

Chairman Smith and Committee Members: thank you for hearing my comments today about HB 378, the measure I believe is crucial to the future prosperity of Ohio and Ohioans.

My name is Phil Caskey, and I am the President and CEO of Consolidated Electric Cooperative, headquartered in Mount Gilead. We are a not-for-profit, member-owned business, formed in 1936 when unserved farmers and residents, primarily in Delaware and Morrow Counties, joined hands to bring the quality-of-life service of reliable, affordable electric power to our communities, at a time when the existing for-profit providers were either unwilling or unable to do so. Thanks to the foresight of Franklin Roosevelt and the US legislature, the Rural Electrification Administration (REA) was created to provide communities like ours affordable access to the capital resources needed to ensure that America's breadbasket would thrive.

Eighty years on, Consolidated continues to bring reliable and affordable quality-of-life services to portions of eight counties in North Central Ohio, including electric service to more than 14,000 members at 17,000 locations, natural gas and propane to 3,500 members and customers, and middle-mile fiber-optic telecommunications services to schools, medical facilities, telecommunication providers, and businesses generally in the region bounded by Columbus, Marion, and Mansfield.

Meanwhile, twenty-four electric cooperatives in Ohio provide at least electric power to their communities and members in 77 of Ohio's 88 counties, and power much of a huge part of Ohio's economy – according to *The Economic Contribution of Agricultural and Food Production to the Ohio Economy*, published November, 2017, by the Ohio State Department of Agricultural, Environmental, and Development Economics Outreach Committee ("the Study"), accessed at [https://aede.osu.edu/sites/aede/files/publication\\_files/The%20Economic%20Contribution%20of%20Agricultural%20and%20Food%20Production%20to%20the%20Ohio%20Economy\\_FINAL%20Nov%2028%202017.pdf](https://aede.osu.edu/sites/aede/files/publication_files/The%20Economic%20Contribution%20of%20Agricultural%20and%20Food%20Production%20to%20the%20Ohio%20Economy_FINAL%20Nov%2028%202017.pdf), \$1 of every \$13 of Ohio's gross state product is attributed to Ohio's agricultural and food production cluster, as is the employment of 1 in 8 Ohioans (2015 data).

While most see the rural electrification movement as a national effort to bring electric power to rural America, Consolidated and many other electric cooperatives across the country and over the years have recognized that electric power was simply a mechanism in 1936, and that the real issues and challenges addressed by it included quality of life, efficiency, competitiveness, prosperity, and technological advancement of rural and agricultural America. The US Department of Agriculture recognized the same in 1994 when REA became the Rural Utilities Service.

Responding to that recognition as far back as 1986, Consolidated has continually facilitated and enabled the vitality, prosperity, and competitiveness of our communities, farms, businesses, and residents by providing ancillary services like satellite TV, dial-up Internet, security and health monitoring, natural gas, propane, and middle-mile fiber optic communications offerings. None of these services has been operated to generate financial gain; each, however, has contributed in some way to the strength and growth of our communities, even though some have since become obsolete and have ceased operation.

Today, we rural Ohioans face an all-too-familiar challenge that happens to have a new face. In this age of a burgeoning digital divide between urban and rural Ohioans, it is clear to our members that the continuing prosperity, if not viability, of our communities hinges on the ubiquitous availability of affordable, reliable broadband Internet service.

The vitality and prosperity of our communities are key to our ability to advance even our original objective of providing affordable and reliable electric power – if our communities stagnate or decline, our only option to contend with increasing fixed costs will be to raise prices, further discouraging growth, or worse, encouraging decline. While many factors influence the future of our communities and rural Ohio in general, it is becoming increasingly clear that broadband Internet access will be a significant differentiator, and that today's concept of broadband speeds will very soon be overwhelmed by escalating demands.

Without that connectivity and its ability to grow in capacity rapidly, farms will not have access to increasingly critical technologies that improve productivity. The Study by Ohio State reports that Ohio's farm productivity, in part because of technological advances, has grown 2.2% annually since 2005; however, it also cites a slowdown in efficiency improvements in the manufacturing sector over the past 20 years, and asks if the farm sector is bound for a similar fate.

