

BROADBAND

DREMC - Partnering for Web Solutions



A Touchstone Energy® Cooperative 

Where does DREMC currently stand on the issue of broadband?

As of 5/1/2017

State Law

- ◆ On Monday, April 24, 2017, Governor Haslam signed the Tennessee Broadband Accessibility Act, removing legal restrictions to allow the state's private, member-owned electric cooperatives to provide high-speed internet service to co-op members. In light of this, DREMC is examining all options.

Potential for Internet Customers

- ◆ The expected number of members that would subscribe to broadband (known as the "take rate") is estimated at about 30% of those eligible.
- ◆ DREMC averages 12 electric members per mile of line. Municipals (city owned electric companies) like Tullahoma and Chattanooga have a much higher customer density – 3 to 4 times higher.
- ◆ With an average participation of 3.6 customers per mile, the challenge will be how much investment can be paid for and maintained with a reasonable and competitive monthly internet bill?

Cost

- ◆ The Tennessee Valley Authority will NOT allow DREMC to finance a project to provide retail broadband with revenue from electric rates, nor should they. In other words, the broadband undertaking will have to stand on its own financial legs. This will be a challenge because the main reason ISPs such as AT&T and Comcast are not already on your street or road is density – not enough potential customers to offset the cost of the investment.
- ◆ The estimated cost of providing broadband access in DREMC's electric service area is \$150 million, and this is just to get fiber to the edge of the road and not all the way to the home/business. Additionally, this project would take 10+ years to complete.

More information on the reverse side



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What We Know

- ◆ DREMC's efforts relative to broadband started approximately one year ago, so we are further down the road than many Tennessee electric co-ops. Our Board of Directors, management and employees are committed to helping expand broadband access as we realize the importance of high-speed connectivity for our residential members, businesses, and schools.
- ◆ Immediately, DREMC sees a solution to its own digital communication problem by using fiber-optics to connect our offices, substations and other assets. This fiber backbone or loop will improve the electric system, save the co-op money and help provide continued reliable electric service.
- ◆ This backbone will be a 300-mile network from Franklin County in the east to Maury County in the west. Our goal would be to complete it in three years and would begin this year.
- ◆ We believe our investment in the core network will potentially be a starting point to motivate others to find ways to reach homes and businesses with fiber. ***This is where partnering with ISPs comes into the picture.*** We are in discussions with experts in retail internet service, and there is definitely interest in this approach.
- ◆ Our strength is the operation of an electric utility. We believe that we can expand this to include installing and maintaining the fiber optic trunk lines, but this falls very short of being an Internet Service Provider (ISP).
- ◆ Whatever we do, it has to make business sense and not place any undue burden on DREMC electric rate-payers. Some of them already have broadband access. Others are not interested, period. Yet everyone wants lower electric rates.

In Summary:

- ◆ ***DREMC understands the importance of broadband access for our communities.***
 - ◆ ***We want to be a part of the solution.***
- ◆ ***It is not our plan, at this time, to be an Internet Service Provider (ISP), but we are actively striving to partner with current ISPs.***



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