



**Andy Beshear**  
Governor

**OFFICE OF BROADBAND DEVELOPMENT**

100 Airport Road  
Frankfort, Kentucky 40601  
(502) 892-3002  
broadband.ky.gov

**Meghan E. Sandfoss**  
Executive Director

November 1, 2022

The Honorable Andy Beshear  
Governor  
Commonwealth of Kentucky  
700 Capital Avenue  
Frankfort, KY 40601

The Honorable Chris McDaniel  
702 Capital Avenue  
Annex Room 204  
Frankfort, KY 40601  
Chris.McDaniel@lrc.ky.gov

The Honorable Jason Petrie  
702 Capital Ave  
Annex Room 392  
Frankfort, KY 40601  
Jason.Petrie@lrc.ky.gov

Dear Governor Beshear, Senator McDaniel, and Representative Petrie,

I am pleased to provide the 2022 Annual Report of the Office of Broadband Development in accordance with KRS 224A.1118. This report summarizes the status of the Office of Broadband Development and federal awards for deploying broadband infrastructure to Kentucky locations.

If you have any questions about the report, please do not hesitate to contact me.

Respectfully Submitted,

A handwritten signature in black ink that reads "Meghan E. Sandfoss".

Meghan E. Sandfoss  
Executive Director



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## **Office of Broadband Development Annual Report**

November 1, 2022

In accordance with KRS 224A.1118, the Office of Broadband Development is issuing an annual report regarding the progress of federal awards for deploying broadband infrastructure to Kentucky locations.

The Commonwealth has remained focused on helping its residents and businesses close the Digital Divide. Efforts this past year have laid the groundwork where residents and businesses have access to broadband connections necessary to ensure that Kentuckians can live, work, and play in the Commonwealth while having access to the best education, commerce, healthcare, and entertainment.

Through a combination of budget recommendations by Governor Beshear and subsequent appropriation actions by the 2021 and 2022 regular sessions of the General Assembly, there is \$300 million in federal funds from the American Rescue Plan Act available to the Broadband Deployment Fund. This included \$117.2 million dollars from the Coronavirus State Fiscal Recovery Fund and \$182.8 million dollars from the Coronavirus Capital Projects Fund. An additional \$20 million dollars from the Coronavirus State Fiscal Recovery Fund was designated to the Rural Infrastructure Improvement Program to provide grants for utility pole replacement activities supporting broadband expansion.

### **Kentucky Office of Broadband Development**

The 2022 Kentucky General Assembly passed House Bill 315 which established the Office of Broadband Development as the central broadband planning and coordination entity to encourage, foster, develop, and improve broadband within the Commonwealth as codified in KRS 224A.1118. In September 2022, Meghan Sandfoss was appointed executive director of the Office of Broadband Development. This role is tasked with leading the newly established office with the following:

- Develop and implement a statewide broadband plan
- Administer grant funds, including the Broadband Deployment Fund and the Rural Infrastructure Improvement Program
- Perform statewide mapping to confirm service or lack thereof. This will include the collection of data from Kentucky's internet service providers (ISPs), as well as manage a challenge process for that data.
- Maintain statewide data and statistics related to broadband
- Create a process for receiving and resolving complaints related to insufficient broadband services

The Office of Broadband Development has quickly spun into action to establish its presence throughout the Commonwealth. Recent activities include setting up the new office, working with the first round of broadband deployment project grant recipients, developing a web

presence, administrative tasks related to the grant programs, attending meetings and speaking engagements to promote broadband deployment, communicate about upcoming funding opportunities, and developing Kentucky's broadband plan.

Early efforts are focused on the Broadband Deployment Fund, as it is projected to begin the second-round application process in early November 2022. The application process includes consideration for scoring criteria and a review of the mechanisms necessary to administer the grants as outlined and specified in HB 315 and codified in KRS 224A.1121.

As the office looks to the work ahead, several activities are of the utmost importance:

- Developing a 5-Year Action Plan: A 270-day clock begins upon receipt of the initial federal Broadband Equity, Access and Deployment (BEAD) Planning Grant funds.
- Working closely with the Education and Labor Cabinet to align outreach and planning of the federal Digital Equity Plan and BEAD.
- Conducting stakeholder listening tours throughout the state to help inform the statewide broadband plan and the 5-Year Action Plan required to receive the federal BEAD funds authorized under the Infrastructure Investment and Jobs Act

## **Grant Updates**

### **Kentucky's Better Internet Program Grant Round 1**

Grant awards were made for 47 projects for \$89.6 million dollars, which, combined with matching funds, is \$204.4 million dollars in broadband investment in the Commonwealth. These funds will bring 100Mbps/100 Mbps connections to over 34,000 unserved Kentucky households and business. Grant agreements were distributed to grantees in August 2022 and the Office is processing required materials and executing grant agreements as this documentation is completed by grantees. Long-term monitoring of these projects is the responsibility of the Office of Broadband Development. Round 1 grantees are listed in **Appendix 1**.

