



**Broadband Infrastructure Application
Submission to RUS (BIP) and NTIA (BTOP)**

Submitted Date: 8/20/2009 2:56:40 AM		Easygrants ID: 826	
Funding Opportunity: Broadband Initiatives Program and Broadband Technology Opportunities Program		Applicant Organization: Mid-Rivers Telephone Cooperative, Inc.	
Task: Submit Application - Infrastructure Programs		Applicant Name: Ms. Erin Maree Lutts	

Additional BTOP Factors Selected By Applicant	
<ul style="list-style-type: none"> • Conformity with Statutory Purposes • Cost Sharing/Matching • Reasonableness of Project Budget 	
The project advances at least one of the statutory purposes for BTOP	
Applicant has provided documentation that the project would not have been implemented during the grant period without federal grant assistance.	
Applicant has provided a budget that is appropriate to the proposed technical solution and only includes eligible costs.	

- **Demonstration the Project Could not be Implemented But For Federal Grant Assistance**
Applicant is providing matching funds of at least 20 percent towards the total eligible project costs?
Yes

7-k. Cost Sharing/Matching Fund Explanation
Not Applicable.

C. Executive Summary

Executive Summary of Project for BIP and BTOP:

8. Infrastructure Projects Executive Summary

The Applicant, Mid-Rivers Telephone Cooperative, Inc., is aware that this may be one of the more unique applications received. We do not have 10,000 people to serve; there are not a total of 10,000 unserved subscribers in our 30,000 square-mile service area. Our project area contains no “communities,” because we have already provided broadband services to every census-designated Community – and many others not large enough to be designated by the Census – using existing resources. Because we have already made the effort to serve them all, there was not one census designated "community" in our 30,000 square-mile service territory that met the NOFA definition of unserved, or even underserved. Wherever there is a K-12



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school, a medical clinic, a police station, a fire department, or a community college, there is broadband that meets the NOFA definition, because Mid-Rivers has dedicated itself to serving our members. We also have an obligation to our members, however, to remain fiscally responsible and avoid pouring funding into construction projects so costly and so limited in opportunity for cost recovery that they bankrupt the company. Many of our most remote areas are just this type of project, and without grant assistance we will have no fiscally responsible method of completing them in the foreseeable future.

The four Proposed Funded Service Areas we have identified are 100% unserved, and cover 2,640 square miles of land area across seven Eastern Montana counties. As a Cooperative responsible first to our members, it is Mid-Rivers' position that any public funding available to help provide broadband should go first and foremost to our unserved members. The availability of grant assistance for the projects with the least feasible business case will make it easier for Mid-Rivers to continue addressing the needs of our underserved members using existing resources.

Given the lack of any "communities" in these areas, there is also a lack of any entities qualifying as businesses under the County Business Patterns and other available census data. The 367 residents living in the 150 households that will be served by this project would tell you for the most part that the land is their business, as nearly all of them are involved in production agriculture. They farm and ranch on the miles of land that sit between the 0.06 households per square mile. These people are living their daily lives, and operating their small, home-based and agricultural production businesses at a distinct disadvantage compared to their less rural peers, and compared even to their neighbors living in similar rural areas who happen to be close enough to existing facilities to get broadband access.

There are also no "anchor institutions" located directly in the Proposed Funded Service Areas, as for the most part these people are their own anchors, driving to town 40 to 50 miles one way when it becomes necessary to access the services of such entities. Public safety is a county-wide obligation for law enforcement, fire and ambulance services, however, and facilities constructed through this project will directly benefit those efforts as well as allow these residents to access "anchor institution" services in many cases without leaving home.

This project proposes to meet the ARRA goal of providing broadband access to ALL



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Americans by constructing Fiber to the Premise (FTTP) broadband services to the four Proposed Funded Service Areas identified as Baker South / Ekalaka North, Ekalaka Southwest, Melstone / Rock Springs East, and Rock Springs West, at a total cost of \$10,354,471. Mid-Rivers will provide 20 percent of the total project costs through internally generated funds, leveraging the public grant dollars to the best of our ability.

These people will have no other reasonable chance for terrestrial broadband services in the near future, as there is no business case to serve them even with low-interest loan funding, and there are no other providers today – even national providers with vast resources at their disposal – that are willing to take the chance of serving them. Similar to the situation these people were in over 50 years ago, if anyone is going to bring them broadband it will be their local Cooperative.

Though we anticipate nearly all of the households in these service areas subscribing to some level of broadband, as the services offered will be affordable and a better value than the satellite services they may have today, even 100 percent penetration would not add many subscribers to our customer base. The difference it makes to the lives of these people is the true measure of sustainability, and Mid-Rivers has the economy of scale and operational capabilities provided by the few populated areas in our vast territory to support the new facilities. In fact, our maintenance costs in these areas for telephone and dial-up service will be drastically reduced due to the upgrades in plant from the 30-year-old facilities existing today.

Mid-Rivers has been a successful telecommunications cooperative for 57 years, and has provided broadband services for nearly ten of those years utilizing a wide range of facilities and technologies. We currently serve approximately 12,000 high-speed Internet customers

_____ and therefore have the operational, maintenance, and billing procedures necessary to serve these customers already in place. As an RUS Borrower and a company that is very familiar with FCC rules and requirements, Mid-Rivers is prepared to comply fully with the audit requirements of a grant award. We do not currently nor do we have plans to utilize any discriminatory network management practices, and as a common carrier are already subject to interconnection requirements.

All fiber construction in the proposed project will be completed by contracted crews. During



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the first year of construction of the approximately 500 total route miles of fiber, we anticipate 17 construction jobs, with new hires making up an estimated 75 percent of the contractors' crew. An additional 17 jobs will be created the following year, for a total of approximately 34 jobs. The jobs saved will be those of the customers to be served with this project, as broadband access will allow them to better compete in a world market and to access additional online employment or telecommuting opportunities.

Despite nearly a decade of continual broadband build-out and upgrades, these four service areas are not our only remaining unserved areas, and the 2,640 square miles covered by this application amounts to less than 10% of the land mass of our Cooperative territory, which in total covers an area the size of the state of West Virginia. Estimates from our contract engineering firm put the cost of building out FTTP to our entire service area at \$350 to \$500 Million. Since much of that service area continues to experience out-migration and declining, aging populations, recovering even a fraction of that cost becomes impossible. However, member-owned Cooperatives like Mid-Rivers have a responsibility to our members to provide them the resources they need to perform their daily living activities and further their business operations. We have to provide broadband to these areas somehow, and the availability of grant funding to serve even a few of them will make the prospect of tackling that challenge a little less daunting.

Description of BTOP Project Purpose (BTOP Applicants Only Next Three Questions)

9. BTOP Statutory Purpose:
