



**Choptank Electric
Cooperative**

A Touchstone Energy[®]
Cooperative



2021 Annual Report on Broadband Deployment

As required by HB 999,
Section 5-642(A) of 2020
Corporations & Associations Article

Submitted by

Valerie Connelly

Vice President of Government Affairs & Public Relations


December 1, 2021

The Honorable Delores Kelley
Chairwoman, Senate Finance
3 East Miller Senate Office Building
Annapolis, MD 21401

The Honorable Dereck Davis
Chairman, House Economic Matters
231 House Office Building
Annapolis, MD 21401



**Choptank Electric
Cooperative**

A Touchstone Energy[®]
Cooperative 

Dear Chairwoman Kelley, Chairman Davis and Committee Members:

Pursuant to Section 5-642(A) of the Corporations and Associations Article as provided in HB 999 of 2020, I submit this report on the status of the deployment of broadband internet service to the Cooperative's members.

I am pleased to report that Choptank Electric Cooperative and Choptank Fiber are making significant progress in the deployment of broadband internet services. The following pages provide background and a report on current status. We look forward to working with the Committees in the year ahead to eliminate the digital divide.

Choptank Electric Cooperative

By the Numbers

99.98%

Average System
Availability Index in 2020

1.04

Average Number of
Outages Experienced per
Member per Year

49,747

Calls Made to Call Center

152

Full-time Employees

6,328

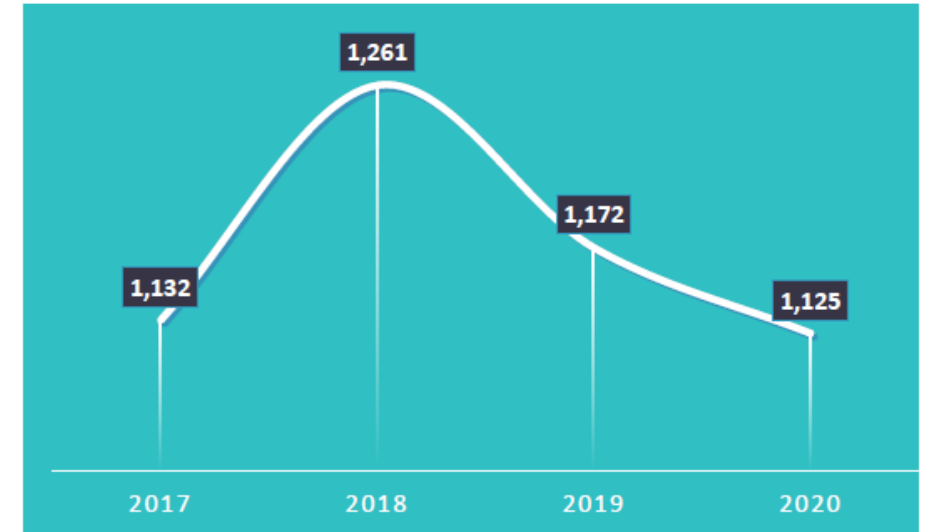
Miles of Line

8.72

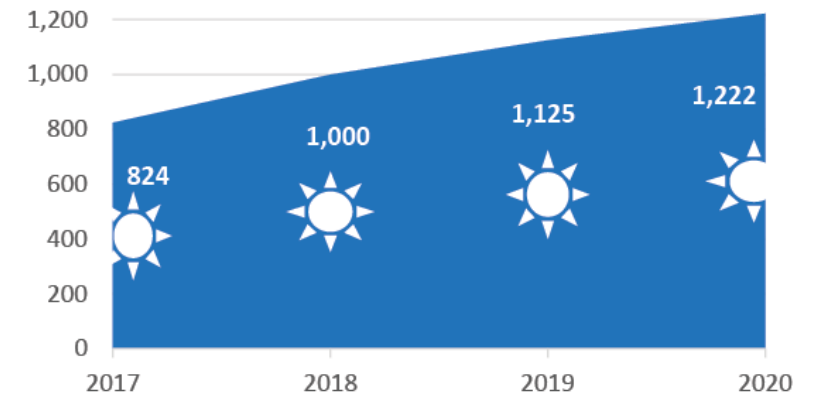
Meters per Mile

- **55,188 Membership Accounts**
(as of 2020)

