March 6, 2014

Letter – Expression of Interest
VIA ECFS

Chairman Thomas Wheeler
Commissioner Mignon Clyburn
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai
Commissioner Michael O’Rielly
Jonathan Chambers
Federal Communications Commission
445 12th Street, SW 20024
Washington, DC

Re: Expression of Interest – Rural Broadband Experiments
Connect America Fund, WC Docket No. 10-90

Dear Chairman Wheeler, Commissioners, and Mr. Chambers,

This letter is to express Kanabec Broadband Initiative’s (KBI) interest in participating in the Rural Broadband Experiments announced at the January 30th FCC Open Meeting. Though we do not have a provider chosen for a specific project at this moment, we have been working for over three years to promote broadband projects in the Kanabec County, Minnesota area. We have worked with providers to improve speeds in the area and have completed a comprehensive broadband feasibility study to identify the needs and examine potential solutions. We respectfully ask the Federal Communications Commission to consider our area’s need when making decisions regarding the Rural Broadband Trials and any future initiatives related to the Connect America Fund.

Background
KBI is an ad hoc group of community stakeholders that recognize the importance of broadband to the economic competitiveness and quality of life of county residents, businesses and institutions. Initiated by local business concerns in early 2011, the initiative’s activities are now supported by town, city and county government, family and senior services, education, healthcare, city and regional economic development, the area chamber of commerce and many local business leaders.

The initial premise that broadband offerings at the time were largely inadequate was confirmed by an April 2011 survey and additional research and testimonials offered at community meetings. This prompted KBI to move forward with raising the necessary funds to commission a feasibility study that would inform the group’s decision-making
toward the goal of offering affordable, high-speed Internet service countywide that meets or exceeds the state goal of 10-20 Mbps download and 5 Mbps upload by 2015.

To achieve this goal, the group realized that it needed to A) educate the public about the need for and potential uses for broadband, B) provide accurate information to businesses and residents about existing services, C) work with existing service providers to improve their services, stimulate competition and develop relationships that may lead to future partnerships, D) identify subsets of the community where broadband projects could have a positive impact on economic factors and/or quality of life, and E) complete a feasibility study to identify potential ways to facilitate new broadband services for all businesses and residents of Kanabec County, especially those in the rural areas of the county.

Continuing in the process of research and planning, KBI commissioned a comprehensive broadband feasibility study for the county. The study was completed between May and September 2012 and included a market study of anchor institutions, businesses and residents; engineering plans and cost estimates for three possible countywide broadband initiatives and business plan financials and recommendations. A copy of the full report is available at: http://www.kanabecbroadband.org/files/Kanabec_Final_Report-10052012.pdf

Today, KBI continues to work with local providers to forge partnerships that may help us reach our goals for the community. The county was designated a Blandin Broadband Community in 2013 and was awarded a grant by the Blandin Foundation to promote broadband use through community broadband projects.

**Demographics**

Kanabec County, with an estimated 2010 population of 16,239 (U.S. Census Data), is a largely rural county, covering approximately 525 square miles, in east central Minnesota. It is located approximately 70 miles north of the Minneapolis/St. Paul metropolitan area. The largest city in the county is Mora, the county seat and market hub, with a 2010 population of 3,571 (U.S. Census Data). There are three smaller towns in the county: Grasston, Quamba and Ogilvie, with a combined 2010 population of 650 (U.S. Census Data).

There are two independent school districts in the county. Enrollment for the 2010-2011 school year in Mora is 1,796 students and in Ogilvie is 558 students. The combined school districts have a facing and reduced lunch rate of just over 48% compared to the State average of 36.7%. Both school districts are facing short and long-term financial crises due to declining enrollment and state funding that has not kept pace with inflation for the past nine years. Programs, staff, supplies and other materials necessary to provide a quality education for Kanabec County’s students continue to face cuts.

Kanabec County has high unemployment and poverty rates and a lower than the state average per capita income. Residents are economically distressed and many are isolated.
Poverty, unemployment, and rural isolation create significant health disparities within Kanabec County. Poverty has an extensive impact. Although Kanabec County’s population does not have a significant ethnic minority presence, Kanabec County has an overarching and persistent problem of rural generational poverty. Kanabec County’s 2010 per capital income was $21,304 well below the state average per capital income of $29,582 (U.S. Census Data). The county consistently ranks in the top five counties in Minnesota in unemployment.

**Geographic Territory**
KBI proposes to serve the rural areas of Kanabec County with fiber to the premise (FTTP), although our 2012 broadband feasibility study also examined the possibility of a fixed wireless solution. We recognize that our goals for the community would best be served by an FTTP implementation but are poised to work with any provider on a solution that would meet our goals.

