



WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. HOUSE  
COMMITTEE ON SMALL BUSINESS

“WIRED FOR GROWTH: HOW EXPANDING BROADBAND CAN  
REVITALIZE RURAL SMALL BUSINESSES”

September 3, 2025

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Mr. Chairman Williams, Ranking Member Velazquez and Members of the House  
Committee on Small Business,

Thank you for the invitation to submit written testimony to the House Committee on Small Business hearing on Wired for Growth: How Expanding Broadband Can Revitalize Rural Small Businesses. We urge the Committee to move expeditiously to address the unique challenges facing Puerto Rico’s broadband deployment. Despite the support from federal investment, broadband expansion, particularly in rural areas, remains paralyzed due to lack of access to utility poles, an unreliable and fragile electric grid, and high construction and operational costs. These barriers have been impacting the industry for many years prevent small businesses in Puerto Rico from accessing the resilient, high-speed broadband they need to grow, innovate, and compete. **We need decisive action to ensure that pole access is granted on reasonable and nondiscriminatory terms, and that broadband providers are able to deploy resilient, modern networks that keep Puerto Rico’s communities, especially rural communities, and small businesses connected.**

The Puerto Rican Telecommunications Alliance (APT) is a non-profit entity that represents an industry with over 7,000 direct jobs across large, medium and small companies, as well as thousands of indirect jobs, with a positive economic impact on our Island amounting to billions of dollars. APT member companies provide both



wireless and wireline service providers delivering high speed Internet access, television services, data networks, cloud services, cybersecurity and related information services for both residential and business customers. Our membership also includes key providers engaged in the construction and operation of communications infrastructure - such as tower, small cells, fiber optics, and other essential elements - that ensure Puerto Rico stay connected, resilient, and competitive in the digital economy.

We recognize the critical importance of access to resilient, reliable, high-speed broadband for small businesses, which are the backbone of local economic growth and innovation especially in rural areas. Expanding access in rural communities is especially vital, as it enables local entrepreneurs to participate fully in the digital economy, reach broader markets, and sustain the economic vitality of Puerto Rico's most vulnerable regions. The industry in Puerto Rico continues to face significant challenges in delivering this essential service—ranging from a near blanket denial of access to utility poles and rights-of-way, to high construction and maintenance costs, regulatory uncertainty, and the constant need to harden networks against natural disasters. These obstacles directly impact the ability of small businesses to grow, innovate, and create jobs, underscoring the urgency of collaborative solutions that support broadband deployment and sustainability.

## **Challenges in Broadband Deployment**

### **(a) Access to Poles**

The Federal Communications Commission (FCC) National Broadband Map shows that Puerto Rico is fully covered with high-speed internet. However, this coverage considers satellite Internet, which, while it can be a valuable option in certain areas, can come with technical drawbacks and limitations. These include high latency (experienced by customers as delay for data and voice communications), limited bandwidth, high cost and sensitivity to weather conditions. As a result, satellite service lacks the robust consistency that modern businesses, especially small enterprises, increasingly require. Therefore, it is imperative to continue investing in and deploying future proof broadband technologies that can evolve with growing demand for higher bandwidth and more resilient infrastructure. Examples include Fiber to the Premise (FTTP) and 5G Fixed Wireless Access for example, which offer the scalability, reliability, and adaptability necessary to support Puerto Rico's long-term economic growth, particularly in rural areas, where small businesses rely on dependable connectivity to remain competitive and foster community development.



Puerto Rico historically has been, and continues to be, a high-cost jurisdiction with a very distinct set of challenges when it comes to broadband deployment. For decades, both the industry and local government have worked to convey to regulators and agencies the unique reality and the challenges that Puerto Rico faces, where geographic, economic, and infrastructural conditions, along with the elevated cost of importing telecommunications equipment and materials, drive disproportionately high costs and create significant barriers.

Puerto Rico sits squarely within what is commonly referred to as “Hurricane Alley”, lying directly in the path of numerous storms and hurricanes each season. As a result, providers are required to continuously invest in hardening their infrastructure to ensure greater resilience and reliability. These efforts include burying hundreds of miles of fiber, – an important initiative, but one that is not economically feasible in many parts of Puerto Rico, particularly in rural municipalities and the mountainous center of the Island. In many communities, especially rural ones, aerial construction remains essential to achieve fast, cost-effective access to highspeed broadband. Unfortunately, in recent years the lack of access to Puerto Rico’s utility’s poles owned by the Government owned provider has severely hampered aerial broadband deployment. This barrier is not simply delaying progress – it is literally paralyzing expansion and leaving underserved communities, especially rural areas, without the connectivity they urgently need.

