

Vermont Community Broadband Board
Accountability Policy for
Affordable Broadband Service on Grant-Funded Networks

- 1. Policy Overview:** The Board’s enabling legislation (the Act) seeks to provide “universal access to reliable, high-quality, affordable, fixed broadband.”¹ The legislature describes the Board’s authority to develop an affordability policy as necessary to effectuate the purposes of the Act and authorizes the Board to prioritize construction grant applications that provide consumers with “affordable service options.”² The VCBB is therefore accountable for funding the construction of networks that deliver affordable broadband services. Accordingly, it is the VCBB’s policy to hold itself accountable for evaluating the balance between project sustainability and retail rate affordability in making and administering grants. Affordability as used in the Policy refers to the economic accessibility of service for consumers who reside along VCBB-funded networks.
- 2. Affordability in Grant Provisions:**
 - a. Grant Conditions Include Affordability:** The policy of the VCBB is to promote affordability in its grant award agreements, including, among other requirements, standards for efficient construction and sustainable business plans.³
 - b. Construction and Design:** VCBB is accountable to make grant awards that fund the construction of broadband networks to serve all eligible Vermont locations, regardless of resident income or property value. Funding for the construction of fiber routes includes service access to all eligible locations, regardless of the actual or apparent affluence of potential customer households.
 - c. Sustainability Planning:** The VCBB considers whether the construction plan and business model of the grantee/applicant reflect feasible steps to efficiently build and operate sustainable broadband network service. Grantees’ business models for funded projects, as may be amended, must reflect estimated and actual revenue and take-rates.
 - d. Affordability Analysis:** To be accountable for implementing the Policy, and as a condition of awarding grants, grantees will submit and the VCBB staff will annually review, and report to the VCBB Board, affordability practices implemented by grantees, including the following:⁴

¹ 30 V.S.A. § 8081.

² 30 V.S.A. § 8084(a)(6)(F) and § 8086(b)(6), respectively.

³ Federal funding under the Broadband Equity Access and Development Program (BEAD) was authorized by the Infrastructure Investment and Jobs Act of 2021, Division F, Title I, Section 60102, Public Law 117-58, 135 Stat. 429 (November 15, 2021), also known as the Bipartisan Infrastructure Law. By design of the BEAD program, the State of Vermont, through the VCBB, has received approval of its plan for implementation of BEAD in Vermont (VT-BEAD). BEAD’s criteria for affordable service and sustainable business practices vary from those described in Act 71. The Board seeks to set an affordability policy that can be met by projects funded under either source. There may also be future funding sources to which the Policy applies if the funding is administered by the VCBB.

⁴ VCBB will consider the submission of reporting required under BEAD or other federal programs as meeting this requirement if such reporting includes the specified information for the reporting period.

- i. **Audit Reporting and Review.** Grantee’s audited financial statement for the reporting period ending June 30 and its consistency with the sustainable business plan approved in the network grant award and
- ii. **Retail Service Rates and Access.** As part of grantee’s sustainable business plan, data that describes:
 - (a) rate tiers offered by grantee to consumers, and the 12-month take rate for each tier, including, as applicable, grantee’s compliance with the specific affordability requirements of the low-cost option and middle-class affordability plan of VT-BEAD grants;
 - (b) the number of customers that received subsidized service (if any) during the reporting year, by subsidy program, and the number of customers in each program that terminated service during the reporting year;⁵
 - (c) the average cost to grantee customers of initiating and installing service during the reporting period; and
 - (d) policies and practices implemented by grantees to: retain customers whose payments are in arrears; expand access to and affordability of broadband service on the funded network; and participate (directly or through grantee’s network operator) in programs that reduce the cost of broadband in the grantee’s service area.

3. Policy Applied. The VCBB may determine, upon review and deliberation, whether the annual reporting of a grantee (and by extension, its network operator) is consistent with the sustainable business plan approved as part of making the grant award, and whether it substantially meets the Policy’s objective of accountability for affordable broadband. In each provision of this Policy, the reference to sustainable business plan refers to the most recently amended plan as approved by the VCBB.

A grantee may request the Board determine whether a provision of this Policy conflicts, as written or applied, with the requirements of a funding program for which the grantee is eligible or an awardee. Upon request, the Board will promptly determine whether the Policy conflicts with such funding program and should be modified.

4. Duration. This Policy applies to all broadband network projects that are the subject of grants awarded by the VCBB and is applicable to each grant from the date of the grant agreement to December 31, 2034, or for ten years after the year in the grant is closed out, ending on December 31 of that year, whichever is applicable to the grant and provides the longer duration.

⁵ No provision of this Policy requires grantees to offer subsidies if not part of an economically sustainable business plan, or to collect confidential income or public support qualifications of its customers, measure or monitor the disposable income of customers, or to mandate service selections based on income.