### **Kentucky's Better Internet Program Grant Round 2**

The next round of applications from the Broadband Deployment Fund (BDF), will follow the federal Coronavirus Capital Projects Funds requirements set forth by the U.S. Treasury Department:

- Projects designed to meet or exceed 100/100 Mbps symmetrical speed requirement
- Preference for fiber and last-mile projects
- Continuous participation in the Affordable Connectivity Program
- Show consideration of affordability
- Competitive grant program
- Funds may not duplicate other enforceable funding commitments
- Projects shall be operational by December 31, 2026

Priority is given to “no service” addresses, then unserved (25Mbps/3Mbps). As required by KRS 224A. 1121, priority will also be given to projects deploying broadband to unserved locations that average 0-5 locations per route mile, followed by those projects averaging 5-10 locations per route mile, and then locations that average 11 locations or more per route mile and those areas where local, state, or federal funds are not already available.

BDF Round 2 projects will be eligible for a maximum of 50% of the project cost unless the project serves areas with an average of 0-5 locations per mile, in which they would be eligible for up to 70% of the project cost. Those projects with 5-10 locations would be eligible for up to 60% of these total costs.

Matching funds could come from private sources, local governmental agencies, or a combination. The Office of Broadband Development will release the application for this round of funding in early November 2022.

### **Rural Infrastructure Improvement Program**

KRS 224A.1123 established the Rural Infrastructure Improvement Program and provides \$20 million dollars in federal American Rescue Plan Act funds to reimburse a portion of the costs to replace utility poles for the deployment of broadband to unserved locations. These funds are intended to provide reimbursement for 50% of the cost of pole replacement up to \$5,000 in unserved areas of the state to facilitate the construction of broadband networks and minimize the potential for disputes between broadband providers and utility pole owners that could delay broadband deployment projects. Expenses incurred on or after July 1, 2022 are eligible for reimbursement. This grant opened on September 1, 2022. To date, no complete applications for funding have been received.

### **Data Collection, Mapping, and Validation**

With the enactment of HB 315, the Office of Broadband Development is required to maintain data and statistics on broadband throughout the Commonwealth and facilitate a process for receiving and resolving broadband service complaints as detailed below. This requirement dovetails with the federal BEAD program, which requires states develop a comprehensive list of all the unserved (<25/3) and underserved (<100/20) locations in the state as part of the Five-Year Action Plan and the subsequent Initial Proposal.

All known Kentucky ISPs will be contacted to gather data related to the location of their broadband services. As the initial mapping is completed, public feedback will be collected that will help inform field validation in areas of concern.

The timing of the data collection, mapping, and validation will be coordinated to best accomplish the following: 1) challenge any potential inaccuracies in the federal broadband data impacting Kentucky’s BEAD allocations, 2) inform both statewide and local broadband planning process, and 3) inform the administration of the broadband grant deployment fund.

## **Federal Funding Update**

### **Capital Projects Fund (CPF)**

One key program contained within the American Rescue Plan Act is the U.S. Treasury's Capital Projects Fund (CPF). This \$10 billion dollar program is entirely focused on enabling broadband-related capital construction projects as prioritized by the states. Kentucky received \$182.8 million based on a formula that considered total population, rural population, and the level of poverty in each state. According to program guidance issued September 2021, each state's governor was required to designate an agency as a primary point of contact to manage the state's application and the submission of individual "program plans" for respective projects. In Kentucky, the Office of Broadband Development will be the primary point of contact.

Projects must positively and demonstrably impact work, education, and health monitoring within a given project area to be eligible. As of October 26th, 2022, 18 states have received their CPF awards.

### **Infrastructure Investment and Jobs Act (IIJA)**

The IIJA passed historic funding to improve the nation's infrastructure, including funding to help close the national Digital Divide. Not unlike the New Deal programs of the 1930s that enabled rural electrification, rural telephone services, and public works projects in communities large and small, Congress has authorized and funded what is likely a once-in-a-lifetime opportunity to fully realize a nation with access to reliable, affordable broadband.