Any KBI project would focus on three Experiment Eligible Locations in census tracts 27065480100, 27065480200, and 27065480400. These census tracts are entirely within Kanabec County and represent 4,562 eligible high cost locations and 263 extremely high cost locations. Kanabec County has one additional eligible location largely overlapped by the City of Mora, which already has multiple options for broadband. At this time, we do not expect to over-build that area.

**Proposed technology**
KBI proposes a fiber to the premise (FTTP) community-wide network in the rural portions of the county. This network would provide a fiber optic cable to each home and business within rural portions of Kanabec County. This network would initially provide 100 Mbps of bandwidth to each home and business with design considerations to allow for future Gigabit connectivity.

Engineering estimates from the 2012 feasibility study require 598 miles of fiber construction to pass 2,763 potential rural subscribers at a cost of $7,583,025.95. The per-passing cost is $2,774.49 or a per-mile cost of $12,262.94. KBI seeks a provider partner to operate the network and provide services over it. Additional costs for premise equipment, central office equipment, etc. would add additional cost to the total project.

**Existing Providers**
Several providers (not including satellite and cellular wireless) currently serve portions of Kanabec County. The city of Mora has the greatest number of providers with the largest number of options for service. Rural areas generally have one or two providers with very limited speed.

CenturyLink (http://www.centurylink.com/) is the incumbent LEC and provides telephone and internet services across most of Kanabec County. Currently CenturyLink
provides up to 12 Mbps advertised speeds in the more dense areas (City of Mora) of their service areas but typically in the rural areas of Kanabec County only provide up to 1.5 Mbps of services and in many locations cannot reach that speed.

*Midcontinent Communications* ([http://www.midcocomm.com/](http://www.midcocomm.com/)) provides telephone, Internet and cable television services to homes and businesses in the communities of Mora and Ogilvie. Midcontinent provides its services with a Hybrid Fiber Coax (HFC) network utilizing DOCSIS 3.0. Service options include:

- **Wideband 1.0** - 30 Mbps download - 5 Mbps upload - $44.95/mo
- **Wideband 2.0** - 50 Mbps download - 10 Mbps upload - $64.95/mo
- **Wideband 3.0** - 100 Mbps download - 15 Mbps upload - $99.95/mo

*Genesis Wireless* ([http://www.igenesis.us/](http://www.igenesis.us/))-a privately held company that provides unlicensed wireless services to East Central Minnesota including Kanabec County. Speeds are limited due the technology being deployed and include:

<table>
<thead>
<tr>
<th>Speed</th>
<th>Download</th>
<th>Upload</th>
<th>Monthly Price</th>
<th>Yearly Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>512 Kbps</td>
<td>256 Kbps</td>
<td>$29.95</td>
<td>$359.40</td>
<td></td>
</tr>
<tr>
<td>1 Mbps</td>
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<td>$49.95</td>
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<td>1.25 Mbps</td>
<td>$99.95</td>
<td>$1199.40</td>
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Yearly price provides speed boost up to .5 Mbps download and .25 Mbps upload. Customer must pay for customer premise equipment. Standard Equipment package is $399.95 and installation is an additional $149.95.

As can be seen, speeds and prices for services outside of the City of Mora do not meet the goals of KBI or the State of Minnesota.

**Local Government Participation**

KBI has received support from cities, and townships within Kanabec County. The County Board has also formally supported the efforts of KBI and is working to position itself to work with interested providers on this project. The following government and economic development organizations that are participants on the KBI steering committee include:

- Kanabec County
- City of Mora
- Mora Economic Development Authority
- Mora Housing and Redevelopment Authority
- East Central Regional Development Commission
List of Community and Anchor Institutions
A significant number of community organizations are also active members of KBI and are expected to be part of any project that proceeds.

- Mora Area Chamber of Commerce
- People’s National Bank
- First Light Health Systems (hospital and medical clinics)
- East Central MN Educational Cable Cooperative (school district consortium)
- Kanabec Systems
- Mora Public Schools
- Ogilvie Public Schools

Additional anchor institutions that may be served by this project include:

- Eastwood Senior Living Complex and Life Enrichment Center
- East Central Regional Library
- Mora Industrial Park

Thank you for considering our Expression of Interest in your decisions about the amount of funding that will be allocated in the Rural Broadband Experiments. We commend the FCC in this effort to connect rural communities and are ready to help you close the digital divide.

Sincerely,

Marc Johnson, Executive Director
East Central MN Educational Cable Cooperative
Representing the Kanabec Broadband Initiative
Mora, MN