

BROADBAND

DREMC - Partnering for Web Solutions



Your Touchstone Energy® Cooperative 

DREMC's Position on Broadband Access for our Members

Because Tennessee state law now allows member-owned electric cooperatives to provide high-speed internet service to co-op members, **DREMC's board and staff are examining all options related to the complex broadband issue.** DREMC understands the importance of broadband access for our communities; the challenge is how to implement broadband access in a way that is cost-effective and doesn't undercut DREMC's financial stability.

DREMC's efforts on broadband started nearly three years ago. **Our board, management and employees are committed to helping expand broadband access in our area.** We know the importance of high-speed connectivity for our residential members, businesses and schools.

Our first step is to construct a 330-mile fiber-optic loop between DREMC's substations and offices to improve our digital communications and help provide continued reliable electric service. This project, which began in 2017, will reach DREMC's assets from Franklin County in the east to Maury County in the west. Currently, 73 miles of fiber are in the air and a 96-mile phase is underway.

Moving forward, our investment in this initial fiber network of approximately \$15-20 million, will be a possible starting point to work with other, more experienced broadband providers to reach all the way to homes and businesses. **We are discussing such options with Internet Service Providers (ISPs) that already work in retail internet service about this approach.** We want to be part of the solution in bringing broadband to our area but do not plan to be the final provider of service to your home.

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Why not be an ISP? We believe the greater opportunity is to partner with a company that already has the expertise as an ISP rather than duplicate that part of the business. DREMC's strength is its outstanding operation of our member-owned electric utility, and we believe we can expand that to operate the fiber system if a suitable partner will operate the broadband access and equipment.

ISP or not, we estimate the cost of providing broadband access to individual homes and businesses in DREMC's electric service area will be \$350-\$450 million. To put this in perspective, DREMC's electric plant investment since 1936 totals just over \$275 million. If in the future we do spend money on broadband service to our members, **DREMC's power provider, Tennessee Valley Authority (TVA), will NOT allow DREMC to finance retail broadband with revenue from electric rates, nor should they.** However, this would be a challenge for DREMC because of the rural nature of our service area. The reason why large ISPs such as AT&T and Comcast are not already in many areas is because of density – there are not enough potential customers for them to make a profit. Density (the number of people per mile of line) is why municipal systems (such as Tullahoma and Chattanooga) can affordably offer broadband. These cities have far greater density than DREMC; we average 12 electric members per mile of line, while these municipal systems have a density that can be as many as 57 customers per mile of line.

DREMC's core business is providing safe, reliable service at the lowest possible cost. Whatever we do toward broadband service has to make financial sense and not place undue burden on any DREMC electric ratepayers. DREMC understands the importance of broadband access for our communities and looks forward to working with all its members on this issue.

In Summary:

- ◆ *DREMC understands the importance of broadband access for our communities.*
- ◆ *We want to be a part of the solution in bringing broadband internet service to our area, and we are actively striving to decide how best to accomplish this.*

