

BEAD Program: A Framework to Allocate Funding for Broadband Availability

State Broadband Report: Texas

January 2024





1 Eligible Locations

How many unserved/underserved locations are eligible for BEAD funding?

9%
861K LOCATIONS
OF TEXAS LOCATIONS LACK HIGH-SPEED BROADBAND IN JUN 2023
VS. 9% STATE/TERRITORY AVERAGE

UNSERVED LOCATIONS, JUN. 2024



364.7K
LOCATIONS
Are estimated to lack broadband access at 25/3 Mbps

UNDERSERVED LOCATIONS, JUN. 2024



199.1K
LOCATIONS
Are estimated to lack broadband access at 100/20 Mbps

These locations are primarily in rural areas and are eligible for BEAD funding to deploy broadband service.

2 Total Funding

How much capital funding is the State/Territory estimated to have?

\$3.3B
IN BEAD FUNDING HAS BEEN ALLOCATED TO TEXAS
VS. \$743M STATE/TERRITORY AVERAGE

ESTIMATED BEAD FUNDING:

BEAD Funds allocated by NTIA **\$3.3B**

Estimated Provider Match **\$1.6B**

Estimated Total Capital **\$4.9B**

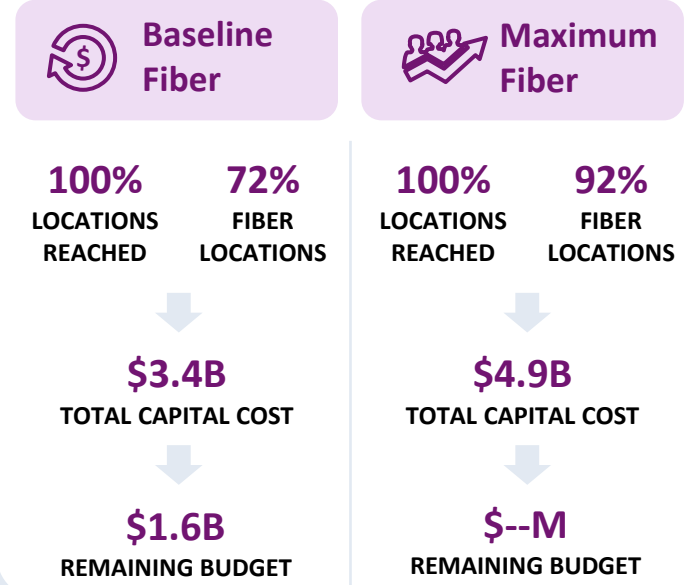
The provider match is estimated using a high-level service provider business case. See national summary deck for full details.

3 Deployment

How many locations can be covered with fiber and other technologies?

\$1.8B- \$3.3B
OF BEAD FUNDS IS REQUIRED TO BUILD HIGH-SPEED BROADBAND TO ALL ELIGIBLE LOCATIONS

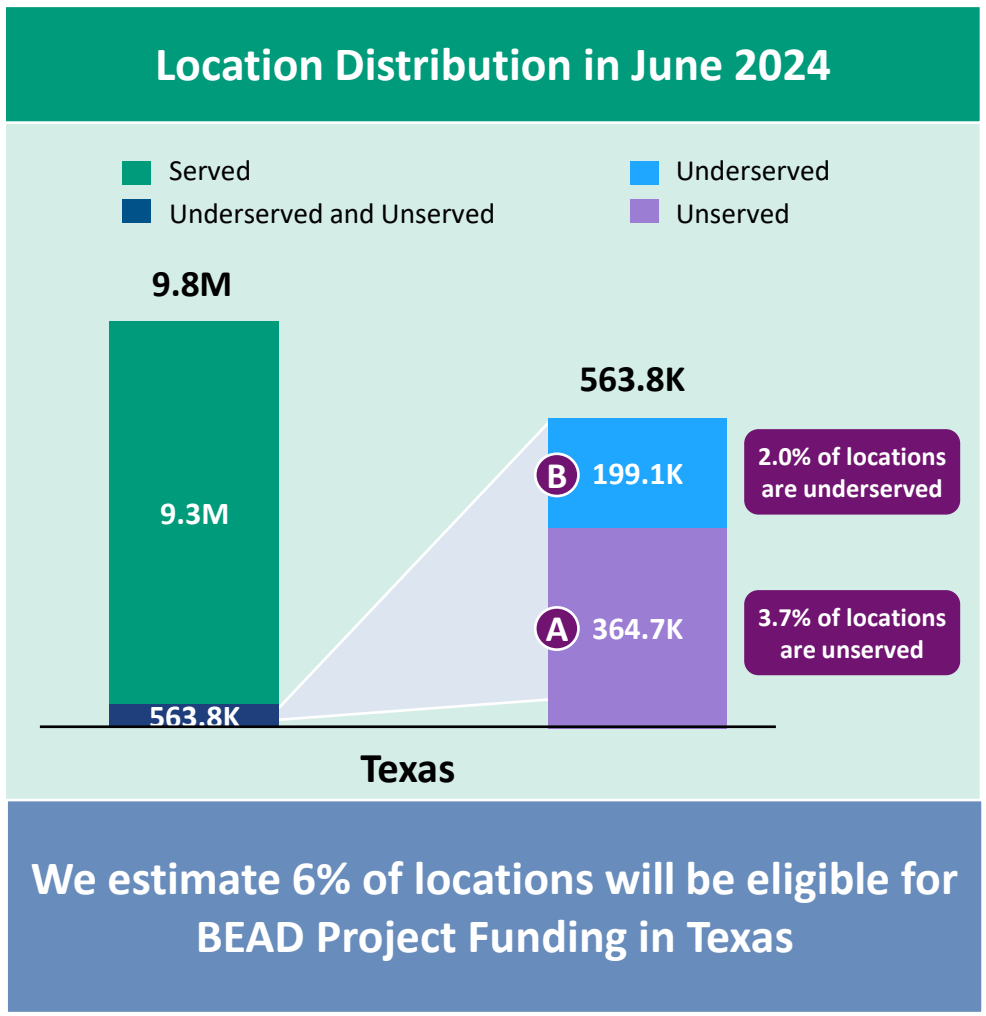
DEPLOYMENT SCENARIOS:



1 Estimate Eligible Locations

Texas | Estimated Eligible Locations for BEAD Projects

June 2023 FCC Broadband Locations	Unserved <i>(less than 25Mbps/3Mbps)</i>	Underserved <i>(less than 100Mbps/20Mbps)</i>
Subsidy Program Funded Locations ¹	209.4K	33.5K
Incremental Build ² <i>(13% annual build, for 12 months)</i>	54.5K	--
Jun. 2024 Estimated Eligible Locations	364.7K (A)	199.1K (B)

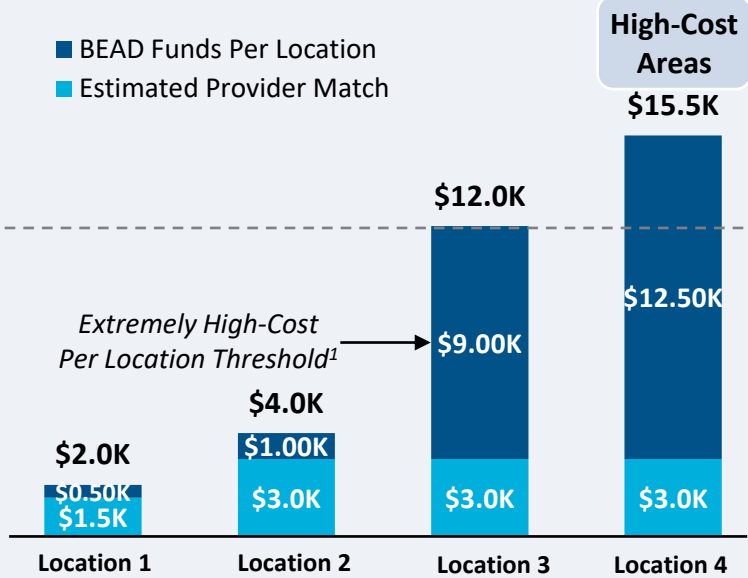


1. Locations with "commitments" to receive support from federal subsidy programs
 2. Given the uncertainty around the magnitude of locations moving from unserved to underserved, we have not made incremental builds adjustments to underserved locations
 BEAD eligible locations does not account for state-specific eligibility rules set forth in Initial Proposals
 Source: Cartesian, FCC National Broadband Map (June 2023 data, released in November 2023)
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Provider Match Examples

