

State of North Dakota
Performance Report

Capital Projects Fund
Broadband Program
2024 Report

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July 31, 2024

Table of Contents

Executive Summary..... 2

Uses of Funds 3

Promoting Equitable Outcomes..... 4

Labor 5

Community Engagement 6

Executive Summary

Through the Capital Project Fund grant program, North Dakota Information Technology (NDIT) awarded 11 grants to seven service providers, totaling over \$37 million. This initiative aims to provide Fiber to the Premise (FTTP) to more than 2,100 homes and businesses. The new infrastructure will deliver symmetrical speeds of at least 100Mbps to each location.

The 2021 special legislative session provided initial direction for these funds, and the State's 68th Legislative Assembly in 2023 further appropriated funds for broadband use. Following the 2023 legislative session, NDIT completed its CPF award process in June 2023. The awarded projects are set to expand coverage in the following areas:

- **Halstad Telephone Company (HTC):** Cass, Grand Forks and Traill Counties
- **Moore & Liberty Telephone and Griggs County Telephone (MLGC):** Steele County, Cass County
- **Northwest Communications Cooperative (NCC):** Portal, Burke County
- **Nemont Telecommunications:** East Westby-Divide County, Williston-Williams County
- **Polar Communications:** Walsh, Grand Forks, Traill, and Steele Counties
- **Red River Communications:** Rural Wahpeton, Richland County
- **West River Communications:** Grant County

Many these projects are still in the planning phase, however highlights from Internet Service Providers (ISPs) who are further along in the planning process or who have kicked off construction include:

- **NCC:** As North Dakota's first completed CPF broadband project, NCC has completed its planned fiber buildout. The grant covered 50% of expenses for deploying fiber to 66 locations previously served by copper. Total project costs slightly exceeded initial budget projections due to the challenge of locating unidentifiable gas lines in Portal; these costs were absorbed by NCC and did not result in any additional charge to the State.
- **MLGC:** Currently in the engineering and preparation stage, including network design and securing permits and easements from property owners.
- **Polar Communications:** Engineering and design work are underway to bring fiber optic broadband to unserved and underserved residents and businesses in parts of Walsh County, Grand Folks County, and Trail and Steel Counties.
- **Red River Communications:** Approximately 15 miles of mainline fiber have been installed, and about 30 of the 324 customers identified in the grant application have been connected. Due to spring rainfall, mainline construction resumed in July 2024, with substantial completion expected by the end of 2024 and minor cleanup and remaining customer drops in 2025.
- **West River Communications:** Fiber construction started in April 2024. As of June 30, 2024, 53 miles of drop fiber have been put in place. Fiber construction continues as currently about 80% of drop fiber has been completed. Completion of the project is expected before the end of 2024.
- **Nemont Telecommunications:** Construction started on May 1st, 2024. Mainline construction is complete, with 46% of drops placed. Full completion and cutover are expected by September 30, 2024, pending delivery of grounding kits for splices.
- **Halstad Telephone Company:** Began construction in August 2023, with the first customers connected in November 2023. The project is ongoing, and construction is being coordinated with Halstad's other fiber projects.

Uses of Funds

North Dakota's ISPs have demonstrated a long-term commitment to broadband deployment, positioning the state as a national leader. As of December 2023, 99% of North Dakota's Broadband Serviceable Locations have access to broadband service.

While many of the CPF broadband projects are in the planning phases, ISPs that have commenced activities report the following highlights:

- **NCC:** This project is the first to have reached completion, with all outcomes achieved, and services functional at all planned locations.
- **Red River Communications:** As of June 2024, approximately 15 miles of mainline fiber have been installed, with 30 of the 324 customers identified in the grant application connected. Construction resumed in July 2024, with substantial completion expected by the end of 2024 and minor cleanup and remaining customer drops in 2025.
- **West River Communications:** As of June 2024, \$1,041,685 of funds have been expended. Easements and rights-of-way access have been secured, an archaeological survey has been completed and a historical survey is near completion, and fiber and materials have been acquired. Construction of drop fiber is expected to be completed in the next reporting period. Middle-mile fiber construction will start in the next reporting period and expected to be complete by the end of 2024. A fiber cabinet has been set in July and expected to be in operation in August. Installation of broadband service to customers is expected to start in the next reporting period.
- **Nemont Telecommunications:** Funds were used to procure materials and build out the network in the East Westby area, focusing on mainline construction. Mainline construction consists of boring, laying fiber, placing vaults and reclaiming disturbed land. The next steps include setting drops and splicing cable to complete customer cutover by the next reporting period.
- **Polar Communications:** Although no CPF funds have been distributed yet, work in Walsh County began on September 18, 2023, to provide fiber optic broadband to 186 unserved households, 96 underserved households, 15 unserved businesses, and 8 underserved businesses. By the end of 2023, 75 locations were completed. Since then, 26 of these locations have been connected to fiber optic broadband service, providing them with access to Career and Technical Education and training.

