



Congressman Cory Gardner
213 Cannon House Office Building
Washington, DC 20003

RE: Congressional E & C Oversight Hearing- Is the Broadband Stimulus Working

Dear Congressman Gardner:

The following points have been summarized to provide a brief summary of the BTOP Grantee, EAGLENET and its overbuild of PC Telcom's operating area.

- ENA is established as a quasi-state agency and is restricted from selling to non-members (CO Senate Bill 152) which goes directly against their open access requirements within the BTOP grant.
- PCT has served and continuously upgraded its network in northeastern Colorado since 1906.
- PCT currently serves more than 10 CAIs via locally owned and maintained fiber optic network throughout several rural northeastern Colorado counties with available multi-gigabit capacities. Fiber middle mile and area schools have been served for approximately 10 years.
- PCT offered and EAGLE-Net (ENA) / NTIA agreed to a preferred lit services arrangement in February of 2012. PCT provided detailed network mapping and information to ENA and NTIA repeatedly throughout 2010, 2011 and 2012. There can be no question that ENA/NTIA knew that PCT's territory was fully served by fiber optic.
- In July and August of 2012, ENA/NTIA spent approximately \$4 million to construct new duplicative fiber optic systems throughout PCT territory, overbuilding routes already served by conduit containing a minimum of 24 strands of fiber optic (and thereby near infinite capacity as PCT deploys the latest dense wave division multiplexing technologies).
- Having overbuilt nearly 100% of PCT's fiber optic facilities connecting Community Anchor Institutions to high capacity and reliable broadband services, ENA/NTIA is actively courting all of PCT's highest paying customers with below-cost federal services. This is utterly contrary to federal law, state law and the promises ENA made to the state to serve unserved and underserved areas while partnering with carriers in already served areas. Collaboration was stressed repeatedly in ENA's pre-grant discussions and its application.
- PCT's backbone connection is on an industry compliant redundant ring that can failover to alternate routes in milliseconds offering redundant routes to ENA's single threaded network running more than 160 miles from Denver to the far northeastern corner of the state. ENA cannot maintain its network; it has neither the personnel nor experience; it simply used federal money to hire contractors and build network without any real idea of what it was doing.
- PCT has offered to assume ownership of the overbuilt network and maintain it for NTIA and ENA in a sustainable locally owned fashion that PCT can repay RUS loan of approximately \$8 million while retaining PCT's largest and most reliable institutional and commercial customers.
- Community leaders, county executives and more than 350 Coloradans across PC Tel's territory have repeatedly urged NTIA not to overbuild existing carriers and to remedy the overbuilds where they have.

Sincerely,



Vince Kropp, CEO/GM

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February 27, 2013

Representative Gardner
United States Representative

re: Eagle Net

Dear Sir:

I want to first thank you for all you have done for the residents of rural Colorado to receive adequate and equal broadband service as our metropolitan counterparts. As Mayor of Bayfield we have witnessed businesses pass our community due to a lack of broadband service.

In the southwest both the local governments and the carriers recognize that we must work together to bring broadband to our residents and businesses. Our local carriers are working tirelessly to expand broadband in our area but lack the necessary capital to complete the job. Eagle Net represented a viable option to bring this to fruition. However, we will not sacrifice collaboration for money to accomplish our broadband initiatives.

Please find attached a document I support and personally hand delivered to Eagle Net's new CEO Mike Ryan on behalf of our local carriers outlining how we will continue to work collaboratively. Eagle Net is welcome to join the collaborative model we have established.

Thank you again Representative Gardner for your efforts to assist rural Colorado in our plight.

Dr. Rick K. Smith
Mayor of Bayfield

GOAL: To connect all municipalities in the region with a fiber network by maximizing the fiber investment made by the private sector, the Southwest Colorado Council of Governments (SWCCOG) and the federal government in southwest Colorado.

FACTS: Southwest Colorado has challenging terrain for fiber projects whether buried or aerial installations are contemplated.

The local carriers have substantial investments in fiber routes throughout the southwest. The combined routes connect approximately 80% of the southwest (see attached map).

The SWCCOG has a \$4 million fiber investment with major funding coming from Colorado's Department of Local Affairs (DoLA) connecting the schools and government buildings in each of its member municipalities.

The local fiber loops connect the schools, libraries, municipal and county buildings together and bring them to a neutral location.

Many of the SWCCOG's smaller municipalities partnered with the local carriers to complete their local fiber loops through a collaborative effort.

STATUS: The southwest local fiber carriers currently connect 80% of its municipalities through a system of fiber routes.

