

OFFICE OF THE GOVERNOR  
STATE OF MONTANA

BRIAN SCHWEITZER  
GOVERNOR



JOHN BOHLINGER  
LT. GOVERNOR

October 14, 2009

Mr. Ian Martinez  
Senior Adviser and Director of Outreach  
BTOP Program National Telecommunications and Information Administration  
US Department of Commerce

Dear Mr. Martinez,

Thank you for providing the State of Montana with the opportunity to comment on the Montana-related applications for federal stimulus funding under the Broadband Infrastructure Program (BIP) and the Broadband Technology Opportunity Program (BTOP). Montana is the 4<sup>th</sup> largest state in the union with only 950,000 people. Those demographic and geographic facts make Montana one of our nation's most rural states, one in which the proper deployment of communications technology will play a major role in helping our citizens bridge the digital divide so that we can be competitive as a state and as individuals.

Montana is making great progress on two of the most important policy priorities of my administration: education and healthcare. We have made significant investments in distance learning through the Montana Virtual Academy and the Montana Virtual Community College. Further, Healthshare Montana continues to work to reduce healthcare costs by encouraging and supporting the adoption of health information technology and health information exchange. Critical to endeavors like these is affordable access to high speed internet which BTOP and BIP can provide.

In 2005, the Governor's Office of Economic Development (GOED) concluded that there was a serious lack of communications capability in and around Montana's seven Native American Reservations. Given the low economic activity on said reservations, it was clear that lack of modern communications was contributing to that lack of economic achievement in Indian Country here in Montana.

Without question the communications private sector had not found an economic justification for the investment in Indian Country needed to bring broadband services to the seven Reservations. In June of 2005, GOED requested Bresnan Communications to assist the GOED by investigating the possibility of investing in communications in Indian Country. Bresnan and the GOED put together a plan, with support from the State Tribal Economic Development Commission, to accomplish improved communications. For the ensuing four years of effort, Bresnan and GOED continued to reach out to all of Indian Country and put together an infrastructure plan. Regretfully, the plan to deliver communications infrastructure and services to Montana's Indian Country did not "pencil out" in terms of giving a return on the serious investment that was required. This came as no surprise as the needed private investment likely would have been made earlier by someone had an adequate ROI been possible.

Nonetheless, the broadband delivery plan developed by Bresnan for the creation of a broadband backbone to insure service delivery to all seven reservations became a targeted objective of the state in terms of seeking a subsidy that could cover significant portions of the capital cost as a way to insure that Bresnan or other service providers could reach Indian Country and get an adequate return on their investment. Such a subsidy became available with the federal government's broadband stimulus (ARRA) grant opportunities. But not for this funding, this broadband service delivery plan could not otherwise be implemented.

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The white paper outlined the overall plan of the state of Montana for the delivery of broadband services to un-served and underserved areas and populations in this state through the utilization of public and private investment and federal broadband stimulus funding. Implementation of the plan could provide broadband access to vulnerable populations in remote areas across Montana, targeted primarily on the seven Native American Reservations.

While some last-mile service delivery will be accomplished through anchor institutions and public centers, it is important to note that subsequent second round applications on behalf of the various Native American Reservations will be submitted in order to fully implement the goals of the white paper for last-mile service delivery.

#### Specific Application Considerations

My office asked all Montana-related applicants for BIP and BTOP funding for additional information as a means of being able to appropriately evaluate all such applications. To date, we have received follow-up information from only 14 applicants.

The federal government has given the states the opportunity to develop their own feedback criteria. We here in Montana have reviewed all 14 applications fully submitted to us with an eye toward how they can assist in the educational and healthcare goals of my administration as well as how they can provide services for key historically underserved and un-served populations – particularly on the seven Native American reservations found in the state.

I am pleased to provide you with Montana's funding recommendations which we have prioritized through a three tiered ranking system. The review and evaluation was done in a manner that is consistent with the goals laid out earlier by my Office of Economic Development in the white paper (Attachment A) entitled "Delivery of Broadband Services to Un-served and Underserved Areas and Populations in Montana, Particularly Montana's Seven Indian Reservations."

These three evaluation tiers, in order of priority, are:

- Tier 1 Applications – Recommended for Full Funding and Highest Priority
- Tier 2 Applications – Recommend for Funding if funds are available
- Tier 3 Applications – No Comment or recommendation because full information was not provided (applications other than the 14 that were fully submitted including responding to the follow-up request)

#### Tier 1 Applications – Recommended for Full Funding and Highest Priority

##### 1. Bresnan Communications

As mentioned above, since 2005, my administration has worked directly with Bresnan Communications to develop a single and continuous broadband service delivery model for Indian Country throughout Montana. As you'll see from its application, Bresnan Communications has designed and would create infrastructure that will provide for affordable, accessible broadband services in the un-served and underserved areas delineated in the plans outlined in the "White Paper." Each of the seven tribal councils found on the Indian reservations of Montana has joined in support of the Bresnan application.

**I urge the NTIA and RUS to fully fund the entirety of the Bresnan Communications application.**

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Tier 2 Applications – Recommend for Funding if funding is available

In addition to Bresnan Communications, the following 13 applications were received for review pursuant to my request (Attachment B):

1. Blackfoot
2. BullDog Cable
3. ClearFly
4. Digital Bridge
5. EchoStar XI
6. Hughes
7. MidRivers
8. Mt. Public Broadband Access Centers
9. OptiCom
10. RadGov
11. SpaceNet
12. Via-Sat
13. Vikings

Given the rural nature of Montana, I recognize that additional broadband infrastructure will be necessary to fully realize the potential of affordable, accessible internet. **Therefore, I support the funding of the above projects, assuming that funding is available after the full funding of the Bresnan application, which is the top priority.**

Tier 3 Applications – No Comment

There are numerous additional applications submitted to NTIA/RUS, however, those applicants did not respond to my request for additional information. Without this supplementary data, I am unable to make any comment on the applications.

Again, thank you for the opportunity to comment on this critical infrastructure program. If you have any questions about the above, please do not hesitate to contact my office.

Sincerely,



BRIAN SCHWEITZER  
Governor