

**One Page Summary of Written Statement of Grant Spellmeyer
President and CEO of ACA Connects – America’s Communications Association
Before the House Energy and Commerce Committee
Subcommittee on Communications and Technology
“Fixing Biden’s Broadband Blunder”
March 5, 2025**

Broadband in America is a good news story. In the past five years alone, the 500-plus small and medium-sized providers who comprise ACA Connects – America’s Communications Association have expanded broadband coverage by 64 percent, representing an estimated additional 11.2 million households passed. They continue to invest heavily to keep pace with a broadband marketplace that is fiercely and increasingly competitive. Seemingly every day, providers are announcing new builds, new business models, and innovative partnerships between providers with different technologies. It’s a far cry from the world of Ma Bell.

This is a good news story indeed, but it could be even better. Though the lifeblood of the broadband industry is risk capital and private initiative, public policy plays a key role. This Committee has a proven track record of working productively on a bipartisan basis to produce well-designed legislation that advances the public interest. Today, I am urging this Committee to pursue the following measures to promote broadband deployment, investment, and connectivity.

- First, make targeted reforms to the BEAD program to promote wider participation and allow the funds to go further in connecting unserved Americans.
- Second, streamline access to permits and rights-of-way to help broadband projects get built on time and schedule.
- Third, adopt smart policy to promote broadband access for households who struggle to afford service.

Broadband in the United States is a good news story, but I am confident the best is yet to come. Working together, we can seize opportunities to secure our broadband future for generations.

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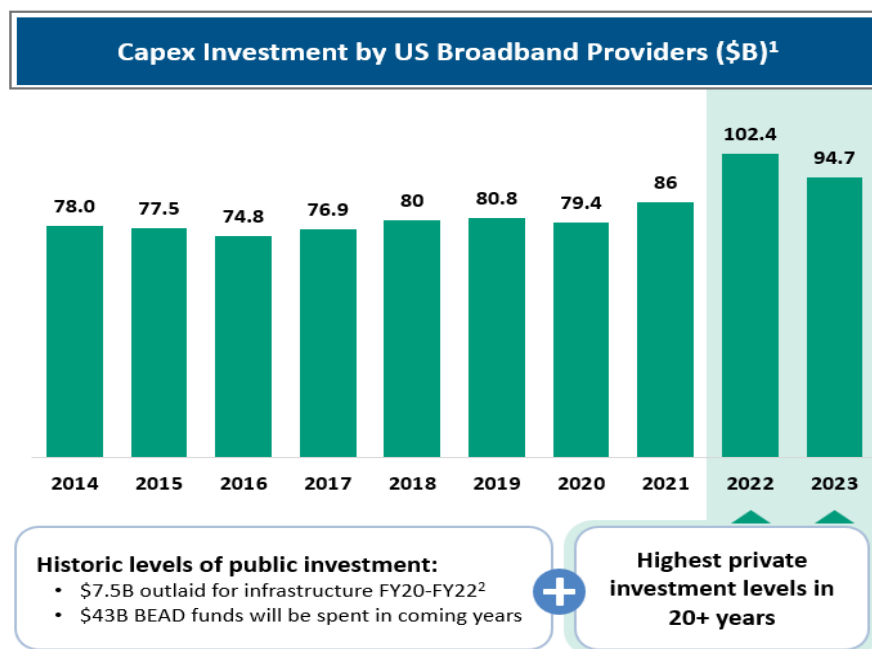
March 5, 2025

I want to thank Subcommittee Chairman Hudson, Ranking Member Matsui and all the members of the subcommittee for the opportunity to testify today on behalf of ACA Connects. We are America’s Communications Association, the collective voice of more than 500 small and medium-sized companies delivering high-speed broadband and other advanced services to cities, towns, and rural homes and businesses across America. In the past five years alone, our Members have expanded coverage by 64 percent, representing an estimated additional 11.2 million households passed. And they did so throughout the challenges of the COVID 19 pandemic.

Our Members embody the spirit of our great Nation. They are entrepreneurs and risk-takers, fiercely independent and loyal to the communities they serve – the same places they call home. Lacking the size and scale and market power of the Fortune 100 companies who dominate the broadband landscape, our Members’ recipe for success is to offer the highest quality service backed by extraordinary customer care and a personal touch. As smaller companies, they often face heightened challenges, especially when subject to onerous regulation – eighteen months ago, I testified to this Committee on the uneven playing field our Members encounter when negotiating retransmission consent deals with mega-broadcasters. But our

Members have managed to thrive in an increasingly competitive environment by staying agile, nimble, and ever responsive to the needs of their customers and communities.