The southwest wireless carriers currently provide middle mile and last mile connectivity to customers with a backhaul services component as well.

Each of the SWCCOG member municipalities has scheduled or completed a local fiber loop connecting schools, libraries, municipal and county government buildings.

Eagle Net has installed empty conduit sporadically around the southwest, mainly in Montezuma and Dolores Counties.

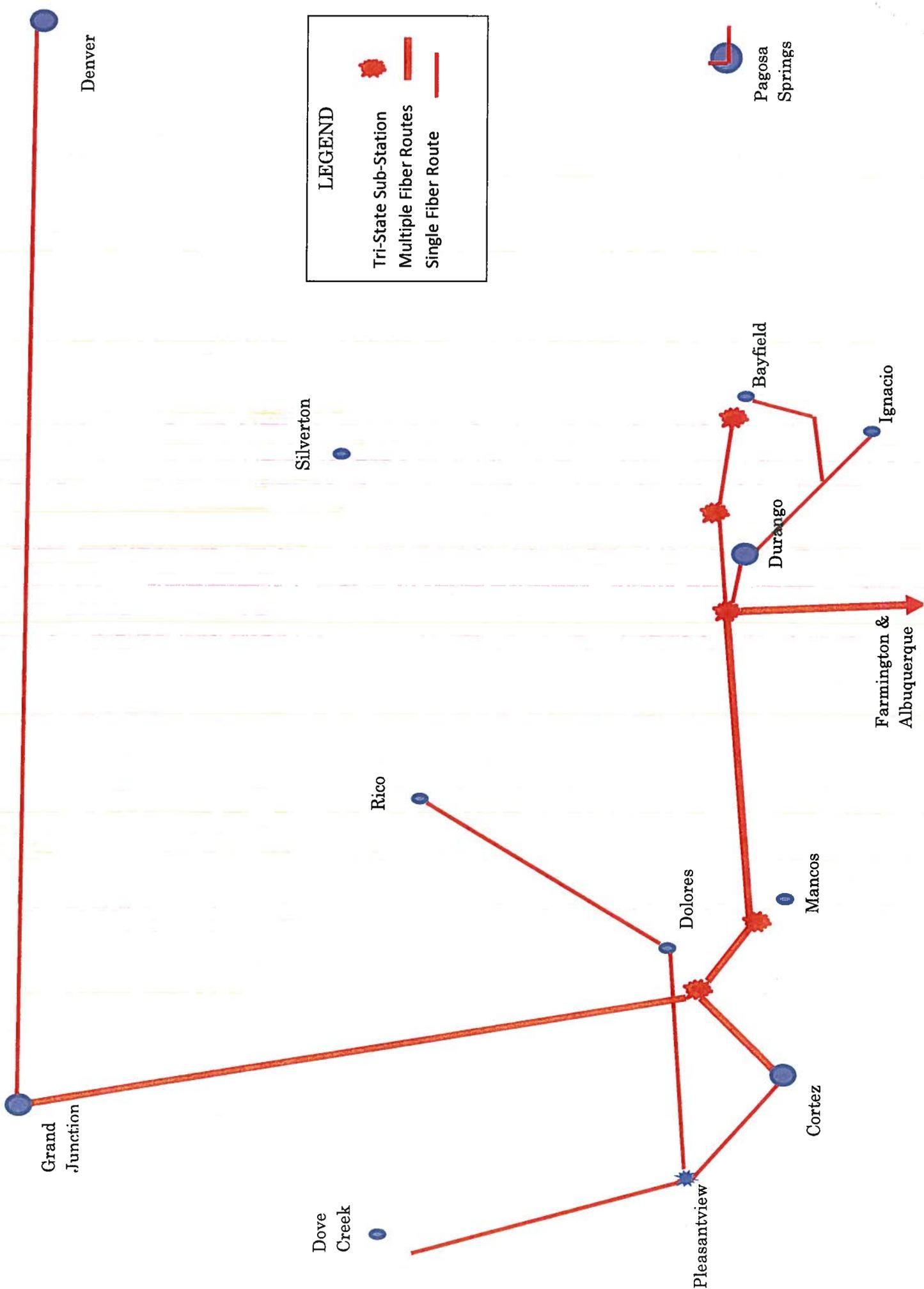
COG Beliefs: Oversight, transparency, accountability, and public access information are important components of all broadband development projects funded by tax payer's money.

Public funds allocated for broadband development may be used to compensate for the lack of private broadband investment in unserved and underserved communities, such as rural areas and low-income areas.

