



Montana Broadband Communications Advisory Commission Meeting

July 9, 2024

DISCUSSION TOPICS:

JULY 2024 COMMISSION MEETING

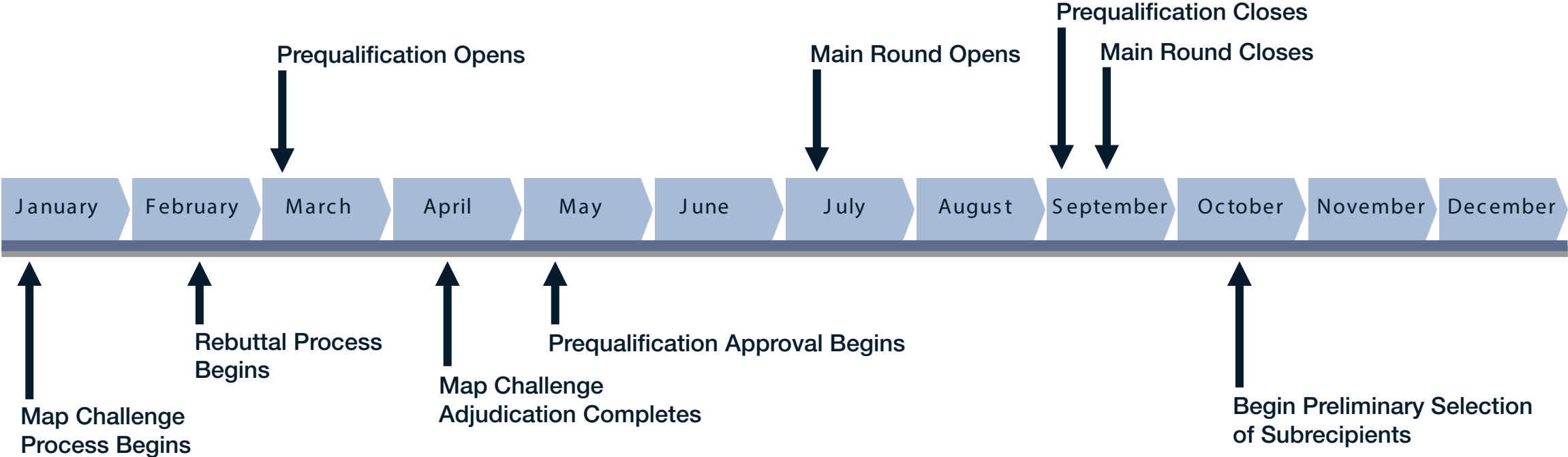
- General Program Update
- Challenge Process Update
- Benchmarking Reference Pricing
- Next Steps
- Public Comment



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



DISCUSSION TOPICS:

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:

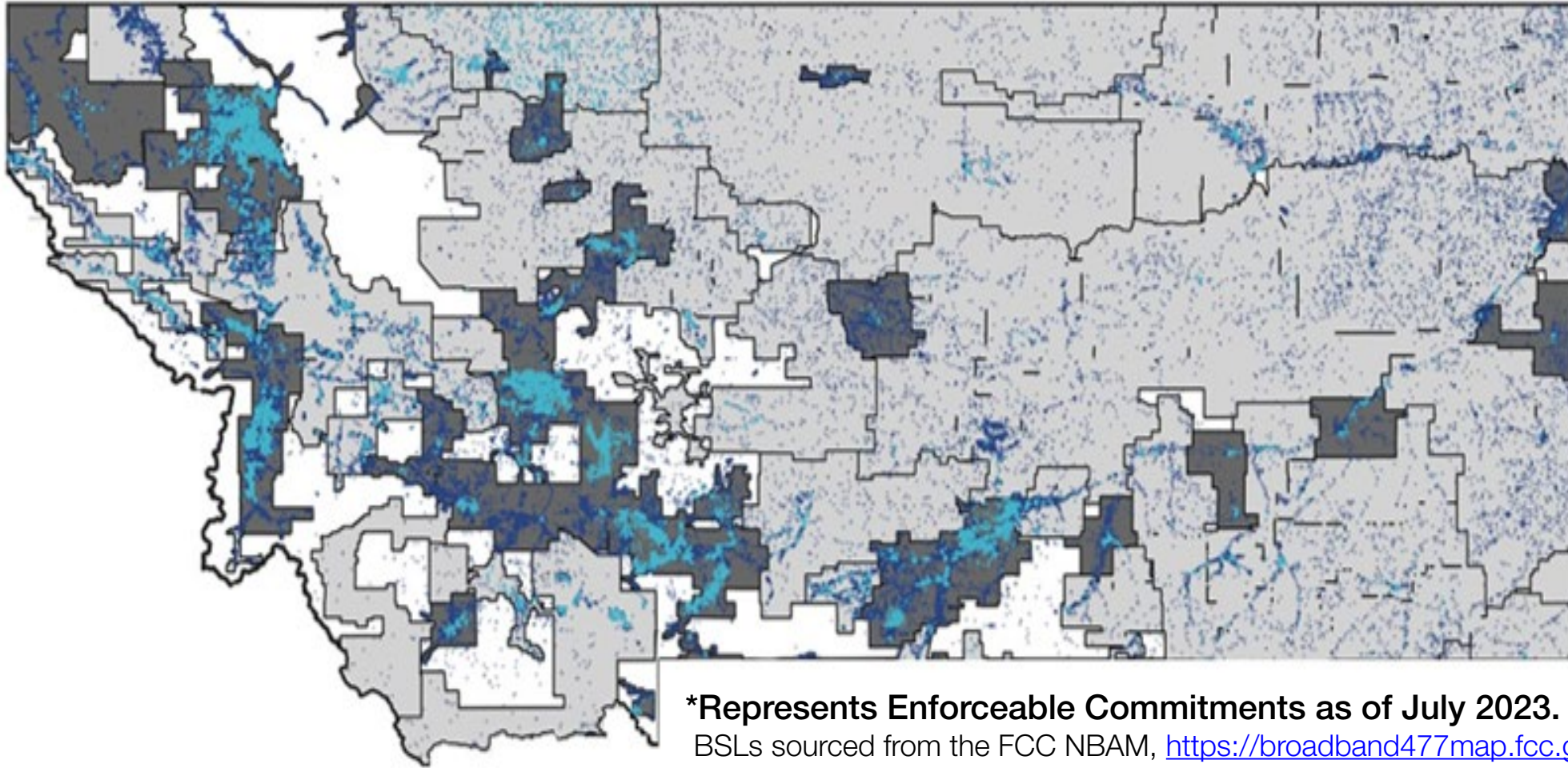
Status	June 30, 2023: Pre-Deduplication (FCC/NTIA Fabric v3.2)	January 2024: Post-Deduplication (NBAM program, Connect MT, ARPA)	May 2024: Post Challenge
Served	345,871	410,844	421,739
Underserved	47,088	22,669	18,321
Unserved	95,085	54,531	47,984
TOTAL LOCATIONS	488,044	488,044	488,044
TOTAL ELIGIBLE LOCATIONS	142,173	77,200	66,305

*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.



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.



