



## State turns to stimulus money for Internet upgrade

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Vermont's efforts to attract and retain businesses reliant on instantaneous communication weren't helped by a recent report indicating that average Internet download speeds in the state are among the pokiest in the country.

The latest edition of the annual "Speed Matters" report puts Vermont in 45th place nationally and dead last in New England. In comparative terms, the state now fares worse than a year earlier, when it was ranked 36th out of 50. "Internet download speed in Vermont has actually slowed down, even as the speeds in the rest of the nation get faster," says the study carried out by the Communications Workers of America.

That provenance led some Vermont officials to dispute the report's findings. They note that the union, which represents about 125 FairPoint workers in Vermont, has repeatedly urged the company to invest more resources in its telecom network.

But other experts, while questioning aspects of the report, generally acknowledge that Vermont does lag well behind much of the country in Internet speed.

"Vermont is certainly nowhere near the top," says Tom Evslin, the state's coordinator of economic recovery efforts. "Average speeds in the United States itself aren't good enough, either, on a worldwide competitive basis," Evslin adds.

Vermont's slow average Internet speed limit reflects, in part, the complete absence of high-speed connections in several parts of the state. The Vermont Telecommunications Authority reports that as of the beginning of this year, about 20 percent of the state's 242,000 residences could log on to the Internet only via dialup service, which provides snail-like access in comparison to DSL, cable or wireless links.

That limitation makes it virtually impossible for Vermonters in those locales to operate an in-home business. Commercial enterprises in those same areas – which include much of Orange County as well as segments of the Bennington-Manchester corridor and parts of the Northeast Kingdom – are likewise placed at a major competitive disadvantage.

Mobile phone and data service around the state is even spottier. The extent of cell-phone coverage is not measured in the "Speed Matters" report, but the Vermont Telecommunications Authority estimates that 40 percent of Vermonters cannot get dependable cell signals in their homes.

Topographical issues and low population densities make it cost-ineffective for national providers to bring both cell phone and broadband service to unconnected areas. FairPoint and Comcast, however, are required under agreements with the state to broaden the reach of their high-speed Internet networks. And both companies say they are making progress in meeting those buildout commitments.

FairPoint, for example, now offers broadband service to more than 75 percent of its Vermont customers, compared to 65 percent a year ago. The company says it's confident it will hit the 100 percent target set for the end of next year. FairPoint plans to install wireless links in places outside the range of its phoneline-based broadband system, according to company spokeswoman Beth Fastiggi.

Several Vermont towns are meanwhile moving toward establishing their own telecom networks, partly out of dissatisfaction with the services provided or promised by Comcast and FairPoint. These envisioned public utilities are modeled on Burlington's city-owned network. (See accompanying story.)

The state's telecom authority is also working with the Vermont Electric Power Company on a plan to install new or additional fiber-optic cables on Velco's high-voltage transmission lines. The aim is to enhance the state's backbone high-speed data network – a move that officials describe as crucial to Vermont's economic development. It will take an estimated three years to complete this project – assuming that it is deemed eligible for sufficient sums of federal stimulus money.

The buildouts already being undertaken by both FairPoint and Comcast should reduce the portion of Vermonters without broadband access to about 10 percent by next year, says Bill Shuttleworth, director of the Vermont Telecom Authority. His agency, established by the state Legislature in 2007, is coordinating initiatives intended to halve that figure to 5 percent and to make mobile phone and data services available in many parts of the state that currently lack them.

Shuttleworth says that five Vermont organizations have jointly applied for a total of \$130 million in grants and loans under the federal stimulus program. The funds would pay for expansion of broadband access in Vermont through a combination of wireless, DSL and fiber-optic technologies.

In addition, the Vermont Council for Rural Development is seeking \$2.5 million for pilot projects in 24 communities to ensure that their residents will actually be able to make use of the high-speed connections when they become available. This stimulus money would finance equipment and training in the targeted areas. Libraries, for example, would receive \$600,000 of this "sustainable broadband adoption" allocation for the purchase of public-access computers.

Vermont's funding requests aren't likely to be met in full, however. The state is competing with more than 20,000 applicants around the country that are together seeking \$28 billion in stimulus loans and grants from two federal agencies: the Commerce Department and the US Department of Agriculture. That's seven times the available amount of money.

Evslin, the state's chief recovery officer, says he's nevertheless optimistic about Vermont's chances for winning a substantial sum of broadband buildout funding from the feds. He notes that "Vermont is way ahead of other states in mapping exactly who's served and who's not." That should help persuade the funders that Vermont can spend the money effectively, Evslin suggests.

The state expects to get a preliminary indication in October of how many telecom stimulus dollars it's likely to receive from Washington, Evslin adds. Two additional rounds of funding are also scheduled during the next several months, he notes.

The Vermont Telecommunications Authority has meanwhile developed a plan to bring mobile voice and data service to most of the state's dead zones. Shuttleworth says the agency is close to finalizing deals with two of the national cell phone providers that currently do business in the state. The aim is to build 200 transmission towers in thinly populated areas by means of a \$40 million bond offering.

Shuttleworth declined to provide details of the agreements because they are still being negotiated, nor would he disclose which of the companies – AT&T, Sprint, T-Mobile and Verizon Wireless – are likely to sign contracts.

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