



PUBLIC SERVICE COMMISSION

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Greg Jergeson, Chairman
District 1

May 7, 2010

Mr. Jonathan Adelstein, Administrator
Rural Utilities Service
United States Department of Agriculture
1400 Independence Ave., SW
Washington DC 20250-0747

Dear Mr. Adelstein:

The Montana Public Service Commission (MPSC) respectfully takes this opportunity to comment on the Montana applications to the Rural Utilities Service (RUS) for Round 2 Broadband Initiatives Program (BIP) infrastructure grants and loans.

Using the RUS Application Directory of BIP Infrastructure applications received under NOFA 2, the MPSC finds twelve (12) BIP applications for Montana. The MPSC has received six (6) letters regarding funding applications, of which five (5) applicants ask the MPSC for letters of support for their applications to be sent to RUS. The MPSC has carefully considered those requests as follows:

Cable and Communications Corporation (Application ID 4500) – proposes to serve two Proposed Funded Service Areas (PFSAs) that are completely unserved. These two PFSAs have a combined population of 1,616, comprising 642 households spread over 8,880 square miles. This area is less densely populated than the state of Alaska. These PFSAs have a household density of 0.07 households per square mile.

Nemont Telephone Cooperative (Application ID 4530) – Nemont proposes to provide Fiber to the Premises (FTTP) to 3,279 locations within the Fort Peck Indian reservation exchanges of Brockton, Froid Rural, North Poplar, North Wolf Point and Frazer. The provisioning of FTTP will enable access to high speed broadband services. The locations served will be those that do not currently have access to at least 5Mbps service (up and down combined).

Project Telephone Company (Application ID 4566) – Project proposes to provide FTTP to all locations within the Crow Reservation Exchanges of Crow Agency and Lodge Grass where more than 50% of the locations do not currently have access to 5Mbps (up and down combined). The provisioning of FTTP will enable access to high speed broadband services.

Project Telephone Company (Application ID 4577) – Project also proposes to create a middle mile fiber optic transport network that would connect the Crow Indian Reservation communities of Pryor, Saint Xavier, and Fort Smith to existing fiber transport networks in Lockwood, MT near Billings. Project states bringing affordable broadband access to this remote area of the Crow Indian Reservation first requires the establishment of a middle mile broadband network. This is the first step in establishing cost effective last mile solutions. In addition, the middle mile project

will have an immediate impact by providing affordable services to government, public safety, healthcare, education, corporate, institutional, and carrier/service provider customers in that area.

Qwest Corporation (Application ID 4823) – Qwest has applied for a \$350 million BIP grant for its fourteen state serving area to bring last mile broadband access to unserved and underserved areas. Qwest intends to match that \$350 million with \$117 million of its own money bringing the total cost of the project to \$467 million. Qwest's proposal would spend \$28.7 million of that total on last mile broadband access to underserved and unserved areas in Montana. Qwest states this project would reach 25,773 living units that are either presently unserved or underserved. It would also bring 12 to 40Mbs broadband service to a significant number of businesses, community support organizations, government facilities, colleges and universities, libraries, medical and health care providers, public safety entities, and K-12 schools.

In addition, the other letter received did not specifically ask for a letter of support but rather for the MPSC to support the need for customers to be connected to existing middle mile facilities. That request has also received careful consideration by the MPSC.

3 Rivers Telephone Cooperative (Application ID 6264) – 3 Rivers has asked the MPSC to support the need for funds to connect customers to the middle mile facilities currently in place in rural Montana. 3 Rivers believes their application accomplishes that desired outcome. 3 Rivers proposes to provide broadband services to a currently unserved area in north central and north western Montana including portions of the Blackfeet Indian Reservation.

Montana is a very rural state, and despite the best efforts of Montana's current telecommunications providers, there are areas in Montana that are either underserved or unserved in regards to broadband access. It is the MPSC's position that the problem in Montana regarding lack of broadband access is not a middle mile problem. It is a last mile problem. It is the MPSC's firm belief that the RUS BIP funding should first be awarded to applicants proposing to spend that funding to provide last mile solutions to unserved and underserved areas.

To the MPSC's knowledge, Montana applicants did not receive any BTOP or BIP funding in Round 1 even though the MPSC believed there were worthy proposals. The MPSC believes Montana has just as much need for broadband funds as any other state, and in fact the MPSC believes the need in Montana is greater than most states. There are unserved areas in Montana that probably will not have broadband access in the foreseeable future if no Montana Round 2 BIP applicants receive funding.

As stated previously, the MPSC has looked carefully at the six BIP funding requests referenced above. We believe funding those applications will clearly, using last mile solutions, bring broadband services to unserved and underserved areas. We are unable to comment one way or the other on the other Montana BIP applications because we simply have no information from them on which to base an opinion.

Thank you for the opportunity to comment.

Sincerely,



Greg Jergeson
Chairman – Montana Public Service Commission