



Beaver Island Association
Supporting Environmental and Economic Sustainability

Owning our digital future

TIME FOR A CHANGED APPROACH TO
BROADBAND IN SMALL COMMUNITIES



MERIT
MEMBER
CONFERENCE

Your presenters

Kevin Boyle

- Retired partner of global law firm with 30+ years of practice in technology and communications industries
- Chair of Beaver Island Joint Townships Telecommunications Advisory Committee
- Full-time island resident
- Island volunteer at community's school (teaching programming & robotics), Community Center and WVBI-FM

Dick Mulvihill

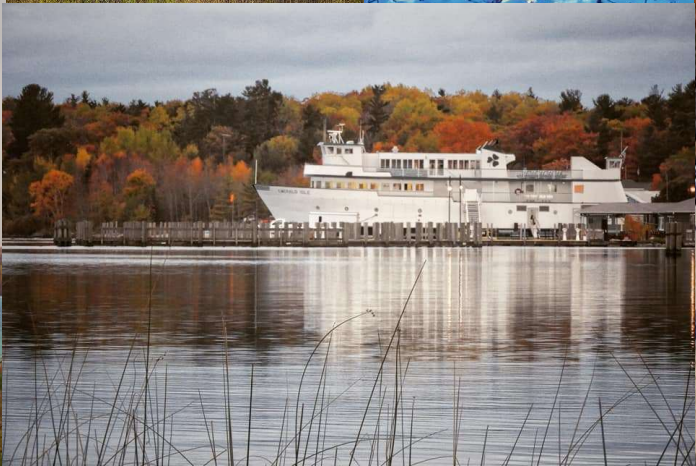
- Retired technology industry executive with 30+ years of experience in communications and tech deals
- Co-founder of online back-up pioneer
- President of Beaver Island Association
- Full-time island resident
- Island volunteer at Historical Society, Trails Committee and JTAC

Note: The views presented are those of the speakers and do not necessarily represent the views of the Beaver Island Joint Townships Telecommunications Advisory Committee or Beaver Island's Townships.

Some background

- Island community of ~600 full-time residents
- Current “industry” is summer tourism...and support services
- We are 32 miles offshore so everything costs more
- We compete with “up north” for summer visitors and residents
- ~600 full-time residents and ~300 service locations a profitable utility business does not make

