Executive Summary

The applicant, Blackfoot Telephone Cooperative, has provided state of the art telecommunications and data services to rural residents of Western Montana since 1954. Over the course of particularly the past ten years Blackfoot has deployed broadband services to the vast majority of its rural service area. However, one particular service area, the Alta area, has no terrestrial broadband capabilities. Although Blackfoot has provided traditional voice telecommunications services to the area for many decades, due to its remote location, and distance from Blackfoot’s central office, it simply has not been economically feasible to deploy broadband facilities to the Alta area. As depicted on the maps accompanying this application, the Alta service area is located approximately 100 miles southwest of Missoula, MT, the largest urban area in Western Montana. There are no incorporated towns in this service area. Rather, the Alta area is just that – a remote area that has developed year-round residents. As a result, the area also now requires the presence of public safety officials (Ravalli County Sheriff’s office), as well as volunteer organizations assisting with public safety (Painted Rocks Fire Department) in this heavily recreated area. The proposed service area encompasses 246 households and 11 businesses. Based on historical penetration or “take” rates for broadband services in its rural service area, Blackfoot expects to attain a minimum of 69 broadband subscribers within one year of project completion. As the benefits of broadband become more widely known in the area, we would expect to see that penetration rate increase. The Painted Rocks Fire Department provides the only fire protection to the area of Alta and Painted Rocks Reservoir. This project will allow the deployment of broadband facilities to that public safety organization, which can assist in their communications and training. This broadband project will provide the residents and businesses of the Alta area with broadband speeds up to 1 Mb upstream and 15Mb downstream. While the deployment of fiber facilities may allow for other services in the future, at this time Blackfoot’s focus is on bringing broadband data/Internet services to the area in order to allow residents to access the benefits of the World Wide Web. The proposed broadband system architecture is consistent with the facilities Blackfoot has deployed throughout the majority of its rural service area. Specifically, fiber transport facilities will be built from Hamilton, MT to the Alta service area to broadband loop carrier serving areas. Fiber-fed broadband loop carriers will then distribute services over copper loops. Blackfoot has established high standards for network reliability, and will employ those same standards in this service area. Construction of this project will provide employment for an estimated three FTE’s during the construction phase. It is difficult to quantify the number of jobs created or “saved” by broadband deployment until the local community has an opportunity to adopt the technology, and engage in the world economy that broadband availability facilitates. Based on our experience in bringing broadband services to other rural areas of Western Montana, Blackfoot firmly
believes that broadband is an engine of economic sustainability and growth. However, any attempt to quantify that growth is speculative at best. As an incumbent telephone company, Blackfoot is very familiar with both the technical and regulatory requirements of providing interconnection services to other providers. Blackfoot currently offers wholesale broadband services to other providers on a non-discriminatory basis, both as to pricing and quality of service. Blackfoot anticipates approaching interconnection requests in the funded service area precisely as it approaches all interconnection requests. That is, interconnection and access to the funded facilities will be provided promptly on a non-discriminatory basis. Since 1954 Blackfoot has constructed and operated telecommunications network facilities in the rural areas of Western Montana. The majority of our network engineering and construction is done ‘in house.’ As such, Blackfoot is very accustomed to the challenges of construction in remote areas, and is well prepared to construct the proposed facilities. Additionally, Blackfoot has a long tradition of providing quality telecommunications services to rural, remote areas of Western Montana. As supported by the resumes of Blackfoot’s executive team provided with this application, the six senior executives of the applicant have combined industry experience in excess of 170 years. More importantly, this group of individuals, as a team, has acquired other operating companies, both telecommunications and data, and successfully integrated those operations into the Blackfoot family. Our company’s financial statements reflect both strong historical performance and the financial resources to insure that this funded project is sustainable, and remains viable far into the future. As an operating company that currently provides telecommunications and data services to over 22,000 access lines (inclusive of subsidiary operations), the addition of broadband services to the Alta area is a relatively minor undertaking from an internal operations standpoint. As such, Blackfoot is well positioned to insure the success of this project. The overall projected cost of this project is $1,694,315. Of this amount, approximately $85,490 is directly attributable to the purchase of switching and broadband loop carrier systems, and related electronics. Approximately $1,484,660 is attributable to outside plant fiber optics and copper, as well as construction labor and related construction equipment usage. The remainder represents engineering services. Blackfoot Telephone Cooperative firmly believes that its Alta Broadband Project is precisely the type of project intended to be funded by the BIP. Without such funding, it is simply not possible for a relatively small company like Blackfoot to deploy broadband services to the remote Alta service area. However, without broadband facilities the residents and businesses of that area continue to be isolated from the rest of the state and nation, unable to take advantage of the benefits provided by broadband connectivity, such as e-commerce and distance learning.