As is known, LUMA is an investor-owned utility, chosen to administer the Island’s public electric power utility, including the Puerto Rico Electric Power Authority’s (PREPA) transmission and distribution (“T&D”) system. At present, among LUMA’s responsibilities is the management and control of third-party pole attachments. LUMA is also responsible for replacing thousands of the Island’s electric poles deemed inadequate to sustain hurricane force winds, which replacements are being funded in significant part by the Federal Emergency Management Agency (“FEMA”).

Five years after the private operator took control of the public utility, almost all requests for attachments are denied and so, none of the major broadband providers in Puerto Rico have been able to attach fiber to these poles. That is unconscionable and shows a complete disregard for the economic wellbeing of Puerto Rico and the businesses depending on growing broadband to survive.

Since LUMA assumed the administration of the T&D system, it has consistently rejected between 90- 96% of pole attachment applications. This includes outright refusals of overlash applications for fiber optic cables and attachment of new cable, even in cases where pole loading analysis demonstrated that the overlash or new cable would



improve the condition of the pole. Furthermore, LUMA has also declined to apply the provisions of the National Electric Security Code (“NESC”) that expressly permit attachments so long as the pole’s condition is not worsened. Instead, LUMA routinely requires providers to pay to replace and upgrade aged, failing poles at an estimated cost of \$10,000 to \$20,000 per pole. In practice, this approach shifts to telecommunications providers the responsibility of upgrading the Islands pole infrastructure, drastically increasing the cost of every project and rendering most broadband expansion efforts economically unfeasible.

To make matters worse, Luma has unilaterally imposed a non-refundable fee of \$95 per pole for each application. Given that broadband projects often require hundreds of poles, this model is economically unfeasible. For example, a provider submitting an application for a fiber run involving 500 poles would pay \$47,500 in non-refundable fees—only to see approximately 5% of the poles approved. Recently, LUMA has offered an equally unfeasible alternative: reduce the \$95 fee (without stating the new rate) if carriers purchase licenses for software that only LUMA requires and hire independent engineers to perform the pole analysis on LUMA’s behalf. This approach has added months of delay, multiple layers of bureaucracy, and - in practice - delivered inadequate results. At least one provider has reported that its preliminary tests under this new process still resulted in fewer than 50% of poles being approved. Even when approval rates improve marginally, the burdens remain prohibitive. LUMA requires providers to identify every other carrier attached to a given pole and obtain authorization from each competitor before an application can move forward. In effect, LUMA’s “solution” shifts its own responsibilities onto providers, forcing them to perform both their own work and LUMA’s work, creating additional obstacles that make broadband deployment in Puerto Rico nearly impossible.

While LUMA has announced plans to upgrade 100,000 of the Island’s poles over the next five years, this represents less than 20% of the Island’s total pole inventory. If LUMA continues to block attachments until all the poles are replaced, broadband will not be extended in the immediate future, particularly in rural areas, leaving underground deployment as the only alternative, an option that is financially unfeasible not only for medium and small providers but even for the largest carriers. This issue is already having serious consequences, affecting all providers and customers in multiple areas where new poles cannot be installed and attachment permits have been denied by LUMA. Since LUMA assumed control of the T&D system in 2021, broadband deployment, especially in rural areas, has been effectively halted.

In light of these facts, LUMA has further entrenched its position by adopting a strategy of hiding behind the public ownership of poles that it fully controls—and will continue



to control for more than 20 years—to argue that the Communications Act and the FCC’s pole attachment rules do not apply. Left unaddressed, LUMA’s policies and practices will doom Puerto Rico to fall behind in the race to modernize, leaving rural communities and small businesses at a severe disadvantage in leveraging emerging technologies such as artificial intelligence and the Internet of Things. With the advent of these technologies, the world is racing to expand broadband speed and reach, not only to compete globally, but in many cases simply to survive.

**(b) Lack of Power**

The power generation and the energy transmission and distribution system in Puerto Rico are obsolete, aged, and increasingly unreliable. The Island experiences frequent blackouts and outages across multiple regions on most days, creating a constant state of uncertainty for businesses and residents alike. Rural areas, in particular, bear the brunt of these failures. In many communities, outages occur more frequently and last longer due to LUMA’s inability to adequately maintain vegetation and clear plants near electric lines, leaving rural households and small businesses disproportionately affected. This persistent instability not only undermines quality of life but also limits economic opportunity in the very areas where robust infrastructure is most needed to bridge the digital divide.