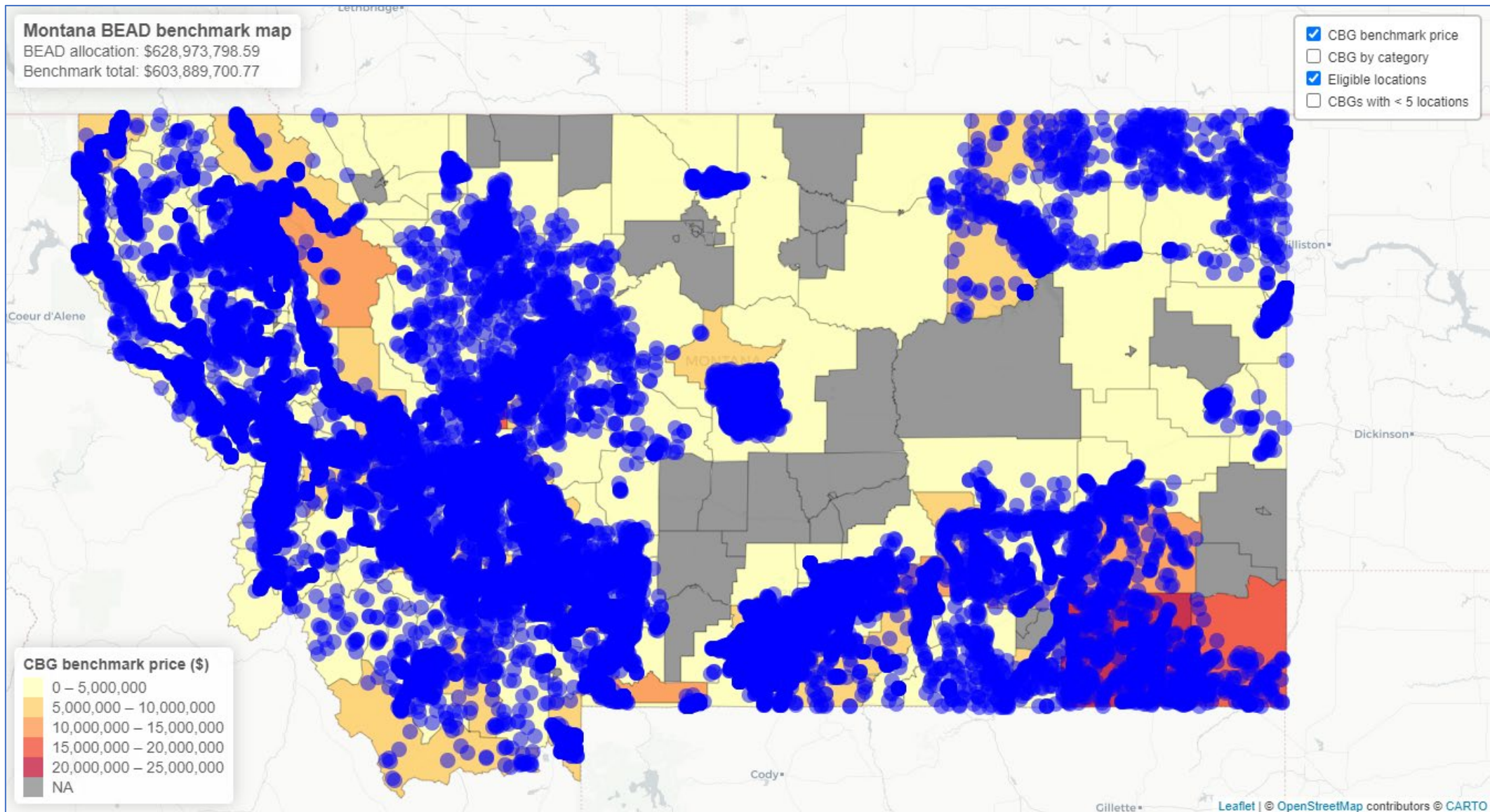
BENCHMARK REFERENCE:

PRICING FRAMEWORK

- **Montana BEAD allocation = \$628,973,798.59**
 - Includes all program planning, implementation and monitoring costs
 - Amount available for subgrantee awards: \$604,084,322.61
- **Broadband serviceable locations (BSL)**
 - Challenge results produced 66,305 eligible BSLs (unserved and underserved, not including CAIs)
 - 521 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*



BEAD ELIGIBLE LOCATIONS: UNSERVED & UNDERSERVED



4 DATA SOURCES INFORMED THIS ANALYSIS:

Source	Filename	Description & Purpose
CQA (via NTIA)	ntia_cost_rel_3_2.csv	Cost estimates by broadband serviceable location for both fiber and fixed wireless. Used to calculate CBG benchmarks.
Montana	MT_CPC-462-bsl.xlsx	MT BEAD Challenge process results for broadband serviceable locations. Joined served and underserved locations to CQA data for calculations.
US Census	MT_Blocks.csv	Crosswalk of 15-digit GEOIDs for MT Census blocks and groups. Used to map locations & CBGs.
NTIA	High_Cost_Areas.xlsx	Contains list of NTIA defined high cost CBGs. Used in calculations and category “5” designations.