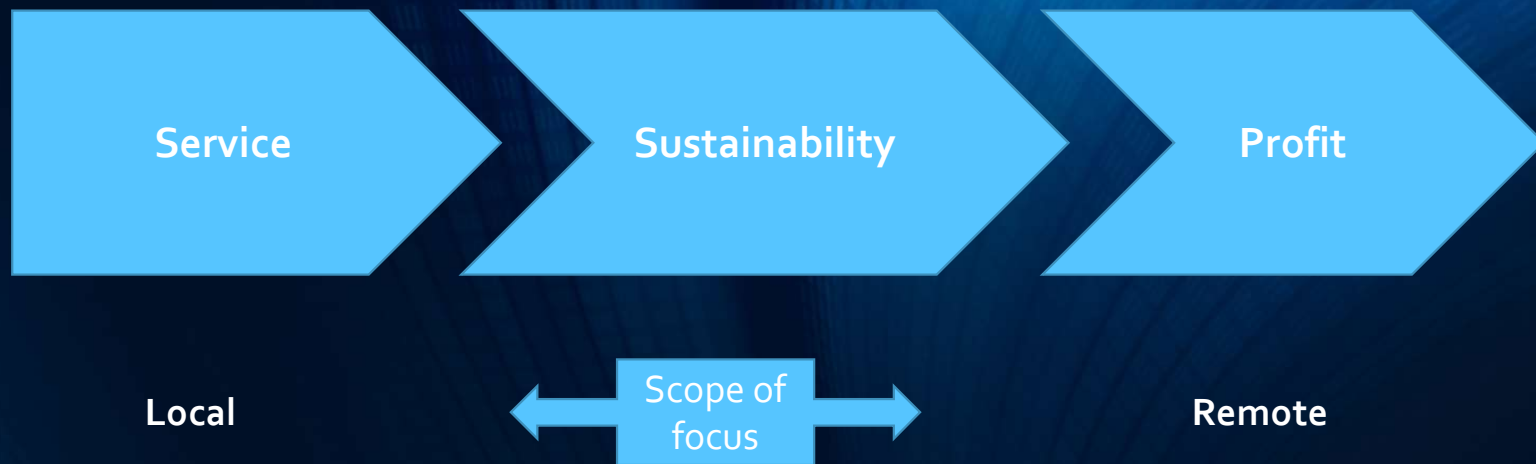




Ownership

- Initial power and telephone services on the island were homegrown...
- ...as was first internet service.
- Power is now supplied by a customer-owned co-op
- Telephone and internet service are now provided by a subsidized for-profit company
- Big differences in service experience

