



Montana Broadband Communications Advisory Commission Meeting

July 9, 2024

DISCUSSION TOPICS:

JULY 2024 COMMISSION MEETING

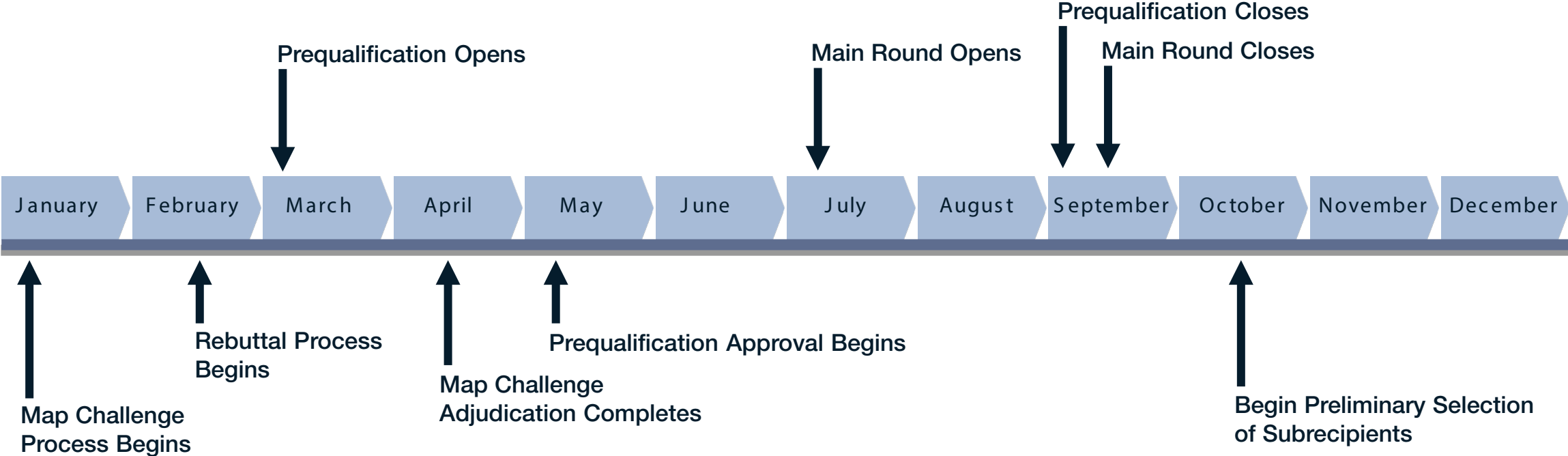
- General Program Update
- Challenge Process Update
- Benchmarking Reference Pricing
- Next Steps
- Public Comment



2024 BEAD PROGRAM TIMELINE:

SUBJECT TO NTIA APPROVAL

NOTE: All dates are estimated and subject to change*



CHALLENGE PROCESS UPDATE:

- Initial challenge curing submitted to NTIA on May 23
- Most recent curing submitted June 26
- BEAD Application Map



BENCHMARK REFERENCE:

PRICING DEEP DIVE

- Falling number of eligible locations.
- Benchmark reference pricing framework.
- Where Benchmark reference pricing happens in the negotiation and selection process.
- Methodology for rationing reference pricing across varying business cases for providers.



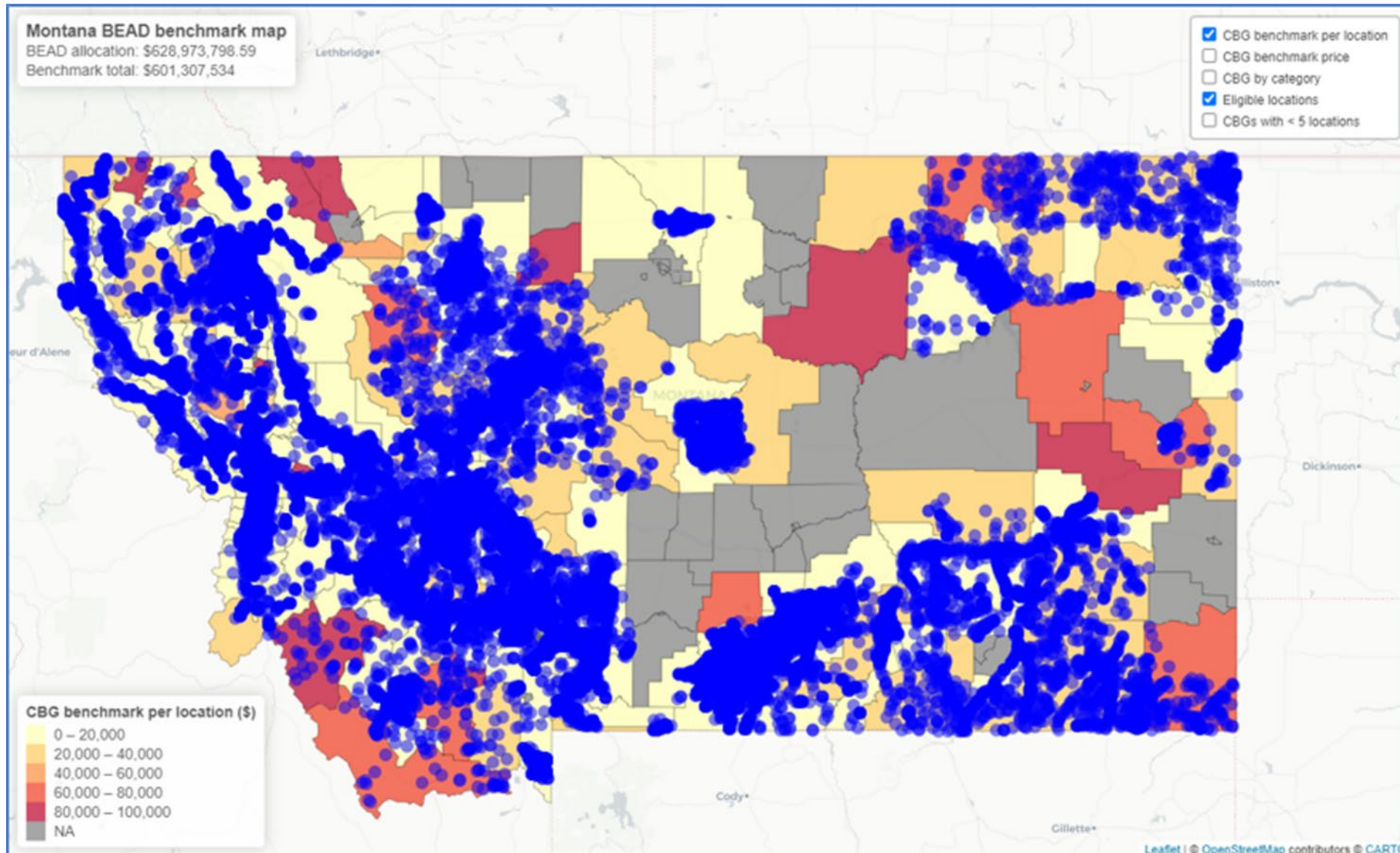
ELIGIBLE BROADBAND SERVICEABLE LOCATIONS HAVE FALLEN OVER TIME:

Status	June 30, 2023: Pre-Deduplication (FCC/NTIA Fabric v3.2)	January 2024: Post-Deduplication (NBAM program, Connect MT, ARPA)	May 2024: Post Challenge
Served	345,871	410,844	421,739
Underserved	47,088	22,669	18,321
Unserved	95,085	54,531	47,984
TOTAL LOCATIONS	488,044	488,044	488,044
TOTAL ELIGIBLE LOCATIONS	142,173	77,200	65,167

*Per NTIA instructions, Initial Proposal Volume II included total number of un- and underserved locations (without accounting for enforceable commitments) using the numbers from the Eligible Entity Planning Toolkit.