The SWCCOG defines underserved as: The ability of an organization to continually utilize applications and tools to meet the organizational mission and goals. As applications are enhanced with a need for increased broadband capabilities and the current infrastructure cannot support the increased need, the area is deemed underserved.

OPTIONS: The SWCCOG recognizes three plausible options for the NTIA and Eagle Net to complete the middle mile fiber network in the time allotted.

- 1) Eagle Net work cooperatively with the local providers to complete the middle mile fiber network utilizing local providers' assets currently installed. Elimination of duplicate/parallel fiber builds in order to maximize NTIA funding, local carrier investment and the DoLA funded SCAN project.
- 2) The SWCCOG assist NTIA and Eagle Net by facilitating a collaborative effort on Eagle Net's behalf between local carriers and NTIA to complete the middle mile fiber network utilizing local providers' assets currently installed. Elimination of duplicate/parallel fiber builds in order to maximize NTIA funding, local carrier investment and the DoLA funded SCAN project.
- 3) The SWCCOG and the local carriers collaborate to acquire the necessary funding to complete the middle mile fiber network utilizing local providers' assets currently installed. Elimination of duplicate/parallel fiber builds in order to maximize the funding, local carrier investment and the DoLA funded SCAN project.



LEGEND

-  Tri-State Sub-Station
-  Multiple Fiber Routes
-  Single Fiber Route

Denver

Pagosa Springs

Silverton

Bayfield

Ignacio

Durango

Farmington & Albuquerque

Rico

Dolores

Mancos

Grand Junction

Dove Creek

Pleasantview

Cortez



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February 25, 2013

Representative Cory Gardner
213 Cannon HOB
Washington, DC 20515

Dear Congressman Gardner:

This letter summarizes the experiences of Blanca Telephone / Jade Communications with regard to EagleNet and is to be incorporated into the record of the Committee on Energy and Commerce Subcommittee on Communications and Technology with regard to the hearing on Wednesday, February 27, 2013, at 10:30 a.m. in 2322 Rayburn House Office Building entitled "Is the Broadband Stimulus Working?"

Blanca Telephone / Jade Communications ("Blanca")

- Blanca is a family owned and operated provider providing high quality, locally owned and maintained telecommunications services in the San Luis Valley since 1937.
- The Blanca Telephone and Jade Communications service area is 6 times larger than the state of Rhode Island or 1.3 times larger than the state of Connecticut or just a little smaller than the entire state of New Jersey. It includes four of Colorado's persistent poverty counties.
- In square miles, Blanca Telephone's fiber optic broadband service territory spans 1000 square miles in counties where the population densities is 2.9 people per square mile. Jade Communications fiber and Microwave facilities span approximately 7327 square miles with an average density of 7.4 persons per square mile. Blanca Telephone has assiduously invested in these areas for 91 years to bring 21st Century network infrastructures to these extremely remote and hard to serve areas.
- Despite these enormous challenges of massive distances, and a harsh winter climate, depressed rural economies suffering from not only a continuing weak economy, but historical drought conditions, extremely low population densities and average income way below the national levels, Blanca Telephone has succeeded in building out more than 230 miles of advanced fiber optic network providing high speed Internet services to some of the most remote, hardest to serve areas in the United States. Schools and community anchors located in Costilla County are hundreds of miles away from larger population centers. The closest population center of any significance is 100 miles away. The Blanca Telephone Company serves approximately 1,000 residences, businesses and 1 school and Jade has over 11 towers that provide dedicated high capacity fixed wireless service to more than 1,500 residences, businesses, schools and libraries.
- Century-link (Qwest) is the major local exchange carrier in the San Luis Valley. They buried a fiber line many years ago. This fiber was the only lifeline to the outside world. When the fiber was cut, all of the

services: internet, cell phones, land line phones, e-mail, credit card machines and 911 were completely cut off and remain off until the fiber was spliced. I remember once we had no communications with the outside world for over 8 hours. The Blanca Telephone Company/Jade Communications took on the challenge and teamed up with TaosNet.net, an internet provider in Taos New Mexico. TaosNet.net, like Blanca Telephone Company/Jade only had one way in and one way of their respective Valleys. Together we teamed up and built a microwave route between the two companies. See www.Chileroute.com. We discovered that we depended on the Chileroute on a daily basis. One day the Century-Link fiber was cut and the entire Century-Link emergency personal showed up at our office to call for help. With this history behind us, the Blanca Telephone Company constructed fiber optic conduit and multiple fiber count along a route from Alamosa to Walsenberg providing a new, robust, physically diverse high capacity connectivity for all of the San Luis Valley. This ensures the Valley's economic future, as no business will consider locating in an area with unreliable broadband where connectivity can go down for any appreciable amount of time. With this new build, Blanca can ensure that its customers will be served within milliseconds on diverse routes thereby assuring the continued progress of economic development in this area of Colorado.