Challenges faced during planning and implementation include:

- **Material Shortages and Supply Chain Issues:** Red River Communications faced delays due to supply chain issues, but all materials have now been received. Nemont Telecommunications also reported slight delays as they wait for the delivery of ground kits for some of their splices, but once those are in and splicing is completed the project will be able to be finalized.
- **Weather-related Issues:** In the early spring of 2024, due to drought conditions and warm weather, the Red River Communications team anticipated a one-month-earlier start date. In May of 2024, substantial rain accumulations prevented and delayed the start date. Since then, crews have been working to make up for the time lost, and the project is still on track to be completed by 2024.
- **Gas Line Locations:** NCC encountered challenges locating gas lines in Portal but overcame these without significant issues.

Upcoming uses of funds include:

- **Polar Communications:** Providing fiber optic broadband to 244 unserved households, 65 underserved households, 37 unserved businesses, and 10 underserved businesses in Grand Forks County. In Traill and Steele Counties, the project will serve 114 unserved households, 74 underserved households, 9 unserved businesses, and 6 underserved businesses. Construction begins in summer 2024.
- **MLGC:** Completing fiber construction to Grand Farms, a 25,000-square-foot facility supporting Agricultural Innovation.

Promoting Equitable Outcomes

The goal of the NDIT Grant Program was to award grants exclusively for projects extending broadband service to unserved and underserved areas. North Dakota aims to achieve 100-percent coverage of all eligible locations with reliable high-speed broadband, ranking among the top states for digital equity.

Applications were received through an open competitive grant process, with awards based on an objective and efficient scoring methodology. Each application was evaluated for competitiveness, completeness, and eligibility based on the following criteria:

- Speed Delivered and Technology
- Financial Wherewithal
- Addresses Served
- Project Timeline
- Services Offered
- Operational Capability

The applications and projects undertaken by North Dakota's dedicated ISPs focus on bringing services to critically unserved and underserved communities, primarily in rural areas. Projects ranged from approximately 12 subscribers per fiber mile to less than one subscriber per fiber mile, averaging just under three subscribers per fiber mile. As North Dakota progresses in broadband deployment, the small set of remaining unserved locations are among the most challenging and costly to serve.

Access to affordable and reliable broadband internet service is crucial for modern life. It ensures that rural schoolchildren have equal opportunities for comprehensive education and enables residents to achieve the best health outcomes at reasonable costs. High-speed internet service also stimulates job creation and sparks innovation, which enhances rural economic development.

The FTTP deployment makes rural project areas more attractive to businesses and potential residents, fostering economic growth. Reliable broadband offers more employment opportunities, allowing residents to seek jobs beyond their immediate vicinity. This opens up career opportunities that previously did not exist and promotes overall community development.

For many in North Dakota's CPF project areas, farming is a main source of income. With a fiber connection, farmers can utilize advanced technology to monitor livestock, irrigation, crop and soil quality, and products. They can also use the latest applications to control chemical use, maximize yield, and minimize environmental damage, leading to greater operational efficiency, reduced costs, and a cleaner environment. The fiber broadband connection will bring these farms and the entire project area

into the 21st century, in much the same way as the Rural Electrification Administration modernized farms with electricity and telephone service almost 100 years ago.

Recognizing the importance of affordability, ISPs like Red River Communications have developed low-income rates and offer Lifeline assistance programs. ISPs are committed to providing fair and competitively priced service to everyone in their service area regardless of race or ethnicity. Additionally, awarded ISPs were ACP participants while that program was active and intend to enroll in any future replacement program.

To raise awareness, ISPs have held open houses to inform members of upcoming projects. For projects that are further in the planning phases and undergoing construction, residents and businesses are receiving consistent communications regarding available services.

