could engineer units (e.g., breaking up larger, existing study areas into smaller components) to be used as the building blocks of projects areas	MBO could designate existing areas (e.g., study areas) as single units that constitute full project areas
<b>Project area design</b>	Providers would use the foundational units to build their desired project areas	Providers would use the foundational units to build their desired project areas	Providers would bid on pre-defined project areas
<b>Deconfliction</b>	MBO would evaluate each application and deconflict the overlapping project areas	MBO would evaluate each application and deconflict the overlapping project areas	No deconfliction required, as no project areas would overlap



## 4 Study areas offer established potential project areas

As of 24 August 2023

<b>Definition</b>	<p>In 1984, the FCC established study areas (also called exchange boundaries), which are locally administered telecommunications regions based on traditional voice service areas<sup>1</sup></p> <p>The study areas were built around historic domain areas of local telephone companies that competitively operate with other internet service providers (Telecommunications Act of 1996)<sup>2,3</sup></p>
<b>Rationale for use</b>	<p>Pre-established boundaries that have been leveraged for previous funding opportunities (e.g., ACAM)</p> <p>Familiar to internet service providers and other telecommunications industry stakeholders</p>
<b>Considerations</b>	<p>May discourage competition in certain project units given strong existing footprints</p>
<b>Alternate path</b>	<p>Study areas could be broken down into smaller units to further promote competition during subgrantee bidding process</p>

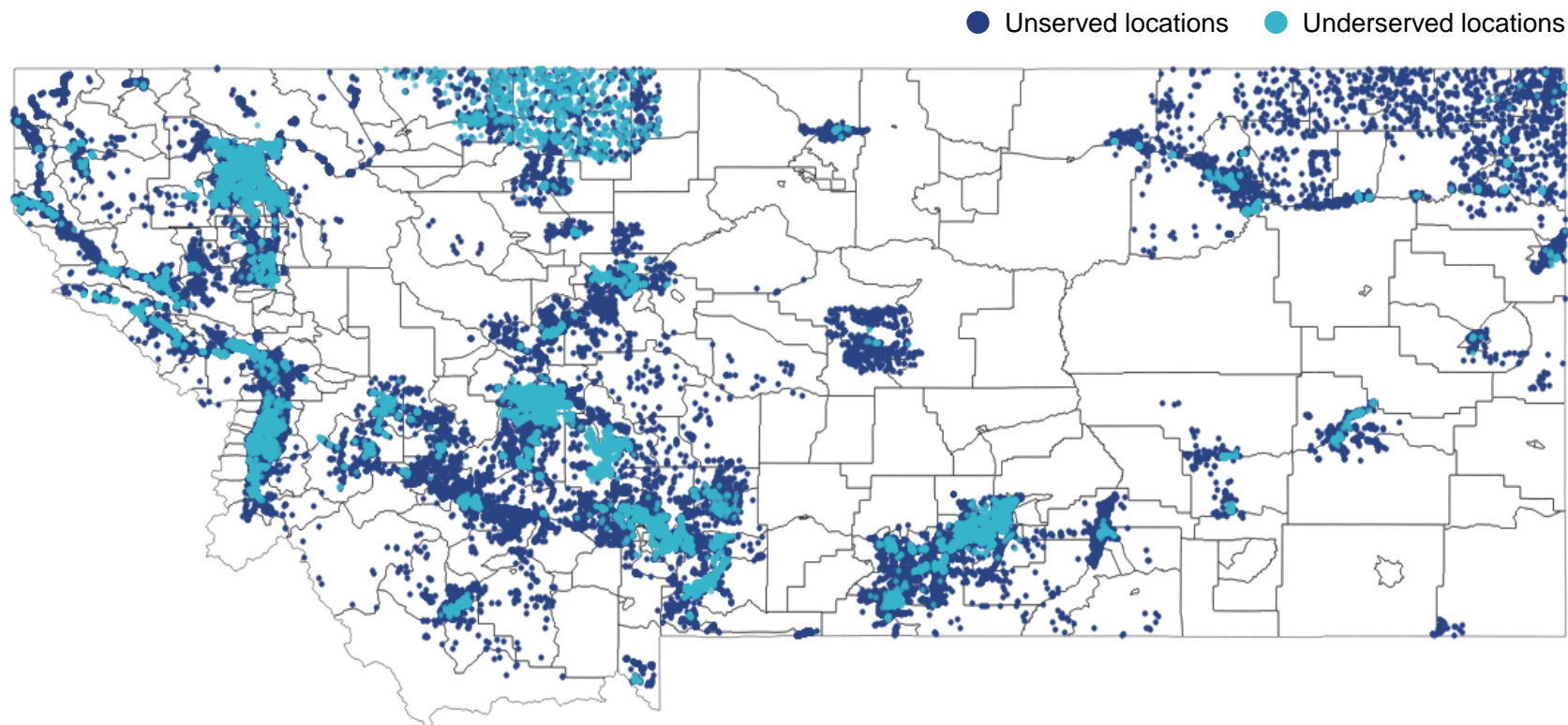
1. [FCC Study Area Boundary Data](#)  
2. [FCC 11-161](#)  
3. [Telecommunications Act 1996](#)