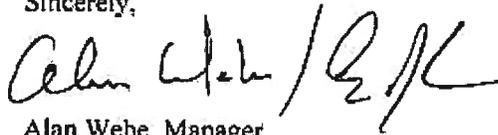
- As Blanca Telephone and Jade Communications has repeatedly represented to EagleNet through multiple filings with the entity as well as multiple letters provided to NTIA, countless meetings, negotiations and Local Technology Planning Team sessions over the past several years. Blanca Telephone and Jade Communications network, service capabilities, customer service and pricing, rivals those of larger cities in the State of Colorado state or any state in the US. Blanca has supplied maps and other information to ENA and NTIA repeatedly.
- Blanca was the first to deploy high-speed fiber optic and next generation dedicated wireless broadband connectivity services throughout Costilla, Alamosa, Rio Grande, Saguache and Conejos Counties in the San Luis Valley.
- Blanca's network is capable of near-infinite capacity, is locally maintained, meets all industry standards and is supported by (three) diverse routes in and out of the San Luis Valley. Blanca provides three physically diverse middle-mile routes in and out of the San Luis Valley while other competing carriers provide an additional three diverse and redundant routes for a total of 6 diverse and redundant middle mile routes, exclusive of ENA, already serving the San Luis Valley.
- Blanca was more than willing to offer NTIA reasonable terms that would have saved them an estimated \$20 million, but NTIA with full advance knowledge that Blanca/Jade served almost every CAI in its service territory with high capacity broadband services chose instead to duplicate Blanca's high speed network with a second set of conduit, fiber optic, network access points, regeneration gear, and collocation facilities wasting tens of millions of federal dollars that could have been used for unserved and underserved areas in the western part of the state, such as those mentioned in the recent Wall Street Journal and New York Times articles.
- NTIA is now unfairly competing for Blanca's largest customers using federal grant dollars to offer below-cost services and telling them to disconnect Blanca's high-speed services in favor of the federal government's below cost services. Schools in La Veta, for example, now has three separate fiber optic systems connecting them. They are opting for government-sponsored connectivity simply because the taxpayers have footed the bill for this duplicative network.
- With only a handful of institutional customers to support millions of dollars of private investment including a recently completed fiber optic route between Walsenburg and Alamosa, NTIA has stranded Blanca's multimillion-dollar investment in a diverse underground route containing 48 fiber optic strand and harming long term economic development throughout the San Luis Valley.
- Blanca requests that fiber optic strands on overbuilt portions where it was providing compliant high capacity services to schools and community institutions be transferred to Blanca and other reasonable restitution be made.

Please fully examine NTIA's and EagleNet's activities in Colorado as they have refused to obey the mandates of federal law, ignored the express will of Colorado's communities, overbuilt fiber optic systems in the San

Luis Valley and statewide, and still insist that they somehow need to make a profit – as if the federal government were ever charged with the duty to enter the telecommunications markets as a taxpayer funded entity and compete with the private market. This must be stopped and justice must be served for the many communities throughout the state harmed by duplicative and wasteful overbuilds as well as those deserving communities who never received a dime despite, for example, in the case of Gunnison Colorado, fiber optic cable hanging fully exposed on cattle fencing connected with a zip tie.

Thank you for your prompt attention in these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Wehe" followed by a stylized flourish or initials.

Alan Wehe, Manager

Blanca Communications / Jade Communications



February 25, 2013

Representative Cory Gardner
United States House of Representatives
213 Cannon HOB
Washington, DC 20515

Dear Congressman Gardner:

This letter summarizes the experiences of Southeast Communications, Inc. (SECOM) with regard to EagleNet Alliance (ENA) and is to be incorporated into the record of the Committee on Energy and Commerce Subcommittee on Communications and Technology with regard to the hearing on Wednesday, February 27, 2013, at 10:30 a.m. in 2322 Rayburn House Office Building entitled "Is the Broadband Stimulus Working?"

By way of introduction, Colorado is the nation's eighth largest state covering more than 104,000 square miles. It could contain the states of Maryland, Virginia, West Virginia, New Jersey, Connecticut, Delaware and Rhode Island and still have more than 4,000 square miles to spare.

