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Proponent Testimony of House Bill 2618

**Testimony by CenturyLink
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Thank you Chairman Seiwert and members of the Committee. My name is John Idoux and I am CenturyLink's Director of Governmental Affairs. I appreciate this opportunity to express CenturyLink's general support for a properly structured, state broadband grant program as envisioned in House Bill 2618.

CenturyLink Introduction

CenturyLink is a technology leader delivering hybrid networking, cloud connectivity, and security solutions to customers around the world. Through its extensive global fiber network, CenturyLink provides secure and reliable services to meet the growing digital demands of businesses and consumers. CenturyLink strives to be the trusted connection to the networked world and is focused on delivering technology that enhances the customer experience.

In Kansas, CenturyLink has provided communications services under various names since 1909 and today serves rural Kansans in 119 communities including Junction City, Fort Riley, Gardner, and 111 communities with less than 1000 residents. CenturyLink began deploying broadband in Kansas in 2002 and today has fiber connections to all 119 exchanges. CenturyLink has invested more than \$710 million in Kansas in rural, urban and long-haul network facilities and has more than 6000 route miles of fiber optics throughout the state with more than 110,000 network connections.

The Need for a State Broadband Fund

CenturyLink strongly supports the legislative intent of House Bill 2618 to ensure that every Kansan and every appropriate location in Kansas has access to high speed broadband services.

CenturyLink has long advocated for a properly structured state broadband grant program and the main concept of House Bill 2618 is the creation of a broadband program for rural broadband deployment. If properly structured and administered, a state broadband grant program has the potential to promote rural broadband deployment. Indeed, generally accepted economic principles and business models are serious challenges for private investment to deploy broadband networks in the most rural portions of the state without some sort of public-private partnership.

Although CenturyLink supports the concept of a state broadband grant program if properly structured, given the short window to prepare testimony for House Bill 2618, it is not possible to discuss every concern CenturyLink may have with the proposed legislation. It should not be concluded that CenturyLink agrees with all aspects of the bill and CenturyLink may address additional aspects of the bill with legislators in the future.

A Properly Structured State Broadband Fund

A properly structured state broadband grant program would ensure public funding assistance: (a) goes only to areas unserved by a broadband provider, (b) does not compete where private investment has already deployed broadband facilities or (c) duplicate where other government assistance is targeted. To ensure these objectives, there needs to be a defined challenge process established for current broadband providers with facilities within or near the grant area. A properly structured state broadband grant program would also have a weighted scoring process to ensure the most efficient use of resources while extending service to the greatest number of residents. Indeed, the FCC and other state broadband grant programs have established such components and House Bill 2618 appears to include such critical provisions.

Although House Bill 2618 does not explicitly codify that state broadband grant funding only be used for unserved areas, the legislative intent and scoring criteria will likely ensure state assistance does not go to areas where private investment has been deployed. It is important to provide the Department of Commerce with enough flexibility to implement and modify the program as needs are identified, refined and changed over the course of the 10-year initiative. To this end, it may be beneficial to allow the Department to evaluate the grant funding percentage as a scoring factor rather than include the statutory maximum of 50% of total construction. This hard limit will result in some of the most rural areas of the state from benefiting from the state broadband grant program.

As the state broadband grant program is implemented, there will be a policy need to address the link between competitive broadband providers and a legacy incumbent carrier of last resort obligations and eligible telecommunications carrier status. In fact, the FCC requires winners of CAF awards to become an ETC. Another policy debate centers around rural telecom exemptions. House Bill 2618 is silent on these issues and further policy development is warranted.

Conclusion

CenturyLink agrees that increased deployment of broadband services and infrastructure will improve the long-term quality of life for all Kansans and will ensure that Kansas continues to compete locally and globally. House Bill 2618 is a good step toward those goals. Thank you for your consideration.