TESTIMONY OF MR. RICK PETERSEN
CASCO COMMUNICATIONS, INC., dba PEAK INTERNET

Before the Joint Committee on Information Management and Technology

Wednesday, February 17, 2021

Mr. Chair, Members of the Committee:

For the record, my name is Rick Petersen, I serve on the Oregon Broadband Advisory Council representing Service Providers. I am the President and CEO of Casco Communications Inc., (dba PEAK Internet) which in a wholly owned subsidiary of Consumers Power Inc., an Oregon Electric Cooperative. I appreciate the opportunity to be here today to participate in this informational Hearing to provide a Service Providers perspective on broadband funding.

I have provided written testimony for your reference.

Background

PEAK Internet was "born" at Oregon State University in 1986 and transferred out of the University 10 years later. Casco Communications, Inc. acquired PEAK Internet in 2002.

PEAK had an emphasis on getting first time users connected to the Internet and educating them on how the Internet could improve their personal or professional lives – that tradition continues today.

For many years the PEAK model of connectivity was built upon reselling the services of other incumbent carriers including Pioneer Telephone Cooperative, Qwest and Century Link. That model has since evaporated and now PEAK's access model is based upon a hybrid Fixed Wireless and Fiber to the Home network that we own and control. PEAK traditionally provided broadband to under served communities.

PEAK also operates a 24/7 customer contact center to support its own customer base along with 20 other client companies in the Northwest. With close proximity to Oregon State University, PEAK provides continuous job opportunities for college students.

Broadband Funding

The majority of our service territory is rural, with an average density of 6 homes per mile. Our electric cooperative partner serves 22,000 homes with 3,500 route miles of distribution facilities.

For over a decade, we have applied for numerous funding programs with no avail. Staff time and expense to apply for many of these programs is exhausting and expensive. If you are unsuccessful in an award, that time and money is lost.

In preparation of prior applications we've formed public-private partnerships, strategic consortiums, hired consultants, lobbyists, engineers, visited our elected officials and agencies in Washington, DC along with our local and state officials including municipalities, civic groups and economic development agencies.

We aggressively pursued the first round of USDA Reconnect funding, but once we learned the stringent eligibility requirements for households lacking sufficient access to broadband (as defined by inaccurate broadband mapping) we aborted our application.

At this point, we felt that any opportunity for funding assistance was out of reach and my team was ready to throw in the towel. This was very frustrating as we were intimately aware of the number of underserved households in our service territory.

USDA Rural E-Connectivity Program (Reconnect 2)

Reconnect 2 lowered the eligibility requirement to 90% of the households in the proposed service area must lack sufficient access to broadband, defined as 10Mbps downstream, and 1Mbps upstream (10/1Service)

We felt that the new criteria provided an opportunity for us to define service areas to meet the funding criteria. We reengaged our team, hired an engineering firm and spent 2 months with a staff of 4 people preparing an application, all at the onset of the pandemic.

To accurately locate qualified underserved households, we embarked on a door-to-door campaign to verify delivered broadband speeds.

We submitted an application for a 50/50 loan grant combination totaling $13,215,265. This project will construct 200 route miles of fiber distribution serving a population of 5,000.

With fingers crossed for several months, we were recently awarded funding for this project. We recognize that a lot of work (and expense) lies ahead navigating through the governmental requirements and regulations, but this is a great opportunity to get fiber broadband deployed in some of our most remote areas.

Rural Broadband Capacity Program – Corona Virus Relief Fund
Deep into the pandemic, we were receiving numerous requests from students and teleworkers for broadband services. While we able to serve some with our current infrastructure, there was a huge demographic struggling with no or inadequate broadband.

Once this funding opportunity was announced, we quickly went to work on an application to help serve these students who were struggling in our rural communities. Of course there was a catch, the project(s) needed to be completed in 100 days, during a pandemic, a couple of historic wildfires and a scarcity of materials.

We applied for and received $1,222,757 in grant funds towards this effort. In addition, we provided over $667,079 of our own funds to complete the project. We will serve up to 350 student households and up to 1112 additional households with this infrastructure. Our employees and contractors worked "above and beyond," often putting themselves and their families at risk of exposure to COVID-19 to complete this project.

Following is an excerpt from a recent newspaper interview of one of our members who benefited from this program and is subscribed to our Gigabit fiber service. We are changing people's lives in a meaningful way!

Nine years ago, Tomonori Sekiguchi and his wife, Cindy, wanted to make a lifestyle change and moved from Eugene to a home on five acres near Rock Hill School south of Lebanon.
While they have been happy with the quality of life part of their decision — flocks of wild turkeys and other wildlife roam the area — a lack of quality high-speed Internet service proved quite frustrating, since Sekiguchi works internationally.
With airline travel difficult, he has relied on videoconferencing daily for more than a year.
"It has been especially important this past year due to COVID-19," Sekiguchi said. "I work with manufacturing companies and we need to be able to hold meetings as well as work with vendors, distributors and marketers."
He has been extremely frustrated with his home's Internet service for years.

There were times his service would collapse as many as 20 times per day. The family switched to satellite service, but Sekiguchi worried about issues if trees in the area blocked reception. But recently, thanks to PEAK's new fiber optic lines, working from home became much easier, Sekiguchi said.

"He was always talking about 5G phone service," Cindy Sekiguchi said of her husband. "But since we installed the new system a few days before Christmas he never talks about that anymore."

She added that uploaded and downloading videos could take hours before, now it takes only minutes.

"We almost gave up on high-speed Internet," Tomonori Sekiguchi said. "But now, I can't believe my eyes. We waited nine years."

The Sekeguchis' son, Nathan, 23, lives with them and is studying nursing. The new Internet service is invaluable to his studies.

"The volume of videos he has to download and the amount of correspondence with his instructions is amazing," Tomonori said. "The service has been impeccable."

E-Rate for Schools and Libraries

Our company has had great success in leveraging the E-Rate program to provide connectivity to rural schools and libraries in Linn, Benton and Lane counties. In 2019, we submitted and were awarded a proposal to build fiber to the Luckiamute Valley Charter Schools in Polk county, however, due to the State match for Oregon schools *not* being funded, we lost out on a $1,135,000 project to serve the schools and rural members in the surrounding area.

HB-2654

I strongly support and encourage your support of HB-2654. This legislation helps remove potential barriers for the rapid deployment of broadband.

Broadband is also essential for electric utilities. "Smart grid" applications have proved to be essential in the mitigation of wildfires. The ability to de-energize a hot line remotely vs. deploying a lineman (in some cases taking hours) can save lives and property damage.

Summary

- The need for ubiquitous high-speed broadband in is now a critical lifeline service.
- Deployment is rural markets is expensive. Grants are fantastic, but matching funds can frequently make a business case for rural providers.
- Additional funding programs are needed to help close the digital divide is some of our most remote and underserved areas.
- Applying for State and Federal funding can be a daunting task. The State broadband office can be a helpful resource in this endeavor.
- Oregon needs the resources to help obtain additional federal funding for broadband deployment.

Thank you for the opportunity to submit testimony today, I welcome the opportunity to answer any questions.

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