The National Telecommunications and Information Administration (NTIA) was allocated \$48 billion dollars to fund four distinct programs: Broadband Equity, Access and Development (BEAD), Digital Equity Act (DEA), Tribal Connectivity Program (TCP), and Middle-Mile Broadband Infrastructure (MMBI).

### **Broadband Equity, Access, & Development (BEAD)**

The \$42.45 billion-dollar Broadband Equity, Access, & Deployment (BEAD) Program focuses primarily on enabling last-mile connectivity to unserved and underserved areas of the country. Additionally, funds can be used for middle-mile projects to help connect last-mile projects. These funds will be granted directly to states to administer with guidance from the National Telecommunications and Information Administration (NTIA). Kentucky should receive an estimated \$700 million dollars from this program.

The Commonwealth submitted its planning grant application before the August 25, 2022 BEAD deadline, and is awaiting approval.

### **Digital Equity Act Program (DEA)**

The \$2.75 billion-dollar Digital Equity Act (DEA) Program focuses on planning and implementing programs that promote digital equity, support digital inclusion activities, and

build capacity related to broadband adoption. The Commonwealth submitted a Digital Equity Planning grant application in advance of the July 12, 2022 application deadline. Kentucky's application is nearing completion of the application curing process and review by NTIA and the National Institute of Standards and Technology (NIST). Upon award, the Education and Labor Cabinet will be the lead agency for this planning grant, which will establish a framework for the future Digital Equity Capacity Building grant program. Nationwide, these funds have been awarded to only two states, Louisiana and Ohio.

### **Middle-Mile Broadband Infrastructure (MMBI)**

The \$1 billion-dollar Middle-Mile Broadband Infrastructure (MMBI) Program funds construction, improvement or acquisition of middle mile infrastructure. This grant program is administered directly by NTIA, and the application period closed on September 30, 2022, with extensions allowed for Florida and South Carolina after Hurricane Ian struck both states during the application period.

The MMBI received 235 applications from across the country totaling \$5.5 billion dollars in requests. The office provided coordination letters for three Kentucky applications, including projects to extend middle mile networks and construct an internet exchange point (IXP). NTIA will evaluate the applications and make awards on a rolling basis no earlier than March 2023.

### **Other Federal Programs**

#### **FCC Affordable Connectivity Program**

The Affordable Connectivity Program (ACP) is an FCC benefit program that helps ensure that households have access to affordable broadband services. The ACP provides a discount of up to \$30 per month toward internet service for eligible households and a one-time discount of up to \$100 to purchase a laptop, desktop computer, or tablet from participating providers if they contribute \$10 to \$50 toward the purchase price.

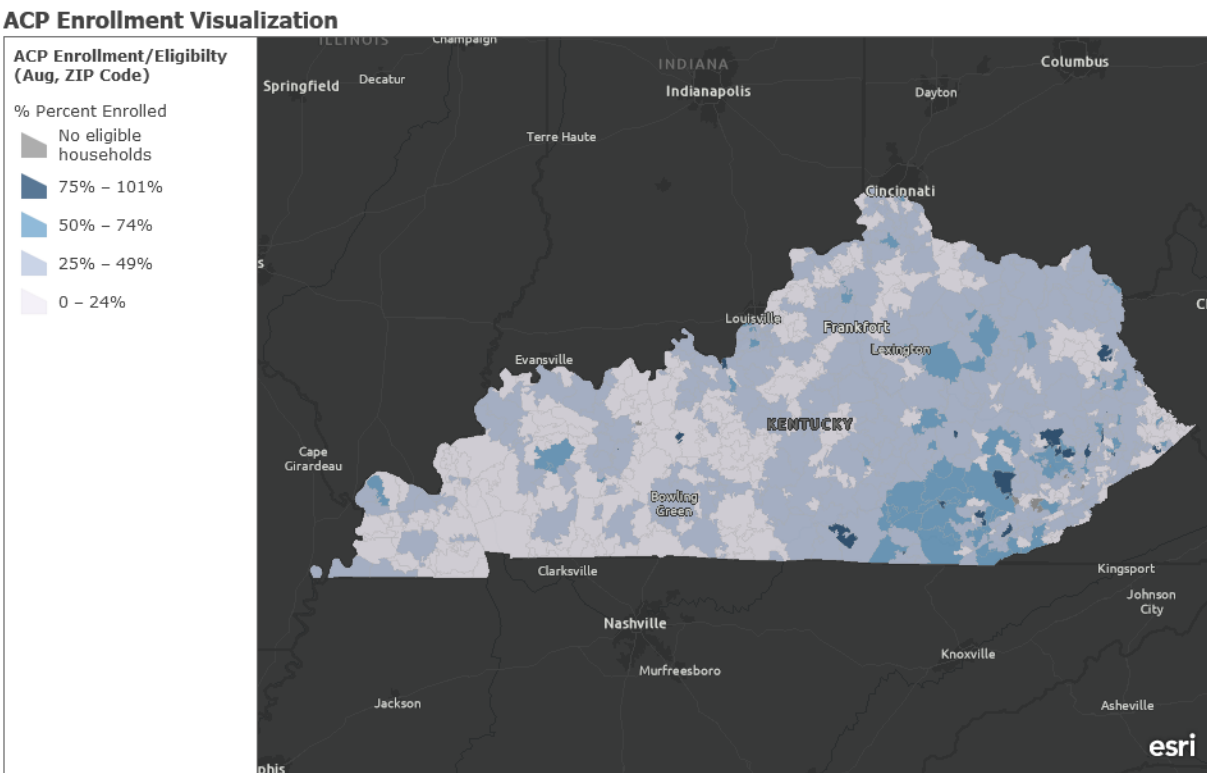
A household is eligible for the Affordable Connectivity Program if the household income is at or below 200% of the Federal Poverty Guidelines, or if a member of the household meets one of the following criteria:

- Received a Federal Pell Grant during the current award year;
- Meets the eligibility criteria for a participating provider's existing low-income internet program;
- Participates in one of these assistance programs:
  - Free and Reduced-Price School Lunch Program or School Breakfast Program, including at U.S. Department of Agriculture (USDA) Community Eligibility Provision schools.
  - SNAP

- Medicaid
- Housing Choice Voucher (HCV) Program (Section 8 Vouchers)
- Project-Based Rental Assistance (PBRA)/202/811
- Public Housing
- Supplemental Security Income (SSI)
- WIC
- Veterans Pension or Survivor Benefits
- or Lifeline.

As of October 24, there are 301,702 households in Kentucky enrolled in the ACP ([source](#)). **Figure 1** below shows percentage enrollment by ZIP code of households estimated to be eligible for the program based on the number of households at 200% of the 2022 federal poverty level calculated from the ACS B19001 table.

Figure 1 ACP Enrollment



Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS | Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS

Source: ACP Enrollment Visualization: Rural LISC <https://www.lisc.org/rural/our-work/broadband-infrastructure/ruralacp/>

Internet providers must participate in the ACP to be eligible for federal funding for broadband deployment from the Capital Projects Fund and the BEAD program. Affordability will be a key component to wide adoption of broadband services.

## **USDA ReConnect Loan and Grant Program**

The ReConnect Loan and Grant Program furnishes loans and grants to provide funds for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband services in eligible rural areas in facilitating the expansion of broadband services and infrastructure, the program will fuel long-term rural economic development and opportunities in rural America. The program is broken in five sections.

- The 100% grant program has \$150,000,000 allocated nationally with the max grant of \$25,000,000 for a location or project.
- \$350,000,000 has been allocated for Tribal Governments, persistent poverty and socially vulnerable communities.
- An additional \$150,000,000 is available under a 50/50 loan or grant program where the grantee provides a 50% match.
- The 100% loan program has \$150,000,000 and allows a maximum request of \$50,000,000
- \$200,000,000 is available for projects where 90% of the households lack sufficient access to broadband

ReConnect round 4 began accepting applications on September 6, 2022 and will close to applications on November 2<sup>nd</sup>.

On October 27<sup>th</sup>, the Biden-Harris Administration announced the most recent awards under ReConnect 3 including two projects in Kentucky. Mountain Rural Telephone Cooperative was awarded \$9.3 million in grant funds to serve 871 people, including a number of farms and education facilities in Powell County. Thacker-Grigsby Telephone was also awarded a Loan-Grant combination for over \$24 million to serve over 4,400 people, over 60 businesses and farms, as well as 4 educational facilities in Breathitt and Leslie counties.

## **Appalachian Regional Commission**

Kentucky continues to seek ways to work with the Appalachian Regional Commission (ARC) to bring broadband to Eastern Kentucky, and specifically the 54 federally designated ARC counties. The partnership of ARC and non-profits like the Center for Rural Development and Shaping Our Appalachian Region (SOAR) have created necessary leadership in the region to educate and normalize the conversation of broadband development in Eastern Kentucky and serve as a model for other rural communities in the Commonwealth.

