

**PREPARED STATEMENT OF
STEPHAN ADAMS, viNGN PRESIDENT & CEO
BEFORE THE SENATE COMMITTEE ON
HOUSING, TRANSPORTATION, INFRASTRUCTURE &
TELECOMMUNICATIONS
35TH LEGISLATURE OF THE VIRGIN ISLANDS
October 3, 2023**

Good morning, Honorable Marvin A. Blyden, Chairman of the Committee on Housing, Transportation, Infrastructure & Telecommunications, Honorable Senators, the listening and viewing audiences. I am Stephan Adams, President, and CEO of viNGN, Inc. I am honored to present to you today.

My testimony will update you on three important matters. The first being ongoing upgrades to our core network. The second is viNGN's role in Internet pricing. And the last topic will be the status of our federal broadband grants.

Regarding viNGN's infrastructure upgrades, we are replacing the core networking equipment that was installed when viNGN was established over 12 years ago. This equipment is unserviceable and replacement parts are no longer available, even in secondary markets. Any failure of our core system would be catastrophic.

Fortunately, we will avoid such a catastrophe as we have been awarded an American Rescue Plan Act (ARPA) grant to upgrade our core network. This involves replacing equipment at our New York, Miami, St. Croix, and St. Thomas facilities as well as at several of our fiber access points throughout the territory. We anticipate completing this upgrade by December. Once done, the simultaneous amount of data that can flow through our network will increase from 10 Gigabytes to 100 Gigabytes.

viNGN's system upgrade will allow us to increase broadband capacity and enhance the resiliency of our network, while also enabling fiber to the home, and more Wi-Fi deployment in the territory. Smart City applications will also be supported.

With respect to viNGN's influence on Internet pricing in the territory, we are an open-access, non-discriminatory middle-middle provider of wholesaler bandwidth. This means viNGN is neutral in selling bulk bandwidth to our ISP partners. They in turn resell it to end-users. Our ISP partners solely determine the end-user price.

As with any wholesale business, the commodity price sets the floor from which resellers add mark ups. In the case of ISPs, they add services, content, and support. It is important for them to be profitable for sustainability and quality of service.

Compared to US mainland locations with similarly sized populations, the territory has an excess of fiber networks. Typical market dynamics suggests that overbuilt networks would result in lower pricing, akin to oversupply.

However, it is difficult for broadband infrastructure owners in the territory to recover their capital investment in such a small and shrinking market. This is partially why the Internet is expensive in the territory. This reality necessitates all infrastructure owners, including viNGN to seek grants and subsidies for their viability.

viNGN's infrastructure objectives are to increase the capacity, performance, and resilience of our network, while lowering our cost structure to where it would be more advantageous for ISPs to utilize our network rather than expand their own. This would increase viNGN's revenue and allow us to spread our capital costs across a wider customer base. This would enable us to lower wholesale broadband pricing.

Increased broadband revenue would allow viNGN to make inroads with repaying the \$36 million to the Public Finance Authority for the bond they issued when our network was built. This is why we are exploring several revenue acceleration and diversification strategies.

DiasporaLink is one of those efforts. I previously reported on this initiative of running undersea cables from New York and Virginia to Ghana and Nigeria, with St. Croix as the digital hub. Data centers in St. Croix will then be built to support the interconnect between the African continent and the US mainland.

So, what's happening with DiasporaLink today? Well, Delegate Plaskett authored the DiasporaLink Bill (H.R. 3385) which unanimously moved out of the Intelligence Committee. It now goes before the full House for a vote and then to President Biden for signature if all goes according to plans. H.R. 3385 authorizes a feasibility study of DiasporaLink. See Exhibit A for more information. It is the press release issued by Delegate Plaskett's office.

I would now like to turn my testimony to an update on two viNGN broadband grants and one managed by the Office of Management and Budget (OMB).

The Federal Communication Commission (FCC) has awarded viNGN \$250,000 for the next two years to promote their Affordability Connectivity Program (ACP) in the territory. This is a national initiative to encourage qualifying low-income residents to apply for a \$30 Internet discount voucher and to also receive a \$100 credit towards a digital device such as a computer, laptop, or tablet. Please encourage your constituents that qualify for ACP to participate in this generous program.

viNGN has also been awarded a \$150,000 Digital Equity (DE) planning grant by the National Telecommunications and Information Administration's (NTIA). This grant requires us to write a 5-year action plan that incorporates feedback from community surveys, meetings, and stakeholder listening sessions. This plan will include issues such as digital inclusion and the adoption of technology in the territory.

viNGN has held community meetings on each island over the past couple of months. We intend to host six more in the coming months. We are also meeting with VI Government agencies, non-profit groups, and community activists to understand where the need most exists and how funding should be applied. viNGN will establish a committee to evaluate proposals for the 5-Year action plan.

viNGN will submit its 5-Year action plan to NTIA after we have published it locally and considered community feedback. We anticipate filing the territory's DE plan early next year. The DE capacity grant earmark for the USVI is \$8 million. All funds except for the program management fee will be awarded directly to sub-grant recipients to execute their program, highlighted in the 5-year action plan.

Now, on behalf of Director Jennifer O'Neal of OMB, I would like to update you on the Broadband Equity, Access, and Deployment (BEAD) grant being managed by her office. OMB has been awarded \$1.25 million by NTIA to create a 5-year action plan. This will lead to a \$27 million capacity grant if the plan is approved by NTIA.

BEAD funds are intended to help expand high-speed Internet access to "unserved" and "underserved" people in the US Virgin Islands. This grant includes establishing a Broadband Office. It also supports outreach and coordination with local communities. The planning process for BEAD is similar to what I described for DE.

BEAD and DE are sister grants administered separately by OMB and viNGN with distinct requirements and oversight of the respective grants.

OMB is currently interviewing candidates for the Broadband Director job. This position will be filled shortly. Community engagement and stakeholder meetings will begin in earnest once the BEAD Director has been onboarded.

Lastly, please stay tuned for news on a broadband event, that will be jointly hosted by OMB and NTIA in early November. This will be a great opportunity for you and the community to learn more about federal broadband programs in the territory.

Thank you for your attention. I look forward to addressing your questions.

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Exhibit A

Plaskett's DiasporaLink Legislation Received Unanimous Support in House
Committee Passage