NRECA
America's Electric Cooperatives

Jim Matheson
Chief Executive Officer

September 16, 2026

The Honorable Howard Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, D.C. 20230

Dear Secretary Lutnick,

I write to express serious concerns with the NTIA's implementation of the Broadband Equity, Access, and Deployment (BEAD) program, and to discuss program reform and use of the remaining funds. As it currently stands, BEAD is failing rural America. Repeated rule changes, rising costs, and regulatory uncertainty are driving rural providers out of the program and putting BEAD's goal of connecting the nation's hardest-to-serve communities at risk. NTIA must correct course and ensure remaining funds are deployed in ways that advance, rather than hinder, rural broadband deployment.

Member-owned, not-for-profit electric cooperatives provide reliable, affordable power to 42 million rural consumers across 48 states. More than 200 of those electric cooperatives are also involved in broadband deployment efforts, bringing internet connectivity to nearly 2 million rural homes and businesses that other providers have deemed too costly to serve.

As we are all too aware, connecting rural communities is expensive. This is exactly why BEAD exists. Unfortunately, last year's program overhaul redirected federal investment away from durable, scalable fiber infrastructure and toward inferior solutions with lower upfront costs. While on the surface this decision may have appeared fiscally responsible, it has undermined the program's long-term mission.

63 electric cooperatives across 27 states received provisional BEAD awards to offer reliable high-speed broadband to some of the most challenging eligible locations in the country. But delayed implementation and shifting guidance have created a program defined by uncertainty and confusion. Instead of accelerating deployment, continual revisions to the program have discouraged participation.

To date, 20 of the 63 electric cooperatives originally slated to participate in BEAD have withdrawn from the program. Many others are considering withdrawal, citing concerns over the application of extra-statutory pole attachment requirements as a condition of participation.[1] As cooperatives that are statutorily exempt from FCC pole regulations under Section 224 of the Communications Act, the application of these rules and timelines across their distribution footprint has created confusion and increased participation costs, while raising significant questions around legal and regulatory compliance. NRECA members have also expressed concerns about Build America Buy America (BABA)

[1] The extra-statutory application of Federal Communications Commission (FCC) pole rates, rules, and regulations to statutorily exempt cooperatives unfairly shifts a portion of high rural broadband deployment costs from BEAD awardees to cooperative electric ratepayers.

compliance, and project financial feasibility due to rising costs and bids that were reduced to meet NTIA's arbitrary cost threshold.

As NTIA implements BEAD's initial deployment phase, begins a supplemental deployment process, and considers possible non-deployment fund uses, NRECA offers the following recommendations to help ensure the BEAD program successfully meets its statutory goal of connecting every American home and business.

Initial and Supplemental Deployment Phases: NRECA encourages NTIA to make the following changes applicable to both the initial and forthcoming supplemental deployment phases:

(1) Increase cost thresholds to better reflect equipment/labor cost increases and supply chain issues – problems unlikely to improve over the nine months before any supplemental subgrantee awards are announced.

(2) Increase the BABA *de minimis* percentage limit to meet today's market realities while eliminating the arbitrary *de minimis* $1 million per project cap. NRECA has received information from our members that BABA-compliant fiber prices increased 40% in August alone from at least one supplier. Further, the $1 million cap is problematic because it unfairly impacts larger projects. Some states have consolidated smaller projects into larger ones for administrative ease. As such, NTIA should raise the *de minimis* percentage and eliminate the specific dollar limit because project consolidation has led to uneven cap application.

(3) Remove extra-statutory mandates (such as requiring statutorily exempt pole owners to adhere to FCC pole rules) that increase regulatory burdens and costs – as the agency did in its Restructuring Policy Notice.

Permitting Reform: NTIA has enacted significant changes to streamline the federal permitting process and reduce the time and expense associated with infrastructure siting and construction. However, state and local permitting processes can still be cumbersome and time consuming – lengthening construction timelines and increasing costs. States should be allowed to include permitting application, platform and tool modernization costs as part of their program administrative budgets or be allowed to use a portion of their non-deployment dollars to modernize and streamline those systems.

Middle Mile Connectivity: Rural broadband networks cannot succeed without sufficient backbone capacity. Growing demand for data centers in rural areas along with increased consumer bandwidth usage and adoption of AI-based applications will demand massive data throughput and require multiple, redundant network paths to ensure reliability.

Workforce Development: Workforce constraints can slow network deployment timelines, impede system maintenance, and increase infrastructure costs. These issues can be particularly acute in rural areas, where talent pools are limited and other constraints, such as challenging terrain and weather conditions, can shorten construction seasons.

Pole Replacement Funds: Pole replacement funds have been suggested as a potential use of remaining BEAD dollars. NRECA is not opposed if the prospective pole replacement funds are implemented properly. Several states, including Texas and North Carolina, have successfully implemented pole replacement funds that can serve as a blueprint.

NRECA urges NTIA to do the following regarding pole replacement funds:

1) Refrain from imposing restrictions on electric cooperative subgrantee fund eligibility, as such restriction would unfairly burden just one type of subgrantee and be contrary to federal and state pole attachment laws.

2) Require subgrantees to pay pole owners upfront for all make-ready and pole replacements. Subgrantees can then seek reimbursement from the fund.

3) Recognize and maintain electric grid safety and reliability when considering any BEAD provisions related to utility poles. The electric grid powers all aspects of our economy, including broadband, and failure to protect grid reliability and safety will undermine the administration's economic prosperity goals.

Thank you for your consideration of these recommendations. Please do not hesitate to contact me with any questions or issues you wish to discuss.

Sincerely,

Jim Matheson

cc: The Honorable Arielle Roth, Assistant Secretary of Commerce for Communications and Information

Stuart Levenbach, Associate Director for Natural Resources, Energy, Science, and Water, Office of Management and Budget

Jacob Marco, Special Assistant to the President for Economic Policy, National Economic Council