EASILY CONFUSED PHRASES:

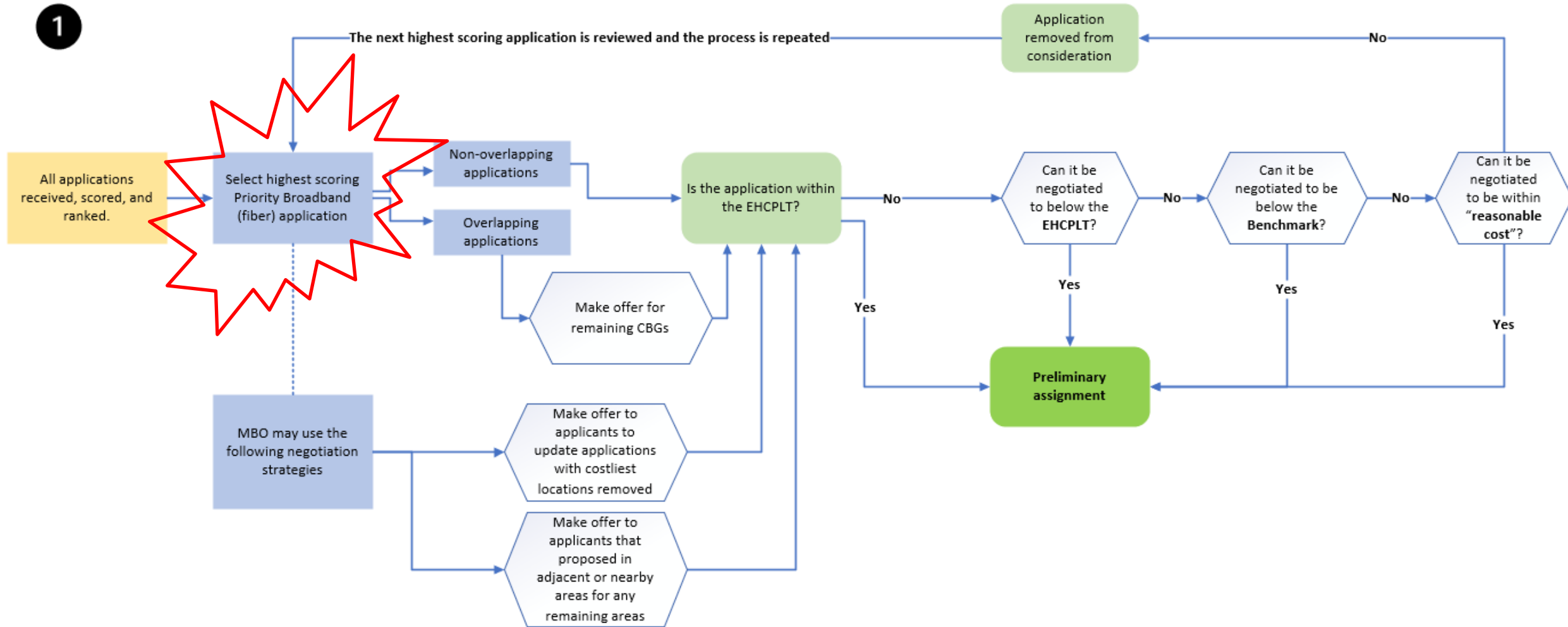
“BENCHMARK REFERENCE PRICE” & “EXTREMELY HIGH COST PER LOCATION THRESHOLD PRICE”

