

News Release

Proposed Broadband Stimulus Funding Could Benefit Out-of-State Company, Not Montanans

November 12, 2009 Missoula, Mont – Should taxpayer dollars be used to build a competing business next to your establishment? Apparently New Jersey based Bresnan Communications' and Governor Schweitzer believe so. Supported by a recommendation of "top priority funding" from the Governor and a White Paper prepared by the Governor's Office of Economic Development (GOED), Bresnan proposes to build duplicate fiber rings to seven supposedly un-served and under-served Reservations in Montana. The first page of the White Paper sets forth that "Without question the communications private sector had not found a justification for investment in Indian Country. In June of 2005, GOED requested Bresnan Communications to investigate the possibility of investing in communications in Indian Country and they put together a plan...." Imagine our surprise, as an independent broadband data and telephone provider, to have our \$16.2 Million investment in infrastructure on the Flathead Reservation completely dismissed. Even more of a surprise, of course, was realizing we had been completely omitted from the discussion. Rather, apparently our State government defined a need for broadband services and simply started working privately with an out-of-state corporation, all without paying even lip service to a competitive or open process. While the recent White Paper is now public, the original 2005 version, and the bulk of Bresnan's application for funding, remain confidential and beyond public review.

Simply duplicating existing networks will not produce benefits, and any jobs created will be at the expense of existing jobs. Unfortunately Montanans that lack access to broadband today will remain in the same situation tomorrow. Blackfoot Telephone is a cooperative, member-owned company. We have invested heavily in rural infrastructure in western Montana including investments on the Flathead Reservation. Today we have a completely IP (Internet protocol) next generation network throughout the Reservation that is already on a fully constructed, self-healing, route-diverse fiber ring. In the last decade this ring has 100% up time. The Governor's White Paper states that "on Tribal lands, not only is broadband access not available, basic telephone service is scarce." This certainly is not true on the Flathead Reservation where our broadband optimized network includes last mile technologies that use fiber to the curb with short copper loops, allowing 98.5% of the customers in communities we serve to get broadband services, and over 80% of these can get data rates over 12 Mbps. In fact, we've invested almost \$15 million just in last mile connections. The Confederated Salish and Kootenai (CSK) Tribe currently have at least three private

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companies competing for their business. Far from the picture painted in the White Paper, the CSK Tribe is highly sophisticated and very technologically savvy. And certainly no one would dispute that S&K Technologies is a true economic success story in Montana.

The Paper goes on to discuss the need for computer centers, training and affordable rates. The CSK Tribe is pursuing its own public computer center. Blackfoot shares the concerns about training for all our rural populations, and this year rolled out free Internet classes for our communities. The very first class was held on the Reservation. There are federal programs today that allow low income customers on the Reservation to get voice services for as little as \$1 per month. That allows for attractive pricing on voice/broadband packages.

Some may jump to the conclusion that overbuilding existing networks makes sense because it will result in much cheaper rates because taxpayers funded the network. But there are no requirements in the stimulus rules that savings be passed to customers. Because this network will compete with other existing networks, it is reasonable to believe that services will be priced at or just slightly below market prices. Unless that State has negotiated a contract that is not yet public, it is likely that the savings on infrastructure investment will benefit the owner of the network.

In this economy it is more important than ever that we make the best use of the money that comes from our citizens' pocketbooks. We urge Montanans, especially those without broadband, to call the Governor's office and Congressional offices and express your concerns. Stimulus money should go where the greatest need exists, not to fund back room deals.

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About Blackfoot Telecommunications Group

Joan Mandeville is the CEO of Blackfoot Telecommunications Group headquartered in Missoula, Montana. Additional information regarding ARRA Stimulus funding and existing network facilities can be found at www.telecomassn.org.

Blackfoot Telecommunications Group (Blackfoot) was originally established in 1954 as Blackfoot Telephone Cooperative. Blackfoot offers state-of-the-art telecommunications, Internet and data solutions to customers in Missoula and throughout Montana and Idaho, and employs more than 150 Montanans. Blackfoot can be reached at 406-541-5000 or through its web site at <http://www.blackfoot.com>.