Testimony
Energy, Utilities and Technology Committee
In Support of LD 1708

April 28, 2021

Senator Lawrence, Representative Berry and members of the Committee my name is Sue Inches and I'm here to testify in support of LD 1708. I'm an author, educator and environmental advocate. I served for 14 years at the senior policy level during the King and Baldacci administrations. I also worked for Tilson Technology as a community broadband consultant. As a broadband consultant, I assisted municipalities who desired to upgrade internet service for their residents.

While there are many advantages to establishing a Consumer Owned Utility in Maine, my testimony is focused on broadband, and specifically on how a Consumer Owned Utility can help us expand and upgrade broadband service to unserved and underserved Maine residents.

As everyone on this Committee knows, high speed internet is now a basic service that everyone needs. Access to education, medical services, and for many, employment all depend on reliable broadband service. Maine currently has roughly 88% internet coverage via cable TV, although some of that service is below the standard speeds needed for reliable internet access today, and some households in towns listed as "covered" may not have internet service.[1] Below are several case studies that illustrate how a Consumer Owned Utility can facilitate installation of high speed internet everywhere in Maine.

Ellsworth, ME
Municipal Fiber Network

The City of Ellsworth built three miles of municipally owned fiber in its business district, completing the project in 2017. The purpose of the project was to stimulate economic development by offering competitively priced high speed internet in its business district. The City of Ellsworth financed, built and maintains their municipal fiber network, and leases fiber at wholesale prices to internet service providers.

Ellsworth's project is modest and straight forward—and should have been easy to build---using about 300 existing utility poles, half owned by Emera (now Versant) and half by FairPoint (now Consolidated). But the application process and price negotiations for leasing space on the poles was cumbersome, costly and fraught with delays. It took eighteen months to secure access to the poles. Like most municipal broadband projects,

pole application fees, make ready (attaching broadband fiber to poles), and annual pole lease fees were the largest expenses of this project.

Georgetown, ME
Town Seeks to Cover Internet Gaps

In my broadband consulting work, I met with residents in Georgetown Maine in 2016 to talk with them about their internet options. Like many towns, Georgetown's internet service is spotty, with some parts of town served by cable TV, but other parts, especially off the main road, having little or no internet access.

Five years later, Georgetown is at last working with Axiom, a Maine internet service provider, to install a town-wide fiber network. The first step is to apply for leases on about 1000 poles in the town. The application process is cumbersome and lengthy, requiring a separate paper application for each group of two hundred poles. This has necessitated five separate applications with a fee of $10,000 each, for a total application fee of $50,000.

Making matters worse, pole ownership is confusing. Some poles owned by electric utilities, some by incumbent telephone providers, and some jointly owned by both. Worse, there is no central database of utility poles, so determining the ownership status of individual poles often involves added time and research.[2]

Pine Tree Power could digitize and upgrade the application process, and create a searchable inventory of poles. Because the mission of Pine Tree Power is to serve Maine people, an investment in doing this makes sense.

Once a town has decided to go forward with a municipal broadband network, they must then find financing. This is usually a combination of state and federal grant funds and municipal bonds. Often volunteer broadband committees spend months or even years campaigning to get voter support for financing.

Pine Tree Power might also offer financing to towns seeking to build municipal broadband, using its revenue bonding capacity. Ratepayers who subscribe would then pay for the infrastructure improvements over time, eliminating the need to campaign for local bonds and raise taxes to cover the cost of the new infrastructure.

Or like some Consumer Owned Utilities, Pine Tree Power might decide to finance and build its own broadband infrastructure in underserved communities, and contract with Internet Service Providers to manage and provide internet access over their wires. There are many ways Pine Tree Power could improve internet access across the state.

The case of Georgetown also shows how every town that wants to upgrade their internet reinvents the wheel. It took five years from my first meeting with Georgetown for local volunteers to examine their options, figure out financing, and come up with a plan of action. Three to five years from planning to installation of municipal fiber is typical across Maine.

In Orono and Old Town, the process took ten years. Islesboro, Ellsworth, Sanford, Old Town, Orono, Calais and Cranberry Isles are examples of Maine towns that have built municipal fiber networks. Dozens of Maine towns are currently engaged in a similar planning process.

What if Pine Tree Power offered a standard planning template for municipal broadband? What if each step was affordable and efficient? What if there was a standard financing package available that towns could access if they met the criteria? With a Consumer Owned Utility in place, all of this becomes possible.

Chattanooga, TN:
Municipal Electric Utility Provides High Speed Internet, Economy Booms

The City of Chattanooga provides an excellent example of the possibilities for high speed internet, when an electric utility is locally owned. Chattanooga had a municipally-owned power utility established in 1935, run by the Chattanooga Electric Power Board (EPB). It was a sleepy little electric utility until the Mayor of Chattanooga challenged them to do more to serve the community.

In response, the organization stepped up to the plate and chose to offer high speed internet to its 170,000 customers, using its 8000 mile municipal grid as the underlying infrastructure. Because they already owned the poles, and because they already had billing and customer service operations in place, they could do this for less than any other entity. They were able to offer gigabit (1000x1000mbps) service, something no other competitor offered. They could also offer household broadband (25x3mbps) at below market prices. It was a winning formula. They borrowed $229 million, matched to a $111 million federal grant and are now repaying the loan out of internet subscription revenues.

Since Chattanooga's network was installed, corporate America has taken notice. According to a recently released 10-year study, the broadband utility in Chattanooga has brought in $2.69 billion in new economic benefits and created or retained 9,516 jobs.[3] Amazon located a distribution center there which now has over 2000 employees. Homeserve, a national provider of emergency home repairs, chose Chattanooga because of its high speed internet connection. Volkswagen located there for a number of reasons, but is a high speed internet customer. Other benefits, such as offering free service to low income families so that all school children have access, are harder to measure, and so the $2.69 billion in benefits is considered a low number. Chattanooga is often held up as an example of how municipal infrastructure can be they key to the future for communities across the country.

Maine Jobs and Recovery Plan

Governor Mills has released the Maine Jobs and Recovery Plan which would invest more

$150 million in broadband. This would fund 30-50 fiber to the home projects, and even more projects if fixed wireless technology was used. This is great news.

But the current paper application system and difficult discovery of pole ownership is hardly up to the demand now, and is likely to be completely overwhelmed with the volume of new projects. An investment in upgrading the application process and pole management system will be needed. A planning and building template for accomplishing internet upgrades at scale will also be needed. This is best accomplished by internet service providers working with a locally owned utility, a utility where *investing in what Maine people want and need* is the highest priority.

Maine can benefit enormously from local control of our electric utilities. A Consumer Owned Utility would help us meet our climate goals, diversify and grow our economy, expand broadband access, and create the prosperous future we want for our children. I urge you to pass LD 1708.

I am happy to discuss any of the points above and answer your questions. Thank-you.

1. Source: www.broadbandsearch.net. Estimating internet coverage is tricky because internet service might not cover all households in a "covered" town or service area. Internet coverage data is provided by internet service providers to the state and is difficult to verify.
2. A separate bill this session will address pole ownership, proposing a third party administrator for all poles in Maine.
3. Pressgrove, Jed. *Chattanooga Tennessee Makes Economic Case for Municipal Broadband*. Government Technology, Feb. 5 2021