Both are referenced in Initial Proposal Volume II

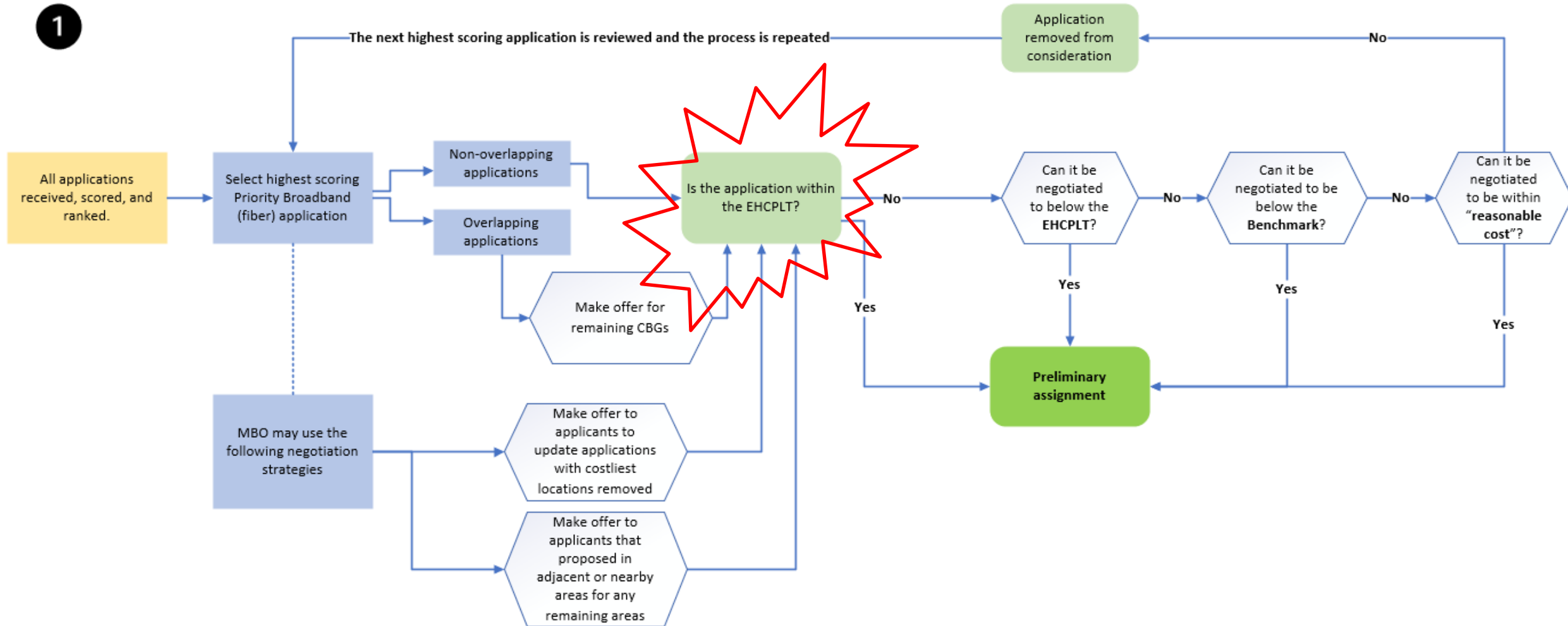
- **Benchmark Reference Price:**
 - Used as objective reference against which to score applications, incentivizing minimum BEAD outlays per CBG
 - Published before applications are due
- **Extremely High Cost per Location Threshold Price:**
 - Maximum BEAD subsidy available per location used in the funding 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



WHERE DOES BENCHMARKING MATTER IN NEGOTIATION & SELECTION?