# 4 Un- and underserved locations in Montana Census Block Groups (CBGs)

As of 24 August 2023

Map of Montana's unserved and underserved BSLs across CBGs



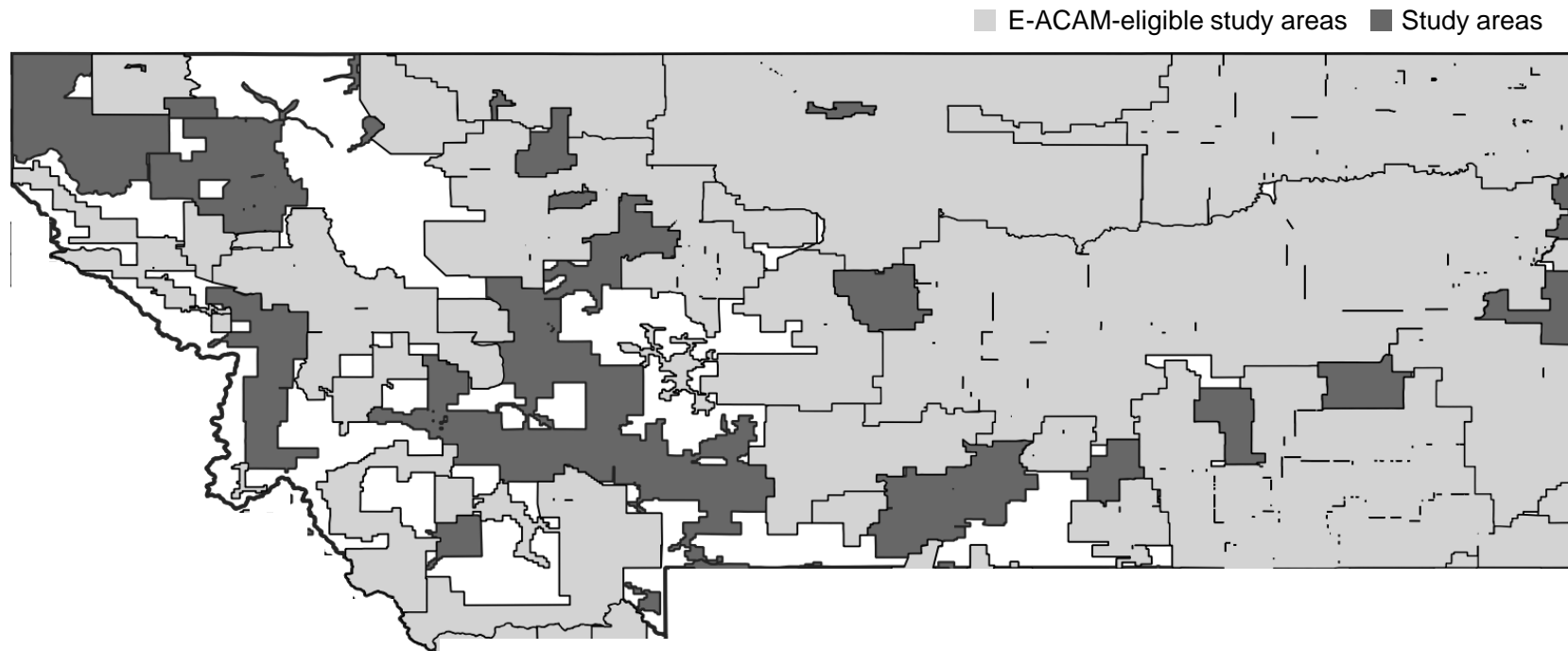
Montana has **96,662** un- and underserved locations in **532** CBGs



## 4 Montana study areas

As of 24 August 2023

### Map of Montana's study areas



### Key takeaways

- Study areas cover most land in Montana
- The areas that fall outside of study area boundaries are often over challenging topographies (e.g., mountains) or forest

