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LETTER OF INFORMATION

Senate Bill 540 - Member - Regulated Cooperatives - Establishment
(Rural Broadband for the Eastern Shore Act of 2020)

Finance Committee

February 25, 2020

The Rural Maryland Council submits the following letter of information on Senate Bill 540 - Member - Regulated Cooperatives - Establishment (Rural Broadband for the Eastern Shore Act of 2020).

Broadband is critical infrastructure for business, education, and agriculture today and access remains a real issue in the state's rural areas with almost 20% of rural residents lacking internet access. Deployment presents a huge challenge as our rural areas have fewer residences to support the cost of network build out expenses. Using the Federal Communications Commission's definition of broadband as 25 megabits per second download and 3 megabits per second upload, only 64% of rural Marylanders have access to high-speed internet.

The Council supports allowing the rural electric cooperatives to become broadband providers. The Council does recommend including language that authorizes or enables the cooperative to provide last-mile broadband services. Network planning and thoughtful development of the broadband deployment model are essential for success as competing in the broadband industry which can present risk. The Council suggests that bill language be considered that would require that Choptank Rural Electric Cooperative submit a five year deployment plan of last mile residential services including timelines and project goals to the legislative committees.

However, SB540 primarily authorizes Choptank Rural Electric Cooperative to become a new "member-regulated cooperative" removing the organization from oversight by the Public Service Commission. This deregulation would allow the organization to leverage its electric assets for the deployment of broadband.

Overall, three rural electric cooperatives serve the State's rural areas: Choptank Rural Electric Cooperative, SMECO (Southern Maryland Electric Cooperative) and Somerset Rural Electric Cooperative in Garrett County. SB540 bill only applies to one of the three cooperatives and is essentially a local courtesy bill.

The Rural Maryland Council (RMC) brings together citizens, community-based organizations, federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to collectively address the needs of Rural Maryland communities. We provide a venue for members of agriculture and natural resource-based industries, health care facilities, educational institutions, economic and community development organizations, for-profit and nonprofit corporations, and government agencies to cross traditional boundaries, share information, and address in a more holistic way the special needs and opportunities in Rural Maryland.

"A Collective Voice for Rural Maryland"