- **Average kWh Residential (Monthly)**



- **Number of Net Metering Accounts**



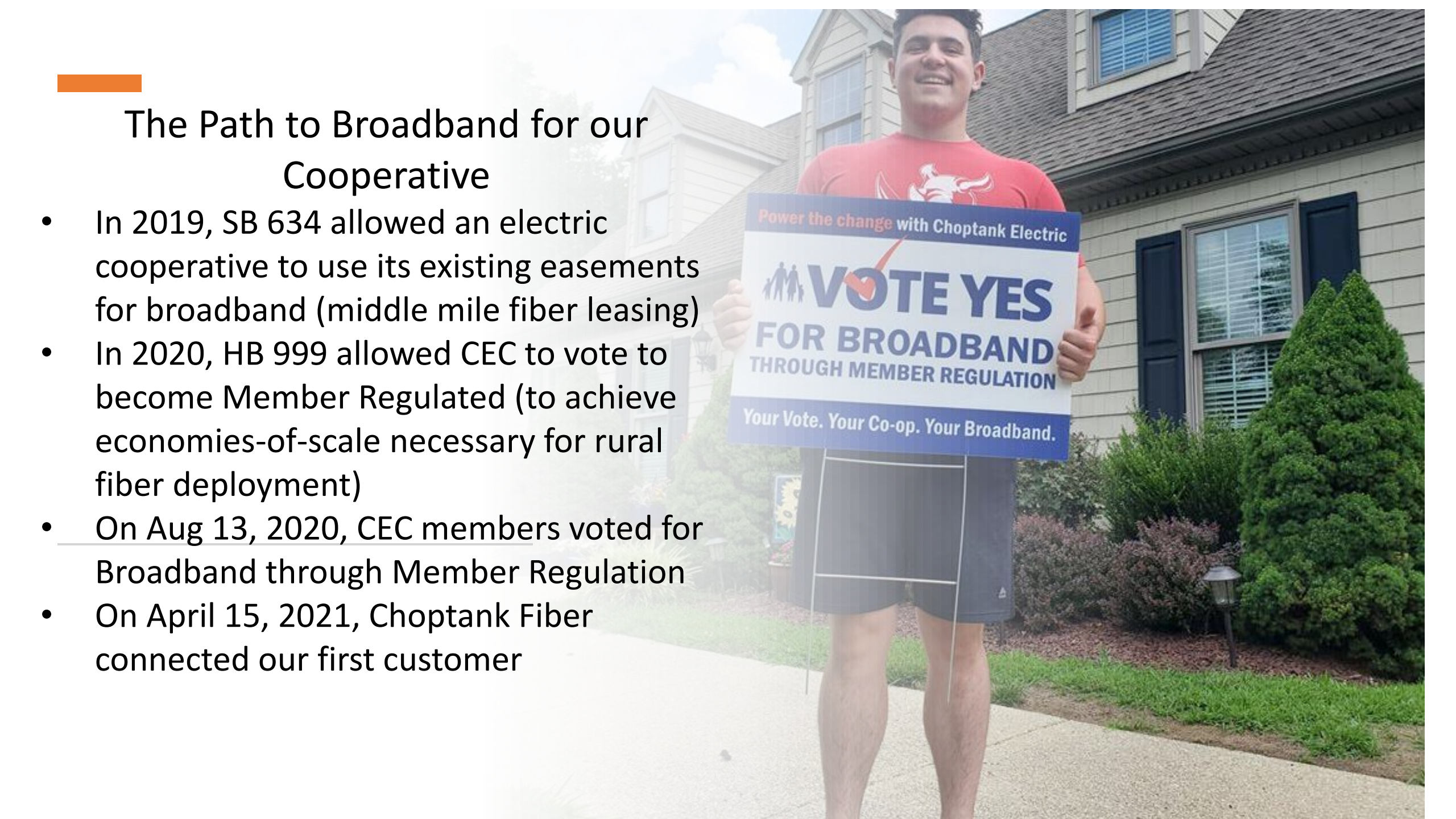
Choptank's Service to Member Commitment

For over 80 years, Choptank Electric Cooperative has served the Eastern Shore with reliable, affordable electric service. We are member-owned by the 55,000 customers we serve in all 9 counties. This slide has a few stats from our 2020 annual report. With a 99.98% reliability rating, the average number of outages experienced per member was under 2. Our call center, staffed in our Denton and Salisbury offices, received almost 50,000 calls. We had 152 full-time employees, down from 165 a few years ago. Choptank owns 6,328 miles of electric distribution lines, with an average of 8 customer meters per mile. And we have 1,222 net metered accounts – members who have installed rooftop solar systems

Choptank Fiber

Choptank Fiber was created at the request of members and with the support of local and state government officials.





The Path to Broadband for our Cooperative

- In 2019, SB 634 allowed an electric cooperative to use its existing easements for broadband (middle mile fiber leasing)
- In 2020, HB 999 allowed CEC to vote to become Member Regulated (to achieve economies-of-scale necessary for rural fiber deployment)
- On Aug 13, 2020, CEC members voted for Broadband through Member Regulation
- On April 15, 2021, Choptank Fiber connected our first customer



Ribbon Cutting Celebration – April 15, 2021

We connected our first customer through Choptank Fiber, the wholly owned subsidiary of Choptank Electric Cooperative, in April. The Governor and his Director of Statewide Broadband, Rick Gordon, along with most of the members of the Eastern Shore Delegation and Caroline County Commissioners joined the Board and Senior Staff of Choptank to commemorate the day.