Total Deployment Cost per Location

- BEAD Funds Per Location
- Estimated Provider Match

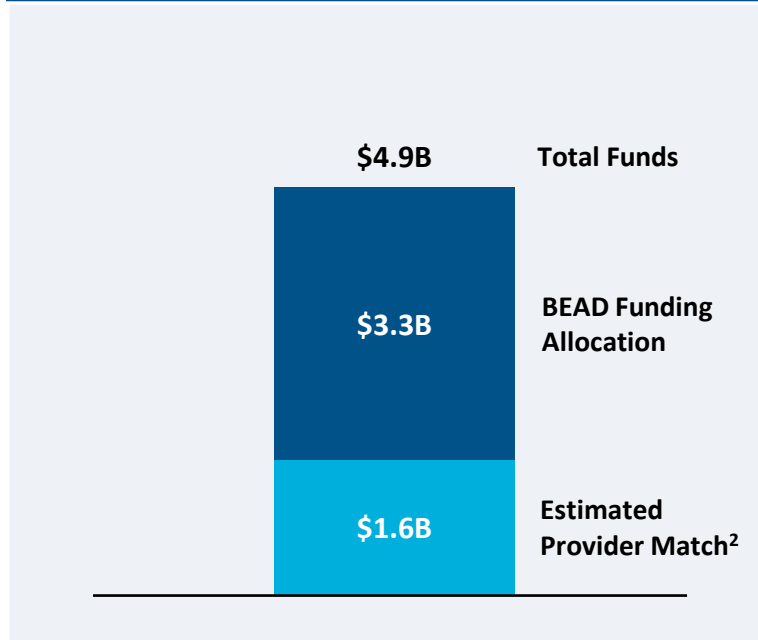


Provider Match %

75% 75% 25% 19%

To be conservative, we assume provider match amounts have a maximum of 75% and a minimum of 25%, except in high-cost areas

Total Capital Available - Texas



\$4.9B in total capital is estimated to be available to serve unserved/underserved Texas locations (combining BEAD funding and estimated provider match)

Provider Match - Texas

Total Estimated Provider Match: **\$1.6B**

Total Estimated Eligible Locations: **563.8K**

Average Provider Match: **\$2,903 PER LOCATION**

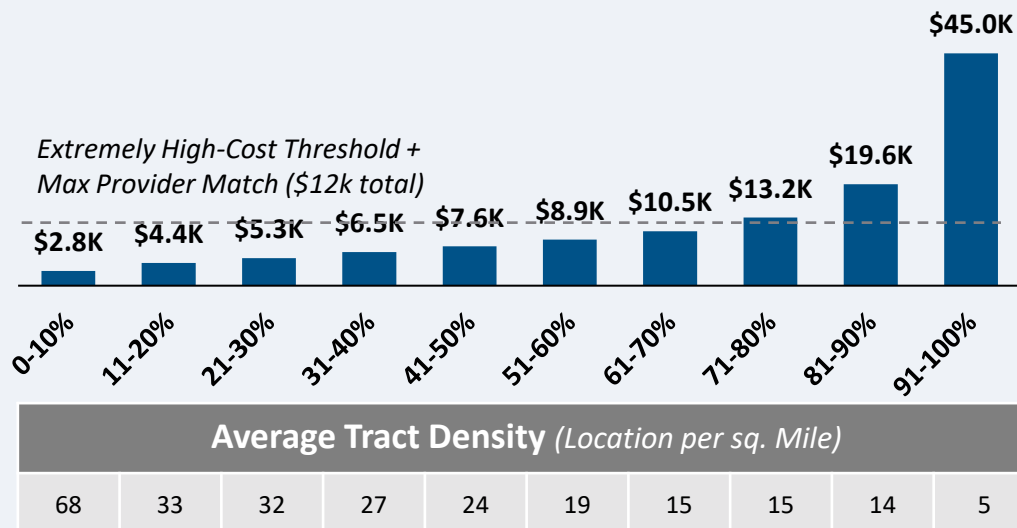
We estimate the average provider match will be \$2,903 – provider matches will be 75% where cost to deploy is less than \$4K

1. The model uses a \$9k threshold, however, States/Territories will individually need to determine their appropriate extremely high-cost threshold
 2. In reality, providers will determine the viable level of match funding for each project using a business case model. They will be willing to contribute a greater match in some locations and less in others. Locations which are hardest to serve may need to be fully funded by BEAD with no match. Competitive bidding should drive provider matches towards this level.