I am pleased to report that broadband in the United States is a good news story. There are many ways of telling that story, but I would suggest we start here: Investment. Every year, the industry invests close to \$100 billion to deploy and upgrade their infrastructure, with recent years having seen the highest private investment levels in decades:



This outpouring of investment has led to intense, growing, and increasingly complex and multi-faceted competition. My Members face direct competition from another high-speed wireline provider (e.g., fiber-to-the-home or cable) in a majority of their service territories, and now from

¹ See USTelecom, 2023 USTelecom Broadband Capex Report, <https://ustelecom.org/research/2023-ustelecom-broadband-capex-report/> (last visited Mar. 3, 2025).

at least two fixed wireless providers. Their latest competitive threat comes from low-earth orbit satellite, which has continued to gain market share, especially in harder-to-serve rural areas. In turn, my Members are providing fiber pipes to data centers and cell towers and offering a mobile service bundle. And all this competition has not only resulted in innovative service offerings but in lower prices. Broadband prices per Mbps have plummeted, from \$0.87 for the fastest available speed tier in 2015 to a mere \$0.16 for a comparable service in 2024.²

In this competitive environment, no provider is complacent. Seemingly every day, providers are announcing new builds, new business models, and innovative partnerships between providers with different technologies. It's a far cry from the world of Ma Bell.

This is a good news story indeed, but it could be even better. Though the lifeblood of the broadband industry is risk capital and private initiative, public policy plays a key role. This Committee has a proven track record of working productively on a bipartisan basis to produce smart, well-designed legislation that advances the public interest. Today I am urging this Committee to apply its talents and expertise to the critical goal of promoting broadband deployment and investment. By pursuing targeted reforms to the Broadband Equity, Access, and Deployment (BEAD) program, expedited access to rights-of-way and utility poles at reasonable rates, and tailored policies to make broadband more affordable for low-income Americans, this Committee can help secure our broadband future for generations to come.

The time is ripe for Congress to act. If we can glean any lesson from *Loper Bright* and other recent Supreme Court decisions, it is that our legislature must legislate. This is true not only as a matter of Constitutional design, but also as a matter of business necessity. Broadband

² See USTelecom, 2024 Broadband Pricing Index, <https://www.ustelecom.org/research/2024-bpi/> (last visited Mar. 3, 2025).

deployments are risky, multi-year investments. If broadband providers and potential investors fear regulatory “whiplash” with every change in Administration, they are less likely to make those investments or to invest as freely and generously. The FCC, NTIA and other agencies have essential roles to play in implementing and enforcing the law, but their role is strengthened when they operate under the clear and decisive direction of Congress.

With those observations in mind, I will outline specific steps Congress can take to secure our nation’s broadband future and create a climate for investment that stands the test of time.

Work with NTIA and the States to Reform BEAD. From the outset of the BEAD program, ACA Connects has strived to produce data and analysis – in partnership with the business consulting firm Cartesian – that helps NTIA and the States and Territories advance their goal of connecting unserved and underserved locations with robust broadband service. This \$42 Billion program is a potential game-changer for rural America. I have heard from Members who are considering use of BEAD funds to bring connectivity to remote locations they would never have been able to serve without support. I remain confident that the transformative potential of the BEAD program for those people who have been left behind will be realized. But it will require some targeted changes to get there.

Most importantly, Congress should direct NTIA to strip out costly and extraneous requirements that are not directly related to providing connectivity and that have only served to inflate costs, deter participation from prospective bidders—especially small providers, and limit how far the money can go. To give one striking example, an ACA Connects Member who applied for BEAD funding in Georgia reports that compliance with the program’s requirements would carry with it a *70 percent* increase in per-mile deployment costs above those of a comparable project funded via the Department of Treasury’s Capital Projects Fund.

