



3 RIVERS

COMMUNICATIONS

October 13, 2009

The Honorable Brian Schweitzer
Governor, State of Montana
Office of the Governor
Montana State Capitol
Helena MT 59620-0801

Dear Governor Schweitzer:

I am writing on behalf of 3 Rivers Telephone Cooperative, Inc., headquartered in Fairfield, Montana. As you know, 3 Rivers has applied for funding through the Broadband Stimulus Program. The projects we applied for directly benefit rural Montana residents, by placing fiber optic communications facility to every residence and business in the rural areas that we serve.

3 Rivers Telephone Cooperative, Inc, dba 3 Rivers Communications began operations in 1953, started by a group of rural Montanans who needed telephone service. These residents went door to door, raising funds to start their own telephone company. A citizen board of Trustees was established to govern the Company and provide direction. A member-elected, citizen Board still drives 3 Rivers today.

As a cooperative, all profits from services are returned to members, over time, based upon service usage. These profits are returned to members in the form of capital credits. To date 3 Rivers has returned \$30 million in capital credits to our rural Montana members.

Over the years, 3 Rivers has been a very progressive communications company. We were the first to install and activate a digital communications switch west of the Mississippi River. We were the first rural company to build out and implement a digital, mobile communications service. We were one of the early adopters in deploying high speed Internet to our rural residents as well.

Today, 3 Rivers is a vibrant, full-service communications provider of voice, video and data services. We employ two hundred rural Montanans, with an annual payroll of almost \$10 million. We are very involved in the rural communities that we serve, injecting \$150,000 each year in the form of sponsorships, grants and donations throughout the twenty-nine rural communities that we serve. We contribute to the tax base of Montana and several rural counties, in the amount of \$950,000 each year.

Contractors on our fiber projects inject hundreds of thousands of dollars into these rural communities while working there, through meals, hotel rooms and consumer purchases. This gives an economic boost at a time when rural communities are struggling. The boost extends to government entities by virtue of payroll taxes, and licenses purchased for projects and equipment.

Once again, we are being extremely progressive, striving to bring services to rural Montanans that less than 20% of the nation's population has access to, through a direct fiber connection to each premise.

202 5th Street S.
P O Box 429
Fairfield MT 59436

Telephone Division

406-467-2535
800-796-4567
Fax: 406-467-3321 or
406-467-3100

This is a very ambitious project, which will greatly benefit rural Montanans. We have been deploying fiber to the premise, gradually, for the last three years, replacing our existing copper network with fiber optics. We believe that the future of rural Montana communications depends upon fiber deployment. Stimulus funding is a critical opportunity for 3 Rivers to expedite fiber deployment, in ways and in areas that would otherwise not be affordable in the immediate future.

Deploying fiber more rapidly clearly gets advanced, ubiquitous communications services to our rural Montana subscribers, which is of great long-term benefit to individuals and communities. Additional short-term benefits will be realized by our proposed projects, in the form of job creation for fiber installation, marketing and sales of newly available services and customer-facing staff to assist customers with those new services.

There are a number of competing or overlapping Stimulus Program applications, which address service areas that already have widespread broadband availability, offered by 3 Rivers. We intend to comment on those applications, demonstrating that they are already well served, and that Stimulus funding for those projects is not in the best interest of Montana.

The applications that concern us most, as they would use public Stimulus funding to duplicate existing facilities and displace longstanding, community-focused Montana businesses include Bulldog Cable, DigitalBridge Communications Corp., LAT Inc., Satellite Broadband, Montana Opticom, Dakota 2000 and Bresnan Communications. Duplicative services, both last and middle mile, will dilute already stretched resources, and will prevent more advanced services from being deployed, long-term. There are finite consumer dollars to capture, and with the massive investment that has been made by 3 Rivers already, recovery of that investment and ability to fund future fiber deployment depends upon selling services to the sparse population that exists in these rural areas. Providing Stimulus money to foster competition that isn't sustainable financially will harm Montanans ultimately.

We seek your support of our plans and Stimulus application, and ask that you carefully weigh applications and comments to sort out the claims of benefit to Montana, advancing and recommending those that are most beneficial, now and well into the future. We believe that our applications will clearly fit that category.

Thank you for your consideration. We look forward to speaking with you further about our concerns. We would enjoy the opportunity to give you a tour of any of our facilities in Montana and to review our network with you in more detail. Please don't hesitate to call on me, if we can provide further information or assistance.

Sincerely,



Steven R. Krogue
General Manager

SRK/ei