

Before the  
DEPARTMENT OF COMMERCE  
National Telecommunications and Information Administration

and

DEPARTMENT OF AGRICULTURE  
Rural Utilities Service

In the matter of )  
American Recovery and Reinvestment Act ) Docket No. 090309298-9299-01  
Of 2009 Broadband Initiatives )

Department of Commerce  
National Telecommunications and Information Administration

COMMENTS

MONTANA INDEPENDENT TELECOMMUNICATIONS SYSTEMS

April 13, 2009

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## **BACKGROUND**

Montana Independent Telecommunications Systems (MITS) respectfully submits comments in response to the Joint Request by the Department of Commerce (National Telecommunications and Information Administration) and the Department of Agriculture (Rural Utilities Service) for information regarding funding for broadband authorized by the American Recovery and Reinvestment Act of 2009.

MITS is an organization of telecommunications companies, headquartered across Montana, that serve some of the most remote, sparsely populated, and high-cost areas of the United States.<sup>1</sup> They provide telecommunications services, over both wireline and wireless networks utilizing a variety of technologies, within a geographical area encompassing approximately two thirds of Montana's land mass. Individually, MITS members serve areas that range from 1,000 square miles to 30,000 square miles. The average population density within their service area is 1.6 persons per square mile.

MITS members know first hand the challenges, barriers, and effective, long-term sustainable solutions for consumer access to broadband in rural, remote, and frontier areas of Montana. For over fifty years, they have demonstrated their commitment to providing high quality telecommunications and information services in areas deemed too remote and costly to serve by other larger companies with names all too familiar. They have extended broadband throughout much of their service areas. Customer locations and geographical areas that remain unserved or underserved in terms of broadband speed and capacity are those which present the steepest of challenges and the highest of costs. Based on the experience and expertise of providers most familiar with both these consumers and these areas, it is most likely that these consumers will wait years for broadband access absent new and/or additional funding for providers.

With the assistance of ARRA broadband funding, MITS members stand ready to respond quickly, effectively, and efficiently to extend broadband further within unserved and underserved areas of Montana. This will create additional jobs, boost economic

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<sup>1</sup> MITS members are: Nemont Telephone Cooperative, Northern Telephone Cooperative, Project Telephone Company, Triangle Telephone Cooperative Association, Central Montana Communications, InterBel Telephone Cooperative and Mid-Rivers Telephone Cooperative, Inc.

development, and spur innovative technology applications in schools, libraries, hospitals, and health-care facilities including those on tribal lands.

## COMMENTS

### **“Broadband” Definition:**

We anticipate that it may be difficult to establish a definition of “broadband”, “unserved”, and “underserved” within the context of this Request for Information. Among the stated purposes of the Grant Program (Section 6001 of ARRA) is that of providing access to broadband service in unserved areas and improved broadband access in underserved areas, while facilitating greater use of broadband service.

In considering broadband access, speed, and capacities, we must not lose sight of the fact that it is ultimately the consumers who set the expectations for broadband speeds and network capacities. And, in response, it is the telecommunications providers who invest in networks and infrastructure critical for sustainable broadband access sufficient to meet the needs of consumers.

It was not long ago when a dial-up Internet connection met the expectations of most subscribers. That is not the reality today. Technology and broadband applications are moving forward at lightning speeds, rapidly out-pacing the projections for broadband speeds and network capacities essential for applications. Telecommunications providers, the backbone of the infrastructure required for broadband applications, constantly look forward anticipating increased customer demand. They walk a precarious line to balance infrastructure investments with customer expectations. They continually adjust their projections for network size and scope.

In establishing thresholds for broadband speeds, we urge you not to set the expectations too low. ARRA funding to stimulate broadband deployment must envision broadband networks capable of carrying data, voice and video services to meet the expectations of today’s consumers and the anticipated requirements for tomorrow’s applications and consumers.

### **“Unserved” and “under-served” definitions:**

MITIS recommends that criteria be established for determining what constitutes unserved and under-served areas. The criteria should take into consideration factors such as subscriber density; distance to service/market areas; and aggregated size of the provider’s total service/market areas. Priority shall be given to projects in unserved and under-served areas that encompass geographical areas with subscriber density levels so low that they constitute significant cost barriers to broadband deployment.

### **Sustainability and Long-term Commitment:**

Funding broadband projects fails to serve a public interest if the providers fail to make *long-term commitments* to provide quality service to the consumers within the project areas. Sustainability of projects and of providers deploying broadband for funded projects is vital. In sparsely populated areas, the consideration of sustainability must include a consideration of the likely impacts that funding for competitive providers will have on incumbent providers serving consumers within the project areas and areas near by. Consideration must include a public interest analysis that addresses sustainability, service quality, and impacts on incumbent providers and consumers.

Prioritization for projects in underserved areas should give weight to those that maximize the current infrastructure of providers having demonstrated a sustained commitment to deploy broadband within their service areas.

### **Prioritization of funding for broadband projects in unserved and underserved areas:**

MITIS suggests that the following be considered in establishing priorities for funding for broadband projects in unserved and underserved areas:

- Extent that the population has access to and demand for broadband in homes and businesses;
- Type of broadband applications likely to be delivered to the area’s homes and businesses;
- Broadband capacity and speed that applications require, as well as the bandwidth cost factor for rural areas;
- Projects by competitive providers should not be funded for rural and remote areas where it is financially difficult for even one provider to deploy broadband;

- Recurring costs that subscribers are likely to incur. An infusion of funds for broadband build outs is not sound public policy absent a consideration of the affordability levels for broadband subscribers;
- Funding for broadband deployment must include funding for local infrastructure necessary to deliver broadband to end users;
- Extent to which extension of broadband will spur economic development, educational opportunities and local access to healthcare;
- Priority for projects and providers that demonstrate there is a reasonable expectation of the project being completed within the timeframes set forth in the law. (Broadband deployment is dependent upon consideration of factors such as right of way acquisitions, permitting processes, property acquisitions, engineering and planning);
- Funding for public entities shall not be used to subsidize government competition with industries that have a presence in rural and remote areas when those providers can demonstrate a pattern of long term commitment to deploying quality broadband services to consumers within those areas.

**Role of States in Prioritizing and Recommending Projects for funding:**

It is essential that the role of the States in prioritizing and recommending projects for funding, as well as administering programs, be carefully crafted to ensure a degree of separation between those *applying* for the funds and the decision-makers responsible for *prioritizing, recommending, and/or awarding* the funds. MITS anticipates that many projects will entail public-private partnerships. There should be no conflict of interest in this process.

The role of the States and their agencies and the extent to which they are directly or indirectly involved in project planning, oversight or selection must be fully disclosed during the entire administrative process.

RESPECTFULLY SUBMITTED this 13th day of April, 2009

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