ARC has funding programs that can contribute to broadband development programs offered through state and ARC-regional competitive applications. The Commonwealth receives an annual investment from the ARC that is used to fund a competitive grant program administered by the Department for Local Government. Local governments and non-profit entities can apply for grants to fund economic development projects to create jobs, develop the workforce, and provide health care and education services. Matching funds are required



to make up between 20 and 50% of project funds, depending on the distress status of the county the project is located in. ARPA funds can be matched with ARC funds, so ARC funds are a viable source of matching funds for the Broadband Development Fund in the 54 ARC counties. Additionally, NTIA will permit ARC funds to be used as match for BEAD project grants.

The Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative targets federal resources to help communities and regions that have been affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries due to the changing economics of America's energy production. POWER grants have supported economic development projects in the ARC region since 2015. Projects in the Commonwealth have received funding for broadband projects through this initiative, most recently with a \$1,937,475 award to Harlan County Fiscal Court for the Harlan County Connected project to design and build 40 miles of fiber network to offer gigabit broadband to the most underserved parts of the county in September 2021. This last-mile fiber network is expected to leverage the ARC-funded Kentucky Wired middle-mile fiber network to provide broadband to 282 businesses and 7,380 households. The Harlan County Fiscal Court is accepting proposals from internet providers to construct the infrastructure funded by this ARC grant until November 2, 2022. Additionally in 2021, two broadband planning and capacity building projects each received \$50,000: SOAR's Last-Mile Broadband: A Collaborative Approach project and a broadband development feasibility study in Robertson County.

The Office has just begun the process of compiling past federal awards made for Kentucky locations and will continue to inventory those awards and monitor their progress.

### **Summary**

During 2022, the Office of Broadband Development was established, and the first round of Broadband Deployment Funds were awarded. Additionally, efforts were undertaken to prepare for the Action Plan process that will take place during the next 9-12 months to secure Kentucky's allocation of BEAD funding. In 2023, the Office of Broadband Development will develop a statewide broadband plan and interactive map consistent with federal guidelines from the BEAD program.

High speed internet access plays a key role in Kentucky's education, healthcare, agriculture, manufacturing, industry, energy, public safety, and tourism sectors. Broadband bridges urban and rural communities, connecting people across geography. The pandemic heightened awareness of disparities in access to broadband services for education, telework, and access to healthcare. The Broadband Deployment Fund, along with BEAD and other federal funds designated for broadband development, will go a long way to meet the connectivity needs of unserved and underserved communities across the Commonwealth.

**Appendix 1**  
**Kentucky Broadband Development Fund Grants**  
**Round 1**

Awardee	County/ Counties	Grant Amount	Matching Amount	Total Project Amount	Number of Unserviced Locations
Charter	Anderson A	\$ 3,696,373	\$ 3,710,800	\$ 7,407,173	776
Charter	Anderson B	\$ 2,929,099	\$ 2,942,200	\$ 5,871,299	634
Charter	Anderson C	\$ 2,873,850	\$ 3,000,600	\$ 5,874,450	682
Boone County Fiscal Court	Boone	\$ 808,832	\$ 4,071,600	\$ 4,880,432	2,130
Charter	Bourbon A	\$ 3,232,164	\$ 3,722,981	\$ 6,955,145	1,058
Charter	Bourbon B	\$ 3,406,835	\$ 3,480,000	\$ 6,886,835	884
Charter	Boyle	\$ 2,224,589	\$ 4,053,000	\$ 6,277,589	1,158
Pennyrile Rural Electrical Cooperative	Caldwell	\$ 1,362,738	\$ 1,362,738	\$ 2,725,475	339
West Kentucky Rural Telephone Coop Corp	Calloway	\$ 2,116,445	\$ 2,116,445	\$ 4,232,890	594
Charter	Carroll	\$ 1,659,687	\$ 1,920,000	\$ 3,579,687	600
Cumberland Cellular	Casey	\$ 1,012,879	\$ 1,012,879	\$ 2,025,758	290
Pennyrile Rural Electrical Cooperative	Christian- Northeast	\$ 1,827,239	\$ 1,827,239	\$ 3,654,477	574
Pennyrile Rural Electrical Cooperative	Christian- Northwest	\$ 1,310,179	\$ 1,310,179	\$ 2,620,358	381
Pennyrile Rural Electrical Cooperative	Christian- Southwest	\$ 1,433,494	\$ 1,433,494	\$ 2,866,988	421
South Central Telcom	Edmonson, Warren	\$ 1,885,000	\$ 1,825,000	\$ 3,710,000	215
Charter	Fayette	\$ 387,238	\$ 413,994	\$ 809,422	135
Frankfort Water & Plant Board	Franklin-Bald Knob	\$ 1,613,885	\$ 1,613,885	\$ 3,227,770	318
Frankfort Water & Plant Board	Franklin- Benson Valley	\$ 185,804	\$ 185,804	\$ 371,608	47
Frankfort Water & Plant Board	Franklin- Hickory Ridge	\$ 192,092	\$ 192,092	\$ 384,184	44
Frankfort Water & Plant Board	Franklin- Highway 1472	\$ 28,354	\$ 28,354	\$ 56,708	8
Frankfort Water & Plant Board	Franklin- Keaton Lane	\$ 54,249	\$ 54,248	\$ 108,497	8
Frankfort Water & Plant Board	Franklin- Ninevah Road	\$ 61,329	\$ 61,329	\$ 122,658	11

