



Ms. Michele Brooks  
Acting Director  
Program Development and Regulatory Analysis  
USDA Rural Development  
1400 Independence Avenue  
STOP 1522, Room 5159  
Washington, DC 20250-1522

RE: Docket No. RUS-06-Agency-0052

## **Comments to RUS Proposed Rules Rural Broadband Access Loans and Loan Guarantees**

Dear Ms. Brooks:

DigitalBridge Communications Corp. (“DBC”), a broadband wireless company based in Virginia that is using WiMAX technology to serve underserved markets across the US, hereby submits its comments to the RUS’ proposed rules for the Rural Broadband Access Loan and Loan Guarantee program.

**Background.** DBC utilizes WiMAX, enhanced services such as VoIP, and next-generation software technology to deliver broadband services to areas that could previously not be served economically. The company launched the first true WiMAX network in Rexburg, Idaho, in early June of this year. DBC’s customer base includes individuals, small businesses, municipalities, military installations and educational institutions. DigitalBridge Communications currently owns and operates a 2.5 GHz network in several states covering nearly 2 million people and serving approximately 20,000 existing customers.

DBC is committed to the use of wireless, and specifically WiMAX technologies, to bring broadband services to underserved markets as rapidly as possible. As such, DBC strongly supports the intent of the proposed rules to clarify the definition of eligible rural communities, streamline new equity and market survey requirements, and increase overall transparency through new legal notice requirements. DBC’s comments below are designed to ensure that the intent of the proposed rules is met most efficiently and broadband services reach underserved communities expeditiously.

### **Comments**

**§1738.2 Definitions.** DBC believes that the inclusion of Urban Clusters (UCs) in the definition of Urban Area (UA) removes many rural, unserved, and underserved communities from eligibility. For example, a number of DBC’s target markets outside of Idaho Falls, Idaho, are designated Urban Clusters. Yet, DBC analyses demonstrate that the markets easily meet the



other requirements for being designated underserved, Eligible Rural Communities. In DBC's view, the definition of Urban Area should be limited to the Census Bureau's definition of Urbanized Area.

**§1738.21 Service Requirements for Proposed Projects.** While DBC supports the 40% threshold for determining broadband availability, DBC believes the proposed method for determining which Existing Broadband Service Providers have which shares of the market will prove difficult and time-consuming. As a wireless broadband provider, DBC's service area typically covers over 100 square miles. Traditional competitive technologies such as cable modem and DSL services cover service areas on a linear basis (i.e., wherever fiber, coaxial cable or copper lines are laid or strung). Therefore, it is extremely difficult to match the coverage areas of wire-line and wireless operators for purposes of determining whether the 40% threshold has been met. Even if Existing Service Providers provide the Agency with the information requested by §1738.33 (Legal Notice) on a timely basis, it will be extremely difficult for the Agency staff to match that information with the coverage area of other competitors. As a result, DBC is concerned that such analyses will require significant staff time and result in unnecessary delays.

**§1738.31 Equity Requirement and §1738.32 Additional Cash Requirements.** The reduction in the equity match from 20% to 10% for start-up companies is not as helpful as it might be when combined with the Additional Cash Requirement, which is determined based on a financial model that includes only 50% of projected revenues. In DBC's view, it is highly unlikely that a start-up company would not require additional equity if only half of its revenues are included. In addition, the Agency could greatly improve the program by modifying the timing of the equity requirement. The current structure penalizes applications for large loans by requiring the full 20% match of the entire loan amount up-front, even though only a fraction of the loan amount will be drawn down in the first year, or even the second year. DBC believes that the new regulations should only require borrowers to have on deposit 20% of the first year's proposed draw down, with evidence of the ability to provide additional equity for subsequent years' draws.

Respectfully submitted,

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