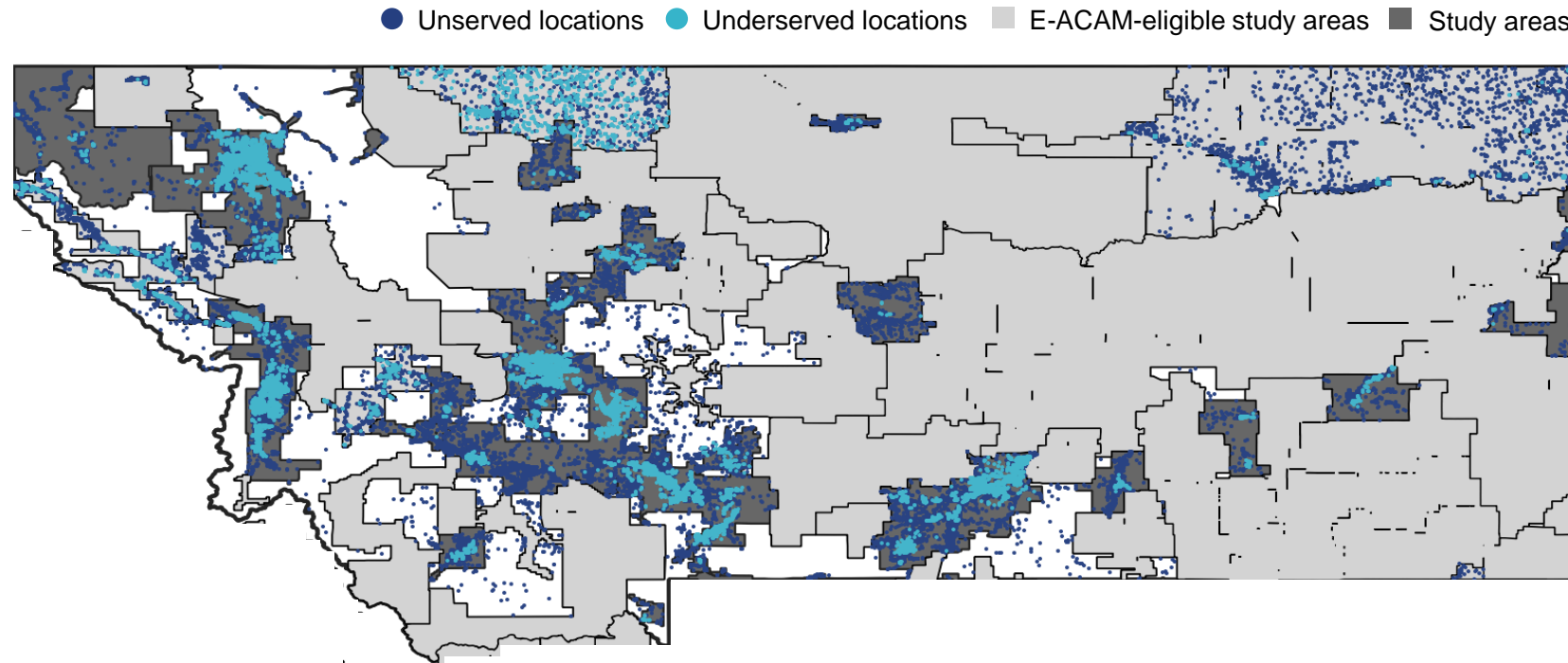


# Un- and underserved locations in Montana study areas

4

As of 24 August 2023

## Map of Montana's study areas and un- and underserved locations



## Key takeaways

- Study areas contain the vast majority of both unserved and underserved BSLs
- Three noticeable clusters of BSLs in Montana are not accounted for in study areas
- Remaining BSLs beyond study areas appear to be relatively dispersed



## 6 Potential bidding approaches

As of 24 August 2023

**Goal** Design a bidding process that allows MBO to fit project areas together and stretch Montana's limited BEAD resources as far as possible

Potential approach	Process	Considerations
<p><b>A</b> Providers can submit multiple bids for non-overlapping project areas</p>	<p>If using provider-defined project areas, areas may not overlap with its other project areas For example:</p> <p>Provider <b>may</b> submit:</p> <ul style="list-style-type: none"> <li>• Bid 1: Units 1, 2, 3, 4 (\$X) <b>and</b></li> <li>• Bid 2: Units 5, 6, 7 (\$Y)</li> </ul> <p>Provider <b>may not</b> submit:</p> <ul style="list-style-type: none"> <li>• Bid 1: Units 1, 2, 3, 4 (\$X) <b>and</b></li> <li>• Bid 2: Units 1, 2, 7 (\$Y)</li> </ul>	<p>Could provide additional options for providers</p> <p>Could support the deconfliction process by providing additional project area iterations to fit together</p>
<p><b>B</b> Providers can bid on partial project areas</p>	<p>If using provider-defined or pre-defined project areas, providers may remove up to 2-4% of locations</p> <p>Providers may choose which locations to remove from a project area</p>	<p>Could provide additional flexibility to providers</p> <p>Scoring would award more points to bids that will serve the entire unit</p> <p>However, could impact the goal of reaching all un- and underserved if the highest-cost locations are left out</p>





# 7 Subgrantee selection criteria for priority<sup>1</sup> projects

As of 24 August 2023

Collectively worth at least 75%

Collectively worth no more than 25%

## Primary criteria (required)

### Minimal BEAD program outlay

- Total BEAD funding to complete the project, including projected cost and proposed match (no less than 25% of the project cost, absent a waiver)
- Points awarded must increase as BEAD outlay decreases
- Consider cost per location while accounting for network design factors that could make a project more expensive, but also more scalable or resilient

### Affordability

- Commitment to provide the most affordable total price to the customer for **1/1 Gbps**

### Fair labor practices

- Demonstrated record of and plan to comply with federal labor and employment laws, or specific, forward-looking commitments to strong labor and employment standards for new entrants

## Secondary criterion (required)

### Speed to deployment

- Subgrantees must deploy the planned broadband network and begin providing services to each customer that desires broadband services within the project area within 4 years after receiving the subgrant

## Additional prioritization factors (optional)

### Equitable workforce development and job quality

- Consider the subgrantee's enforceable commitments with respect to advancing equitable workforce development and job quality objectives

### Open access

- Promote subgrantees' provision of open access wholesale last-mile broadband service for the life of the subsidized networks, on fair, equal, and neutral terms to all potential retail providers.

### Local and tribal coordination

- Reflect subgrantees; support from the local and/or Tribal Government with oversight over the served location(s)

**Additional criteria** that align with the Eligible Entity and local priorities may be developed

1. The term "Priority Broadband Project" means a project that will provision service via end-to-end fiber-optic facilities to each end user premises. [BEAD NOFO](#), p. 14.; Source: [BEAD Initial Proposal Guidance](#)



# 7 Subgrantee selection criteria for non-priority projects

As of 24 August 2023

Collectively worth at least 75%

Collectively worth no more than 25%

## Primary criteria (required)

### Minimal BEAD program outlay

- Total BEAD funding to complete the project, including projected cost and proposed match (no less than 25% of the project cost, absent a waiver)
- Points awarded must increase as BEAD outlay decreases
- Consider cost per location while accounting for network design factors that could make a project more expensive, but also more scalable or resilient

### Affordability

- Commitment to provide the most affordable total price to the customer for **100/20 Mbps**

### Fair labor practices

- Demonstrated record of and plan to comply with federal labor and employment laws, or specific, forward-looking commitments to strong labor and employment standards for new entrants

## Secondary criteria (required)

### Speed to deployment

- Subgrantees must deploy the planned broadband network and begin providing services to each customer that desires broadband services within the project area within 4 years after receiving the subgrant

### Speed of network and other technical capabilities

- Weigh the speeds, latency, and other technical capabilities of the proposed technologies
- Additional weight should be awarded to subgrantees that propose the use of technologies that are easier to scale, require lower future investment, and whose capital assets have longer useful lives

## Additional prioritization factors (optional)

### Equitable workforce development and job quality

- Consider the subgrantee's enforceable commitments with respect to advancing equitable workforce development and job quality objectives

### Open access

- Promote subgrantees' provision of open access wholesale last-mile broadband service for the life of the subsidized networks, on fair, equal, and neutral terms to all potential retail providers.