Over the past twelve months, Puerto Rico has suffered three full island-wide blackouts in addition to numerous partial outages affecting large population centers. These recurring failures underscore the fragility of the grid and highlight the urgent need for systemic modernization. The consequences of this instability extend far beyond electricity. Broadband networks and other communications services, which depend on a stable power supply to transmit data and support critical connectivity, are placed under severe stress. Outages interrupt service continuity, degrade quality, and undermine public confidence in the reliability of essential communications infrastructure. This is particularly damaging in a digital economy, where businesses, schools, hospitals, and government institutions rely on uninterrupted broadband access to function effectively. The lack of consistent and reliable power only adds to the challenges discussed above but also increases operational costs. Despite these conditions, broadband and telecommunications providers have made substantial investments to ensure continuity of service. Companies have deployed backup generators, battery systems, redundant network paths, and other resiliency measures to sustain operations during total, partial, or regional blackouts. To keep these systems running, providers must secure reliable access to diesel and other fuels, deploy security personnel to protect generators and fuel supplies from theft, and constantly manage the logistics of restocking diesel. These extraordinary measures, while essential to maintaining connectivity, impose significant costs and divert resources that





could otherwise be invested in expanding and improving broadband networks. In fact, they add millions of dollars annually to the cost of operating and maintaining Puerto Rico's broadband infrastructure.

Without a reliable and resilient power system, the Island's broadband and communications sector will remain constrained, limiting Puerto Rico's ability to compete, innovate, and fully participate in the opportunities of the digital age. The U.S. Department of Energy recently underscored this reality in Order No. 202-25-1, in which the Secretary of Energy determined that an "emergency exists in Puerto Rico due to a shortage of electric energy, a shortage of facilities for generation of electrical energy and other causes". The Order further highlights that the electrical grid remains fragile due to decades of deferred maintenance, and insufficient investment, noting that recent investments have "provided insignificant improvement towards augmenting reliability and security to the grid" making providing broadband services in Puerto Rico more challenging and costly. The current state of the electric grid not only endangers public safety but also drives up the cost and complexity of delivering broadband and communications services—particularly in rural areas, which are significantly more vulnerable to outages than urban centers—thereby undermining federal and local efforts to close the digital divide and position Puerto Rico for long-term economic growth.

## **Federal and Local Programs**

### **(a) Uniendo**

After Hurricane María the FCC implemented the *Uniendo a Puerto Rico Fund* Stage 1 to restore voice and broadband service. *Uniendo a Puerto Rico* Stage 2 was a long-term project to provide voice and broadband service to 100% of locations in Puerto Rico by 2027.

While the process for *Uniendo* Stage 2 was competitive, circumstances have changed dramatically since the original bid was submitted. Covid, inflation, tariffs, changes in interest rates and backlog in the supply chain have increased the cost of the project exponentially. Nonetheless, the program is on track with its deployment milestones.

### **(b) ACP**

The Affordable Connectivity Program (ACP) was an FCC benefit program that helped ensure that households could afford the broadband they needed for work, school, healthcare and more. ACP was originally funded with \$14.2 billion from the Infrastructure, Investment and Jobs Act legislation (Infrastructure Act). ACP's eligibility



criteria included being a Pell Grant recipient, or a participant in the SNAP, MEDICAID or Federal Housing Programs for example.

More than 660,000 households out of 1.2 million households in Puerto Rico benefited from the ACP program. The end of the program coincided with the lapse of the Emergency Connectivity Fund program which provided connectivity to students, teachers and library patrons for remote broadband access. This left many families without much needed access to high-speed broadband services.

The sunseting of ACP meant the loss of the most effective mechanism to address affordability both in urban and rural areas.

We know there are ongoing discussions within Universal Service Fund working group on Lifeline reform and that different proposals have been submitted regarding ACP. We hope that the working group continues to look for an affordability alternative for low-income families particularly in rural areas.

We also believe that sharing the load with big tech companies is only fair to keep supporting the important work done with the USF fund. Big tech benefits immensely from the internet infrastructure and should help fund the program as USF costs rise.

