

I want to thank you for allowing Triangle to answer these questions, although not in depth, I do hope that it does spread some light as to the questions you have raised.

Triangle responses are in **Red** below.

These questions were:

a) types of service offered: Triangle Communications (the cooperative) and Triangle Communications Systems (subsidiary) combined offer the following services; Voice, Broadband Internet, Special Circuits, Cellular, Customer Provided Equipment (camera systems, land line and cellular phones, etc.), and Business Services and associated equipment.

b) how your company decides where to deploy service/establish networks: Triangle Communications uses many different criteria to determine where and when we deploy services. Fiber optic facilities that replace copper facilities is a decision that Triangle has been making since 2010. When Triangle Communications started deploying Fiber to a member's home, we had a multi-year plan that over time would replace all of our copper plant. However, in 2011 the FCC announced that there would be changes to the funding mechanisms (called Universal Service Funds) that the telecommunications companies have relied upon to support the transformation and maintenance of our networks. In 2016 the FCC order finally arrived, and Triangle had to re-evaluate how, where, when and what we deploy. The changes required in the 2016 order gave us a different perspective on the amount of reimbursement funding and time we have available before Universal Service Funding would be drastically reduced or eliminated to build out and maintain our network. That shortened time frame and funding has precipitated Triangle to look at how we can do more with less and with more urgency. That urgency has set us on a path to have all our members fiber by the end of 2024.

Triangle Communications Systems (TCS) also provides service in Havre, that is traditionally a Century Link area. In the town of Havre, it is an area that is funded 100% by the consumer, so in this area TCS built a business case to determine the monthly rate needed to obtain a return on investment that was acceptable. TCS built Fiber to the business district and some residences in the business district, as they are the only ones who could drive enough revenue monthly to pay for a fiber optic based plant that does not receive any type of Universal Service Fund support.

c) what factors you use in determining whether or how to serve underserved areas. In particular, how do you work with tribal governments in establishing service on reservations; As stated above all members of Triangle Communications will have access to fiber optic facilities which allows for any speed possible, including up to 1 gigabit by the end of 2024. Today, Triangle serves the Rocky Boy and Ft Belknap Reservations. The Rocky Boy Reservation is 100% fiber optic built, and Ft. Belknap has over 50% of our members served by fiber optics and the reservation is served at over 85% of the required minimum FCC speed. The largest obstacle for Triangle is Rights of Way with individual allotment owners of property on the reservation. Triangle continues to work with the people of Ft Belknap to obtain Rights of Way. These allotments can literally have 50 or more individuals assigned to each allotment. According to Bureau of Indian Affairs regulations; Triangle must obtain permission from all of those assigned to the allotment before an easement or Right of Way can be issued to bring service to those areas that may be underserved. As you can imagine, trying to find 50+ different people across this nation or planet

in some cases, is almost an impossibility at times, but we continue to strive to ensure that all of our members are served with fiber optic cable.

d) what speeds you offer for residential and for commercial and what speeds are most commonly used by residential and by commercial in your area; Any level from 3 Megabits up to 1 Gigabit is available to our members, depending upon which area either they are served in, either by copper or fiber. Today, over 55% of our members have 12 Megabits as a minimum, it is up to the individual member as to what speed they wish to purchase.

e) how you fund deployment (besides customer payments); Triangle Communications has funded our builds by borrowing money and using the FCC Universal Service Fund (USF) mechanisms for reimbursement and member payments. Without USF reimbursement mechanisms, Triangle could not afford to build or maintain our network. Triangle Communications Systems has borrowed money and used customer payments to finance all of its activity.

f) what incentives would work best for you. In particular, you might want to comment on SB 239 from the 2019 session regarding tax abatement incentives. For the bill, see <https://leg.mt.gov/bills/2019/billpdf/SB0239.pdf>; for the fiscal note, see: https://leg.mt.gov/bills/2019/FNPDF//SB0239_3.pdf.: The problem with the current centrally assessed tax process is that there is an assumption that if we put money into our plant we are guaranteed to increase revenues. The amount of money we have put into our plant over the last 10 years has been well over a hundred million dollars in new plant. Our taxes have more than doubled, however our revenues have gone up only slightly over this time period. Part of this issue is that Universal Service Funds (reimbursement mechanism from FCC) are included in our revenue numbers. These are not revenues, but reimbursement for money spent, that was borrowed by the cooperative to build out our plant. In fact, for Triangle 60 to 70 percent of our dollars are USF related. Members are typically paying the difference (30 to 40 percent) of the actual cost to obtain the level of service that we are providing today. As you can see, this bill will not necessarily help what has been done to us, however, any relief at this point would be welcome.

Again, I thank you for asking Triangle to provide input on the important endeavor to bring broadband to all the people who live in Montana. It is a Triangle mission to make that happen in the approximately 24,000 sq. miles that we serve.

Thank you,

Craig

Craig Gates
CEO/GM
Hill County Electric
Triangle Communications