### Local and tribal coordination

- Reflect subgrantees; support from the local and/or Tribal Government with oversight over the served location(s)

**Additional criteria** that align with the Eligible Entity and local priorities may be developed



# 7 Deployment subgrantee selection: SB531 guidance<sup>1</sup>

As of 24 August 2023

Details follow

SB531 Section	Language	Representation in scoring criteria
Section 6 (4) (a)	Whether the proposed project area serves unserved or underserved areas, with unserved areas receiving greater weight	Additional prioritization factor
Section 6 (4) (b)	The number of households, businesses, farms, ranches, and community anchor institutions served	Additional prioritization factor
Section 6 (4) (c)	Whether the proposed project qualifies as an extremely high cost per location threshold as defined by the department and approved by the national telecommunications and information administration or is a high-cost area as defined by the NTIA	Reflected in Section 6 (5)
Section 6 (4) (d)	The length of time the provider has been providing broadband service in the state	Additional prioritization factor
Section 6 (4) (e)	The extent to which government funding support is necessary to deploy broadband service infrastructure in the proposed project area	Primary criterion
Section 6 (4) (f)	The service speed thresholds proposed in the proposal and the scalability of the broadband service proposed to be deployed with higher speed thresholds receiving greater weight	Secondary criterion for non-priority projects
Section 6 (4) (g)	The provider's ability to leverage its own nearby or adjacent broadband service infrastructure to facilitate the cost-effective deployment of broadband service infrastructure in the proposed project area	Reflected in Section 6 (4) (j)
Section 6 (4) (h)	The estimated time in which the provider proposes to complete the proposed project	Secondary criterion
Section 6 (4) (i)	Any other factors the department, as recommended by the commission, determines to be reasonable and appropriate, consistent with the IJA, Public Law 3 117-58, and the NTIA	CAC has not directed that any additional factors be included
Section 6 (4) (j)	Broadband service providers who have broadband service infrastructure already deployed in the project area	Additional prioritization factor
Section 6 (5)	High-cost areas must be considered for services to the extent terrestrial service is economically viable	Additional prioritization factor
Section 6 (6)	The department shall set a reasonable timeframe to complete projects selected for funding approval. The department may, in consultation with the provider, set reasonable milestones regarding this completion. The department shall create procedures including penalties associated with any failure to comply with the provisions of the awarded contract without reasonable cause	Secondary criterion

1. [Montana Senate Bill No. 531](#)



# 8 Scoring criteria can be used to incentivize bringing service to the hardest-to-reach areas

As of 24 August 2023

## Scoring Criteria<sup>1</sup>

## Potential impact of criteria

Section 6 (4) (a)  
Whether the proposed project area serves unserved or underserved areas, with unserved areas receiving greater weight

By assigning greater weight to unserved locations, the MBO may incentivize applicants to prioritize bidding on areas that are harder to reach and/or more costly to serve

Section 6 (5)  
High-cost areas must be considered for services to the extent terrestrial service is economically viable

MBO may categorize certain foundational units (e.g., select CBGs) as “high-cost areas” that are awarded additional points, incentivizing applications for these areas

1. [Montana Senate Bill No. 531](#)



# Illustrative deployment subgrantee scoring:

## 8 Priority<sup>1</sup> deployment projects

As of 24 August 2023

<b>Primary criteria (must ≥ 75%)</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
Per location/per project BEAD grant request	15%	45%	25%
Lowest price <b>1/1 Gbps</b> service commitment	15%	15%	25%
Compliance with federal fair labor laws	45%	15%	25%
<b>Secondary criteria</b>			
Speed to deployment (<4 years)	5%	3%	1%
<b>Additional prioritization factors</b>			
Whether the proposed project area serves unserved or underserved areas, with unserved areas receiving greater weight	9%	9%	6%
The number of households, businesses, farms, ranches, and community anchor institutions served	1%	1%	1%
The length of time the provider has been providing broadband service in the state	1%	1%	7%
Broadband service providers who have broadband service infrastructure already deployed in the project area	1%	1%	2%
High-cost areas must be considered for services to the extent terrestrial service is economically viable	8%	10%	8%
<b>Total score</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

1. The term "Priority Broadband Project" means a project that will provision service via end-to-end fiber-optic facilities to each end user premises. [BEAD NOFQ](#), p. 14.; Source: [BEAD Initial Proposal Guidance](#)



# Illustrative deployment subgrantee scoring:

## 8 Non-priority deployment projects

As of 24 August 2023

<b>Primary criteria (must ≥ 75%)</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
Per location/per project BEAD grant request	15%	45%	25%
Lowest price <b>1/1 Gbps</b> service commitment	15%	15%	25%
Compliance with federal fair labor laws	45%	15%	25%
<b>Secondary criteria</b>			
Speed to deployment (<4 years)	5%	3%	1%
Speed of network and other technical capabilities	1%	1%	1%
<b>Additional prioritization factors</b>			
Whether the proposed project area serves unserved or underserved areas, with unserved areas receiving greater weight	8%	9%	6%
The number of households, businesses, farms, ranches, and community anchor institutions served	1%	1%	1%
The length of time the provider has been providing broadband service in the state	1%	1%	7%
Broadband service providers who have broadband service infrastructure already deployed in the project area	1%	1%	2%
High-cost areas must be considered for services to the extent terrestrial service is economically viable	8%	9%	7%
<b>Total score</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# 9 Potential weighting metrics within a given scoring criteria for priority projects