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



RATIONING REFERENCE PRICING ACROSS VARYING BUSINESS CASES FOR PROVIDERS

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

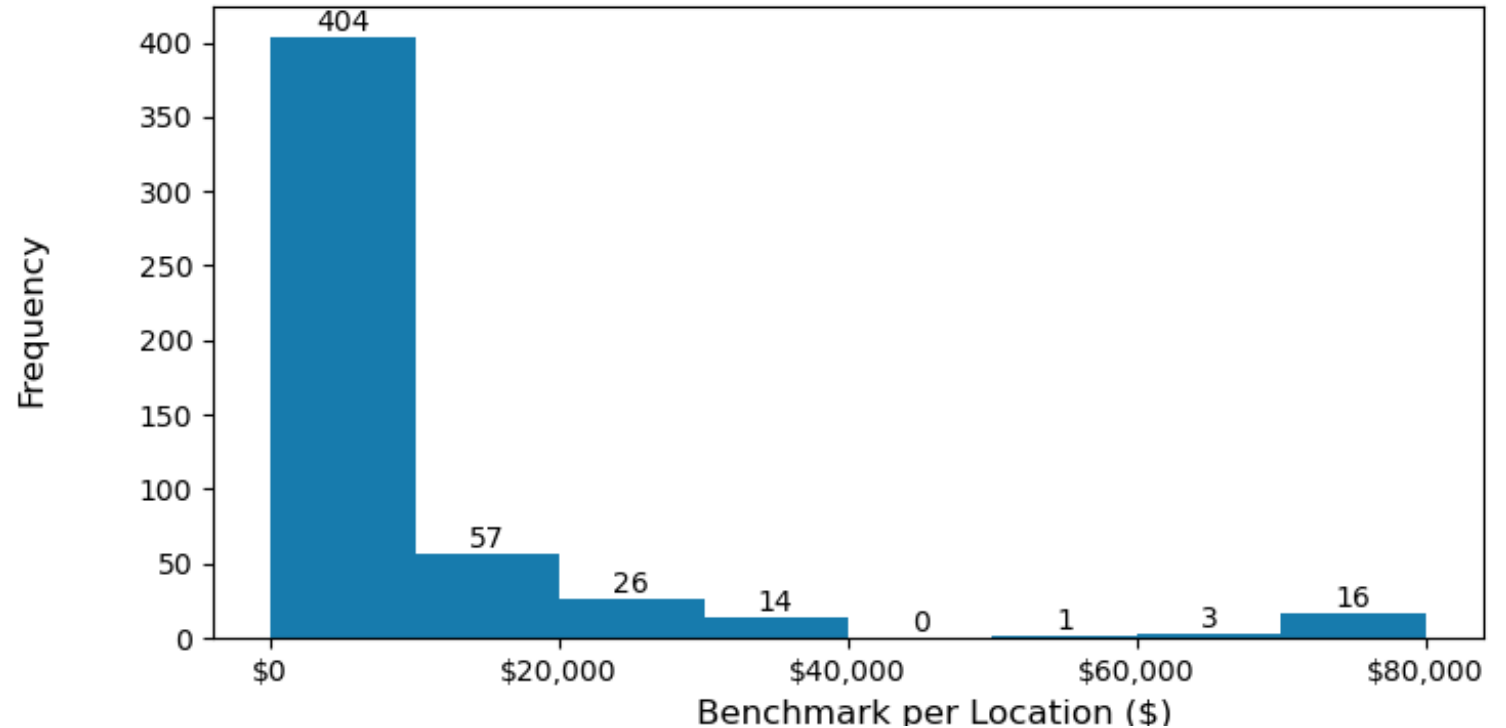
Category	Number of CBGs	Total Number of BSLs	Average Benchmark per Location	Total Allocated Benchmark
Strong business case	139	10,416	\$1,500	\$15.6M (2.6%)
Neutral business case	134	14,306	\$6,542	\$87.6M (14.5%)
Difficult business case	248	41,583	\$15,817	\$500.6M (82.9%)
TOTAL:	521	66,305	\$9,107	\$603.9M



BENCHMARK REFERENCE PRICING DISTRIBUTION PER LOCATION

BEAD Benchmark Reference Pricing

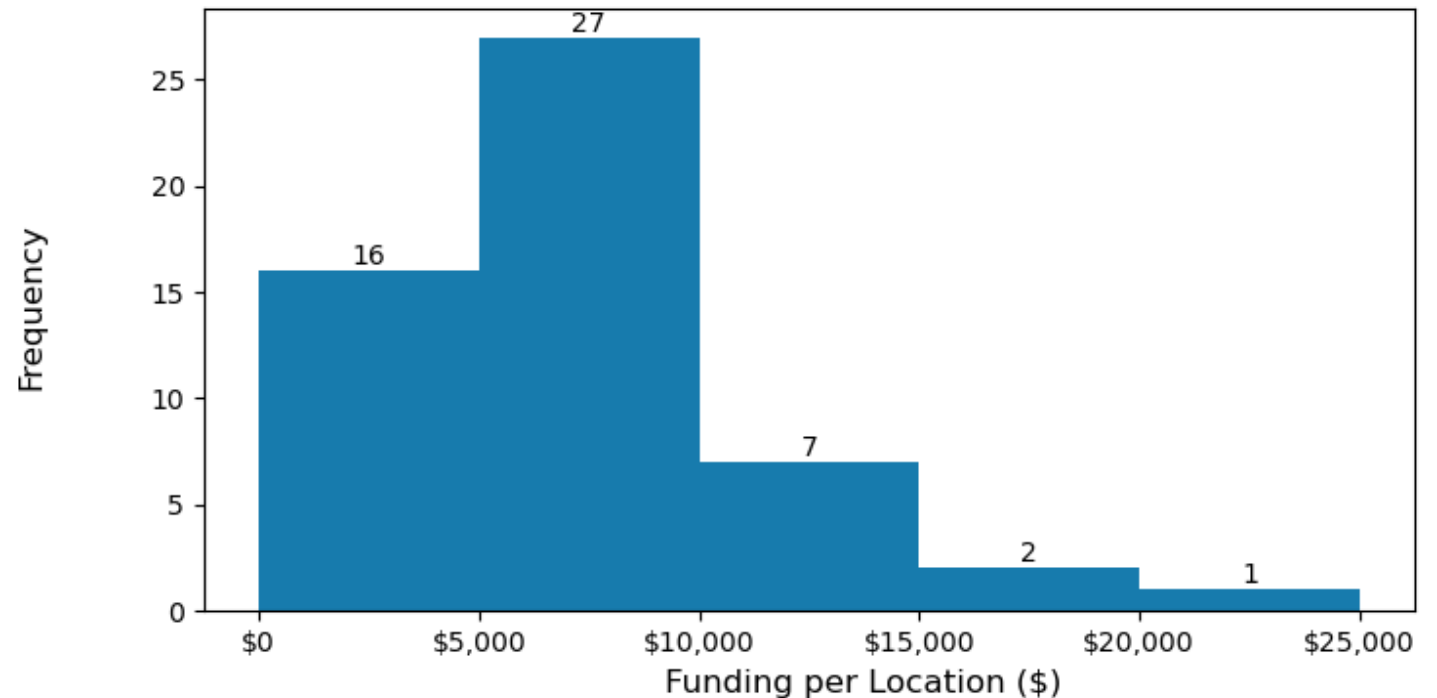
- 521 CBGs
- 1 to 1,321 locations per CBG with a median of 53 locations
- Benchmark per location ranges from \$1,500 - \$80,000, with an average of **\$9,892**.