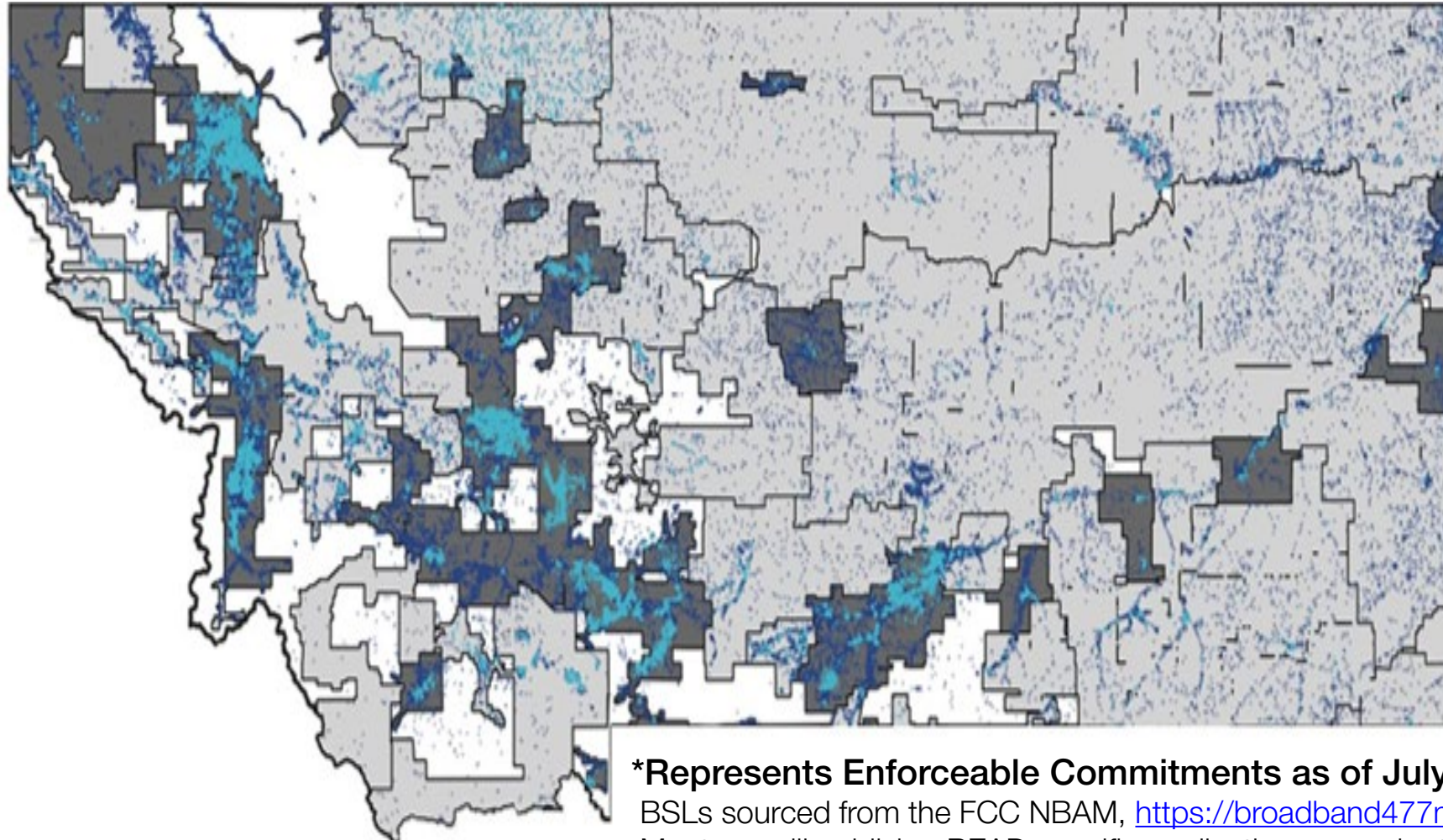


BEAD ELIGIBLE LOCATIONS: UNSERVED & UNDERSERVED



EXISTING PROJECTS & ENFORCEABLE COMMITMENTS

- Unserved Locations
- Underserved Locations
- E-ACAM Eligible Study Areas
- Remaining Study Areas



***Represents Enforceable Commitments as of July 2023.**

BSLs sourced from the FCC NBAM, <https://broadband477map.fcc.gov/#/>.
Montana will publish a BEAD specific application map prior to opening Main Round.