As of 24 August 2023

Criteria Type	Description	Scoring approach	Metric
Primary Criteria	Per location/per project BEAD grant request	Projects that cost less relative to the CQA <sup>1</sup> subsidy benchmark estimate will receive a higher allocation of points	% of CQA subsidy benchmark
	Lowest price <b>1/1 Gbps</b> service commitment	Plan prices that are lower relative to other providers' plan receive a higher allocation of points	Relative price
	Compliance with federal fair labor laws	Applicants who make binding legal commitments to more of the pre-established labor standards and protections detailed in the NOFO will receive a higher allocation of points	Number of pre-established labor standards and protections listed in the NOFO
Secondary Criteria	Speed to deployment	Projects that commit to completion on a quicker timeline receive a higher allocation of points	Time in years and months
Additional Criteria	Whether the proposed project area serves unserved or underserved areas	Projects that reach more unserved locations will receive a higher allocation of points	Number of unserved locations (more weight) Number of underserved locations (less weight)
	Relative number of BSLs served	Projects that serve a higher number of BSLs will receive a higher allocation of points	Number of BSLs served
	Length of service in state	Applicants who have a longer history of service in the state will receive a higher allocation of points	Time in years
	High-cost project	Applicants who include a higher percentage of high-cost CBGs in their applications get more points	% of high-cost CBGs
	Provider ability to leverage infrastructure	Applicants who can leverage existing and/or adjacent infrastructure will receive a higher allocation of points	Amount of existing and/or adjacent infrastructure utilized

<sup>1</sup> Subsidy estimated from Cost Quest Associates (CQA) cost model (Jan. 2023)



# Potential weighting metrics within a given scoring criteria for

## 9 non-priority projects

As of 24 August 2023

Criteria Type	Description	Scoring approach	Metric
Primary Criteria	Per location/per project BEAD grant request	Projects that cost less relative to the CQA <sup>1</sup> subsidy benchmark estimate will receive a higher allocation of points	% of CQA subsidy benchmark
	Lowest price <b>100/20 Mbps</b> service commitment	Plan prices that are lower relative to other providers' plan receive a higher allocation of points	Relative price
	Compliance with federal fair labor laws	Applicants who make binding legal commitments to more of the pre-established labor standards and protections detailed in the NOFO will receive a higher allocation of points	Number of pre-established labor standards and protections listed in the NOFO
Secondary Criteria	Speed to deployment	Projects that commit to completion on a quicker timeline receive a higher allocation of points	Time in years and months
	Technology and speed capabilities	Projects that commit to delivering higher speeds and latency will receive a higher allocation of points	Service and latency speeds
Additional Criteria	Whether the proposed project area serves unserved or underserved areas	Projects that reach more unserved locations will receive a higher allocation of points	Number of unserved locations (more weight) Number of underserved locations (less weight)
	Relative number of BSLs served	Projects that serve a higher number of BSLs will receive a higher allocation of points	Number of BSLs served
	Length of service in state	Applicants who have a longer history of service in the state will receive a higher allocation of points	Time in years and months
	High-cost project	Applicants who include a higher percentage of high-cost CBGs in their applications get more points	% of high-cost CBGs
	Provider ability to leverage infrastructure	Applicants who can leverage existing and/or adjacent infrastructure will receive a higher allocation of points	Amount of existing and/or adjacent infrastructure utilized

<sup>1</sup> Subsidy estimated from Cost Quest Associates (CQA) cost model (Jan. 2023)

