Commonwealth of Kentucky
Performance Report

Capital Projects Fund
2025 Report

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Executive Summary

Recognizing the critical need for broadband in unserved areas of the state, Kentucky's entire allocation of Coronavirus Capital Projects Fund was appropriated to the Broadband Deployment Fund. Funds are distributed from the Broadband Deployment Fund by the Office of Broadband Development, "the Office", through a competitive grant program to subsidize the construction of broadband infrastructure in unserved and underserved locations of the Commonwealth. The Commonwealth has designated $300M in American Rescue Plan Act (ARPA) funds from the State and Local Fiscal Recovery Fund (SLFRF) and the Capital Project Fund (CPF) to the deployment of broadband with a priority on areas where there is "no service" – less than 10/1Mbps speed available. Kentucky is carrying out the CPF Grant Plan through one Program Plan, having designated $179,069,205 of CPF funds to broadband infrastructure project grant awards. This funding is estimated to eventually provide broadband access to at least 45,000 households and businesses.

In November 2022, the Office of Broadband Development released its Better Internet Program grant application, whereby eligible applicants could apply for grants from the Broadband Deployment Fund, infused with CPF dollars. The application was due on February 6, 2023. The Office received 103 project applications to serve over 120,000 locations, requesting more than double the available funding. Following the close of the application period, the Office accepted challenges to locations proposed to be served by these applications. A challenging ISP had to demonstrate locations were already served, had an existing funding commitment, or would be under construction within 12 months. Over 40,000 locations were challenged through this process. Grant awards were finalized and announced in September of 2023 and the Plan began its journey.

Calendar Year 2024 opened with the active pursuit of Grant Agreements and supporting documentation. The Office navigated multitudes of criteria, verifications and forms to ensure all requirements were met. Some requirements were new and had not been part of previous SLFRF awards. Those circumstances prompted discussions and the development of processes and procedures that would be both efficient and satisfying to the needs of the Program. A major success in this reporting year was the "KY Office of Broadband Permitting Workshop". This workshop gathered multiple presenters to discuss permitting requirements of their agencies, some with uniquely Kentucky issues.

It was also the year, the Office engaged with subject matter experts to begin creating mapping and data resources to track the large and complicated areas being developed for high-speed internet access. Mapping was essential to both challenges and unserved or underserved areas. A grant management portal was also created to store the requirement documentation for ARPA projects once begun. This portal, by creating an automated quarterly reporting system, has made Quarterly Reporting bearable to the grantee and the information safe and accurate for ongoing Office oversight and reporting. A grantee logs into their portal account and enters their project information, including updates to the large location lists. Each quarter, they access the portal which has stored the previous data, and they only have to update the existing information. Most often they will add the quarter, speeds available, and subscription information. That data will be available for any needed reporting on a city, county, state, region, or federal level. It will also lay the foundation for a Final site visit to the project to verify all requirements of the program have been met and the project can be closed.

Uses of Funds

The intended use of these funds is to subsidize the capital costs of deploying broadband infrastructure to unserved and underserved areas of the Commonwealth, with a particular focus on areas of "no

service" where the maximum speed available does not exceed 10/1 Mbps. Deployment project costs eligible for funding include: project engineering or design plans; permitting; pre-construction costs to make ready the project site; outside plant materials, including fiber, poles, hardware, conduit or splitters; labor, construction management, and equipment; and installation and testing of the broadband services. Grant funds may not be used for costs that will be reimbursed by the other federal funds. Projects involving the upgrade of an existing facility already delivering broadband services, including an upgrade of existing wireline, or terrestrial infrastructure capable of delivering services greater than 25/3; or non-capital expenses, non-broadband services, marketing, or advertising are not eligible for funding. The program is designed to provide internet service with minimum speeds of 100/100 Mbps symmetrical to households and businesses upon project completion.

During the year, grant agreements were executed and all projects have entered construction.   All projects are participating in quarterly reporting with varying degrees of accuracy, which is being monitored and corrected. The Office will continue to conduct post-award outreach to grantees to disseminate information on program requirements and compliance.

Eleven preliminary grantees declined the award. As a result, about ten million in funding was unobligated at the end of the reporting period. However, other funding opportunities have been reviewed and discussed with U.S. Treasury and may provide opportunities for funding the remaining dollars within program parameters. The Office will make every effort to have this resolved before the next reporting period and in time for construction prior to the existing funding expiration date.

The Better Internet Program allows up to 70% of a grant to be awarded to projects where there are 5 or fewer locations per route mile. For projects that average more than 5, up to 10 locations per route mile, the project may be eligible up to 60% of the project cost. Projects with more than 10 locations per mile are eligible for grants up to 50% of project costs. This provision is an effort to acknowledge that one of the reasons why some areas have no broadband service or are unserved is the high cost of deploying broadband infrastructure and is an approach to addressing the inequities created by the lack of broadband service availability due to the low commercial feasibility of serving low density, generally rural areas. Implementation of the ARPA-funded grant programs has been concurrent with the planning process required by BEAD, during which many rural residents attended local coordination meetings to express frustrations with lack of infrastructure, which this program aims to address.

Promoting Equitable Outcomes
The following efforts were taken to promote equitable outcomes during this reporting period:
   a) *Objectives:* The Better Internet Program criteria continues to prioritize the allocation of funding to areas lacking service, and low-density areas. These criteria therefore prioritize rural areas. Families and businesses that have no access to broadband or only access to very low-speed broadband service are the critical need identified for the use of the CPF.
   b) *Awareness:* The Office Staff continues to provide information via the website, speaking engagements, and conference participation. Local announcements were also made and continue to be scheduled in impacted communities.
   c) *Outcomes:* Every awarded project has begun construction, although some continue to progress slowly due to permit delays. Seven projects were approaching completion during this period and are expected to be closed by the next report.

Labor

Subrecipient labor practices are now being collected with quarterly reporting and site visits and will be conveyed in future Performance Reports.

Community Engagement

The Commonwealth's objectives for this program were heavily informed by several elements of community engagement and public participation that took place in Kentucky prior to the establishment of the Broadband Deployment Fund. The Commonwealth awarded its first round of Broadband Deployment Fund grants from the SLFRF in 2022. Through this process, many stakeholders were engaged, including locally elected officials, internet providers in both the public and private sector, legislative testimony streamed online, and other input from interested parties. That engagement was beneficial and assisted with the development of the first grant application and evaluation process.

Detailed discussions have taken place as the Office implemented a Service Reporting mechanism, where anyone can contact the office via phone, email or website to ask questions, provide local information, complain or praise Broadband efforts anywhere in the State. Additional outreach and stakeholder engagement has taken place over the last year as the Office of Broadband Development undertakes the BEAD program. Outreach has occurred through many channels, including individual meetings and larger events, in-person and virtual.