

BEAD Application Primer



OKLAHOMA
Broadband Office

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Section 1: Overview

Connecting to high-speed internet is no longer a luxury. News, politics and our social lives increasingly take place online. With e-commerce, it is now the foundation for successful businesses. Through online learning, it has created the fastest growing medium for educational opportunities. With secure remote access, it is the catalyst for innovation within health care. For Oklahomans to stay informed, educated, healthy and successful, they need to be connected.

The Broadband, Equity, Access, and Deployment (BEAD) program will bridge the digital divide for the remaining homes, businesses and Community Anchor Institutions that are still lacking adequate connectivity.

With more than \$750 million available for grants, Internet service providers (ISPs) will compete to secure grant funding for designated service areas across the state. Grant funding will be used for last-mile connections and will be awarded through a rigorous subgrantee selection process. This document will outline how that process will work so that ISPs can participate in a thoughtful and robust manner throughout the BEAD program.

The Oklahoma Broadband Office encourages stakeholders to utilize this document as a guide, but to be mindful of subsequent material designed to educate specific phases of the subgrantee selection process. As with the office's previous programs, an FAQ page will be published frequently.

Questions or additional guidance can be sent to BEAD@broadband.ok.gov.

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Section 2: The Subgrantee Selection Process

I. Initial Geospatial Planning

An initial round of geospatial planning for the closure of Oklahoma's broadband coverage gaps will occur no later than the approval date of the post-challenge list of unserved and underserved locations by NTIA. The OBO's geospatial analysts will generate contiguous territories, bounded by counties, tribal boundaries, and other geographical features (e.g., roadways, rivers, rail lines, etc.), using a clustering technique for the nearest unserved/underserved and unfunded BSLs, which have a positive estimated NPV. These contiguous territories may also contain nearby BSLs with a negative estimated NPV but will have a positive NPV for the entire cluster, so that every unserved/underserved and unfunded BSL is accounted for in a territory. These territories will generally consist of tens to hundreds of BSLs, but potentially, in some cases, as few as one BSL would be considered a stand-alone NET. The output of the geospatial planning will be a list of recommended Network Expansion Territories (NETs).

To accompany recommended NETs, the OBO will develop an initial estimate of the expected subsidy cost of serving each recommended NET. These nonbinding estimates will be calculated in a way that is consistent with the OBO's allocation in order to meet its goals of statewide universal broadband access. Applicants are encouraged not to request more than these cost estimates in BEAD subsidies, if they can make projects at that subsidy price commercially viable. After BEAD subgrantee applications are received and under review, applications in which the subsidy request greatly exceeds the estimated subsidy of the targeted areas may receive heightened scrutiny of the allowability. Additionally, the High Cost Per Location Threshold, which will determine whether end-to-end fiber projects qualify for early consideration as Priority Broadband Projects, may exclude the applications that make requests in excess of the recommended subsidy.

II. Request for Information (RFI) on Geospatial Planning

After the OBO has defined and determined a cost estimate for the recommended NETs, it will publish the map of NETs and the recommended minimal BEAD outlay for each NET to the OBO website. It will then request input from industry experts and those who plan to participate in the BEAD application process with particular interest in feedback about NETs that impede cost-effective broadband deployment and the minimal BEAD outlay subsidy calculated by the OBO.

The OBO will consider requests to redefine NETs. In these requests, the OBO will look for evidence that a particular grouping of BSLs within a NET is technically or competitively unappealing. For example, commenters might critique a NET definition by showing that it would be unnecessarily costly to serve the BSLs it contains through a single network rather than by extending multiple other, neighboring networks, or they might show that the NET definition was advantageous to one ISP but tends to exclude others. Typically, NETs that are not the subject of feedback through the RFI process will be left as is.

III. Decision on Geospatial Planning and Announcement of Recommended Network Expansion Territories (NETs)

When the OBO has finished its development of the recommended NETs, inclusive of the RFI NET boundaries and cost responses, these finalized resources will be published on the OBO website.

IV. Receiving Applications: Candidate Pool Rounds

The information in the applications should be sufficient to determine:

- Whether the match requirement is met.
- Whether the project qualifies for inclusion in each of the candidate pools defined below.
- What score the project should receive under the rubric.

In addition, the application form will include a severability opportunity in which an applicant can explain contingency planning if they qualify to win some parts of their proposed territory but not others. This will allow the OBO to award partial projects/NETs that ISPs have already consented.

Severability

The OBO recognizes that in some cases, an ISP may have ambitions to expand its network with the help of BEAD funding yet find that it is not possible to propose a project footprint comprising any combination of the predefined NETs. The OBO will work diligently to ensure that as many BEAD tentative awards made are not only in the best interest of Oklahoman’s needing interest access, but also will greatly consider the financial and business viability of the tentatively awarded projects. As such, applicants will be expected to note which NETs could be severed from the application.