CAPEX Fiber Deployment Cost per Location Segmented by Cost Deciles¹

Unserved Locations

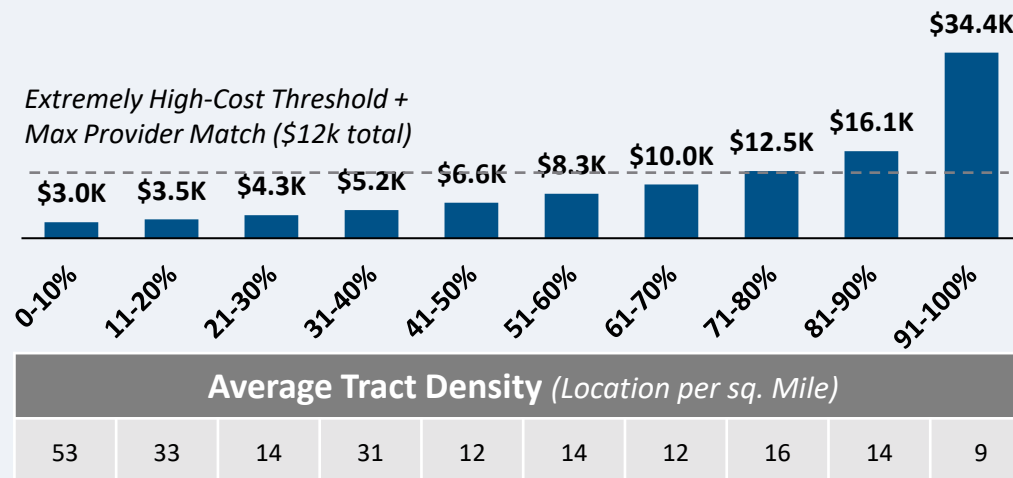
Overall Average Cost per Location: \$12,399



364.7K Locations

Underserved Locations

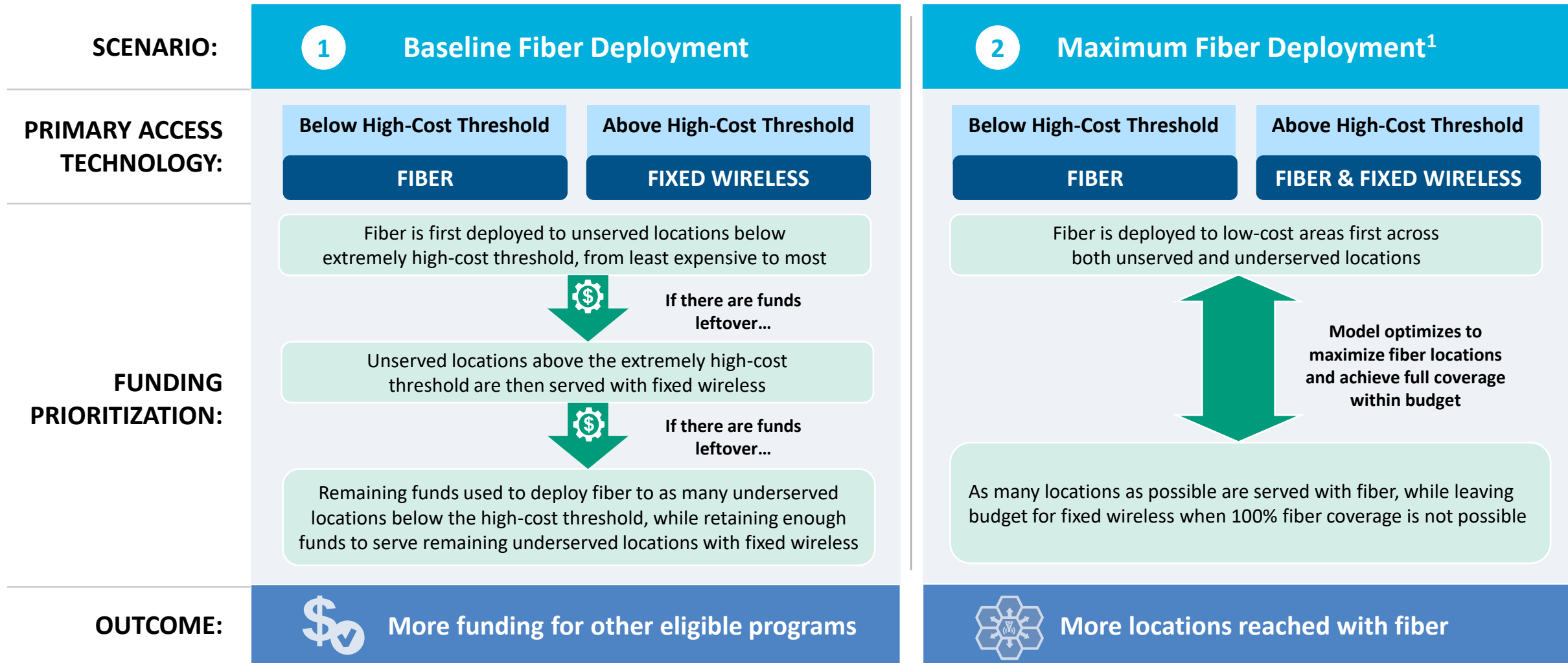
Overall Average Cost per Location: \$10,468



