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January 25, 2018

The Honorable Michael Doyle
Ranking Member
Communications and Technology Subcommittee
of the Committee on Energy and Commerce
United States House of Representatives
239 Cannon House Office Building
Washington, DC 20515

Dear Congressman Doyle,

Thank you for your efforts to influence policies and legislation to expand broadband access throughout our nation. Tipmont has been leading the effort for its own members and believes that cooperatives are uniquely positioned to help expand broadband into rural America. Though we've found FCC programs to be ineffective, we can demonstrate that benefits from public funding for broadband expansion far exceed the costs of that support.

FCC Programs are Ineffective

Tipmont REMC participated in CAF-I and is currently evaluating participation in CAF-II. Unfortunately, these programs are proving to be an ineffective solution for truly expanding broadband access. The FCC relies on census-block data **self-reported** by voice and broadband service providers on FCC Form 477, however it's an inaccurate representation of service availability. Reporting service availability in a census block simply does not provide the **granularity** required to determine availability. If a service provider could demonstrate that they provided service to even one customer within that census block, they would get credit for serving the census block (Lennett, 2011). Although the FCC is investigating ways to improve data reporting accuracy, this dataset is the basis on which funding is distributed currently and in the near future.

Tipmont REMC performed extensive survey work in its own electric service territory demonstrating that the need for broadband in rural America is much greater than what service providers have been reporting to the FCC. According to the FCC data, **93%** of our nearly 23,000 members should have high-speed, reliable wireline access over fiber, cable and DSL technologies as depicted below in *Figure 1: FCC Reported Internet Availability*. The chart uses FCC data to demonstrate the best technology available to each of our members. As you can see in *Figure 2: Member Reported Internet Availability*, the FCC data stands in stark contrast to what Tipmont members reported directly in 2017 when asked how they received internet access. Tipmont's representative survey indicated that only **54%** of our membership had access to high-speed, reliable wireline internet service. While there is considerable discussion about the FCC's shifting definition of broadband, from 3 Mbps / 768 Kbps

(download/upload), to 25 Mbps / 5 Mbps and then jumping backwards to 10 Mbps / 1 Mbps, let's set aside the question of speed for a moment. Based on the survey data from our membership, wireline service availability in Tipmont's electric service territory is nearly **40%** less than what is represented in the FCC's dataset.

Figure 1: FCC Reported Internet Availability

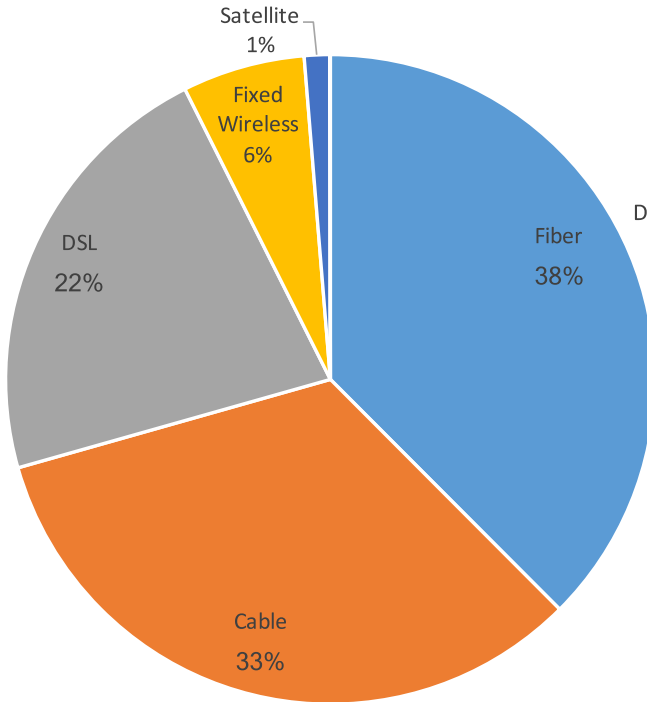
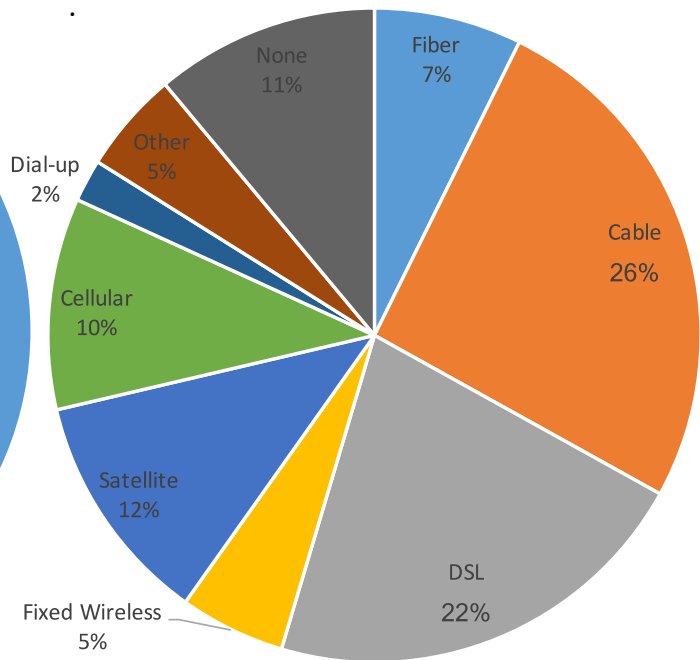


Figure 2: Member Reported Internet Availability



Based on Tipmont's research to pursue funding through CAF-II, the FCC's data indicates that fewer than **300** locations in Tipmont's electric service territory lack access to infrastructure capable of providing 10/1 Mbps fixed broadband. Once again, according to the information we've gathered in Tipmont's service territory, we believe that the number is closer to **10,000 to 15,000** locations. This discrepancy alone signals the need for a better approach using more granular and reliable data to understand the problem.

As stated by the FCC, "Broadband has gone from being a luxury to a necessity for full participation in our economy and society – for all Americans," but the problem cannot be resolved if the information on which decision makers rely understates the true extent of the problem (FCC, 2018). The FCC's programs are the only ones available to fund broadband expansion into rural America. It causes us to question whether data at the census block level self-reported by service providers is really the best approach.

Cooperatives Will Lead the Solution

Electric cooperatives are in a unique position to solve the broadband needs in rural America. They already own the infrastructure connecting homes in these rural areas and their business model is designed to solve these problems. Cooperatives are mission-based, not-for-profit organizations

autonomously governed by the members they were created to serve. For decades, they've constructed capital-intensive infrastructure to serve their members' shared needs in areas where municipals and the private sector have chosen not to serve. Furthermore, cooperatives actively partner with governmental agencies, pursue regional economic development efforts, collaborate with community anchors and are trusted by their membership (Autry & Hall, 2009). Since their creation in the 1930s, cooperatives have proven to be a sound financial investment for the expansion of rural infrastructure to provide electric service. We believe that the same is true today, that cooperatives are a sound financial investment to expand broadband infrastructure to rural America.

Economic Benefits Justify Support

Cooperatives can lead the solution, but they will disproportionately bear the burden for the significant benefits returned to communities surrounding them. Tipmont and Indiana Electric Cooperatives (IEC) have commissioned a study with Purdue University to quantify the economic benefit the community derives from each dollar invested in broadband infrastructure. Preliminary results from the study already indicate that financial support for broadband infrastructure delivers significant economic gains for the community.

We look forward to sharing results with you from this study in the near future and any additional information that will assist your efforts to expand broadband access in rural America.

Sincerely,



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References

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