

Communications and Technology Committee – Pennsylvania State Senate

Topic: Communications & Broadband Infrastructure in the Northern Tier of Pennsylvania

Bobbi Kilmer

President & CEO, Claverack Rural Electric Cooperative Inc.

32750 Route 6

Wysox, PA 18854

Email: bobbik@ctenterprises.org – phone (570) 265-2167

Testifying on behalf of the ***Fund for Northern Tier Development***

Chairperson Phillips-Hill and members of the committee, thank you for the opportunity to discuss the challenges faced by businesses and residents of the Northern Tier of Pennsylvania resulting from the current state of communications and broadband infrastructure in our region. I am testifying today on behalf of the Fund for Northern Tier Development. The Fund is a 501 (c) 4 organization formed by local business leaders to advocate for regional economic development, job creation and educational priorities. Our mission is not to replace or compete with other economic development or governmental groups, but rather to serve as a conduit and coordinator of information. We formed the Fund in 2017 with an initial focus area of Bradford, Tioga and Potter counties. The members of our organization represent a wide variety of business and industry – banking, insurance, healthcare, manufacturing, utilities, transportation, agriculture and small business.

Immediately upon formation, our leadership identified the lack of adequate communications infrastructure as a serious challenge facing the region. Our counties, along with other northern tier counties such as Sullivan, Susquehanna and Wyoming, have numerous areas without cellular service, and many of our residents have little to no highspeed internet available to them. Over the course of these hearings, I know the committee has heard important testimony highlighting the impact these deficiencies have on public safety, education, agriculture and healthcare across the commonwealth. We share the concerns that have been expressed as we

experience those same impacts in our region. I'd like to highlight some of the ways our business community is affected.

Many local employers struggle to recruit and retain the employees needed to operate their businesses. As in other areas of the commonwealth, the unemployment rate in our region averages about 4.3 percent, leaving a small pool of available workers. The challenge becomes even greater when seeking candidates with specific skills or professional credentials.

Therefore, we must make our region desirable to local young people early in their career and have the ability to attract individuals with the necessary skills and training from outside the area. The availability of dependable, fast internet service is an important consideration for families. Local realtors advise that questions about cell service and internet access are often the first questions potential home buyers will ask. Those homes that lack service are hugely disadvantaged in the market. Businesses are looking to use telecommuting or work-from-home flexibility as a tool to recruit and retain employees. The lack of dependable, fast internet removes that option for many in our area. There is also considerable interest in online business opportunities. E-Commerce of all types, blogging, and other online careers are nearly impossible in many of our communities. I personally know several young online entrepreneurs, Bradford County natives, who want to stay in the area but struggle to operate their businesses from their homes. Continuing education and professional development opportunities that are routinely available online become less practical for a working adult when they must travel to a local library or other location to access the internet.

Aside from workforce impacts, it is difficult in today's environment to operate a business without dependable internet access. From banking, ordering materials, paying bills, all the way to complete online enterprise systems, it is necessary to have adequate internet access for back office operations at a minimum. Coupled with the absence of cell phone coverage along many of our northern tier roadways, our businesses face real challenges in simple daily operations.

Since 2006, I have served as the President & CEO of Claverack Rural Electric Cooperative. We are headquartered in Wysox, Pa., and provide electricity to approximately 17,000 rural consumers in Bradford, Susquehanna, Wyoming and surrounding counties. Not only do we see these challenges within our own operation, I routinely hear from local residents who are angry and frustrated at the lack of dependable internet service. Many of these conversations include a plea for the cooperative to consider providing broadband service.

I believe this committee has received testimony from representatives of other rural electric cooperatives and you have heard about interest on the part of several cooperatives to help address the problem. An exciting development is Tri-County Rural Electric Cooperative's proposed fiber-to-the-home project in Potter, Tioga and western Bradford counties. Due to the capital investment required, this project is only possible because of the cooperative's success in the FCC's CAF-II Auction along with the Pennsylvania Broadband Investment Incentive program.

The cost of these projects, even for an electric cooperative that can utilize existing assets, is considerable. For example, our cooperative commissioned a fiber-to-the-home feasibility study in late 2017 that projected a cost of over \$60 million. In the absence of supplemental funding, the project simply isn't financially feasible. We do however, continue to assess our ability to provide retail broadband to our members. We are also evaluating the construction of a fiber ring connecting our electric distribution substations, which would be used for our own communications, SCADA, distribution automation and demand-response programs. This type of investment could potentially be leveraged by the cooperative for future provision of broadband service or partnerships with other internet providers through the lease of excess capacity. The Pennsylvania Rural Electric Association is working with our member cooperatives to identify and address any legal or regulatory complications associated with a cooperative's expansion into this area, and I am certain they would be glad to discuss these issues with you if you have questions.

On a national level, the National Rural Electric Cooperative Association is one of several groups advocating for reforms in the FCC's National Broadband Map. We believe changes are necessary to get a more accurate picture of broadband availability. In the northern tier region, we continually hear of residents who are paying for and, according to their provider, have internet speeds of 25mps/3mps available, when in fact their service is slow, inconsistent and often, simply not working. The experience of many northern tier residents is consistent with the results of Penn State University's "Broadband Availability and Access in Rural Pennsylvania" study. This study found a median download speed in Bradford County of 2.7565 mbps.

Due to the outpouring of concerns from public safety officials, businesses and local residents, the Bradford County Commissioners recently committed a \$5.2 million allocation of ACT 13 monies toward a fiber optic middle mile project. The "Bradford County Open Access Network" will consist of three loops of dark fiber that can be used to provide communications for emergency services and cell phone towers and may be leveraged by internet providers to provide service to local business and residents. I recently learned that Susquehanna County is evaluating a similar project. This is an example of the creativity and collaboration that will be needed to address the problem.

In closing, we are very appreciative of the work the committee is doing in bringing attention to this issue. The lack of communications and broadband infrastructure is a significant problem in our communities and the commonwealth as a whole. We believe the commonwealth will need to play a role in bridging the digital divide in our rural areas. Direct investment, partnerships and creativity will be necessary, and we support the efforts of the General Assembly as it looks for solutions.