The purpose of the severability matrix is to capture and communicate the willingness of the applicant to accept any of the possible subprojects as a partial award.

BEAD applicants should bear in mind that a well-designed severability will be critical to success in winning BEAD funds. Some projects may immediately win all their proposed areas, but if not, indicating flexibility through severability will be critical to continued consideration and potential awards.

What a severability matrix might look like.

Project 1 Severability Matrix									
Subproject	Includes NET: (1=Yes, 0=No)				Number of locations	Number of unserved locations	Project 1 is willing to serve subproject	Grant request	
	4	6	7	8					
1	1	1	1	1	259	238	YES	\$2,529,702	
2	1	1	1	0	132	111	NO		
3	1	1	0	1	188	167	NO		
4	1	1	0	0	61	40	NO		
5	1	0	1	1	238	238	NO		
6	1	0	1	0	111	111	NO		
7	1	0	0	1	167	167	NO		

8	1	0	0	0	40	40	NO	
9	0	1	1	1	219	198	YES	\$2,000,000
10	0	1	1	0	92	71	NO	
11	0	1	0	1	148	127	NO	
12	0	1	0	0	21	0	YES	\$80,000
13	0	0	1	1	198	198	NO	
14	0	0	1	0	71	71	NO	
15	0	0	0	1	127	127	NO	

Candidate Pool Rounds

1. **First Candidate Pool**

- Eligible Projects:
 - End-to-end fiber.
- Project Details:
 - Contain at least 80% unserved locations.
 - Fully serve recommended NETs.
 - Costs below the Extremely High Cost Per Location Threshold.
 - Submit within first 3-week window.

2. **Second Candidate Pool**

- Eligible Projects:
 - End-to-end fiber projects from the first candidate pool, not yet funded, that serve unserved areas.
 - Any reliable broadband technology.
- Project Details:
 - Project footprints contain only unserved locations.
 - Fully serve recommended NETs.
 - Remove any locations/NETs already awarded in first pool.
 - Submit within 4-week window.

3. **Third Candidate Pool (if BEAD funds are still available)**

- Eligible Projects:
 - End-to-end fiber projects, not yet funded, below EHCPLT with fully served recommended NETs.
 - Remaining unserved area projects, not yet funded.
- Project Details:
 - Must submit within 5-week window.
 - Must remove previously awarded locations/NETs.

4. **Fourth Candidate Pool (if BEAD funds & BEAD-eligible BSLs without a plan to be served are still available)**

- Eligible Projects:
 - Includes all remaining reliable technology projects.
- Project Details:
 - Must submit within 7-week window.
 - Must remove previously awarded locations/NETs.

Classifying projects into candidate pools.

Project#	Tech	# BSLs	Grant \$	\$ / BSL	Application Window	% Un-served	"Priority" (Fiber, <EHCPPLT)	Candidate Pool
1	Fiber	259	\$2,529,702	\$9,767	Window 1	92%	1	1
2	Fiber	69	\$1,403,388	\$20,339	Window 1	29%	0	4
3	Fiber	78	\$479,046	\$6,142	Window 1	83%	1	1
4	Fixed wireless		\$798,840	\$2,774	Window 2	76%	0	4
5	Fiber	69	\$328,986	\$4,768	Window 1	29%	1	3
6	Fiber	118	\$906,696	\$7,684	Window 2	89%	1	2
7	Fiber	81	\$692,496	\$8,549	Window 1	58%	1	3
8	Fixed wireless	267	\$1,601,334	\$5,998	Window 2	82%	0	2
9	Fixed wireless	165	\$1,513,764	\$9,174	Window 2	92%	0	2
10	Fixed wireless	179	\$1,047,060	\$5,849	Window 4	88%	0	4
12	Fixed wireless	69	\$503,622	\$7,299	Window 2	29%	0	4
13	Fixed wireless	78	\$93,744	\$1,202	Window 3	83%	0	4
14	Fiber	60	\$298,998	\$4,983	Window 2	78%	1	3
15	Fiber	69	\$1,112,076	\$16,117	Window 3	29%	0	4

V. Deconfliction and Award Process

NETs will be awarded to the highest-scoring project that agrees to serve them with consideration of technology type deployed and the Extremely High Cost Per Location Threshold. For example, if a project is willing to serve each NET in its area separately, it will win all the NETs where it has the highest score. However, a project with the highest score might not win a NET if its offer depends on also winning other NETs where it didn't score the highest.

The process for resolving conflicts will depend on how many severability options are included in each application.

How deconfliction will work:

1. Allocate all NETs to the highest scoring project.
2. Identify all projects that have won NETs and thus been tentatively awarded.
3. End the iteration if either of the following two conditions applies:
 - a. All NETs have been allocated to a tentatively awarded project.
 - b. (Or more generally) Remaining NETs do not have a project offering to serve them.
4. Among all projects not fully awarded, identify those that overlap the tentatively awarded projects.
5. For each project that overlaps a tentatively awarded project:
 - a. Check the severability matrix to see if it will accept a subproject that removes the overlap.
 - i. If yes, replace the original project in the candidate pool with a subproject that excludes the overlap. At this time, the OBO would recalculate the project's score, removing the NET that had been lost to another project.
 - ii. If no, remove the overlapping project.
6. If any projects remain in the candidate pool, return to (1). If not, end the iteration.

A case where iterative deconfliction is required.

NET	ITERATION 1						ITERATION 2			Outcomes
	Projects and scores			Decisioning			Projects and scores		Decisioning	
	Project 1	Project 2	Project 3	Highest scoring	Project outcome	Accept revision?	Project 2A	Project 3	Highest scoring	
1	80	-	-	Project 1	Award Project 1	N/A	X	X	X	Provisional Awards Project 1
2	80	70	-	Project 1	Award Project 1	N/A	X	X	X	Project 1
3	-	70	60	Project 2	Revise Project 2	YES	55	60	Project 3	Project 3
4	-	-	60	Project 3	No action on Project 3	N/A	-	60	Project 3	Project 3

Section 3: Scoring Rubric¹

I. Primary Criteria (75-79.5% of total points)

1. Outlay per Location After Match | Point Value

- \$0*-\$999.99 = 65 points
- \$1,000-\$1,999.99 = 58.5 points
- \$2,000-\$2,999.99 = 52 points
- \$3,000-\$3,999.99 = 45.5 points
- \$4,000-4,999.99 = 39 points
- \$5,000-5,999.99 = 32.5 points
- \$6,000-6,999.99 = 26 points
- \$7,000-7,999.99 = 19.5 points
- \$8,000-8,999.99 = 13 points
- \$9,000-\$9,999.99 = 6.5 points
- \$10,000-\$14,999.99 = 0 points
- \$15,000 or more = -32.5 points**

*Note: 1) Based on the formula: $65 * (\$10,000 - \text{BEAD Program Outlay per Passing}) / \$10,000$. 2) The number \$10,000 is an arbitrary scaling factor but ensures similar treatment across pools in the way that cost-effectiveness affects selection decisions.*

**Note: The "\$0" value for Minimum BEAD Program Outlay is included in the table for completeness in elucidating the impact of the formula on applicant score. The OBO does not expect to receive \$0 offers of deployment, and would be hesitant to accept them if offered, since the lack of a grant would create legal challenges for the office to enforce a deployment commitment.*

***Note: The use of the formula can result in negative point values, implying the Minimal BEAD Program Outlay factor has greater weight than its 65 points would suggest. The range of variation is not from 0 to 65, but from 65 down to negative numbers with no floor.*

2. Affordability: The most affordable total monthly price to eligible subscribers as defined in the BEAD NOFO for 1 Gbps symmetrical service, in the case of Priority Broadband Projects, or 100 Mbps/20 Mbps in the case of Non-Priority Broadband Projects, within the project areas, inclusive of all taxes, fees and charges with no additional non-recurring costs or fees to the consumer.

Total Monthly Price | Point Value

- <\$30.00 44 points
- \$30.01 - \$40.00 = 40 points
- \$40.01 - \$50.00 = 35 points
- \$50.01 - \$60.00 = 30 points
- \$60.01 - \$70.00 = 25 points

¹ Definitions for *Primary Criteria vs Secondary Criteria (Only Required for Selection Among Other Last-Mile Broadband Deployment Projects)* can be found on page 43 of the [BEAD Notice of Funding Opportunity](#).

- \$70.01 - \$80.00 = 20 points
- \$80.01 - \$90.00 = 10 points
- \$90.01 - \$100.00 = 5 points
- >\$100.01 = 0 points

3. Fair Labor Practices: Eligible applicants must give priority to projects based on an applicant's demonstrated record of and plans to be in compliance with federal labor and employment laws. New entrants without a record of labor and employment law compliance must be permitted to mitigate this fact by making specific, forward-looking commitments to strong labor and employment standards and protections with respect to BEAD-funding projects.

- Applicant's workforce plan does not address federal compliance with all applicable labor laws, and/or reveals substantial recent violations.
 - Scoring: 0 Points
- Applicant certifies full compliance in the past five years (if applicable) and provides strong forward-looking commitment to future compliance,
 - Scoring: 11 Points

II. Secondary Criteria

1. Speed to Deployment: All subgrantees that receive BEAD funding must deploy the planned broadband network and begin providing service to interested customers within the project area no later than four years after the date of subgrantee receiving award.

- Applicant does not provide binding commitment to provide service by an earlier date.
 - Scoring: 0 Points
- Applicant provides binding commitment to provide service by a date earlier than three years from receiving award.
 - Scoring: 2 Points
- Applicant provides binding commitment to provide service by a date earlier than two years from award.
 - Scoring: 5 Points
- Applicant provides binding commitment to provide service by a date earlier than one year from award.
 - Scoring: 8 Points

2. Sustainability: Applicants shall submit business plans and related analyses that substantiate the sustainability of the proposed project. This can be provided in the form of pro forma statements or analyses, inclusive of quarterly cash flow, balance sheet, and customer adoption rate projections and should include 7-10 years of operating cash flow projections post targeted completion of project, depending on the useful life of equipment deployed throughout the project area.

- Weak demonstration: Forecast figures not clear or not practical, i.e., very high adoption rate, or very high revenue per unit (RPU).
 - Scoring: 0 Points

- Moderate demonstration: (a.) quarterly cash flow and balance sheet pro forma to include EBITDA and subscriber adoption rates for 5-10 years beyond targeted completion date, depending on the useful life of network equipment deployed throughout the project area; (b.) projected EBITDA is positive but less than 5% of total revenue in less than 10 years.
 - Scoring: 3 Points
 - Strong demonstration: (a.) quarterly cash flow and balance sheet pro forma to include EBITDA and subscriber adoption rates for 5-10 years beyond targeted completion date, depending on the useful life of network equipment deployed throughout the project area; (b.) projected EBITDA is positive in a range of 5%-10% of total revenue in less than 10 years.
 - Scoring: 6 Points
 - Very Strong Demonstration: (a.) quarterly cash flow and balance sheet pro forma to include EBITDA and subscriber adoption rates for 5-10 years beyond targeted completion date, depending on the useful life of network equipment deployed throughout the project area; (b.) projected EBITDA is positive and greater than 10% of total revenue in less than 10 years.
 - Scoring: 10 Points
3. Local and Tribal Coordination: Tribal Resolution of Consent is required for award. For projects that overlap areas subject to tribal jurisdiction, the tribal letter of support can strengthen a project whose footprint includes, and is in competition for, non-tribal areas.
- *Gating: If the project includes locations that are under tribal jurisdiction, but no tribal letter of support is provided, consideration of the project will be deferred. In such cases, the project may only be considered as a last resort if the main subgrantee selection process fails to secure a solution for parts of its footprint.*
 - Applicant does not provide any letters of support from local or tribal governments within the proposed project area, or any submitted letters of support do not name the applicant.
 - Scoring: 0 Points
 - Applicant provides letter(s) of support for proposed project from at least one local and/or tribal government that has jurisdiction in some part of proposed project's service area.
 - Scoring: 6 Points
4. No Means Testing of the BEAD Low-Cost Service Option: To increase the impact of the low-cost service option, OBO encourages BEAD subgrantees to remove the means test and offer the option to all customers.
- Applicant offers low-cost option to eligible subscribers for 100 Mbps/20Mbps for \$60 per month or less, inclusive of all taxes, fees, and charges if the subscriber does not reside on tribal land, or \$75 per month or less, inclusive of all taxes, fees, and charges if the subscriber resides on tribal lands, with no additional non-recurring costs or fees to the consumer.
 - Scoring: 0 Points
 - Applicant offers low-cost option for 100 Mbps/20 Mbps service for \$60 per month or less, as described in section 2.12, not only to listed categories of eligible subscribers but to all subscribers in the project areas. Applicants who take this option can therefore satisfy the low-cost service option requirement without checking whether customers are "eligible

subscribers" or not, since those who in fact qualify as "eligible subscribers" can sign up for the option just like everyone else.

- Scoring: 7 Points

5. Speeds and Latency: OBO must weigh the speeds, latency, and other technical capabilities of the technologies proposed by applicants seeking to deploy projects that are not Priority Broadband Projects. Applications proposing to use technologies that exhibit greater ease of scalability with lower future investment and whose capital assets have longer useable lives should be afforded additional weight over those proposing technologies with higher costs to upgrade and shorter capital asset cycles.

- Applicant able to provide 100/20 Mbps and latency below 100 milliseconds but no faster.
 - Scoring: 0 Points
- Applicant able to provide 100 Mbps symmetrical and latency below 100 milliseconds.
 - Scoring: 4 Points
- Applicant able to provide 1 Gbps symmetrical and latency below 100 milliseconds.
 - Scoring: 9 Points

Section 4: Additional Resources

[Broadband, Equity, Access, and Deployment Notice of Funding Opportunity](#)

[Oklahoma Broadband Office Initial Proposal Volume II](#)

[2 CFR 200](#)