

Rural Utilities Service (RUS) Update

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RuralMatters

 Advocates for Rural Broadband

Our FY 2015 Vision and Purpose.....

In the next 5 months we will connect as many rural Americans as possible to enhanced broadband services through our loan and grant programs with a special focus on advancing all Broadband Initiative Program (BIP) funds by September 30, 2015.

FY 2015 Vision and Purpose...

- Increasing complement and filling vacancies
- 2 Engineers and 1 Administrative professional came on board in April, 2015.
- Selected a Special Projects Coordinator.
- Promoted 6 Internal staff to various positions.
- In process of hiring more including Financial and Business Loan Specialist, Financial Analysts, Engineers, FCC Specialist, and others.

Staff Updates

- Developing outreach workshops to promote economic development through the use of broadband facilities.
- Held one 2 day workshop in Washington State.
- Planning at least 2 more events this fiscal year.

Outreach Events

Sample Workshop Agenda

Day 1, Time	January 27, 2015	Day 2, Time	January 28, 2015
9:00 - 9:15	Opening remarks: State Director/ Assistant Administrator	9:00 – 9:30	RD Funding Opportunities (State Office Programs)
9:15 – 9:45	Congressional speakers	9:30 – 10:00	Pros and cons of different broadband technologies
9:45 – 10:00	RUS Telecommunications Programs Update		
10:00 – 10:30	BREAK	10:00 – 10:30	BREAK
10:30 – 12:00	Panel of three companies telling how they successfully deployed broadband	10:30 – 11:00	GVNW Consulting: BB and economic development
12:00 – 1:30	Lunch	11:00 – 12:00	EPA Sustainable Communities
1:30 – 2:00	How to get a community broadband initiative started	12:00 – 1:30	Lunch
2:00 -3:00	NTIA Adoption Strategies	1:30 – 3:00	Community Connect Grant Program (what makes up a winning grant application)
3:00 – 3:30	BREAK	3:00 – 3:30	Wrap-up
3:30 – 4:00	RUS Substantially Underserved Trust Areas	9:00 – 3:30	30 minute one-on-one session with RUS (must schedule an appointment and identify topic)
4:00 – 4:30	Environmental Reviews: Section 106, NEPA, R-O-W issues		

- Community Connect: \$10 million
- Distance Learning & Telemedicine: \$19 million
- Infrastructure Program :\$690 million
- Broadband Program: \$24 million new and \$31 million carryover (\$55 million)

FY 2015 Budget

Infrastructure

- 12 loans approved:
\$191 million
- 7 loans pending:
\$80 million

Broadband

Revised broadband regulation has been completed and is in the final stages of the approval process.

It is anticipated that the regulation will be published some time this summer.

Loan Programs-FY15

- Minimum acceptable level of broadband service – establishes a minimum level for which Broadband Service is defined (4 Mbps down and 1 Mbps up).
- Eligible Service Area – Reduces the current underserved requirement from 25% to 15%.
- Priority – requires the Agency to prioritize applications that offer service to the greatest proportion of unserved households.
- Term – if the project is serving an unserved area, the Agency may establish a limited initial deferral period or other term necessary to achieve financial feasibility and long-term sustainability of the project.

Farm Bill Broadband Changes

Fiscal year	# of loans	Total amount	Shortest time	Longest time	Overall average
2014	13	\$204 million	2 months	18 months	7.1 months
2015 (Oct. 1 – April 9)	12	\$191 million	3.4 month	7.4 month	5.2 months
2015 Goal					5.5 months

Improving Loan Processing Times

Portfolio Risk Analysis

- Risk score developed to measure risk of payment default by telephone borrowers.
- Designed to serve as an early warning system.
- Examined financial data for RUS Infrastructure borrowers active in 2013 over 2008-2013 historical period.

Risk Assessment -Overview

RATIO	Measures	Weight
DEBT SERVICE COVERAGE	Ability to repay loan	35%
NET WORTH %	Leverage	25%
EBITDA/ASSETS	Return of Assets	25%
CURRENT RATIO	Liquidity	15%

RATIOS INVOLVED

- EQUATION

RISK SCORE=

$$\begin{aligned} &.35(\text{RISK SCORE DSCR}) + \\ &.15(\text{RISK SCORE CURRENT RATIO}) + \\ &.25(\text{RISK SCORE NET WORTH}) + \\ &.25 (\text{RISK SCORE EBITDA/ASSETS}) \end{aligned}$$

- $x \leq 1.5$ High Risk
- $1.5 < x \leq 1.75$ Moderate-High Risk
- $1.75 < x < 2.5$ Moderate Risk
- $2.5 < x \leq 3.0$ Low Risk

TOTAL RISK SCORE

Year	Active Borrowers	Moderate to High Risk	High Risk
2008	385	14	22
2009	390	17	29
2010	392	28	20
2011	394	25	23
2012	392	26	20
2013	387	25	24

RISK SCORE RESULTS

Community Connect

- 68 Applications Submitted
- Total: \$106 million

Distance Learning & Telemedicine (DLT)

- NOSA is currently circulating for approval and we are anticipating that the grant window will open in the next 60 days.

Grant Programs

BIP Status Report

As of 04/07/2015

	Grant (Million)	Loan (Million)	Total Dollars (Million)	Percent of Dollars
Infrastructure Awards	\$2,233.9	\$1,191.8	\$3,425.7	100.0%
Total Amount Rescinded	\$251.0	\$104.1	\$355.1	10.4%
Total Amount Remaining to be Drawn	\$318.3	\$176.3	\$494.6	16.1%
Total Amount Drawn	\$1,664.6	\$911.5	\$2,576.1	83.9%
Satellite Awards	\$100.0	\$0.0	\$100.0	100.0%
Total Amount Rescinded	\$5.3	\$0.0	\$5.3	5.3%
Total Amount Remaining to be Drawn	\$0.0	\$0.0	\$0.0	0.0%
Total Amount Drawn	\$94.7	\$0.0	\$94.7	100.0%
Technical Assistance Awards	\$3.4	\$0.0	\$3.4	100.0%
Total Amount Rescinded	\$0.3	\$0.0	\$0.3	7.6%
Total Amount Remaining to be Drawn	\$0.0	\$0.0	\$0.0	0.0%
Total Amount Drawn	\$3.1	\$0.0	\$3.1	100.0%
Total Initial Awards	\$2,337.2	\$1,191.8	\$3,529.1	100.0%
Total Amount Rescinded	\$256.5	\$104.1	\$360.6	10.2%
Total Amount Remaining to be Drawn	\$318.3	\$176.3	\$494.6	15.6%
Total Amount Drawn	\$1,762.4	\$911.5	\$2,673.9	84.4%

- RDApply – online application system, currently in the final stages of development
- Application Review Module – this project has been funded and will get started as soon as RDApply is completed
- BCAS/DCS – these financial and compliance systems are being combined into a single system and companies will no longer need to submit multiple reports
- Customer Portal – this will be a one-stop shop for all your RUS needs

Information Technology Initiatives

- Broadband Opportunity Council (BOC), is Co-chaired by the Secretaries of Commerce and Agriculture.
- The BOC consist of over 25 Federal Agencies and Departments.
- Agencies shall submit to the BOC a comprehensive survey of Federal programs that could assist or can be modified to assists facilitating broadband.
- Public Request For Comment (RFC) was listed last week.
- The BOC will report on initial list of actions taken by agencies to identify and address regulatory barriers, incentivize investment, promote best practices, align funding decisions, and otherwise support wired broadband deployment and adoption.

Broadband Opportunity Council

**Thank you for your service to
Rural America!**

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