Memorandum

August 16, 2022

NRECA
America's Electric Cooperatives

Summary of ReConnect Round Four Funding Opportunity Announcement

On August 4, the U.S. Department of Agriculture (USDA) Rural Development published in the Federal Register a Funding Opportunity Announcement (FOA) under the ReConnect Program. Per the announcement, USDA will begin accepting applications on September 6 for funding to expand access to high-speed internet for millions of people in rural America nationwide. Funding for this round was provided by the Infrastructure Investment and Jobs Act.

Program Description:
The ReConnect program will provide $1.15 billion in loans, grants, and combination loan/grants to facilitating broadband deployment in rural areas and allocated as outlined below.

- **50% Loan/50% Grant Combination** - Up to $150M available for loans, up to $150M available for grants ($300M total). Max application request is $50 million ($25M loan, $25M grant: loan and grant amounts always equal)
- **100% Loan** - Up to $150M will be available; Maximum application request: $50M
- **100% Grant (25% match required)** - Up to $150M available; Max application request: $25M; $35M if 100% of PFSA is areas classified as a FAR Level 4
- **100% Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities (no match)** - Up to $350M available; Max application request: $25M; $35M if 100% of PFSA is areas classified as a FAR Level 4
- **100% Grant for Projects Serving Areas where 90% Lack Sufficient Access to Broadband (no match)** - Up to $200M will be available for projects seeking grant funds of 100%. Max application request: $25M

Entities Eligible to Apply:
- Corporations, LLCs, local governments, Tribal entities, for-profit, corporations, non-profits, cooperatives, etc.
- Scoring preference for applications from local governments, non-profits, and cooperatives

Eligible Service Areas:
- 50% of households in the Proposed Funded Service Area (PFSA) must lack sufficient access to broadband defined as 100/20 Mbps
- PFSA must not be located in a city, town, or incorporated area with a pop. >20k or an urbanized area contiguous and adjacent to a city or town with a pop. >50k
- Applicants proposing to include areas that currently do not have access to broadband in speeds of 25/3 Mbps will receive 25 points
- Areas receiving, or under consideration for other Federal funds are eligible for this round of ReConnect, so long as another entity has not received final approval for funds to construct terrestrial networks at 100/20 Mbps, and the funds will not be used for duplicative purposes

Eligible Project Requirements:

- Applicants must submit evidence for the following:
  - That 50% of households in PFSA do not have sufficient access to broadband (100/20 Mbps)
  - Identify all existing providers in PFSA
  - Indicate level of service being provided
- Successful applicants under each category must provide broadband service to every location in the PFSA at symmetrical speeds of 100 Mbps simultaneously within 5 years
- Awardees will be permitted to deposit required matching and other required funds into the Pledged Deposit Account (PDA) on a rolling basis (change from previous rounds which required matching funds to be on hand upfront and spent first)
- Applicant must participate in the FCC's Affordable Connectivity Program (new requirement)
- Cybersecurity Risk Management, Applicants must demonstrate effort to consider and address cybersecurity risks

Application Scoring Points (total of 175 points possible):

- **Rurality (25 pts.)** – Awarded for low density rural areas as measured by the population per square mile of PFSA. If multiple service areas are proposed, the density calculation will be made on the combined areas as if they were a single area.
- **Existing Service Level (25 pts.)** - 25/3 Mbps Areas – Prioritize areas 50% lacking access to 25/3 Mbps. Evidence of lack of service is required; FCC Form 477 is NOT considered dispositive
- **Economic Need (20 pts.)** – Based on county poverty level. 75% PFSA serve areas with a < 20% Small Area Income and Poverty estimates (SAIPE) score
- **Affordability (20 pts.)** – Demonstrate affordability in PFSA, provide pricing and & speed tier options. Must provide one low-cost option offering speeds sufficient for household of simultaneous remote work/education users; must commit to provide Lifeline, Emergency Broadband Benefit (EBB) & successor program
- **Labor Standards (20 pts.)** – Contractors & subs must demonstrate use of strong labor standards, description of wages, above prevailing rate, locally based workforce, must disclose violations of state & fed labor laws within last 5 yrs.
- **Tribal Lands (15 pts.)** – Tribal ISP applicant and PFSA covers 50% Tribal lands. Non-Tribal ISP applicants ten points (10 pts.) if PFSA covers 50% Tribal lands
- **Local Govt, Non-profit & Cooperatives (15 pts.)** – Applications submitted by local governments, non-profits or cooperatives (including for projects involving public private partnerships where the local government, non-profit, or cooperative is the applicant)
- **Socially Vulnerable Communities (SVCs) (15 pts.)** – 75% of PFSA must consist of SVCs
- **Net Neutrality (10 pts.)** – Applicants must commit to net neutrality principals laid out in the FOA
- **Wholesale Broadband Services (10 pts.)** – Applicants must commit to providing wholesale nondiscriminatory access