



**EMPLOYMENT AND
ECONOMIC DEVELOPMENT**

Line Extension, program update for the Governor's Broadband Task Force

November 26, 2024



**Office of Broadband Development
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Line Extension Program

- In the 2022 Legislative Session, OBD was directed to create a new program, the Broadband Line Extension Connection Program. The purpose of the program is to award grants for the extension of existing broadband infrastructure to unserved locations without a wired broadband service of at least 25Mbps download and 3 Mbps upload. **\$15 million total funding was allocated** for the Line Extension Connection Program (LECP).
- **Resident Sign-Ups:** Beginning November 1, 2022, residential and business locations that lack a wired broadband service or have actual broadband speeds of less than 25/3Mbps are eligible to sign up their locations to be eligible for bid by an ISP to build broadband service to them. Sign ups for the program are ongoing.
- **Reverse Auction:** ISPs can bid on locations submitted in the portal. The per location bid amount cannot exceed \$25,000, and OBD must ensure the bid is a cost-effective use of state funds.
- The **typical timeline** for application is:
 - At least every 6 months, OBD will provide Internet Service Providers (ISPs) the listing of addresses requesting service
 - Service providers will have 10 days to notify OBD of service availability at those locations; if service is available the location is not eligible for the program
 - Service Providers have 60 days to submit bids on locations they would like to extend service to
 - OBD will evaluate all bids for eligibility within 60 days and select the provider whose bid requests the lowest amount of financial support from the state that is also a good use of state of funds

Notable Program Differences

LECP

B2B and LD

- **Reverse Auction Program** (lowest bid wins) and a **\$25,000 maximum grant per location**
- **Businesses and Residents submit their addresses** for Bid Eligibility **to start the process**
- ISPs have **1 year to complete** the build
- Must offer at least **100/100 on completion** (CPF funding requirement)
- **Grant payment reimbursement of actual costs at closeout**

- **Competitive Grant Program** with **no maximum per location** but \$10M maximum grant per project
- **Businesses and residents do not have a formal role** in process but can submit letters of support for submitted applications
- ISPs have **2.5 years to complete** the build
- Must offer at least **100/20 at completion** and be scalable to 100/100
- **Grant payment reimbursement of actual costs throughout build** of project (milestones)

Line Extension, rounds summary

Round 1, Oct. 6–Nov. 9, 2023 Awards

- Bids received asking \$15.3M for 1,733 locations
- Awarded and contracted: 494 locations across 40 counties
- Total investment: **\$4,890,240.28**
- Grant awards of \$3.2M, and ISPs provided a \$1.6M in match
- 19 grants: 3 closed, 7 in closeout, **all to complete by December 2024.**

Round 2, March 29–April 4, 2024 Awards

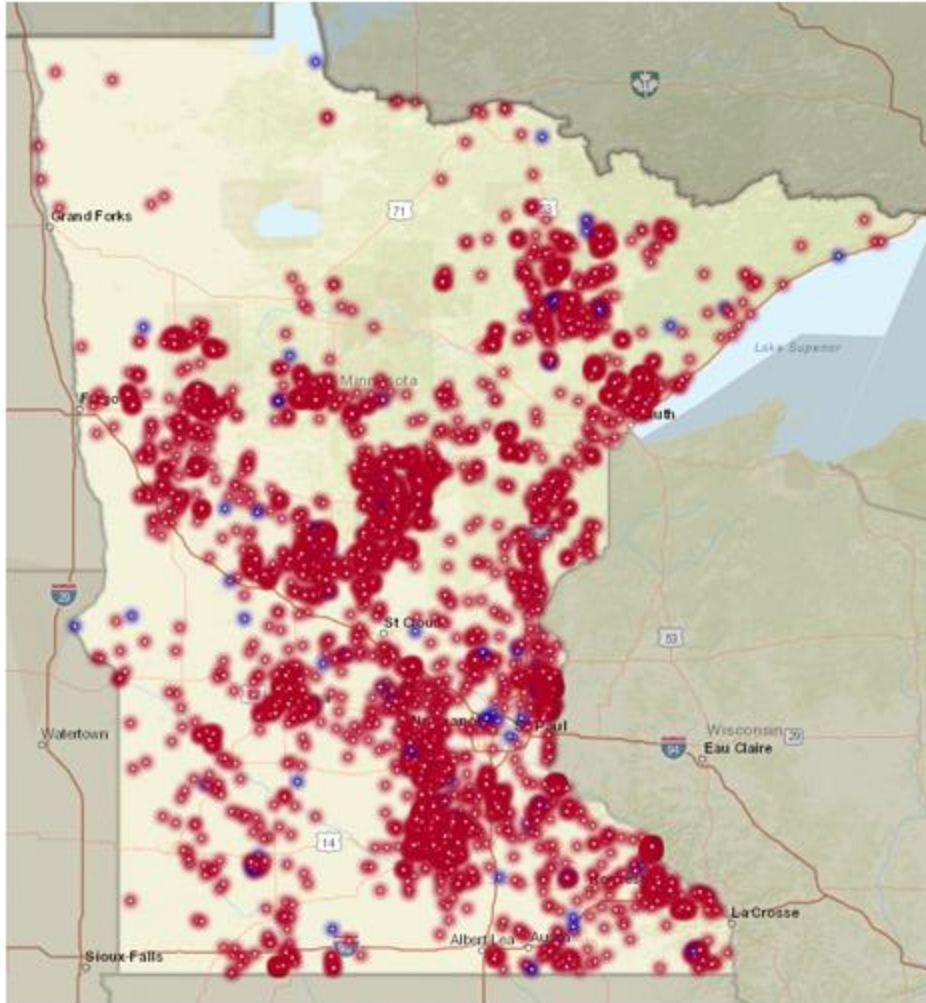
- Bids received asking \$5.8M for 932 locations
- Awarded 687 locations across 25 counties
- Total investment: **\$5,895,656.24**
- Awarded \$4.2M, and ISPs provided \$1.7M in match
- 13 grants: 2 pending close, **all to complete by June 2025**

Office of Broadband Development

Line Extension Connection Applications

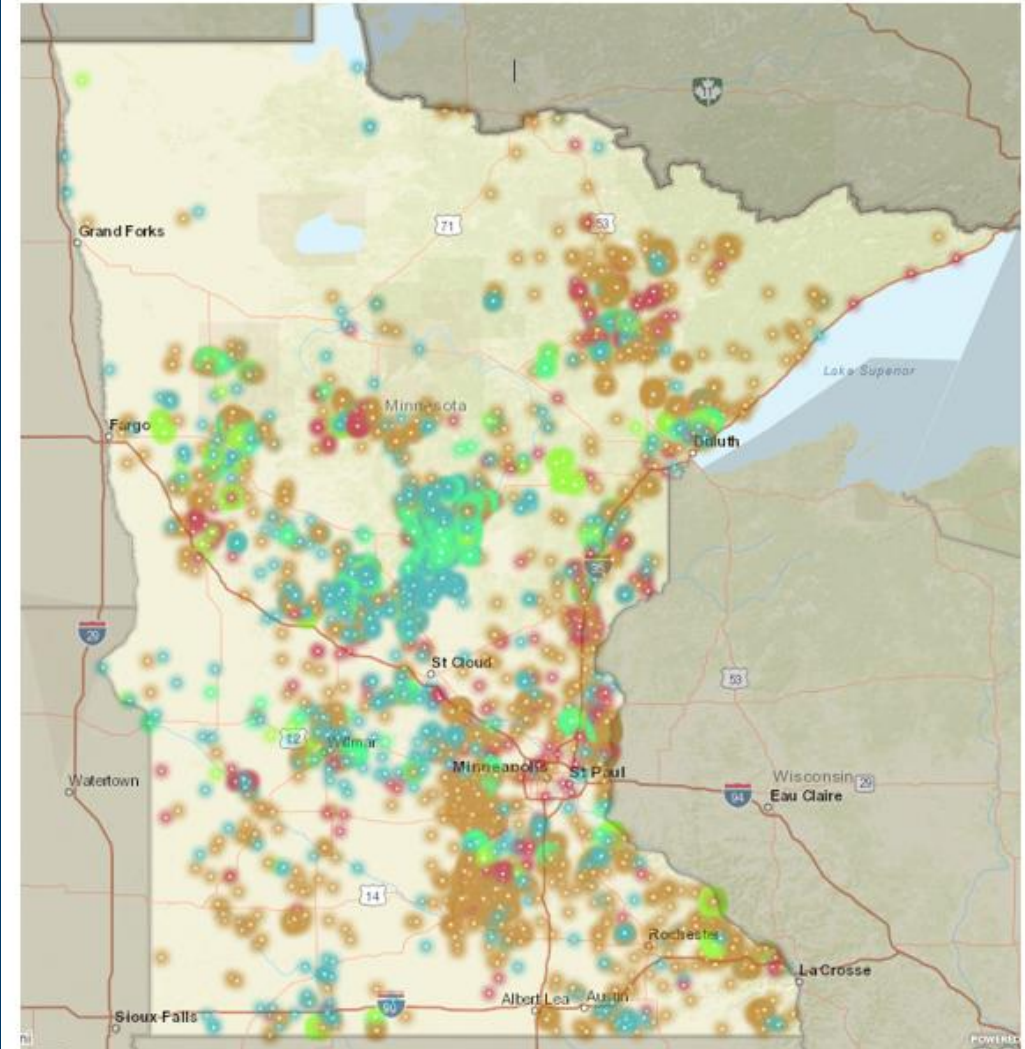
5,108 households and businesses

As of 11-1-24



Line Extension Round 1 & 2 Awarded Locations

- To Be Built (Round 1)
- To Be Built (Round 2)
- Available for Bid (Eligible) - NEW
- Available for Bid (Eligible Round 2)
- Available for Bid (Eligible Round 1)
- Unknown/Funding Commitment/Served



Line Extension moving forward

- Line Extension, Round 3 Status
 - Bids received for 1,639 location for \$13.4M with \$7.55M available. Currently in the contracting phase & finalizing some provisional awards
- Line Extension, Round 4 & BEAD
 - Expect to continue small Line Extension rounds with “revolved” CPF funds.
 - More timely: Qualifying application each year to bid in quarterly bid periods
 - BEAD Map is static – fabric layer from Dec. 2023. Need exists
 - BEAD reluctant ISPs –Line Extension can help provide a fiber option.
 - Continue to see applications for locations out of reach for standard fiber drop so even with a \$25,000 per location grant available no bids are received until the network can edge closer.
- Updates and more information on the Line Extension program (Award information, FAQ, etc.) can be found on the OBD webpage:
mn.gov/deed/programs-services/broadband/extension/



Questions?