

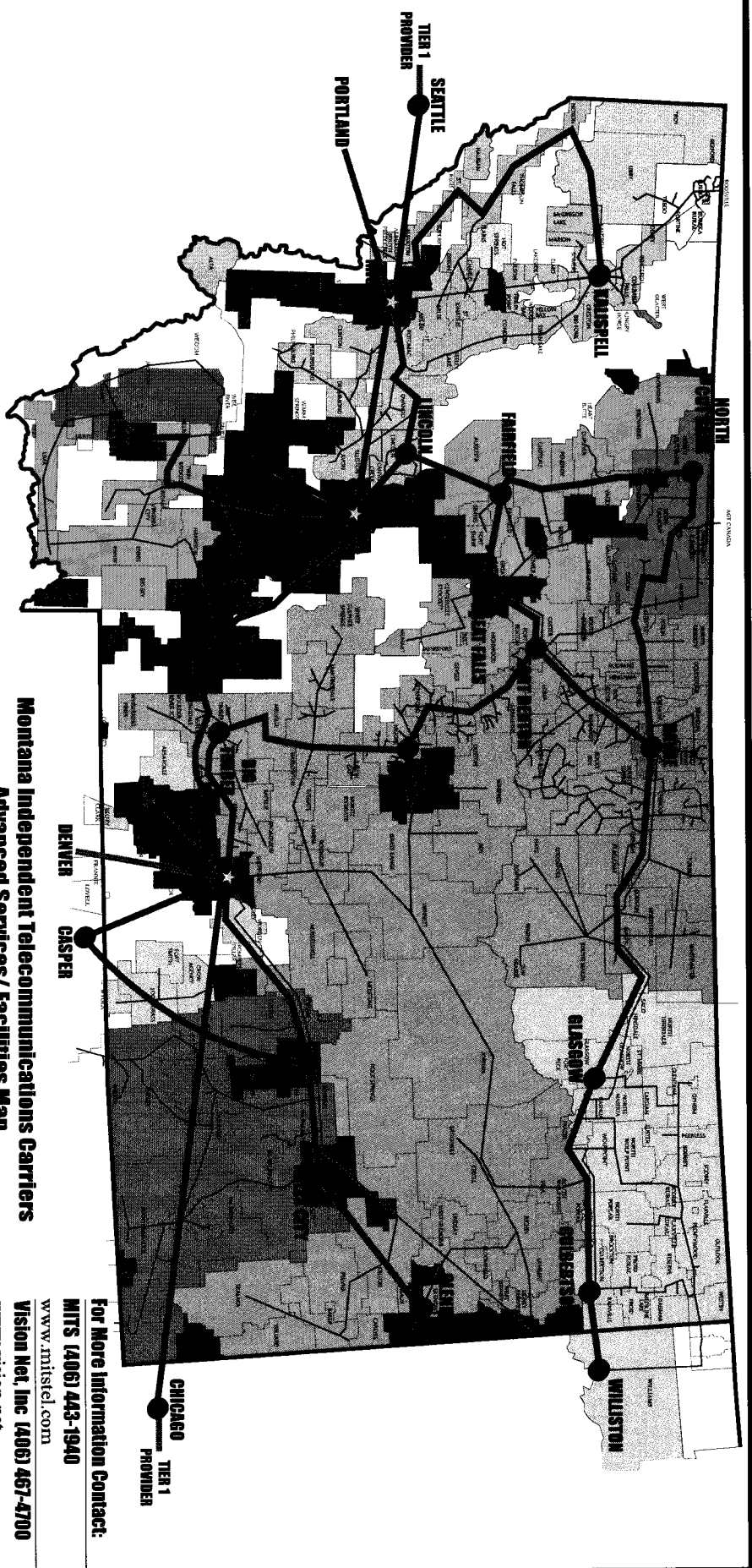
## MESSAGE TO THE FEDERAL BELTWAY AGENCIES:

### USE TAXPAYER MONEY WISELY.

### STIMULUS \$\$\$ SHOULD EXTEND BROADBAND ACCESS IN AREAS WHERE IT IS NOT THERE TODAY.

- Montana rural telecom providers are steadfast in agreement. It is not good public policy to use Federal Stimulus money to fund broadband infrastructure projects in rural areas where broadband networks already exist.
- Stimulus broadband funding is limited. The simple threshold question is: Do Montana business and residents in the proposed project area have access to broadband now? For any application where the answer is yes, if consumers already have broadband access, the project should not be funded.
- Rural telecom providers have invested millions of dollars in networks and infrastructure in Montana for broadband delivery. National and regional providers with name familiar to all (360Networks, AT&T, Sprint, Qwest,) have done the same.
- Experts, including the Montana PSC and the Montana Consumer Counsel, agree that that there are sufficient middle mile super broadband highways in Montana now to deliver broadband applications to consumers. Montana doesn't need more middle mile data highways.
- Montana's lack of broadband access is a last mile problem. It is very expensive to extend broadband over those last miles, far from the central offices, to reach those who live and work along those long country roads. That's where the problem is. That's where broadband stimulus funds should be directed.
- Montana demographics and U.S. Census information underscores the financial challenges that the rural telecom industry faces in our state. Distance between customers, long rural miles. Density, the numbers of subscribers required for a sustainable business case. Demand, how many of those people want broadband and for what kinds of applications?
- Decision makers must ensure that stimulus funds extend broadband access without harming existing providers, without jeopardizing ongoing broadband projects, and without increasing the financial risks that telcos already face.

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**Montana Independent Telecommunications Carriers  
Advanced Services/Facilities Map**

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**Vision Net, Inc (406) 467-4700**  
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■ BLACKFOOT TELECOMMUNICATIONS GROUP	■ RESERVATION TELEPHONE COOPERATIVE	■ MID-RIVERS COMMUNICATIONS	□ HOT SPRINGS TELEPHONE COMPANY	■ WEST RIVER COOP TELEPHONE COMPANY
■ NEMONT TELEPHONE COOPERATIVE / PROJECT TELEPHONE COMPANY	■ RANGE TELEPHONE COOPERATIVE	■ FRONTIER TELECOMMUNICATIONS	■ SOUTHERN MONTANA TELEPHONE COMPANY	■ WEST COMMUNICATIONS
■ TRIANGLE TELEPHONE COOPERATIVE / CENTRAL MONTANA COMMUNICATIONS	■ LINCOLN TELEPHONE COMPANY	■ 3 RIVERS COMMUNICATIONS	■ CENTURYLINK	□ UNASSIGNED AREA
	□ INTERBEL TELEPHONE COOPERATIVE	■ ROWAN TELEPHONE COMPANY	■ NORTHERN TELEPHONE COOPERATIVE	

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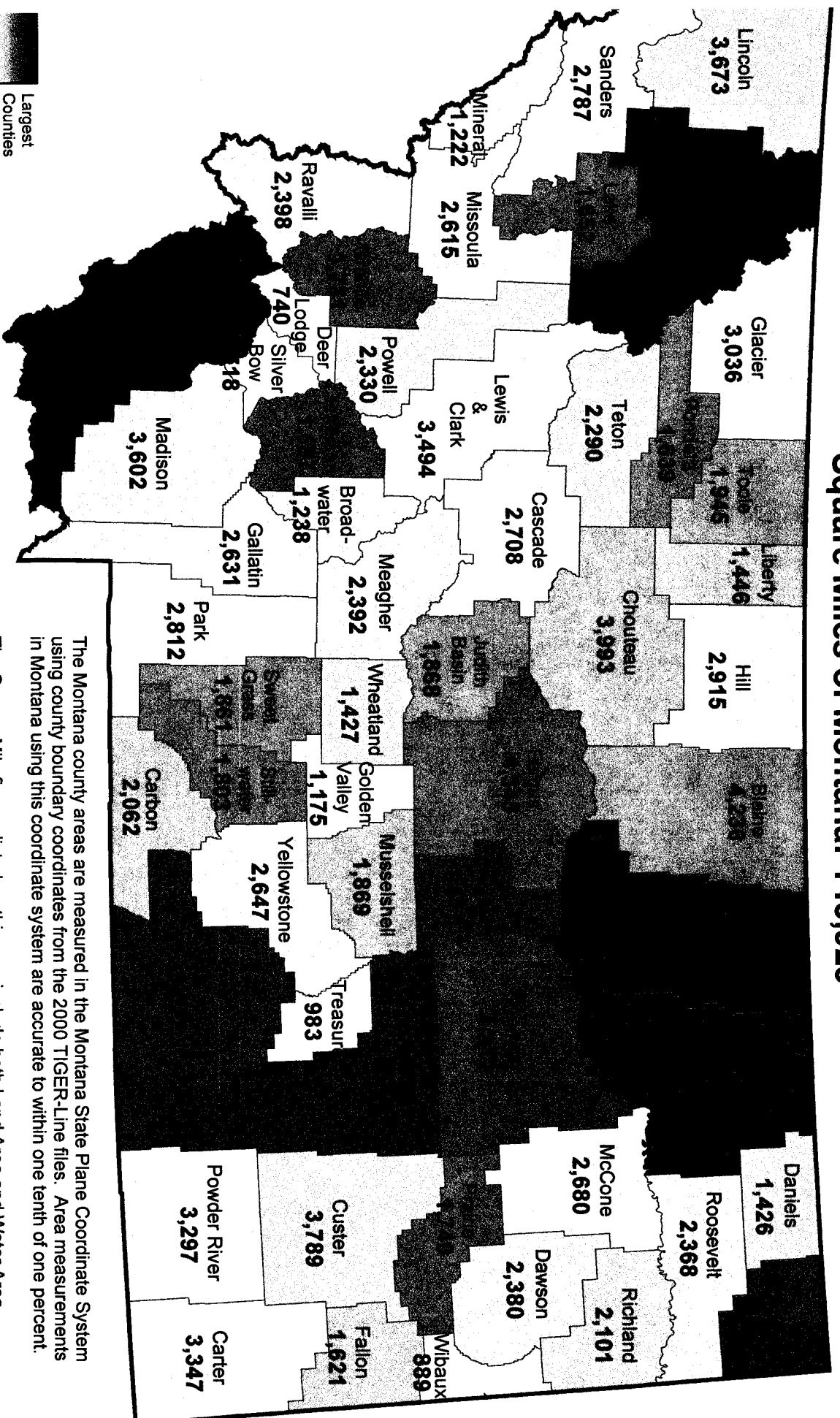




