



Federal Communications Commission
Washington, D.C. 20554

July 17, 2012

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *GN Docket No. 11-121, Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps To Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act*

Dear Ms. Dortch:

On July 13, 2012, the US Department of Agriculture's Rural Utilities Service provided the Appendix to this letter for submission into the record in the above-referenced proceeding.

Sincerely,

R. Matthew Warner
Attorney Advisor
Wireline Competition Bureau

APPENDIX

Rural Utilities Service Broadband Funding

The Rural Utilities Service (RUS) is a policy, planning and financing agency of the United States Department of Agriculture (USDA) which provides technical and financial assistance related to rural infrastructure for more than seventy-five years. RUS's telecommunications program enacted in 1949 continues to provide loan financing for advanced telecommunications infrastructure serving rural communities with populations of 5,000 or less. In 2000, the RUS launched a broadband pilot program and in 2002, the Congress expanded the Rural Electrification Act to provide funding for broadband infrastructure to rural communities with populations of 20,000 or less. . RUS also implemented the Community Connect Grant Program enacted in 2000 to provide grants for broadband infrastructure to rural communities that are completely unserved with broadband, with populations of 20,000 or less.

Under the American Reinvestment and Recovery Act (ARRA) of 2009, RUS received the authority to provide loans and grants for broadband infrastructure to rural communities and awarded approximately \$3.5 billion in loans, grants and loan/grant combinations under this historic one-time program. RUS has been to provide affordable financing to encourage the deployment of broadband which contributes to the economic development of the communities and improves the quality of rural life.

RUS Broadband Initiatives Program (BIP)

RUS is currently managing 259 broadband infrastructure projects under the ARRA's BIP program, as well as 19 Technical Assistance and 4 satellite awards. Broadband networks are being deployed and broadband service is being provided to consumers, businesses and community organizations through this funding. These complex infrastructure projects typically take two to three years to complete. When complete, these networks will provide new or improved broadband access to seven million rural residents, more than 360,000 businesses and more than 30,000 critical community institutions like schools, healthcare facilities and rural public safety agencies. Broadband service will be provided to 45 states and one U.S. territory. BIP projects overlap with 31 tribal lands and 125 persistent poverty counties. They are projected to create more than 25,000 immediate and direct jobs for rural workers in a variety of industries, and countless more as communities benefit. This \$3.5 billion in funding was implemented with no increase in RUS staffing or Salaries and Expense budget.

RUS's Other Broadband Programs

In addition to BIP, since 1949, RUS has provided more than \$18 billion for advanced telecommunications infrastructure and services in rural America. Since 1993, RUS has required that systems financed under the Telecommunications Infrastructure Loan Program be broadband capable. The Rural Access Broadband Loan Program also provides financing for broadband infrastructure. Projects financed under these two programs since 2001 have provided broadband access to more than 3.6 million rural households, businesses and community organizations. The Community Connect Grant Program provides grants for unserved, lower income, very rural communities. Since the program's first awards in 2002, almost \$112 million have awarded to provide broadband service to 215 communities. RUS recently implemented the Substantially Underserved Trust Areas (SUTA) provisions of the 2008 Farm Bill to help tribal communities secure modern utility services. These provisions provide special terms and conditions for most RUS loan and grant programs to make it more attractive for applicants to serve substantially underserved areas on trust lands. These provisions include the ability of the RUS Administrator to waive certain requirements such as matching requirements, offer extended loan terms, offer interest rates on loans as low as 2%, and other provisions which are designed to facilitate increased participation by tribes and/or service providers proposing to serve tribal areas through RUS programs.