



**United States Department of Agriculture
Rural Development**

Mr. Matthew M. Polka
President
American Cable Association
One Parkway Center
Suite 212
Pittsburgh, PA 15220-3505

MAR 24 2010

Re: Rural Utilities Service (RUS) Notice of Funds Availability

Matt
Dear Mr. ~~Polka~~:

Thank you for your letter regarding the Rural Utilities Service' (RUS) second Notice of Funds Availability (NOFA) under the Broadband Initiatives Program (BIP) created under the American Reinvestment and Recovery Act (ARRA).

In developing the second NOFA, the agency responded to lessons learned from the first round of funding, as well as comments received from the agency's public Request for Information, requesting changes to the NOFA requirements that would promote rural economic development and encourage applicants to reach unserved and underserved areas. As pointed out in your letter, the agency responded to those comments by making numerous changes in the second NOFA.

The majority of changes made to the scoring system for this NOFA are intended to give considerable weight to applications reaching unserved households and providing service to the most rural of areas. In addition, points are heavily awarded to applicants with an experienced management team, the type of facilities proposed, and the amount of outside resources that are contributed to the project. The scoring is also intended to encourage applicants to consider a larger loan component, so that ARRA funds can provide broadband service to the largest rural areas possible.

With respect to points given to Title II borrowers of the agency, the RUS notes that very few priorities were mandated in creation of BIP. Priority to Title II borrowers, however, was one of them. Notwithstanding, only slightly over a quarter of Title II borrowers that applied received an award. As such, it is far from a foregone conclusion that applicants competing against a Title II borrower will not receive an award.

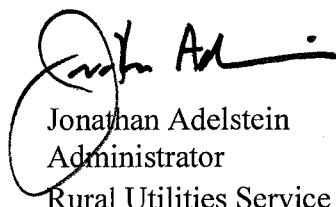
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With respect to competition for satellite projects, the RUS notes that the satellite program only becomes operational once all awardees have been selected for Last Mile and Middle Mile projects under the second NOFA. Moreover, only premises that remain unserved after awards have been completed will be eligible for funding. Contrary to your letter, funding is not determined at the service level, but only at the individual premises level, which must be rural and unserved. Finally, with respect to fact that few ACA members received a BIP award, RUS notes that approximately 6% of the 1280 applicants to BIP in the first round were cable companies, and that 6% of awardees were also cable companies. Nonetheless, we believe that the requirements of this second NOFA will better assist all applicants in putting together viable applications. We encourage all ACA members to submit applications in round 2 for eligible areas so as to meet the Agency's goal of bringing broadband service to all rural America.

Sincerely,



Jonathan Adelstein
Administrator
Rural Utilities Service