# CENSUS 2000: MONTANA

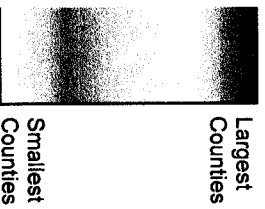
## Square Miles of Each County

### Square Miles of Montana: 146,923



The Montana county areas are measured in the Montana State Plane Coordinate System using county boundary coordinates from the 2000 TIGER-Line files. Area measurements in Montana using this coordinate system are accurate to within one tenth of one percent.

The Square Mile figures listed on this map include both Land Area and Water Area.



Created by:  
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May 10, 2010

The Honorable Larry Strickling, Assistant Secretary  
National Telecommunications and Information Administration  
1401 Constitution Avenue  
Washington, D.C. 20230

Dear Assistant Secretary Strickling,

As you know, the federal broadband stimulus program has entered its second phase with the announcement of the Round 2 Notice of Funds Availability (NOFA). Broadband Technology Opportunity Program (BTOP) grant applications have been filed with the National Telecommunications and Information Administration (NTIA) and are posted on BroadbandUSA.

The Montana Telecommunications Association (MTA), which represents large and small, commercial and cooperative broadband providers throughout Montana, respectfully requests that you deny any BTOP applications which would duplicate existing network infrastructure, thereby wasting taxpayer dollars and discouraging long-term investment and sustainable economic development in rural Montana.<sup>1</sup>

While many of the applications and applicants may have changed between Round 1 and Round 2, the issues have not. If anything, the Round 2 NOFA has exacerbated the problems that were present in Round 1. For example, Round 2 rules have diminished the importance of applications seeking to serve unserved areas, and instead have assigned greater priority to applications proposing to build new infrastructure, even where current network facilities already exist.<sup>2</sup> Such duplication of existing network investment not only is a waste of taxpayer dollars but it threatens to undermine the ability of existing network providers to recover their substantial investment in Montana's telecommunications infrastructure. Moreover, by removing the largest customers (i.e., anchor institutions) from existing networks, NTIA's Round 2 approach will leave Montana's rural broadband providers with fewer, more expensive, customers to serve,

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<sup>1</sup> E.g., University Corporation for Advanced Internet Development (Application ID: 4589); XO Communications (ID: 5601); Ronan Telephone Company (ID: 6355); World Network International Services (ID: 7042); County Executives Telecommunications Initiative (ID: 7108); Native American Development Corporation (ID: 7638).

<sup>2</sup> National Telecommunications and Information Administration. Broadband Technology Opportunities Program. Docket No. 0907141137-0024-06. Notice of Funds Availability (NOFA). pp. 12-13. "NTIA seeks to focus on Middle Mile projects by adopting a 'comprehensive communities' approach to awarding BTOP infrastructure grants. Under this approach, priority will be given to CCI projects..." While "the application evaluation process will continue to consider additional factors, including, for example, the degree to which the projects will benefit consumers residing in unserved or underserved areas..." the "priority criteria" listed for evaluating CCI projects nowhere mention serving unserved or underserved areas. Rather, it's all about serving anchor institutions with new or substantially upgraded facilities, regardless of whether anchor institutions have access to, or can leverage existing infrastructure.

forcing them to increase end user rates on the remaining customers, or to invest less in their networks, or both.

Under the Round 2 NOFA, "NTIA will award grants in three categories of eligible projects: Comprehensive Community Infrastructure (CCI), Public Computer Centers (PCC), and Sustainable Broadband Adoption (SBA)."<sup>3</sup> NTIA has allocated about \$2.6 billion for CCI grants, but only \$250 million for PCC and SBA grants.

