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Need for Fiber Clear Because of COVID-19 Crisis

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One thing has changed since the COVID-19 lockdown started -- it's much easier to explain to electric cooperatives why people need fiber connections at home, said Conexon partner Jonathan Chambers during a Wednesday Broadband Breakfast webinar. "Now all the discussions are about how," he said. "I don't expect to have to go back to the why."

How people get through the crisis depends on their connections, Chambers said. An average co-op connects 100-200 members weekly during construction, he said. "We go as fast as the demand requires," he said. "There's a lot of pent-up demand to build fiber in rural areas" but everyone is waiting for the FCC Rural Digital Opportunity Fund auction, Chambers said.

Money for broadband projects froze in mid-March, said Michael Faloon, founder of Ready.net, which helps local ISPs add customers. Over the past week, the federal government started buying corporate, then municipal and high-yield bonds, Faloon said. "The conversations with the private capital allocators have resumed," but they remain cautious, he said. Investors need "confidence that the economy is going to stand back up," he said. "When we see that all clear ... money will flood into the telco space." The \$2.2 trillion Congress approved in response to the crisis only about 10 percent of GDP and more will be needed if the economy remains stalled, he said. RDOF is critical to rural broadband, especially combined with private capital, he said.

RDOF offers a "10-year revenue stream" that makes it easier to get private capital, Chambers said. For co-ops, it makes it easier to agree to invest in broadband, he said. Chambers is concerned the proposed RDOF auction will slip past the end of 2020, which could mean years of delays. Fiber is the best investment over a long time frame, while incremental improvements waste public money, he said.

Bigger cities are more focused on COVID-19 and have “hit a pause button” on broadband projects, said Jeff Christensen, CEO of EntryPoint Networks, which helps cities build open-access networks. Rural areas are going faster, he said: “The urgency is more apparent and overt for them.” Availability of capital is slowing projects, he said. “If money can flow to projects, then the whole country can get fiber over the next ... 10 to 15 years.” He said that's faster than many expect.

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