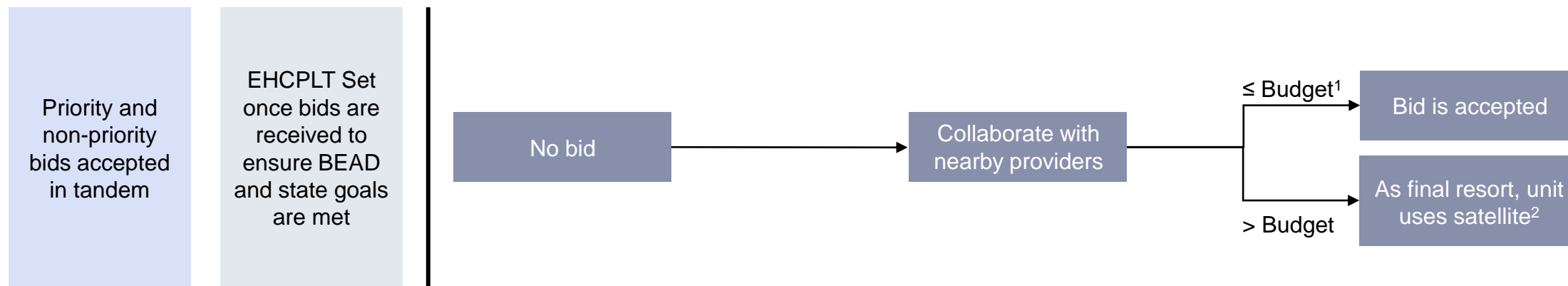




# 10 Potential process for subgrantee prioritization and scoring for a given project area: 0-bid scenario

As of 24 August 2023

## Scenario in which 0 bids are received in a given project area unit:



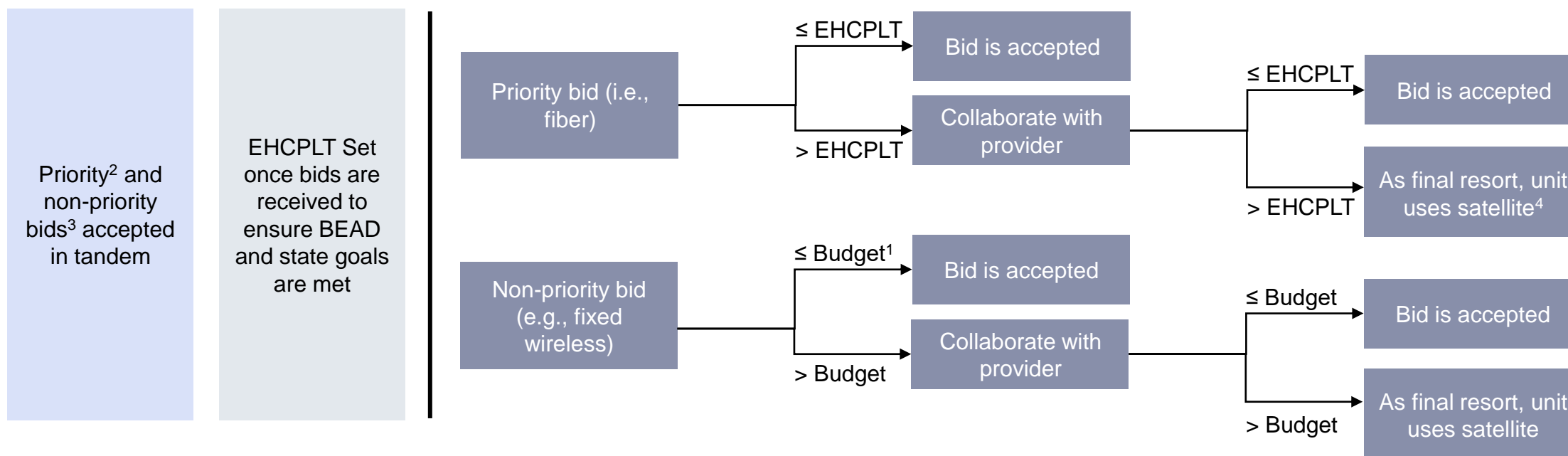
1. Internal budget to be based on Montana's BEAD allocation, project area "budgets" may be set within a % of the CostQuest Associates subsidy benchmark  
 2. If all other options for service have been exhausted (i.e., the subgrantee process has not yielded a winning proposal for fiber or a non-satellite technology), remaining units will receive satellite as a last resort, to ensure the MBO reaches the BEAD goal of achieving universal service.



# 10 Potential process for subgrantee prioritization and scoring for a given project area: 1-bid scenario

As of 24 August 2023

## Scenario in which 1 bid is received in a given project area unit:



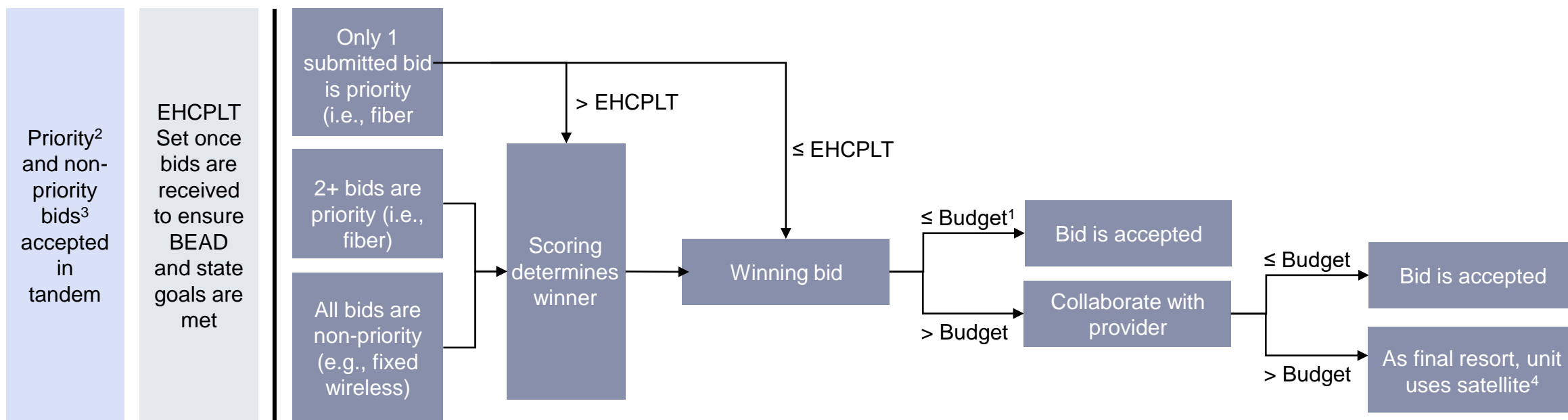
1. Internal budget to be based on Montana's BEAD allocation, project area "budgets" may be set within a % of the CostQuest Associates subsidy benchmark
2. Priority bids use fiber
3. Non-priority bids use non-fiber, alternative technologies (e.g., fixed wireless)
4. If all other options for service have been exhausted (i.e., the subgrantee process has not yielded a winning proposal for fiber or a non-satellite technology), remaining units will receive satellite as a last resort, to ensure the MBO reaches the BEAD goal of achieving universal service.