BENCHMARK REFERENCE:

PRICING FRAMEWORK

- **Montana BEAD allocation = \$628,973,798.59**
 - Includes all administrative, program planning, implementation and monitoring costs (3.8%)
- **Broadband serviceable locations (BSL)**
 - Challenge results produced 65,167 eligible BSLs (unserved and underserved, not including CAIs)
 - 520 of 900 CBGs contain an eligible BSL
- *MT does not have sufficient funding to cover the build cost and/or NPV cost for all CBGs, and must prioritize incentivizing competitive bids for CBGs that have good business economics*



EASILY CONFUSED PHRASES:

“HIGH COST AREA”, “BENCHMARK REFERENCE PRICE” & “EXTREMELY HIGH COST PER LOCATION THRESHOLD PRICE”

Both are referenced in Initial Proposal Volume II

- High Cost Area/ High Cost CBG:
 - NTIA CBG designation that allows for match waiver
- Benchmark Reference Price:
 - Used as objective reference against which to score applications, incentivizing minimum BEAD outlays per CBG
 - Published before applications are due
- Extremely High Cost per Location Threshold Price:
 - Maximum BEAD subsidy available per location used in the funding and negotiation process, allowing locations that cannot be funded for this price to be served using other technologies (e.g. satellite)
 - Calculated after all priority and non-priority applications are received



BENCHMARK REFERENCE:

PRICING FRAMEWORK

1. If a CBG has a strong business case for investment into eligible locations, the benchmark per location should be minimal.
2. If a CBG has a neutral business case for investment into eligible locations, the benchmark per location is increased to accommodate higher costs.
3. If a CBG has a difficult business case for investment into eligible locations, the benchmark per location is maximized to support extremely high costs.

Starting price point based on industry fiber deployment research and other funding programs shows standard cost to deploy fiber to home at ~\$2,000 (depending on location, labor, and materials).



DISTRIBUTION OF CBGS ACROSS BUSINESS CASE CATEGORY

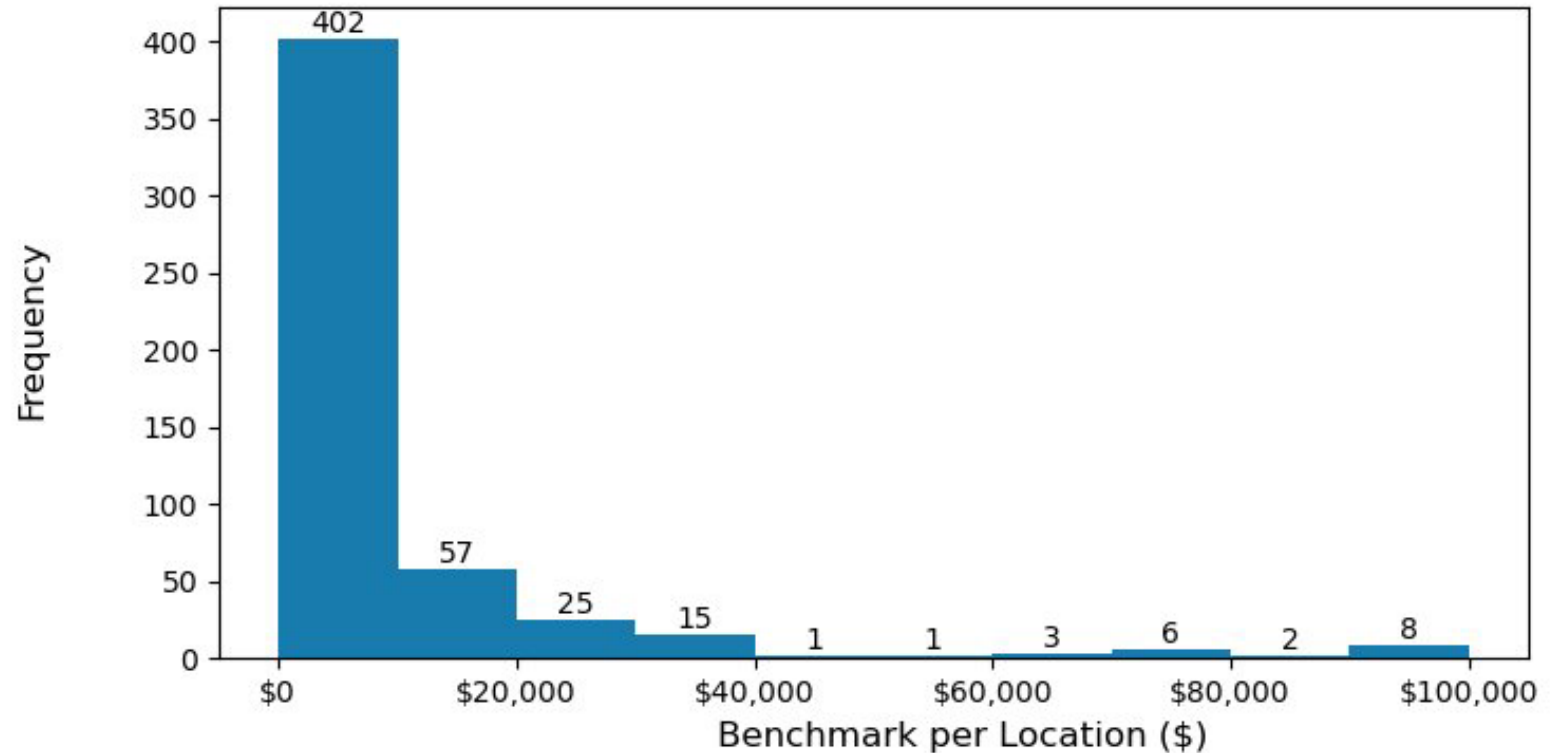
Category	Number of CBGs	Total Number of BSLs	Average Benchmark per Location	Total Allocated Benchmark
Strong business case	140	10,228	\$1,500	\$15.3M (2.5%)
Neutral business case	132	13,730	\$6,665	\$85.7M (14.2%)
Difficult business case	248	41,209	\$15,818	\$500.3M (83.2%)
TOTAL:	520	65,167	\$10,334	\$601.3 Million



BENCHMARK REFERENCE PRICING DISTRIBUTION PER LOCATION

BEAD Benchmark Reference Pricing

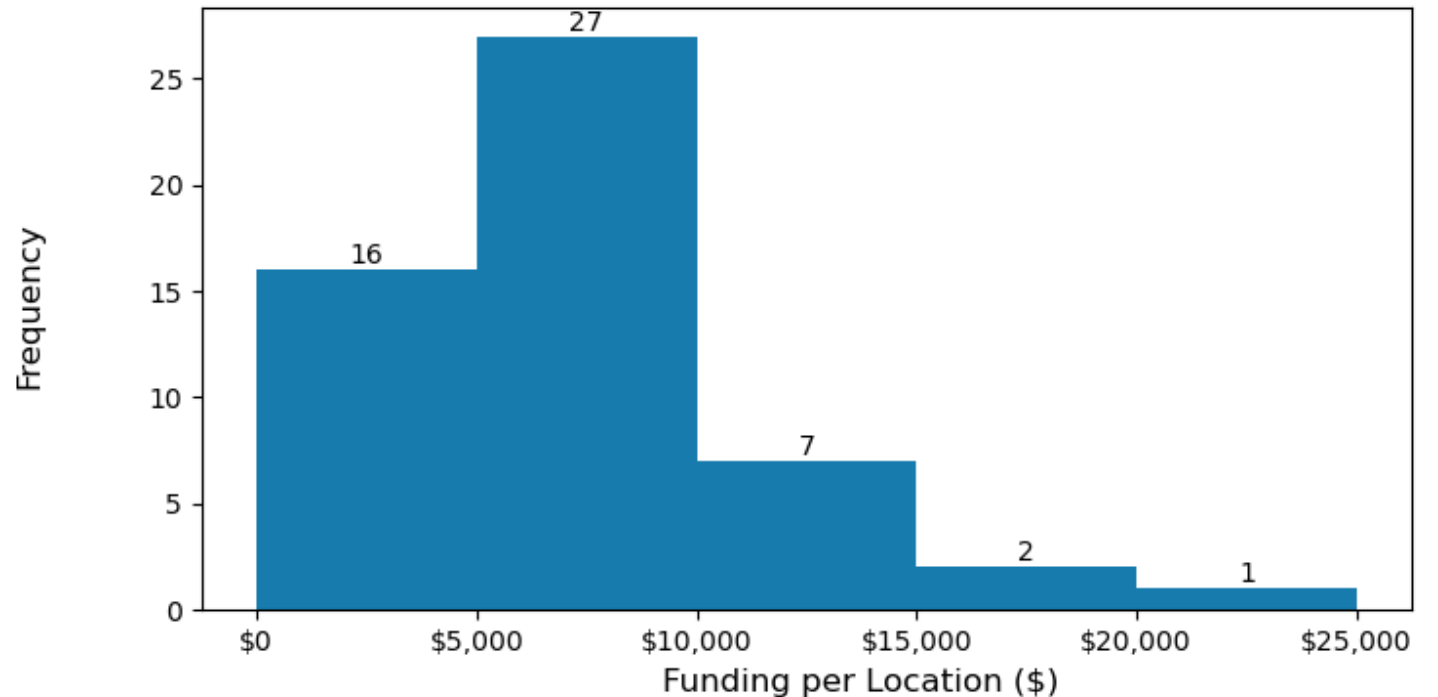
- 520 CBGs
- 1 to 1,307 locations per CBG with a median of 48 locations
- Benchmark per location ranges from \$1,500 - \$100,000, with an average of **\$10,334**.