### **(c) Municipal Wi-Fi Local Grant Program**

In 2023, the Puerto Rico Smart Island Project allocated \$50 million for the first phase of a program intended to establish multiple public locations in each municipality offering free Wi-Fi over a resilient, hardened network. The initiative had a two-fold purpose: to enrich the daily lives of Puerto Rico's residents and to provide reliable emergency connectivity during emergencies. The project was scheduled to be completed by the end of 2025, yet not a single municipality has been completed. The sole reason is LUMA's ongoing blockage of access to utility poles required to complete the buildout. As a result, awarded broadband companies remain sidelined, their warehouses full of equipment to deploy, while Puerto Ricans face yet another hurricane season exposed to unnecessary risk, potentially losing Internet and communication in their homes and being left without access to resilient, redundant, and hardened Wi-Fi networks in their municipalities.

### **(d) BEAD**

The industry initially received the BEAD program with great hopes. Unfortunately, the execution of the program has been disappointing. The program as originally created by the Biden Administration did not allow Puerto Rico to use funds to deploy



broadband networks as a result of the already-committed deployment funds under the *Uniendo a Puerto Rico Fund*.

The APT and its members were not part of any significant meeting where we could contribute information and data to impact the government's Proposal in a meaningful way. Furthermore, while the APT was the only nongovernmental member of the Broadband Board Advisory Council, we only learned about the content of the government's Initial Proposal when it was issued for comment. We were never involved in any meaningful meetings of the Broadband Advisory Council or with the executive committee. Recently the Advisory Council was dissolved pursuant to Executive Order No. 2025-031.

The government's proposal has three components, which it claims are "non-deployment" activities. Two of these focus on affordability and digital literacy. The other component of the Proposal, and the largest, focuses on an essential component of the physical infrastructure that supports broadband: underground conduit. The APT supports the two components of the Proposal that focus on affordability and digital literacy. As to the component of the Proposal that focuses on underground conduit, the APT wholeheartedly agrees with the suggestion of dedicating BEAD Program funding to address a critical issue impacting Puerto Rico's broadband infrastructure: resiliency. While we believe exploring the use of BEAD Program funding to subsidize projects that would increase the amount of buried fiber in Puerto Rico, particularly last-mile fiber, is commendable and worthy of consideration, the plan as it was presented was devoid of important details which could have been addressed from the outset if the APT and its members had been an integral part of the discussions that led to the crafting of the Proposal.

Recently the United States Department of Commerce issued the BEAD Restructuring Policy Notice in which is stated that it "rescinds approval of all non-deployment activities approved in Initial Proposals". While this certainly creates uncertainty, it also presents an opportunity for the local government to draw from the expertise and experience of the APT and its members to address the critical gaps in the Proposal. We look forward to meaningful and genuine stakeholder collaboration and participation with the local government in this process. Puerto Rico could risk losing a once-in-a-lifetime opportunity to direct BEAD funds were they are really needed, rather pursuing a plan devoid of detail and lacking the backing of the industry it's supposed to support.





## Conclusion

In conclusion, the people of Puerto Rico, particularly small businesses in rural areas, cannot afford continued delay. Broadband deployment is being obstructed by practices that transfer responsibility and costs to providers, restrict access to essential infrastructure, and undermine the effectiveness of federal and local programs designed to close the digital divide. Without intervention, Puerto Rico risks falling further behind in the global race to harness technologies such as artificial intelligence and the Internet of Things, while its small businesses struggle to survive. We respectfully call on this Committee and on Congress to act: to hold LUMA accountable, to ensure compliance with federal law and parity with the rest of the United States, to safeguard billions of dollars in federal broadband funding, and to guarantee that Puerto Rican small businesses and rural communities receive the modern, resilient broadband infrastructure they urgently need.

At the APT we work daily to help our members navigate the uncertainties the environment creates for businesses and to all Puerto Ricans, particularly those in rural areas who urgently need broadband service. We continue to be innovative and think outside the box to overcome these challenges, but government action is essential if we are to provide services quickly, and effectively to all Puerto Ricans. Only with decisive support can Puerto Rico remain safe, resilient, and competitive in the global economy.

We appreciate the Committee for holding this important hearing and its work to uplift the small business community and rural areas. Thank you for the opportunity to present this testimony. We remain at the disposal of the Committee for any questions or to continue supporting future work on this important topic. For any questions or additional information, please contact our Executive Director, Denise M. Berlingeri-Rivera, [dberlingeri@alianzatelecom.org](mailto:dberlingeri@alianzatelecom.org).

Regards,

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