SECOM's territory covers the counties of Baca, Bent, Crowley, Kiowa, Las Animas, Otero, Prowers and reaches into Cheyenne, El Paso, Huerfano, Lincoln, and Pueblo. Las Animas County alone covers 4,771 square miles. That's larger than the states of Delaware and Rhode Island combined and just short of the size of the entire state of Connecticut.

In square miles, SECOM's fiber optic broadband service territory spans 24,685 square miles in counties where the population densities are less than one person per square mile. Only three of these twelve counties have population densities above 10 persons per square mile.

To understand what it means to serve an area nearly 25,000 square miles in size consider that SECOM's service territory is more than twice the size of the state of Maryland, larger than the states of Vermont and New Hampshire combined, or larger than the states of Massachusetts and New Jersey combined. Stated otherwise, SECOM serves schools, hospitals, community colleges, municipal governments, fire departments, police stations, local businesses and everyday Coloradans in an area that is precisely half of the entire state of New York.

Under no circumstances can the federal government be allowed to enter into private telecommunications markets as a taxpayer subsidized competitor, which is exactly what ENA desires to do despite having a statutory charge of serving unserved and underserved

communities, which, as applied to Colorado exist almost entirely in specified areas in the western half of the state. As should be clear, ENA not only has failed to serve the western half of the state, they have overbuilt carriers, including SECOM in the eastern half of the state. This duplication of existing fiber optic and high capacity fixed microwave systems providing 100mbps and above while leaving the west unserved results in an egregious waste of taxpayer money. It harms the viability of carriers providing critical broadband infrastructures in eastern slope communities where community-based carriers have successfully operated for decades while leaving other communities without those infrastructures. The entire intent of the program has been turned inside out and has resulted in significant statewide harm. Nothing could be further from the direction Congress gave to the NTIA, from the promises made to the state by ENA, from the published statements in their grant applications, from the NTIA rules themselves, from the statements of the Colorado legislature who supported the grant on the condition that it cooperate and partner with existing carriers while ensuring unserved areas received appropriate infrastructures and from common sense.

In summary:

Southeast Communications (SECOM)

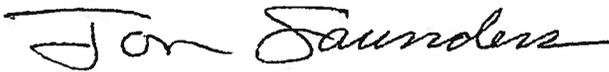
- SECOM has served southeastern Colorado with fiber optic since 1998.
- SECOM offers multi-megabit services throughout its 25,000 square mile territory including offering residential customers 100mbps down / 50mbps up, which is far better than most urban customers receive not to mention these service offerings are at competitive prices.
- SECOM currently serves more than 250 Community Anchor Institutions (CAIs) via locally owned and maintained fiber optic network throughout 12 rural southeastern Colorado counties with available multi-gigabit capacities. These CAIs have been on-net to SECOM fiber optic since before the ENA overbuilds started. All of SECOM's network information was made available to ENA in advance of their overbuilds and SECOM responded to RFPs from ENA but they never replied.
- SECOM has also offered EagleNet Alliance (ENA) a preferred lit services arrangement that will provide service quality, reliability, maintenance and pricing that ENA concedes is superior in every respect to what it can offer.
- SECOM's offer provided ENA with a minimum of \$10 million in direct savings, while preserving SECOM's role as an effective provider of highly competitive, world-class fiber optic to the premises provider throughout southeastern Colorado. By the same token ENA would extend competitive neutrality to SECOM across the ENA network, thus ensuring continued competition throughout the state.
- This \$10 million could be redeployed to supply critical middle mile connectivity and boost economies in hard-hid Western slope communities including Silverton, Pagosa Springs, Mancos, Dolores, Bayfield, and Crested Butte.

- Since December 7, 2012 NTIA has not spoken with SECOM and recently began offering below-cost services in SECOM territory despite having the entire territory covered with fiber optic.

SECOM asks that the House Committee on Energy and Commerce Subcommittee on Communications and Technology expeditiously resolve the issues with ENA, ensure that no further overbuilding can occur, and properly dispose of ENA's assets in ways that are consistent with the express will of dozens of communities statewide whose county executives, economic development organizations, businesses and ordinary citizens of the State of Colorado who were promised an organization that would not overbuild, that would cooperate with the carriers and that would use taxpayer money only where there was actual need. The government must take responsibility and compensate those who have been harmed and ensure that such harm not recur whether through BTOP or some other federal program.

On behalf of dozens of county executives, communities throughout the southeastern corner of Colorado, and citizens statewide, please see to it that these issues are resolved completely, comprehensively, irrevocably and immediately.

Thank you,

A handwritten signature in black ink that reads "Jon Saunders". The signature is written in a cursive, flowing style.

Jon Saunders, General Manager,
SECOM