APPROACH REASONABLY COMPARES WITH ARPA

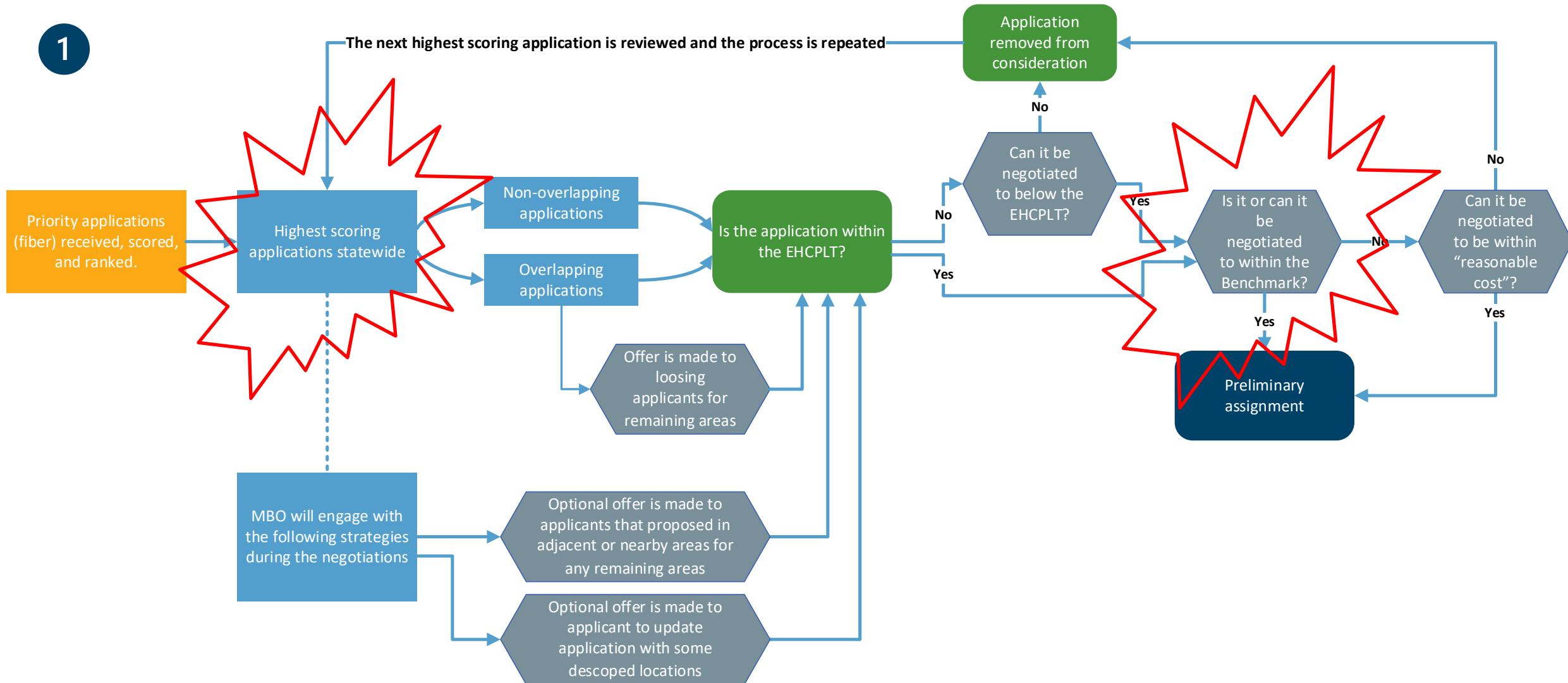
ARPA

- 54 project areas
- 32 to 11,800 locations per project area, with a median of 695 locations
- Funding per location ranges from \$622 - \$25,530, with an average of **\$7,508**