# 10 Potential process for subgrantee prioritization and scoring for a given project area: 2+ bids scenario

As of 24 August 2023

## Scenario in which 2+ bids are received in a given project area unit:



1. Internal budget to be based on Montana's BEAD allocation, project area "budgets" may be set within a % of the CostQuest Associates subsidy benchmark
2. Priority bids use fiber
3. Non-priority bids use non-fiber, alternative technologies (e.g., fixed wireless)
4. If all other options for service have been exhausted (i.e., the subgrantee process has not yielded a winning proposal for fiber or a non-satellite technology), remaining units will receive satellite as a last resort, to ensure the MBO reaches the BEAD goal of achieving universal service.

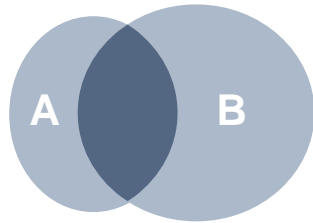


# 11 Deconfliction process steps

As of 24 August 2023

## Step 1

Project areas from competing providers (A and B) map overlap partially or completely:



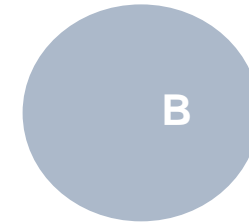
## Step 2

When evaluating applications, the MBO may:

- First, prioritize fiber over alternative technologies, per NTIA guidance
- Next, score each proposal and grant the winner their entire project area

## Step 3

In this scenario, Provider B achieved a higher score, and is awarded their entire project area



## Step 4

The remaining project area outlined by Provider A has not been awarded. Provider A can now be offered a subsidy proportionate to the remaining project area budget<sup>1</sup>



## Step 5

If Provider A rejects offer, the MBO may ask providers in adjacent and/or nearby areas to absorb the remaining project area at the subsidy proportionate to the remaining project area budget



## Step 6

If those providers also reject the offer, the remaining project area receives satellite



1. Internal budget to be based on Montana's BEAD allocation, project area "budgets" may be set within a % of the CQA benchmark



## 12 Low-cost plan details and purpose





As of 24 August 2023

Issue	IP Guidance
Low-cost plan purpose	<ul style="list-style-type: none"> <li>The purpose is to “<b>ensure that all residents ... will have access to affordable broadband service options.</b>”</li> </ul>
NTIA example low-cost plan	<ul style="list-style-type: none"> <li>“The Eligible Entity is <b>strongly encouraged to adopt the example</b> low-cost broadband service option.”</li> </ul>
ACP participation	<ul style="list-style-type: none"> <li>“Eligible Entities must ensure that services offered over BEAD Funded Networks allow subscribers in the service area to use the <b>FCC’s ACP.</b>”</li> <li>States are required to “certify that all subgrantees will be required to participate in the ACP or any successor programs,” and indicates a preference—but not a requirement—for low-cost plans that allow the application of the ACP subsidy.</li> </ul>



## 12 Low-cost plan elements and example

As of 24 August 2023

Element	Definition	NOFO guidance example
 <b>Cost</b>	<ul style="list-style-type: none"> <li>All recurring and non-recurring charges</li> </ul>	<ul style="list-style-type: none"> <li>\$30/month for those who do not reside on Tribal Lands</li> <li>\$75/month for those who do reside on Tribal Lands</li> </ul>
 <b>Basic service characteristics</b>	<ul style="list-style-type: none"> <li>Download and upload speeds</li> <li>Latency</li> <li>Any limits on usage or availability, such as data caps</li> <li>Any material network management practices, and reliability</li> </ul>	<ul style="list-style-type: none"> <li>Provides the greater of:               <ul style="list-style-type: none"> <li>100/20 Mbps, or the fastest speeds the infrastructure is capable of if &lt;100/20 Mbps, <b>or</b></li> <li>The performance benchmark for fixed terrestrial broadband service established by the Federal Communications Commission pursuant to Section 706(b) of the Communications Act of 1934, as amended</li> </ul> </li> <li>Provides typical latency measurements of no more than 100 milliseconds</li> <li>Is not subject to data caps, surcharges, or usage-based throttling; and is subject to the same acceptable use policies offered to the subgrantee's other home subscribers</li> </ul>
 <b>Affordable connectivity benefits application</b>	<ul style="list-style-type: none"> <li>Description of whether a subscriber can use the Affordable Connectivity Benefit subsidy toward the plan's rate</li> </ul>	<ul style="list-style-type: none"> <li>ACP subsidy can be provided to the service price</li> <li>Subgrantees are required to participate in the ACP or any successor program, and eligible subscribers can apply the subsidy to the proposed service option</li> </ul>
 <b>Available technical upgrades</b>	<ul style="list-style-type: none"> <li>Description of whether there are any provisions regarding the subscriber's ability to upgrade to any new low-cost service plans offering more advantageous technical specifications</li> </ul>	<ul style="list-style-type: none"> <li>If the provider later offers a low-cost plan with higher speeds, existing low-cost subscribers must be permitted to upgrade to the new low-cost plan at no cost</li> </ul>



## 13 Middle class affordability plan

As of 24 August 2023

### Initial Proposal and BEAD NOFO instructions

- Describe a middle-class affordability plan that details **how high-quality broadband services will be made available to all middle-class families** in the BEAD-funded network's service area **at reasonable prices**
- The NOFO notes that **some states might assign especially high weights to selection criteria** relating to affordability and/or open access in selecting BEAD subgrantees
- Eligible Entities will be required to ensure that services offered over Funded Networks allow subscribers in the service area to **utilize the ACP**