Outcomes reported by ISPs for completed or in-progress projects include:

- **NCC:** In NCC's project area, individuals previously served by copper with maximum speeds of 25/3 Mbps now have access to speeds up to 1 Gbps, addressing a critical need for high-speed internet.
- **Red River Communications:** Used location-based targeting to communicate service options, construction timelines, and other essential information, ensuring no group was excluded based on demographic information. Consistent communication is being maintained throughout the project.

North Dakota remains committed to bridging the digital divide and supporting equitable broadband access for all its residents.

Labor

Several ISPs are employing contractors to support project efforts and ensure timely delivery. A sample of some of the providers utilizing contractor support are:

- **Nemont Telecommunications:** Nemont's labor force for this project is provided by their contractor, Push Inc., selected through a competitive bidding process. Nemont has previously worked with Push Inc. and reports they have an excellent track record. Nemont takes pride in its strong labor relations and employs a Union workforce, with Union members involved in splicing and maintaining the network.
- **Polar Communications:** Utilizes Communication Network Engineering, Inc. for professional engineering services and MasTec North America, Inc. for skilled labor. The agreement with MasTec North America, Inc. is formalized through a RUS Contract Form 515, Telecommunications System Construction Contract.

While practices such as project labor agreements, community benefits agreements, prevailing wage requirements, and local hiring have not been widely utilized by ISPs still in the planning phases, these practices may be considered as projects develop. The State is not aware of specific plans for these practices in the 11 projects. However, several ISPs have reported being equal opportunity employers, offering competitive salaries and comprehensive benefits packages.

Community Engagement

The State and ISPs aim to be inclusive of all stakeholders and communities affected by the CPF grant process, from development through execution. Recognizing the importance of reliable and accessible broadband for both residential and business customers, ISPs are committed to maintaining the networks funded by CPF and engaging with the communities they serve.

ISPs are employing various engagement methods to maximize outreach to stakeholders and communities, including:

- Website Landing Pages: Featuring project updates, maps, and sign-up forms.
- Introductory Letters: Detailing the project area and general timeframe.
- Press Releases: Distributed to local media outlets (newspapers, TV, and radio).
- Social Media: Organic and paid posts about the project, new fiber facilities, progress updates, pre-order requests, and upgrade promotions.
- In-Person Informational Meetings: With county commissioners and other entities to discuss projects, the benefits of fiber internet, and assist with service signups.
- Postcards: Explaining the benefits of fiber and providing sales and promotional information. Google Geotargeted Advertisements.
- Collateral Materials: Including sales sheets, service brochures, flyers, door hangers, and yard signs.
- Door-to-Door Visits: Educating communities about the projects.
- Quarterly Newsletters and Postcards: Mailed to the targeted audience based on their needs and interests.
- Customer Appreciation and Community Events: Participation in parades, fairs, community suppers, educational events, youth sports, etc.

Below is a summary of some of the community engagement efforts by specific ISPs during the performance period:

- **Polar Communications:** Conducted a fiber-to-the-home meeting at the Minto Community Center, where potential customers received information about available services, home network security, and the method of fiber installation to their locations.
- **Nemont Telecommunications:** Made concerted efforts to engage individuals within the project area to inform them about the availability of the new service.
- **West River Communications:** Sent an expansion welcome letter to known addresses of potential locations on March 30, 2023, providing details and steps in the project process. An update letter was sent on November 21, 2023, notifying potential customers that WRT would be calling to schedule onsite visits to discuss current services and the best route to provide facilities to their locations. A construction kickoff letter was sent on April 15, 2024, notifying potential customers that fiber construction would begin as soon as weather and ground conditions permitted.
- **Red River Communications:** Red River Communications offers 24/7 technical support through call, chat, and remote access to help resolve any broadband-related issues. This support is available to all Red River Communications broadband service subscribers. In addition to the assistance provided by their expert representatives, they understand that some subscribers

prefer written instructions to resolve their issues. As such, they provide this option to accommodate their preferences. Additionally, they are proposing a broadband learning program for the Rural Wahpeton and Dwight areas, covering topics tailored to specific demographics such as agriculture, senior citizens, parents, and children.

- **Halstad Telephone Company:** Communicates and collaborates with local government entities and Home Owner Associations for construction planning in its project area, which is largely rural. They meet individually with property owners at each location to discuss construction plans and address any project-related questions. Once construction to each property is complete, they market directly to the customers and continue to provide support and answer questions related to the project and services.

These efforts illustrate the awarded ISPs' commitment to engaging and informing communities about their CPF broadband projects, ensuring that residents and businesses are aware of the benefits and progress of these initiatives.