

INTERIM JOINT COMMITTEE ON AGRICULTURE

Subcommittee on Rural Issues

Minutes of the 1st Meeting of the 2018 Interim

November 14, 2018

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Rural Issues of the Interim Joint Committee on Agriculture was held on Wednesday, November 14, 2018, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Walker Thomas, Co-Chair; Senators David P. Givens and Paul Hornback; Representatives Mark Hart, Richard Heath, Jason Petrie, and Steven Rudy.

Guests: Holland B. Spade, External Affairs, AT&T Kentucky; Hilda Legg, State Director of Rural Development, United States Department of Agriculture (USDA); Jeff Hurd, General Manager, Hopkinsville Electric System (HES) and EnergyNet; and Richard Shaw, Telecommunications Manager, HES.

LRC Staff: Nathan Smith, Kelly Ludwig, Tanya Monsanto, and Rachel Hartley.

Rural Broadband Access

AT&T Kentucky

Holland Spade stated the Federal Communications Commission (FCC) launched the Connect America Fund (CAF). The program will provide \$327 million over six years to expand high-speed internet access to more homes and small businesses in Kentucky. CAF is part of the FCC's modernization of its universal service support programs. The funds will be used for deploying, maintaining, and offering internet access and voice service in FCC-identified areas.

In August 2015, AT&T accepted \$30 million in CAF support. These funds will be used to offer high-speed internet access to more than 84,000 homes and small businesses, primarily via fixed wireless internet technology. It uses a fixed wireless "last mile" connection between the fiber at the cell tower and the customer premises. This service is available in 53 counties throughout Kentucky.

AT&T has exceeded its year-end 2017 requirement of over 33,000 locations, and is on track to reach 84,000 locations by 2020 in Kentucky.

In response to a question from Senator Givens, Ms. Spade stated Windstream does participate in industry-wide conference calls, but is unsure if a representative from the company is based in Kentucky.

In response to a question from Representative Heath, Ms. Spade stated mounting equipment to existing structures is utilized for cellular coverage, but not for fixed wireless.

United States Department of Agriculture

Hilda Legg stated the USDA is focused on the “last mile”. Infrastructure is a high priority in Kentucky, since the majority of people without high speed broadband are in rural communities.

The Community Connect Grants help fund broadband deployment into rural communities where it is not yet economically viable for private sector providers to deliver service. Rural areas that lack any existing broadband speed of at least 10 Megabits per second are eligible.

The Distance Learning and Telemedicine program helps rural communities overcome the effects of remoteness and low population density to connect to each other and to the world. The program can link teachers and medical service providers in one area to students and patients in another.

The USDA is launching a \$600 million pilot program in January for rural broadband that will be focused on communities with a population of 20,000 or less. The program will be a hybrid of loans and grants.

In response to a question from Senator Humphries, Ms. Legg stated the USDA’s Rural Utilities Service traditionally only makes loans to co-ops, but there have been loans made to wireless companies, start-up companies, and municipalities.

In response to a question from Representative Heath, Ms. Legg stated mounting equipment to existing structures is utilized in other states, but not in Kentucky. The communities should use all assets to decrease cost.

In response to a question from Senator Givens, Ms. Legg stated Windstream received FCC funds that prevented competition with other service providers. There should be accountability and certain criteria required before any funds are received.

Hopkinsville Electric System and EnergyNet

Jeff Hurd stated Hopkinsville Electric System (HES) was established as a nonprofit municipal corporation in 1942. HES purchases all electric generation from the Tennessee Valley Authority.

In 1998, HES agreed to run fiber optic cable to the substations to implement automated monitoring. EnergyNet was launched in 1999 to manage the internet services within HES. HES began to offer fiber optic broadband services to local businesses, industries, and city agencies, while residential internet services were offered starting in 2000.

HES received a \$4 million loan from the Kentucky Infrastructure Authority to provide fiber optic internet to all of Hopkinsville.

Documents distributed during the meeting are available in the LRC Library and at www.lrc.ky.gov.

There being no further business, the meeting was adjourned.