### Example plan elements

- Require providers to offer low-cost, high-speed plans to all middle-class households
- Providing consumer subsidies if surplus funds are available
- Using regulatory authority to promote structural competition (e.g., eliminating barriers to entry, opening access to multi-dwelling units, or promoting alternative technologies)
- Promoting consumer pricing benchmarks and / or establishing a system of continued monitoring and public reporting to allow customers to determine whether rates are reasonable

### Potential path forward

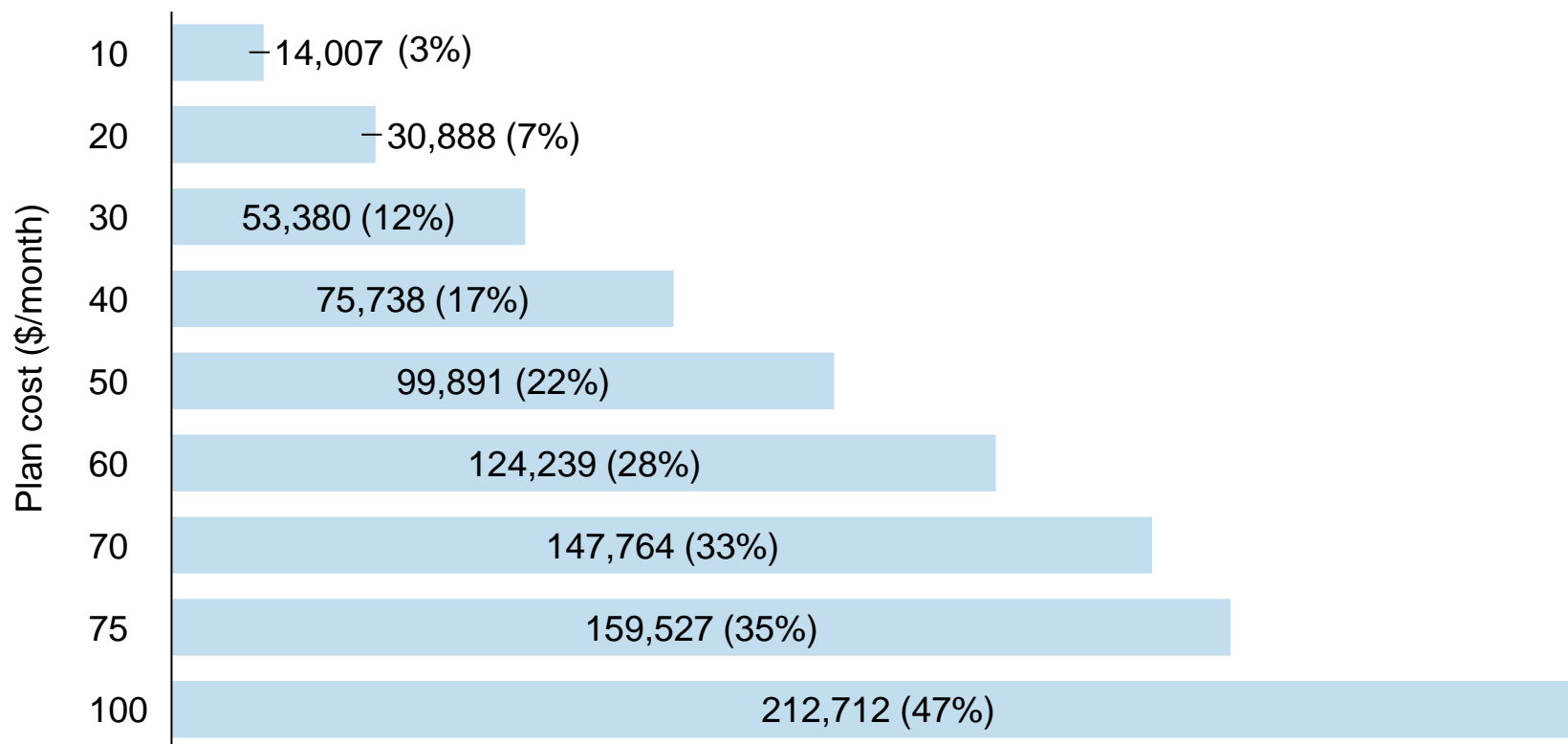
- The MBO may conduct an affordability analysis to establish the reasonable cost of internet service for Montana households
- Next, the MBO could research the details of all plans (e.g., across internet providers, technologies, speeds, and costs) to determine whether or not adequate plans are available and affordable for middle-class Montanans



# 12 13 Affordability analyses

As of 24 August 2023

## Households that may not afford broadband for various plan prices<sup>1</sup>



Number of households (% of households) for which plan price exceeds 2% of income

According to the Broadband Commission for Sustainable Development, internet that costs more than 2% of monthly income may be unaffordable for some<sup>2</sup>

Based on the MBO's analysis, broadband may be unaffordable (i.e., >2% of income) for:

- 3% of households at \$10/month
- ~17% of households at \$40/month
- ~35% of households at \$75/month
- ~47% of households at \$100/month

1. Affordability model assumes straight-line income distribution between intervals \$0-\$10k, \$10k-\$15k, \$15k-\$25k, \$25k-\$35k, \$35k-\$50k, \$50k-\$75k, \$75k-\$100k, \$100k-\$150k, \$150k-\$200k, and \$200k and up.

2. Broadband targets 2025. (2022, March 2). Broadband Commission for Sustainable Development. <https://www.broadbandcommission.org/broadband-targets/>