199.1K Locations

Over 70% of locations are estimated to fall below the High-Cost Threshold + Provider Match

Texas | Fiber Preferencing Scenarios



1. Scenario 2 deploys fiber beyond the extremely high-cost threshold
 Source: Cartesian
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3 Develop Deployment Scenarios

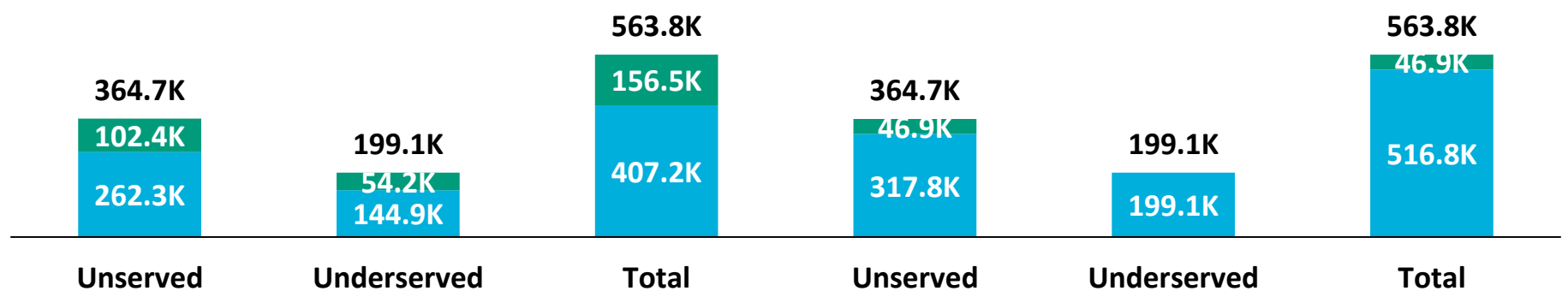
Texas | Scenario Analysis Results

SCENARIO:

1 Baseline Fiber Deployment

2 Maximum Fiber Deployment

■ Fixed Wireless
■ Fiber



	Scenario 1	Scenario 2
Capex Required per Locations ¹	\$6,188	\$7,834
BEAD Funds Available to State	\$3.3B	\$3.3B
Estimated Provider Match	\$1.6B	\$1.6B
Total Available Capital	\$4.9B	\$4.9B
Capex Required to Build	\$3.4B	\$4.9B (+\$1.6B)
Remaining Funds	\$1.6B	\$--M
% of Locations Reached	100%	100%
% of Locations Reached with Fiber	72%	92% (+20%)

1. Funding to deploy fiber before the maximum \$3k provider match per location
 Source: Cartesian, FCC National Broadband Map (June 2023 data, released in November 2023), Benton, NTIA
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Funding Summary

Texas is expected to receive

\$3.3B in BEAD funding



\$1.6B in estimated provider matching

We estimate the funding is sufficient to reach all of Texas's 563.8k eligible locations with high-speed broadband



Key Findings

Texas will need to decide how far to deploy fiber while considering the trade-off of having higher fiber coverage vs. retaining funds for other BEAD eligible programs

A Baseline Fiber Deployment...



Maximizing Fiber...

- Leaves \$1.6B additional funds for affordability programs
- Reaches 72% of locations with fiber
- Requires 28% to be reached with other tech.

- Exhausts funds without leaving additional funds for affordability programs
- Reaches 92% of locations with fiber
- Requires 8% to be reached with other tech.

States/Territories will set their own extremely high-cost threshold and may choose a threshold or funding paradigm different from these two scenarios

Texas | ACA Connects Members

Member Name	
American Broadband	Industry Inet, Inc.
Astound Broadband	Metronet
Beamspeed	MidAtlanticBroadband, Inc.
Broken Bow Cable	Mountain Zone TV Systems
Cable One, Inc.	Nortex Communications
Cableco, LLC	NTS
Cap Rock Telephone Cooperative	Southern Plains Cable TV
Coastallink Communications, LLC	Southwest Arkansas Telephone Coop, Inc.
Consolidated Communications, Inc.	TDS Telecom
Etex Communications	TS Communications, Inc.
GenerateUbiquity Management, LLC	Vyve
Geus	Westex Telco, LLC
Guadalupe Valley Comm Systems Lp	XIT Telecommunications Technology
Hotwire Communications Ltd	



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