Frankfort Water & Plant Board	Franklin-Northern Peaks Mill	\$ 1,547,742	\$ 1,547,743	\$ 3,095,485	334
Frankfort Water & Plant Board	Franklin-Northwest	\$ 778,661	\$ 778,661	\$ 1,557,322	193
Frankfort Water & Plant Board	Franklin-Swallowfield	\$ 648,978	\$ 648,979	\$ 1,297,957	140
Frankfort Water & Plant Board	Franklin-Switzer	\$ 873,294	\$ 873,294	\$ 1,746,588	221
Frankfort Water & Plant Board	Franklin-Western	\$ 2,061,354	\$ 2,061,354	\$ 4,122,708	594
Gibson	Fulton, Graves, Hickman	\$ 4,650,880	\$ 6,422,672	\$ 11,073,552	1,763
Charter	Henry A	\$ 3,849,938	\$ 3,882,500	\$ 7,732,438	1,105
Charter	Henry B	\$ 3,463,513	\$ 4,406,000	\$ 7,869,513	1,256
Charter	Jefferson, Oldham	\$ 1,747,750	\$ 3,591,906	\$ 5,339,656	1,126
Charter	Jessamine	\$ 730,126	\$ 730,126	\$ 1,460,252	150
Charter	Lincoln	\$ 3,484,048	\$ 7,577,500	\$ 11,061,548	2,165
Pennyrile Rural Electrical Cooperative	Lyon	\$ 934,808	\$ 934,808	\$ 1,869,615	333
Charter	Madison	\$ 3,812,338	\$ 4,450,207	\$ 8,262,545	1,284
West Kentucky Rural Telephone Coop Corp	Marshall	\$ 1,249,260	\$ 1,249,260	\$ 2,498,519	249
Tri-County	Monroe	\$ 900,000	\$ 900,000	\$ 1,800,000	97
Bardstown Connect	Nelson, Spencer, Washington, Bullitt	\$ 1,090,982	\$ 2,214,082	\$ 3,305,064	1,061
Crystal	Powell	\$ 255,835	\$ 260,000	\$ 515,835	1,006
Duo County Telephone Cooperative	Russell, Wayne	\$ 3,368,826	\$ 3,368,826	\$ 6,737,652	550
Charter	Shelby A	\$ 2,400,900	\$ 3,696,900	\$ 6,097,800	848
Charter	Shelby B	\$ 840,530	\$ 4,085,785	\$ 4,926,315	966
Charter	Shelby C	\$ 2,456,556	\$ 4,562,556	\$ 7,019,112	1,053
Charter	Spencer	\$ 2,557,686	\$ 4,273,280	\$ 6,830,966	1,261
Pennyrile Rural Electrical Cooperative	Todd	\$ 5,000,000	\$ 5,251,700	\$ 10,251,700	2,750
Pennyrile Rural Electrical Cooperative	Trigg	\$ 1,958,864	\$ 1,958,863	\$ 3,917,727	800
Charter	Trimble	\$ 4,614,712	\$ 4,741,000	\$ 9,355,712	1,547
<b>Total</b>		<b>\$ 89,579,933</b>	<b>\$ 114,806,861</b>	<b>\$ 204,394,984</b>	<b>34,159</b>