Ownership continuum



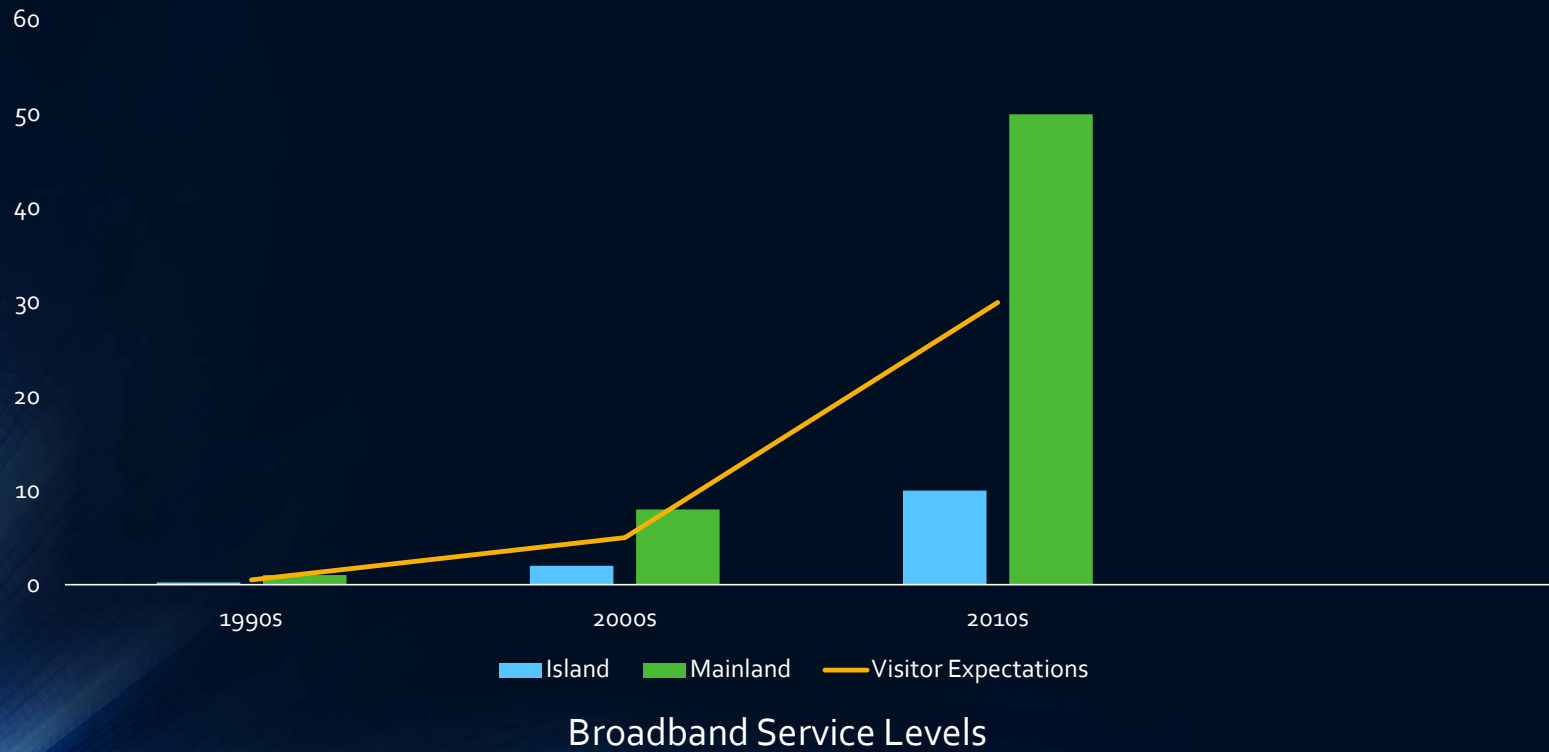
Co-op ownership impact

- Power co-op has investigated bringing fiber to the island, but concluded it wasn't financially practical even for a co-op
- Still looking for a way to make it work, they teamed with the island for a BIP grant application in 2021
- Power is delivered from the mainland on a cable
- Diligent efforts to restore power when it fails
- Investments in island infrastructure to improve service reliability