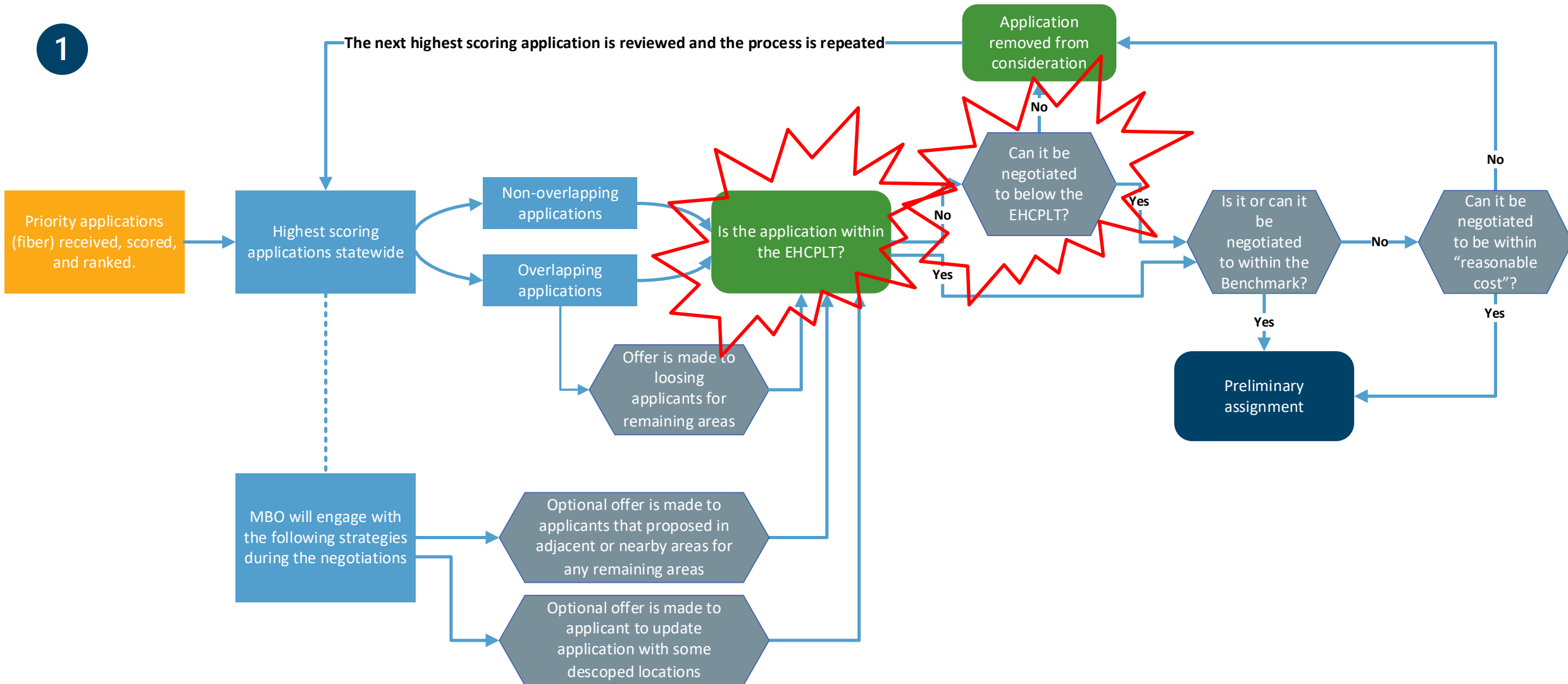
WHERE DOES BENCHMARKING MATTER IN NEGOTIATION & SELECTION?

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WHEN DOES THE EXTREMELY HIGH COST PER LOCATION THRESHOLD PRICE MATTER?

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NEXT STEPS:

- Ongoing Technical Assistance
- NTIA Approval
- Post Final Main Round Application Materials
 - Draft materials subject to NTIA approval are posted on the ConnectMT website (<https://connectmt.mt.gov>)
- Open Main Round Application



PUBLIC COMMENT:

