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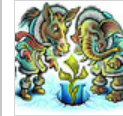
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U.S. NEWS | Updated February 24, 2013, 7:44 p.m. ET

# Gaps Persist in High-Speed Web Access

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By IANTHE JEANNE DUGAN

Federal stimulus programs that devoted \$7.2 billion to bringing high-speed Internet access to rural communities have left some areas without access and others complaining they have too much.

The disparity is on display in Dixie County, Fla., in the remote northern reaches of the state. A quasigovernment consortium received a \$31 million federal high-speed grant, giving residents hope of taking classes online, consulting with physicians and running businesses at home.

"We thought it was the best thing since indoor plumbing," said George Reid, who sells dial-up service at his computer store in Old Town, Fla. He was planning to expand and hire employees when high-speed access arrived.

But county officials abandoned the consortium amid disagreements over how to reach homes and businesses. Now many residents remain on the wrong side of the "digital divide" that the federal program aimed to eliminate.

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## Stimulus Program Leads to Tension



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Matt Nager for The Wall Street Journal

Corey Bryndal, a technology entrepreneur who is leading a campaign to bring more service to rural areas, gestured toward a cable near Highway 50 in Colorado.

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In Mississippi and California, some residents say they missed out on federal money because of erroneous data. In Colorado and elsewhere, some entities are getting heat for using federal funds to build duplicate networks.

The Federal Communications Commission says some 19 million Americans, about 6% of the population, lack high-speed service, down from 26 million a year ago.

Federal funds so far have fueled about 86,000 miles of broadband infrastructure, linking 12,000 town hubs, schools, hospitals, libraries and other anchors.

These core networks, known as "middle mile," are then tapped by private enterprises that take the signals the "final mile" to individual homes and businesses.

Later this week, a House subcommittee on communications and technology will

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examine the situation at a hearing titled "Is the Broadband Stimulus Working?" Witnesses will discuss allegations of waste, according to a committee memo, and "review whether taxpayers are getting a good return on their investment."

At issue is a key part of the American Recovery and Reinvestment Act of 2009, which devoted over \$800 billion to boost the economy. To expand broadband access, the government allotted \$4.7 billion to the National Telecommunications and Information Administration, or NTIA, and about \$2.5 billion to the Department of Agriculture's Rural Utilities Service.

"Few technological developments hold as much potential to enhance America's economic competitiveness, create jobs and improve the quality of our lives as wireless high-speed access to the Internet," President Barack Obama wrote in a 2010 memo.

Both agencies say that their programs have been successful. The NTIA has distributed about \$2.8 billion, and lost only \$11 million due to failed projects, the agency said. Three other projects with collective grants of \$159 million are currently suspended in Colorado, Virginia and Alabama.

In Mississippi, Brandon Presley, a state public-service commissioner, said he asked the FCC to change a map that incorrectly showed the state blanketed with service, based on information from carriers. The government said it is updating its records.

Government data showed that Mendocino County, Calif., was fully wired when about half the 35,000 homes still dial up to the Internet, said resident Jim Moorehead. So he helped form a volunteer group that earlier this month applied to the state's public utilities commission for a \$30 million grant to build its own network. "This is a civil-rights issue," Mr. Moorehead said.

In Colorado, a consortium called Eagle-Net Alliance got \$100.3 million to hook up 230 anchor institutions. Yet in the ski town of Crested Butte, "we basically rely on a wire attached to a rancher's fence," said Corey Bryndal, a technology entrepreneur who is leading a campaign to bring more service to rural areas.

An Eagle-Net spokesman said the community was skipped because it doesn't have a school district. The NTIA suspended Eagle-Net's work late last year citing lapses in environmental and cultural procedures. The company said in a statement it plans to resume work soon.

In Florida, the grant to the North Florida Broadband Authority has helped build more than 700 miles of new broadband capacity serving 60 anchor institutions, according to the NTIA. The system ultimately would reach 130 more hubs in more than a dozen counties.

"We thought this would bring jobs and badly needed access," said Dixie County Manager Mike Cassidy. But he dropped out of the consortium when it became clear that there was no plan to reach many residents. Now, he is trying to form a co-op with farmers and other property owners.

Donny Lort, project manager, said the consortium just needs more time to prove itself. "Of course you're going to have people dissatisfied," he says.

Glenn Biggerstaff, a retired aviation mechanic in Old Town, Fla., is compensating with a \$70-a-month satellite service—a luxury in this poor region. Still, he recently drove to a Hardee's restaurant for free Internet access to download a big file. "It was overwhelmed with people using the Internet," he said.

*A version of this article appeared February 25, 2013, on page A3 in the U.S. edition of The Wall Street Journal, with the headline: Gaps Persist in High-Speed Web Access.*

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