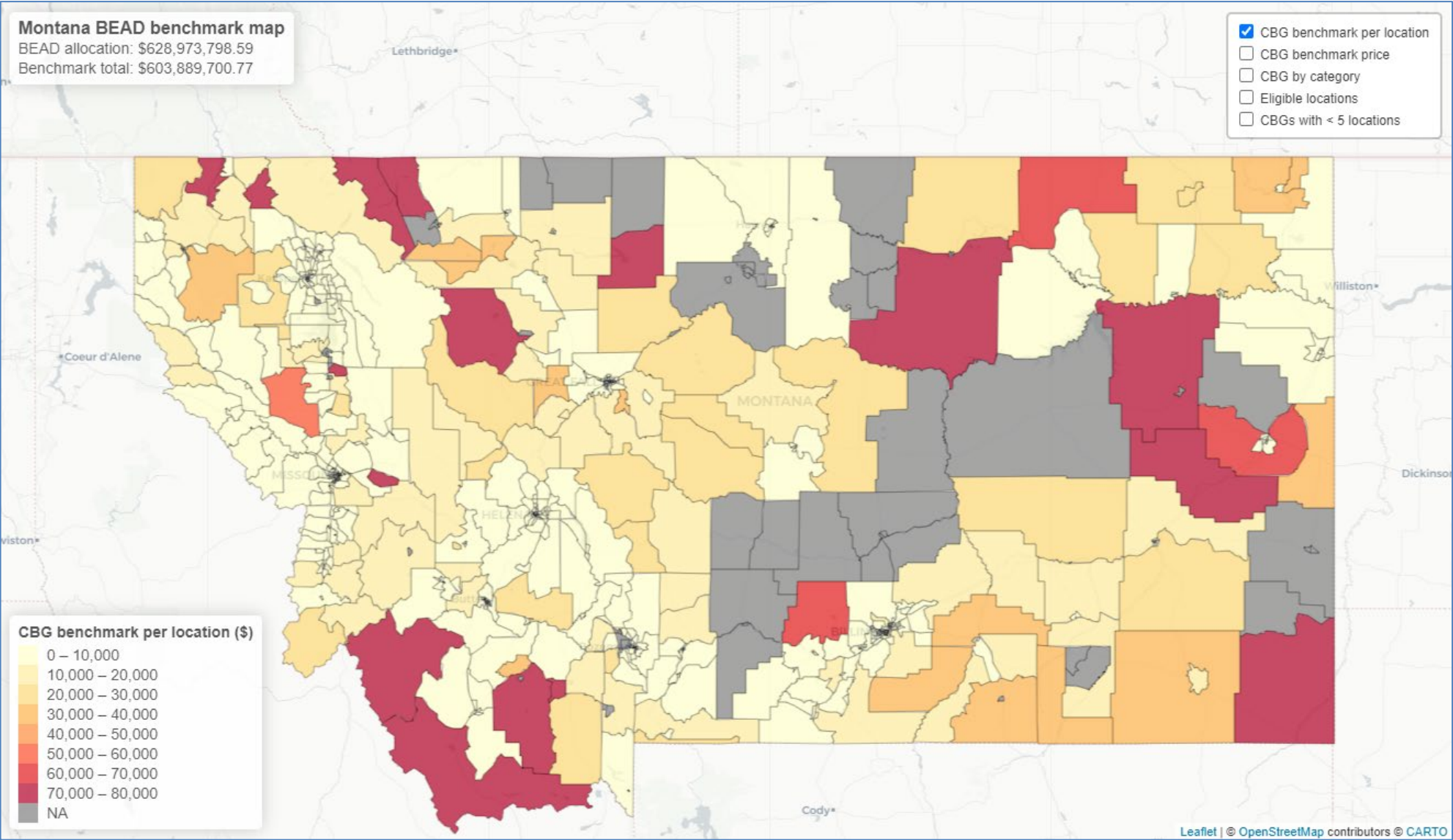
APPROACH REASONABLY COMPARES WITH ARPA

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**



MORE DETAILED MAPPING: BENCHMARK REFERENCE PRICING PER ELIGIBLE LOCATION



NEXT STEPS:

- Ongoing Technical Assistance
- NTIA Approval
- Post Main Round Application Materials
- Open Main Round Application



PUBLIC COMMENT:

