



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of SB553 SD2
RELATING TO BROADBAND SERVICE INFRASTRUCTURE.

REP. ANGUS L.K. MCKELVEY, CHAIR
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

REP. TAKASHI OHNO, CHAIR
HOUSE COMMITTEE ON INTRASTATE COMMERCE

Hearing Date: March 13, 2019

Room Number: 309

1 **Fiscal Implications:** Unspecified General Fund appropriation.

2 **Department Testimony:** The Department of Health (DOH) substantiates the need for greater
3 broadband penetration in rural and medically underserved areas. However, the department takes
4 no position on the sufficiency of the appropriation and defers to the Governor's Executive
5 Budget Request for overall appropriations priorities, and defers to other relevant agencies'
6 comments on the specifics of the proposal.

7 As of 2018, Hawaii is short approximately 750 physician full-time equivalents. The inability to
8 access care in a timely manner contributes to deferred treatment, poorer outcomes, and increased
9 costs. Telehealth is a high quality and convenient means of health care access and an agency
10 priority. The department, with the support of the Legislature, is supporting pilot and
11 demonstration projects throughout the State. Fact-finding and project-prospecting activities over
12 the past year reveal that some areas in greatest need of telehealth have underdeveloped
13 broadband infrastructure. For example, the Ocean View community on the Big Island which is
14 home to a large Marshallese population, lacks reliable wireless signals across three major carriers
15 that would frustrate a telehealth appointment.

16 **Offered Amendments:** N/A.



DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
AND
HOUSE COMMITTEE ON INTRASTATE COMMERCE**

Wednesday, March 13, 2019

9:40 a.m.

State Capitol, Conference Room 309

In consideration of
SB 553, SD2

RELATING TO BROADBAND SERVICE INFRASTRUCTURE.

Chairs McKelvey and Ohno, Vice Chairs Kitagawa and Kobayashi and Members of the Committees. The Department of Business, Economic Development and Tourism (DBEDT) supports the intent and provides comments on SB553, SD2, which establishes the broadband service infrastructure grant program to award grants to applicants to extend deployment of facilities used to provide broadband service to unserved and underserved areas of the State. We have the following comments:

1. DBEDT notes that the grant application process seems similar to an RFP process. DBEDT further notes that it may be difficult to adopt rules within 180 days of the approval of this bill.
2. DBEDT needs additional resources to create the policies, rules, procedures and reports necessary to successfully implement this program.
3. DBEDT appreciates the intent of the bill provided that it does not replace priorities included in the Executive Budget.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Economic Development and Business
and**

House Committee on Intrastate Commerce

Wednesday, March 13, 2019

9:40 a.m.

State Capitol, Conference Room 309

On the following measure:

S.B. 553, S.D. 2, RELATING TO BROADBAND SERVICE INFRASTRUCTURE

Chair McKelvey, Chair Ohno, and Members of the Committees:

My name is Ji Sook "Lisa" Kim, and I am the Cable Administrator of the Department of Commerce and Consumer Affairs' (Department) Cable Television Division. The Department offers comments on this bill.

The purposes of this bill are to: (1) establish a broadband service infrastructure grant program, to be administered by the Department of Business, Economic Development, and Tourism (DBEDT), to award grants to applicants to extend infrastructure used to provide broadband service to unserved and underserved areas of the State; and (2) appropriate funds.

In today's world, access to affordable, high-speed broadband services is essential to fully participate in our economy and society. The Department thus strongly supports legislation that can improve access to broadband services for Hawaii

residents, particularly in the unserved and underserved rural areas across our state, so that all of our residents may benefit equally from the services and opportunities afforded by access to high-speed internet. The proposed grant program could help bridge the broadband gap to rural areas where broadband deployment would otherwise be cost prohibitive for providers because of the excessively high cost to install infrastructure to serve only a small number of subscribers in those areas.

Efforts to date, using funding through the Federal Communications Commission's (FCC) Connect America Fund (CAF) program, have been successful in extending infrastructure and access to unserved census blocks. However, given the breadth of the rural broadband gap, many residents remain, and will remain for an indeterminate time, without access to any wired internet service or with service well below any speed threshold currently used to define "broadband-level" service. A grant program that will provide financial incentives to providers to extend their infrastructure into rural, high-cost service areas would assist in extending service to those areas. The proposed program appears to target a need that is not currently being addressed by the FCC's CAF program.

Thank you for the opportunity to testify on this bill.

**TESTIMONY BEFORE JOINT HOUSE COMMITTEES
ON ECONOMIC DEVELOPMENT AND BUSINESS; AND
INTRASTATE COMMERCE**

S.B. 553, SD2

Relating to Broadband Service Infrastructure

Wednesday, March 13, 2019

9:40 a.m.

State Capitol, Conference Room 309

Mindy E. Hartstein
Director of Pole Infrastructure Enterprise
Hawaiian Electric Companies

Aloha Chair McKelvey and Chair Ohno, Vice Chair Kitagawa and Vice Chair Kobayashi,
and Members of the Committees,

My name is Mindy E. Hartstein and I am testifying on behalf of the Hawaiian Electric Companies Inc., Maui Electric Company, Limited and Hawai'i Electric Light Company, Inc. (collectively, "the Hawaiian Electric Companies") **in support with requested amendments to S.B. 553, SD2, Relating to Broadband Service Infrastructure.**

On October 16, 2018, the Public Utilities Commission approved the joint Docket No. On October 16, 2018, the Public Utilities Commission approved the joint Docket No. 2018-0075, between the Companies and Hawaiian Telcom, Inc. As of October 16, 2018, the Companies are now the sole managing owner of the communication space on approximately 120,000 poles that were once jointly-owned with Hawaiian Telcom. This means that the Companies now serve to facilitate broadband service to all parts of the State with our pole infrastructure. The Companies also use broadband services to assist with key renewable and resiliency efforts such as our distributed energy resources opportunities and in providing innovative grid modernization solutions.



**Hawaiian Electric
Maui Electric
Hawai'i Electric Light**

As a physical infrastructure owner across all islands (except Kauai) and owner of temporary and spare fiber, the Companies believe we are a major contributor to the deployment of broadband services in unserved, and underserved areas of Hawaii, which will enhance the economic development, education, health care, and emergency services across the State. As an infrastructure owner, we are involved in the planning of projects submitted by applicants who wish to attach to our infrastructure; however, we would also like the opportunity to submit our own applications or jointly with other applicants and we believe the language of this bill does not clearly provide that opportunity. Furthermore, broadband infrastructure providers should be allowed to upgrade facilities as part of the project being proposed. We also believe that applicants should be allowed to use additional state and/or federal funds via awarded grants or loan programs to serve unserved and underserved areas, especially when those projects could be rolled into other expansive broadband state-wide deployment efforts, including above ground and/or undersea fiber projects. Please find below the amended language that we feel is necessary to support the Companies as an eligible applicant for this grant program.

- 1) Page 3, Line 3 - Section 1 Definitions: “Broadband service infrastructure” means the medium used to provide broadband access or broadband service, including fiber optic cable, copper cable, coaxial cable, and wireless media, such as satellite communications, wi-fi, and worldwide interoperability for microwave access, and poles, towers, and other physical structures to which broadband equipment is attached.

The underscored language above reinstates the actual wording of HRS, Section 440J-1 and the *language in italics* are Hawaiian Electric Companies suggested amendments, which includes physical structures to which broadband equipment is attached.

- 2) Page 4, Line 15: Section 4(1) Commit to paying a minimum of fifty twenty per cent of the project costs out of the applicant's own funds and ~~shall not provide a minimum matching amount from any funds derived from federal or state government grants, loans, or subsidies;~~
- 3) Page 6, Line 4: Delete the entirety of Section 5(B)(2)(C) – A ~~certification that no portion of the grant provided by the program for the project shall be used to extend or deploy facilities to any already-served households;~~
- 4) Page 7, Line 13: Section 5(B)(7) – The amount of matching funds the applicant proposes to contribute and ~~a certification that no portion of the matching funds are derived from any federal or state government grants, loans, or subsidies;~~

Hawaii's broadband initiative is paramount for robust connectivity, economic viability, and to create renewable, resilient, and sustainable communities for the future. As an infrastructure owner, we would like the opportunity to apply for the grants proposed in this bill. Accordingly, the Hawaiian Electric Companies support S.B. 553, SD2 and respectfully request the amendments mentioned above. Thank you for this opportunity to testify.

Written Statement of
Ani Menon
Director of Government & Community Affairs

**HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT & BUSINESS
and INTRASTATE COMMERCE**

March 13, 2019 9:40AM
State Capitol, Conference Room 309

COMMENTS FOR:

S.B. NO. 553 SD2 RELATING TO BROADBAND SERVICE INFRASTRUCTURE

To: Chairs McKelvey and Ohno, Vice-Chairs Kitagawa and Kobayashi, and Members of the Committees

Re: **Testimony providing comments for SB 553 SD2**

Aloha Honorable Chairs, Vice-Chairs, and Committee Members:

Thank you for this opportunity to submit comments on Senate Bill 553 SD2. The intent of this bill is to establish a broadband infrastructure grant program. Hawaiian Telcom supports this intent and provides the following suggested amendments and comments to clarify the language of this bill.