NTIA has posted a tool on the BroadbandUSA web site for broadband providers to submit information regarding "their service offerings in proposed funded service areas so that the agency may assess the extent to which an area is considered 'unserved' or 'underserved'..."<sup>4</sup> Montana's rural telecom providers, middle mile networks and other providers are preparing to respond via the NTIA response tool by today's, deadline.

NTIA has suggested that existing network providers can "benefit" from CCI projects which overbuild their facilities.<sup>5</sup> This assertion fails to account for stranded investment, and stranded consumers, that taxpayer-funded networks would create. Since the vast majority of proposed government-funded networks do not purport to go anywhere that isn't already served, what would become of the remaining unserved customers—not to mention the financial obligations that existing network providers still carry?

Montana's rural telecommunications providers—not including other last mile broadband providers and middle mile network providers like 360networks, AT&T, Sprint, Qwest and others—invest over \$70 million annually in deploying and enhancing broadband services in Montana. These companies have deployed over 9,000 miles of fiber facilities, and reach as much as 100 percent of their customers with broadband service. (See attached map of Montana's rural fiber infrastructure.) It is the most remote, most expensive-to-serve areas, often with only a handful of end users, that are most in need of broadband deployment—not already served anchor institutions.

According to the Federal Communications Commission, "200 million Americans—95% of the U.S. population—live in housing units with access to terrestrial, fixed broadband infrastructure capable of supporting actual download speeds of at least 4 Mbps. Meanwhile, 14 million people [5% of Americans]...do not have access to terrestrial broadband infrastructure capable of this speed...Ninety-six percent of all business locations have access to...DSL service, and 92% have access to cable broadband service...99% of all health care locations...have access to actual download speed of at least 4 Mbps...97% of schools are connected to the Internet."<sup>6</sup> Moreover, continued

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<sup>3</sup> National Telecommunications and Information Administration. Broadband Technology Opportunities Program. Docket No. 0907141137-0024-06. Notice of Funds Availability (NOFA). p. 8.

<sup>4</sup> See "SUPPORTING STATEMENT." U.S. Department of Commerce; National Telecommunications and Information Administration; Broadband Technology Opportunities Program; comprehensive Community Infrastructure, Public Computer Center, and Sustainable Broadband Adoption Applications Requirements. OMB Control No. 0660-0031. April 1, 2010.

[http://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=201003-0660-001](http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201003-0660-001)

<sup>5</sup> Joelle Tessler. (AP) "Fed-funded Broadband: Who really benefits?" April 11, 2010.

[http://seattletimes.nwsources.com/html/business/technology/2011579009\\_broadbandstimulus12.html](http://seattletimes.nwsources.com/html/business/technology/2011579009_broadbandstimulus12.html)

<sup>6</sup> *Connecting America: The National Broadband Plan*. Federal Communications Commission. March 16, 2010. pp. 20-21.



investment in broadband networks by a variety of providers makes it “**likely that 90% of the country will have access to advertised peak download speeds of more than 50 Mbps by 2013.**”<sup>7</sup> (emphasis added.)

The National Broadband Plan further states “nearly two-thirds of American adults have adopted broadband at home.”<sup>8</sup> And “ninety-five percent of America’s small and medium sized businesses have adopted broadband.”<sup>9</sup> As the data attest, the most significant gap in broadband penetration is not one of infrastructure, but of adoption. And yet, NTIA, whose principle statutory directives under the Recovery Act are to bring broadband to unserved and underserved areas, instead has focused on CCI projects, which threaten to duplicate existing networks—to the detriment of continued investment and sustainable economic development in Rural America.

MTA suggests a far better use of broadband stimulus funds is to focus instead on areas where funding is most needed: unserved areas, and broadband adoption.<sup>10</sup> In this regard, MTA has no objection to last mile applications under the RUS/BIP program or certain PCC and SBA applications under NTIA’s BTOP program that increase demand for broadband service by *leveraging existing network facilities*.

Given the substantial past, present, and future investment of existing broadband network providers in Montana, and given the potentially disastrous private and public consequences of overbuilding existing network infrastructure with taxpayer funds, MTA respectfully requests that NTIA deny Round 2 BTOP applications that duplicate existing network infrastructure investment in Montana.

Respectfully submitted,

/s/

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cc. The Honorable Max Baucus  
The Honorable Jon Tester  
The Honorable Denny Rehberg  
Ian Martinez

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<sup>7</sup> Id.

<sup>8</sup> Id. p. 23.

<sup>9</sup> Id.

<sup>10</sup> Id. p. 167. “While 65% of Americans use broadband at home, the other 35% (roughly 80 million adults) do not.” The least likely to subscribe are less educated (24% adoption rate); older Americans (35%); low income (40%) and people with disabilities (42%).