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February 25, 2020

Support SB 540 - The Member Regulated Cooperatives - Rural Broadband for the Eastern Shore Act of 2020

Dear Chairman Delores Kelley and Members of the Committee:

I am writing on behalf of our 54,000 co-op members to seek the support for that would benefit our rural region. The proposal would allow Choptank Electric Cooperative to become “member-regulated,” with the goal of delivering Gigabit Speed broadband service for rural residents and businesses, the same way the Cooperative brought electricity to unserved areas in the mid-1900’s.

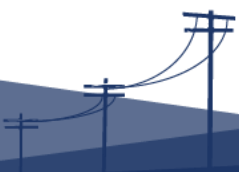
If passed, SB 540 would allow Choptank Electric Cooperative’s Board of Directors to act with oversight from its member/owners to deliver Gigabit Speed internet using an economy-of-scale that cannot be matched by other providers. Under our proposal, our members, who average 8 homes per mile, will finally gain access to last-mile broadband connection.

Businesses and residents across the Eastern Shore have lamented the lag in 21st century technology. We are now to the point where quality of life and economic development are stymied without a giant leap forward. Despite numerous studies and significant financial investment, the universal delivery of broadband to all our citizens has not been achieved.

SB 540, the Member-Regulated Cooperatives - Rural Broadband for the Eastern Shore Act of 2020, has been introduced to leverage our cooperative business model and give our not-for-profit, democratically controlled and member-owned Electric Cooperative the regulatory certainty it needs to deliver broadband services.

Choptank Electric Cooperative has been a trusted community partner for over 80 years. The decision to provide an additional service such as broadband is challenging; however, it is very doable provided we achieve the legislative changes needed for regulatory certainty. This will give us the comfort to responsibly invest in last mile broadband deployment.

Access to broadband is a bi-partisan, common-sense objective. We must fill this digital divide we face in rural areas but also unite all Marylanders in a common goal to provide access to this service.



Members First. Every Day.

The Rural Broadband for the Eastern Shore Act of 2020 will allow our electric cooperative to become member-regulated. This will strengthen our business while continuing to **protect rural electric and broadband customers** in the following critical ways:

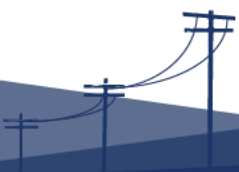
- A Member Regulated Cooperative may not adopt a new rate or increase or decrease existing rates without inviting member participation. The Cooperative must notify its members, provide opportunities for comment and allow members to be present for Board votes concerning rates.
- A Member Regulated Cooperative must comply with all statutory requirements for electric companies in Maryland, including net metering, the Renewable Portfolio Standard (RPS), customer choice, protection for low-income residents, underground safety, territory establishment and more.
- A Member Regulated Cooperative must share information about electric and broadband policies with members, such as rate schedules, tariffs and financial
- A Member Regulated Cooperative must adopt procedures to hear, decide and resolve in a prompt and fair manner, complaints from its members.
- The bill provides a mechanism for members of the cooperative to revert to full regulation by the Maryland Public Service Commission if desired in the future. The bill provides for transparency and accountability by a Member Regulated Cooperative to protect its member/customers.

We hope you will join us in this very important effort and trust that with the consumer protections and safeguards in this bill, the Rural Broadband for the Eastern Shore Act of 2020 will help bridge the “digital divide” and improve our quality of life.

For additional information, please contact Valerie Connelly, our Vice President of Government Affairs and Public Relations at (443) 690-2411.

Sincerely,

M. E. Malandro
President & CEO
Choptank Electric Cooperative



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