1. §1 Definitions, Page 3
 - a. Expand the definition of “underserved area” to include areas where less than 50% of the customers in the census block have access to minimum upload and download speeds.
 - i. “Underserved area” means a project area with access to broadband service that the minimum upload and download speeds are less than double the minimum upload and download speeds required for broadband service, or where less than 50% of the customers in a census block have access to the minimum upload and download speeds.
2. §4 Eligible applicants, Page 4
 - a. Narrow eligibility criteria, specifically (2), to include only Eligible Telecommunications Carriers (ETC) as defined by the FCC or some sort of approved communications service provider, not just any non-governmental entity who can potentially have no proven experience in providing and maintaining broadband services and infrastructure in Hawaii.
3. §6 Review of applications, approval, Pages 7-10
 - a. In relation to subsection (b), applicants or broadband service providers concerned about proposed projects within or directly adjacent to existing project areas currently have no way of knowing which area is served, unserved, or underserved.
 - b. In relation to subsection (d)(2), Lines 6-9

- i. We recommend deleting language establishing a preference for applicants with more financial resources available to finance a project. This provides an unfair advantage to larger national companies with more capital and resources. Additionally, having more financial resources available to finance a project does not translate to successfully deploying and maintaining a project.
 1. (2) “Applicants with more experience and technical ability to successfully deploy and provide broadband service ~~and more financial resources available to finance the project;~~
- ii. Insert language referencing the maintenance and operation of broadband infrastructure as this is as important as its initial deployment.
 1. (2) “Applicants with more experience and technical ability to successfully deploy the initial project to ~~and~~ provide broadband service and operate and maintain the facilities moving forward ~~and more financial resources available to finance the project;~~
- c. The language of subsection (d)(3) is ambiguous, yet based on the scoring system, is given substantial weight. For example, there is no explanation of what “less support” means, or how “deploy[ing] broadband infrastructure in an economically feasible manner” is to be assessed.

Hawaiian Telcom is the only service provider who has submitted bids for and won federal Connect America Funds (CAF) to connect rural communities throughout Hawaii. CAF is the Federal Communications Commission’s major reform to the Universal Service Fund (USF) to accelerate broadband deployment in unserved areas across the nation. We are committed to enabling Hawaii’s rural communities with integrated communications, including high-speed internet, data, video entertainment, and local and long distance voice services.

Just this past summer, we submitted and won a competitive bid for the CAF Phase II Auction (a second allocation of FCC Phase II funds, 2018-2024). Hawaiian Telcom was awarded \$18.2 million in CAF Phase II Auction funds to deploy high-speed internet service of 1 gigabit per second download and 500 megabits per second upload.

As of today, we have enabled more than 6,000 rural locations. We would welcome the opportunity to help enable more unserved and underserved areas statewide.

Thank you for the opportunity to submit these comments for SB553 SD2.



Charter Communications
Testimony of Myoung Oh, Director of Government Affairs

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

COMMITTEE ON INTRASTATE COMMERCE

Hawai'i State Capitol, Conference Room 309
Wednesday, March 13, 2019
9:40 AM

Offers Comments on S.B. 553, S.D.2, Relating to Broadband Service Infrastructure

Chair McKelvey, Chair Ohno, and Members of the Committees.

Thank you for scheduling a hearing on this measure. Senate Bill 553, Senate Draft 2 (S.B. 553, S.D.2) establishes the broadband infrastructure grant program to award grants, through public-private partnerships, to applicants to extend deployment of facilities used to provide broadband to unserved and underserved areas of the State.

Like many part across the country, Hawaii is not immune to the challenges of remote access to broadband. Access to broadband in unserved and underserved areas in Hawaii would enhance economic development, education, health care, and emergency services in the State.

In the furtherance of ensuring public funds are used carefully for broadband infrastructure, we believe private funding should be derived and be solely from private sources, and that other public forms of funding should not be used in conjunction with the broadband infrastructure grant program.

Moreover, to compliment and in furtherance of the provisions as an eligible applicant, Charter takes no position as to the specified 50% from private sources. However, these sources of funding as a means for qualification should not be used from other public sources. This does not exclude eligible applicants who have received other "federal or state government grant or loan programs" for the same infrastructure project but it does limit participation altogether.

Charter prefers the provisions and language in H.B. 1062.