To address this situation, we urge Congress to work with NTIA to adopt changes to the program that include the following:

- Affirm that subgrantees can meet the “low cost service option” requirement by offering the lowest rate they offer at non-BEAD locations in the same State or, in the alternative, offering a rate that meets the FCC’s Urban Rate Benchmark.
- Remove or at least reduce requirements that raise connectivity costs and are not required by statute.
- Further relax letter of credit requirements and create a flexible waiver process for Build America Buy America that serves the interests of providers and U.S.-based manufacturers.
- Streamline permitting to the greatest extent possible, including by establishing a “deemed granted” remedy for Federal permits and ensuring States can access resources to expedite State/local permitting.

To make these policies effective, NTIA should ensure that Eligible Entities do not impose any conflicting requirements or conditions, including as factors in their scoring of applications.

NTIA should also encourage States to give applicants maximum flexibility in selecting project areas, or at least preclude States from adopting overly large project areas that make it impractical for smaller entities to participate.

Next, NTIA should ensure that States have reasonable flexibility in evaluating and selecting broadband technologies for deployment projects. State broadband leaders from across the country have sent the clear message that a mix of technologies will be necessary to achieve sufficient broadband connectivity in their States. While our Members often prefer fiber builds because of their superior performance and durability, they consider using all available technologies to find cost-effective solutions. We are confident States will do so as well.

Adopt “Rules of the Road” for Broadband Permitting. We want to commend those States and local governments that understand the importance of facilitating permitting so their residents

can receive connectivity on a timely and cost-effective basis. My Members greatly appreciate their efforts. Yet, I too often hear about permitting delays or related problems. These roadblocks not only hold up the delivery of broadband connectivity to residents and businesses, but also slow the deployment of fiber capacity to 5G sites and data centers.

I am optimistic about this Congress addressing the permitting barriers that continue to stymie broadband deployment. We are building on a strong foundation, which includes the American Broadband Deployment Act introduced by Representative Buddy Carter last term. ACA Connects applauds Rep. Carter's leadership and is proud to support this legislation because it would codify many critical reforms, including reasonable timelines for review of permitting applications and limitations on right-of-way access fees. FCC Chairman Carr also deserves a large share of credit, as many of these reforms originated in the Wireless Small Cells Order that he led and championed as an FCC Commissioner in 2018. ACA Connects looks forward to working with this Committee on the adoption and codification of similar policies to ease the deployment of fiber optic cables and other wireline infrastructure.

A related source of frustration when deploying broadband is utility pole access. The FCC has adopted a series of reforms in recent years that make it easier and less costly to attach wires to investor-owned poles, but problems remain, especially for smaller providers who do not have an easy-to-use mechanism to enforce their rights. Further expediting pole access is another critical step to ensure broadband projects get built on time and on schedule.

Tackle Broadband Affordability Smartly. ACA Connects Members largely operate in smaller markets and rural communities with sizable percentages of low-income households, so they are familiar with broadband affordability challenges. They know firsthand that, even in a marketplace where providers compete fiercely to offer the best service at the lowest prices, some

households may struggle to afford service. They also understand the transformative impact of broadband and are eager to ensure these benefits are shared as widely as possible. Promoting digital opportunity for all Americans is a worthy objective that ACA Connects fully supports. We are eager to work with the Committee to advance this goal with a targeted and accountable program.

I am concerned, however, that some States are looking to address affordability challenges by regulating broadband rates. One state has already enacted legislation, while others are considering laws that are similar or even more expansive. While imposing price controls on service providers may look like an “easy button” for solving broadband affordability, it is actually a kill switch for the broadband investment and innovation required for future economic growth and opportunity. Providers will not invest where they cannot expect a reasonable return, and rate regulation weakens investment cases by curbing potential revenues. At the margin, investments that would have occurred but for rate regulation will not. This is especially true in rural areas where the economics are toughest and that are often disproportionately low income. Moreover, because broadband projects are risky, long-term investments, the mere threat of rate regulation deters investment.

We understand that States and localities want to ensure their residents can afford broadband and participate fully in our digital economy. ACA Connects Members share that goal. But rate regulation is the not the answer. We are eager to work with the Committee on finding a long-term, sustainable affordability solution.

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I appreciate the opportunity to share the perspective of our nation’s independent, community-based broadband providers working tirelessly each day to connect their

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communities. Broadband in the United States is a good news story, but I am confident the best is yet to come. Working together, we can seize opportunities to secure our broadband future for generations.