



Reedsburg Utility Commission's Broadband Funding Journey

Situation

Established in 1894, Reedsburg Utility began by providing electric and water services. In 1998, they ventured into the telecom sector, connecting substations and wells with fiber for monitoring and SCADA systems. When local Internet Service Providers (ISPs) declined to collaborate, Reedsburg Utility forged ahead independently. Their success led to interest from the school district and local businesses, prompting a citywide build-out. In 2014, they became Wisconsin's first gig service provider. In 2018, they rebranded as "LightSpeed," offering gig speeds as the standard. Despite the funding challenges that come with getting fiber to all, Reedsburg Utility continues to expand, prioritizing maximum equipment-delivered speeds. However, growing beyond Reedsburg's city limits poses financial constraints for the municipality.

Response

Faced with the challenge of securing funding, the Reedsburg Utility Commission explored alternative sources to realize their vision. Here's a snapshot of their journey:

PSC (Public Service Commission) Broadband Grants and RDOF (Rural Digital Opportunity Fund) Participation:

- Reedsburg Utility leveraged **PSC broadband grants** successfully over the years.
- They also participated in the **Rural Digital Opportunity Fund (RDOF)**, a once-in-a-lifetime funding opportunity. They were one of the largest RDOF winners in Wisconsin.

RDOF Funding Structure and Challenges:

- Reedsburg Utility secured funding of **\$6.4 million** spread over ten years.
- The catch: they must build out the entire designated area within six years.
- The funding structure poses a **funding nightmare**, as they must be constructed without immediate payment.
- Project estimates ballooned due to inflation, resulting in a 50% increase (from \$30.4 million to \$45.8 million).

Service Expansion and Community Impact:

- The extensive build-out will serve approximately 4,500 additional customers.
- Despite the financial hurdles, Reedsburg Utility remains committed to bridging the digital divide.

Collaboration with Entities:

- Reedsburg Utility worked closely with Sauk County, Iowa County, townships, and local communities.
- Their collaborative approach minimized barriers and facilitated successful partnerships.

Outcomes and Lessons Learned

Reedsburg Utility's broadband expansion journey has yielded valuable insights and challenges. Although they are ready for construction, many hurdles remain. Here are the key outcomes and lessons learned:

Funding and Loan Challenges:

- In addition to PSC Grants and RDOF funding, Reedsburg Utility secured a \$28 million USDA ReConnect loan at a 2% interest rate over 26 years.
- The loan aims to cover additional RDOF costs due to inflation.
- Despite loan approval, they cannot sign contracts until the environmental review is completed.

In-House Construction Expertise:

- Reedsburg Utility boasts its own construction crews, ready to execute the project promptly.
- Waiting on external factors is a departure from their usual self-sufficiency.
- The struggle highlights the complexities of working with federal agencies.

Recommendations for Other Communities:

- Collaborate closely with local partners and communities – towns, villages, cities, and counties.
- Reedsburg's success lies in providing a service where it is most needed.
- By offering superior service, they attracted new customers and fostered growth.
- Geographical challenges (such as the Baraboo Bluffs) require innovative solutions.

Reedsburg Utility's perseverance and community-focused approach underscores the importance of collaboration and adaptability in overcoming obstacles in broadband expansion.

Learn More

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