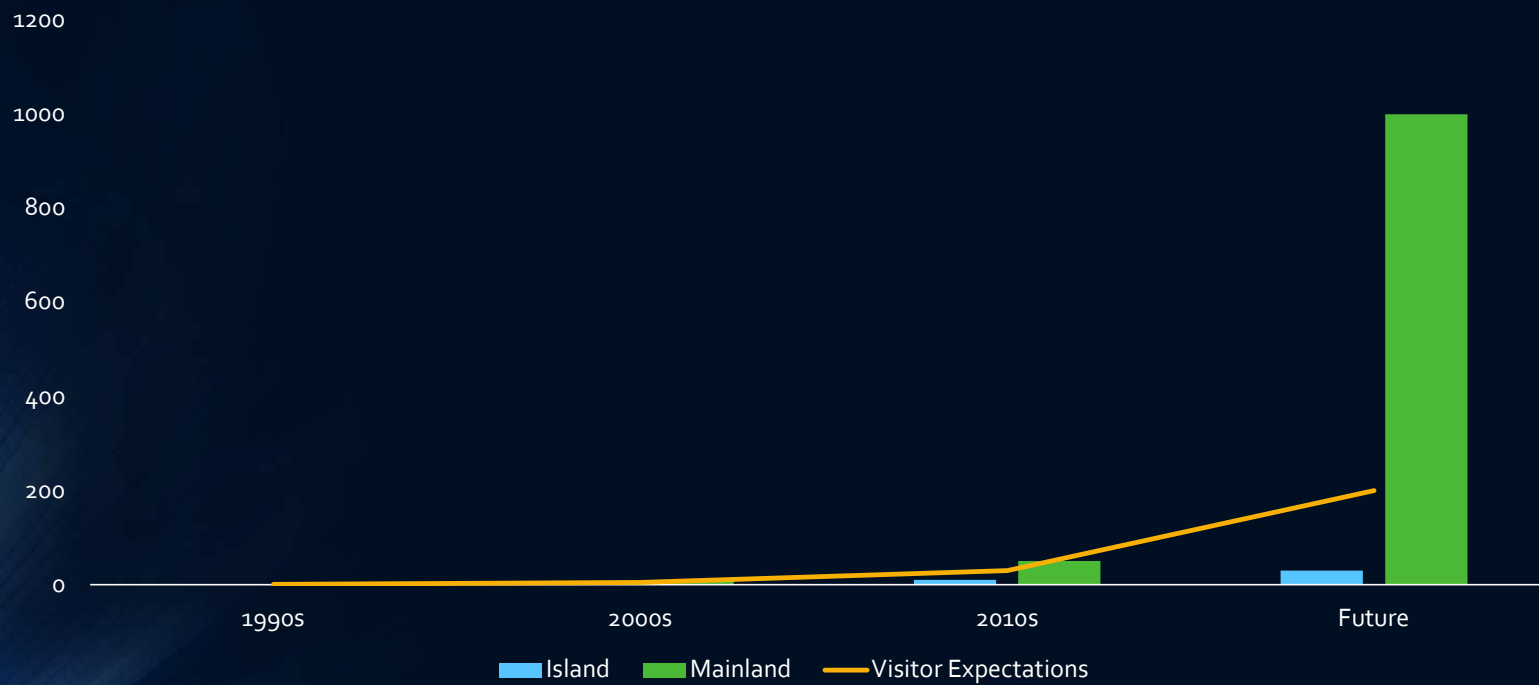
For-profit ownership impact

- Internet service improvements have generally only been made when threatened with displacement and then only with grant funding
- \$5.5 million in grants since 2015 along with universal service and related subsidies – half the cost estimate for FttH
- Service is DSL with many locations at $5 \times < 1$ Mbps
- Extended outages...frequent complaints about performance and support
- Always behind: dial-up until 2007; DSL speed targets now 30x3; nearshore mainland competitors have gigabit service
- “No plans for fiber” for the island in 2021 for the foreseeable future
- We fully understand and appreciate the management decisions of the incumbent and their responsibilities to shareholders, but their choices do not align with the needs of the community

Posterchild for the digital divide



Posterchild for the digital divide



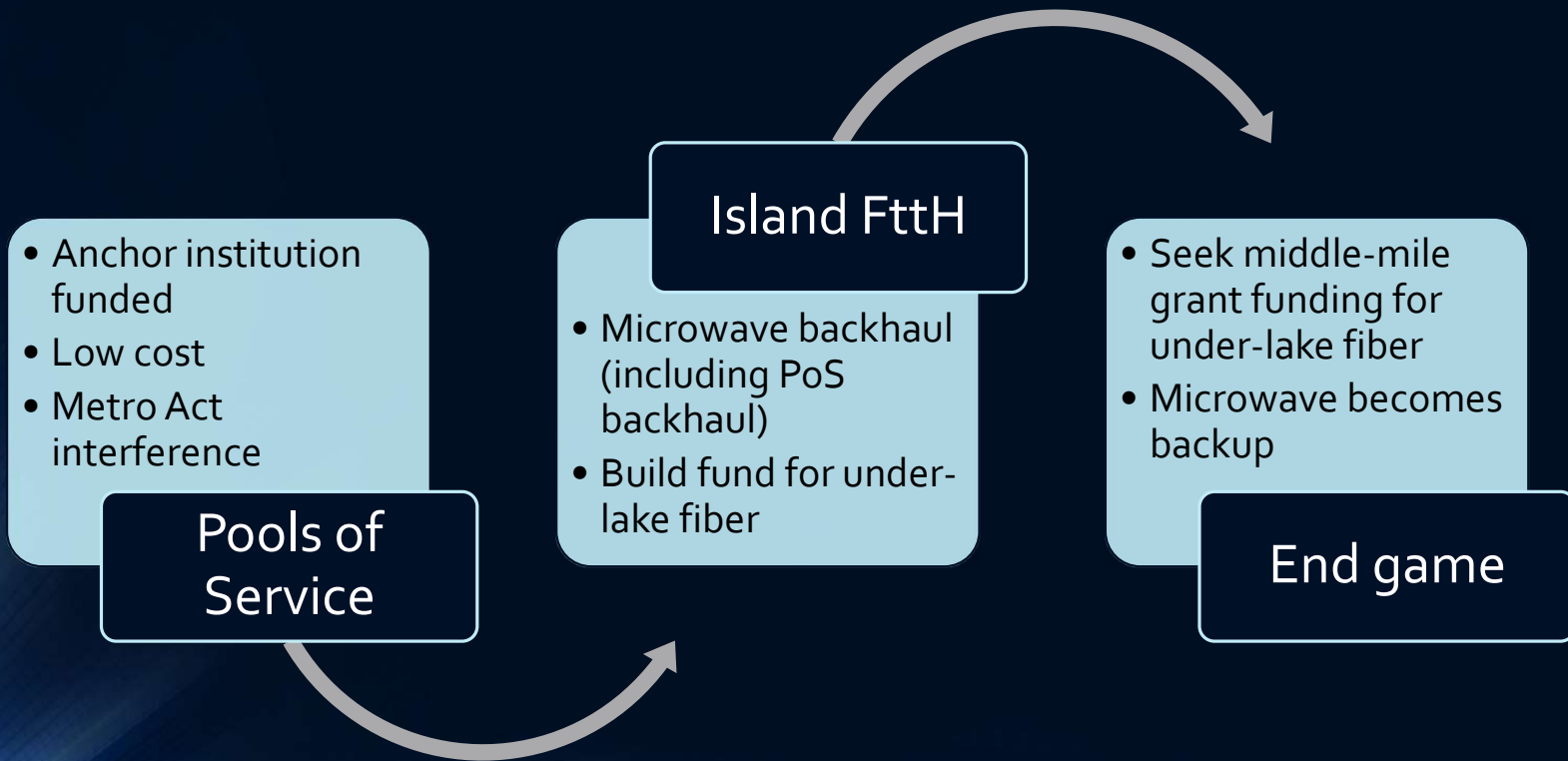
Broadband Service Levels

An Island solution



- Beaver Island Association, the island NGO, forms a committee to look at solutions to service issues
- Committee concludes that it will be difficult to make progress without township government involvement; urges formation of Beaver Island Joint Telecommunications Advisory Committee
- Committee is formed and begins to study options including go-it-alone and partnership approaches
- Begins work on both short-term, intermediate-term, and long-term solutions
- Prepares BIP grant application working with co-op power provider

Closing the gap – the original plan



Closing the gap – a change-up

- Peninsula linking under-lake fiber plan proposed with the island as a way station
- Incumbent LEC contacts the island with promises to improve service and a commitment to build FttH without grant funding if under-lake fiber is built
- Service issues continue...new service requests and seasonal restart requests declined; extended service outages
- Incumbent LEC applies for ROBIN grant for island FttH
- Pools of Service project plows ahead

Why the battle?

- Why are communities like ours forced to MAKE-DO WITH BOTTOM RUNG SERVICES FUNDED WITH TAXPAYER DOLLARS—including our tax dollars?
- Why do policymakers put our digital destiny—our future—in the hands of for-profit companies THAT WILL NEVER MAKE A PROFIT providing service to our community?
- Perhaps the complexity of services and the history of private investment (with pre-Bell Break-up providers) once supported an argument for that as the best approach, but...
- No more.

What's next?

- Pools of service to go live this summer bringing 200x200 Mbps service to key island locations
- If the under-lake grant is made, the groundwork exists for FttH
- If the under-lake *and* the incumbent LEC grant are made, the island should get FttH a good result—but, completely funded with public money, yet no prospect for Island control of its digital future—not an optimum result from a public policy perspective
- If the Island is a successful BEAD grant applicant, the Island will have FttH and control of service levels, improvement decisions, future investment...and its digital future.

Policy changes?

- Recognize that, especially in the case of small communities, the BEST provider of services is likely to be the community
 - **Self-interest:** Competitive broadband services are no longer a luxury or even a “nice-to-have”; they are a critical component of economic sustainability
 - **Competition:** Without competitive broadband there cannot be adequate competition on other critical factors: healthcare, education, or business
 - **Profit not needed:** Profit is a great incentive, but it is not possible in small communities without public subsidies. Shouldn't that money be used to build community-owned and manage systems...where self-interest + competition drive results?
- Stop designing grant programs to favor incumbents
- Get rid of the Metro Act (at least for small communities)
 - No longer serves a valid public policy purpose



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