Without that connectivity and its ability to grow in capacity rapidly, our communities will not be able to attract and retain businesses that will increasingly need access to growing online markets, remote and local workforces, improved technologies, and so many other Internet-enabled efficiencies. Consolidated can point to its own representative success story. Lubrication Specialties, Inc., (LSI) comprising a new 15,000 square-foot facility at the interchange of Interstate 71 and State Route 95 near Mount Gilead began its life in the garage of one of our member owners. Had Consolidated not had its middle-mile fiber-optic system in place to provide LSI affordable, capable broadband, it is likely the owner would have been forced to relocate his operation elsewhere, taking about 25 jobs with it.

Without that connectivity and its ability to grow in capacity rapidly, families will split as children do not return to our communities after college for lack of what becomes their minimum standards of living. Grandparents will move to places where they can at least have access to video chats with their grandchildren. Workers will move away to gain digital access to their workplaces. Most residents will increasingly be drawn away to places where they can access online medical, educational, employment, entertainment, and communications resources.

Consolidated's members recognize that we risk stagnation or worse unless we act soon. Consolidated's market research for our fiber-to-the-home initiative includes a web site for members and neighbors to register their interest in and need for this service. With minimal advertising, we have, to date, received over 2,000 requests, often pleas, for service. One representative comment from a hopeful resident follows:

*"I work in the IT field and telecommute from home. Our slow DSL internet crashes multiple times per month, leaving me scrambling to find alternatives. We love it here but I couldn't imagine starting my own business in this neighborhood due to the poor communications services. Our 3G/4G wireless coverage is spotty and slow as well. Having a fiber optic internet available to us would be like trading our horse & buggy for a flying car!"*

But Consolidated has been blessed by a geography and demographic that supports our ability to make investments in non-electric services that enable and encourage the long-term growth and prosperity of our communities. Few of our sister electric cooperatives in Ohio, each independently owned by those it serves, can afford the high initial costs involved in entering these markets; Consolidated expects to

invest tens of millions of dollars over the next few years in our broadband initiative, making service available fewer than just 20,000.

Creating the Ohio Broadband Expansion Fund by passing HB378 is leveraging the same kind of public-private partnership for infrastructure investment that has proved quite successful in the electric-power arena for nearly a century. And the timing for such a catalyst is now. Columbus is rapidly becoming renown for technologic opportunity – the Smart Transportation Corridor, and Smart Cities projects are attracting national, if not international, attention. Overflow of technical capabilities into rural Ohio can only enhance that reputation.

Considering these many factors, I respectfully request that the Committee pass HB378 with three small but important adjustments to its language.

First, given that electric cooperatives in Ohio have 80 years and more of extending this kind of infrastructure and providing reliable and affordable service as not-for-profit providers, please consider modifying the language to remove the requirement for non-profits and cooperatives to have been organized expressly for telecommunications purposes. Specifically in line 50, perhaps remove “organized to provide” and replace simply with “providing”, and in line 52, consider removing “organized to provide phone and internet” and replace with “able to provide phone and/or internet”.

Second, given the exponential escalation of the numbers and demands of Internet-connected devices and services, Consolidated requests that language be added so that awards are evaluated and priorities are given either to broadband-service solutions with easily scalable bandwidth, or to solutions with bandwidths that exceed the minimum levels specified in the bill. While the current standards may seem reasonable today, several existing technologies that provide those levels are already at or near their practical limits. Funding these deployments would leave rural Ohioans significantly disadvantaged in the not-very-distant future, and inhibit the proliferation of more-capable solutions.

Finally, Consolidated can foresee a potential impediment for political subdivisions in their requirement to ask incumbent providers about future plans. Given that major providers are often operated for profit with an altogether reasonable motive to minimize competition, we can see some protection for political subdivisions if the bill would include a measure of accountability for providers who profess an intention to provide service within the subsequent two years.

On behalf of Consolidated’s 14,000 and all of Ohio’s nearly 400,000 member-owners, I greatly and sincerely thank Representatives Smith and Cera for introducing this bill, along with the many distinguished Representatives co-sponsoring it. I also thank the Committee for allowing me the opportunity to share my thoughts and perspectives, and for your kind consideration of them as you deliberate. I wish you all a blessed holiday season.