“One of the roles of the Cooperative Board is to find reasonable ways to meet the needs of our members. We have been so successful over the years at delivering electric service to rural residents – the ones the for-profit electric companies left behind 85-years ago. Today, broadband service and internet access have become almost as important as electric service was all those years ago. I am so pleased that we have found a way to deliver this life changing service to our members.”

Jeff Rathell, Chairman of the Board

The logo for Choptank Fiber features the word "Choptank" in a bold, dark blue sans-serif font. Below it, the word "Fiber" is written in a lighter blue, italicized sans-serif font. A stylized blue and purple swoosh curves under the text, and a small graphic of fiber optic nodes is positioned between the two words.

Choptank
Fiber

“When I came to Choptank 2-years ago, I recognized not only the need for Broadband service among our members, but the asset-base of the Cooperative that made fiber-to-the-home internet a natural fit. With over 650-miles of fiber backbone, our Smart Grid brings us closer to the rural unserved than any other entity out there. While there were many hurdles to overcome to get to his point, I have often said it would be wrong of us not to try. I am thankful to our members who literally gave us the vote of confidence to move forward – through Member Regulation. And I am grateful for the support we had from local governments, the Governor’s office and from the Members of the Eastern Shore Delegation to pass transformational legislation in Annapolis in 2020 to get us to this day.

Mike Malandro, President & CEO

Details

Pricing

Up to 100 Mbps \$84.95/month

Up to 250 Mbps \$99.95/month

Up to 1,000 Mbps (1 Gig) \$139.95/month & 2.5Mbps available

No data caps. Same speed upload & download.

Visit www.choptankfiber.com for more information.

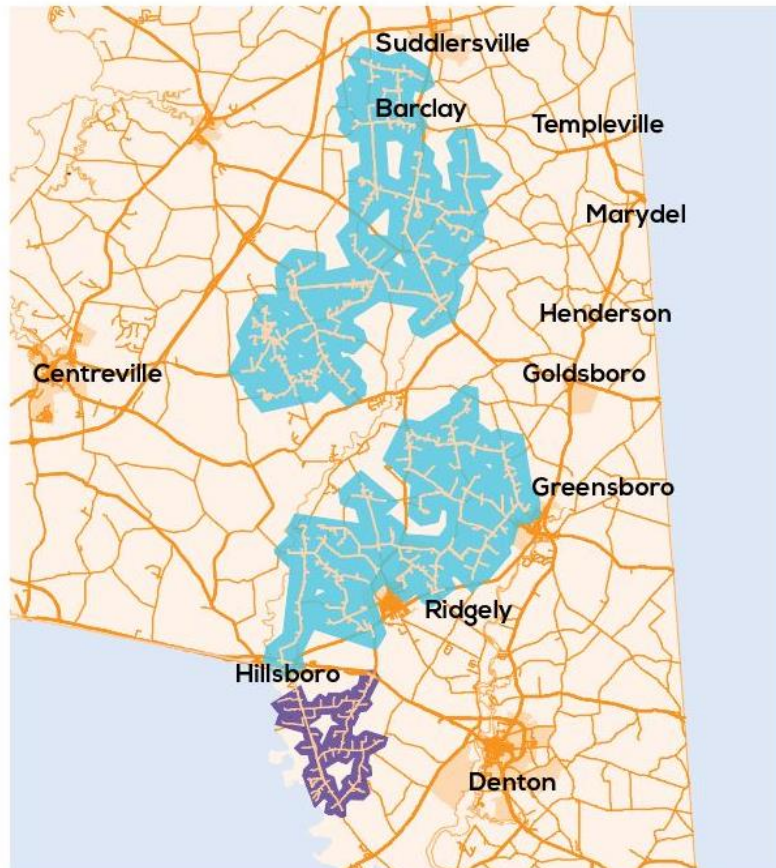
**Low Income Access
Program (LIAP)**
available to
customers in need.

We are on began deployment in 2021. Fiber supplies & substation equipment are installed or are in our warehouse and ready to go. Engineering and Information Technology have prepped the “make-ready” work along current deployment routes and construction is well underway.

Status of Broadband Deployment

Choptank Fiber, the wholly owned subsidiary of Choptank Electric Cooperative, is offering fiber-to-the-home broadband internet service in five of the nine counties in our service territory on the Eastern Shore. While the Fiber company has been in existence for only 14 months, we have launched broadband internet service to unserved and underserved families in Caroline, Queen Anne's, Somerset, Wicomico and Worcester Counties. We currently offer service to 385 locations. Plans are underway to expand existing service areas and begin offering service in Cecil, Kent and Dorchester Counties over the next two years.

Fiber Service Maps - 2021



■ Demo Site ■ Rollout

Queen Anne's & Caroline Counties

- Our demo this Spring will pass 150 locations south of Hillsboro.
- The larger rollout in Caroline and Queen Anne's counties will launch north from Hillsboro and south from Barclay - passing approximately 920 unserved or underserved locations.

Fiber Service Maps - 2021



Somerset County

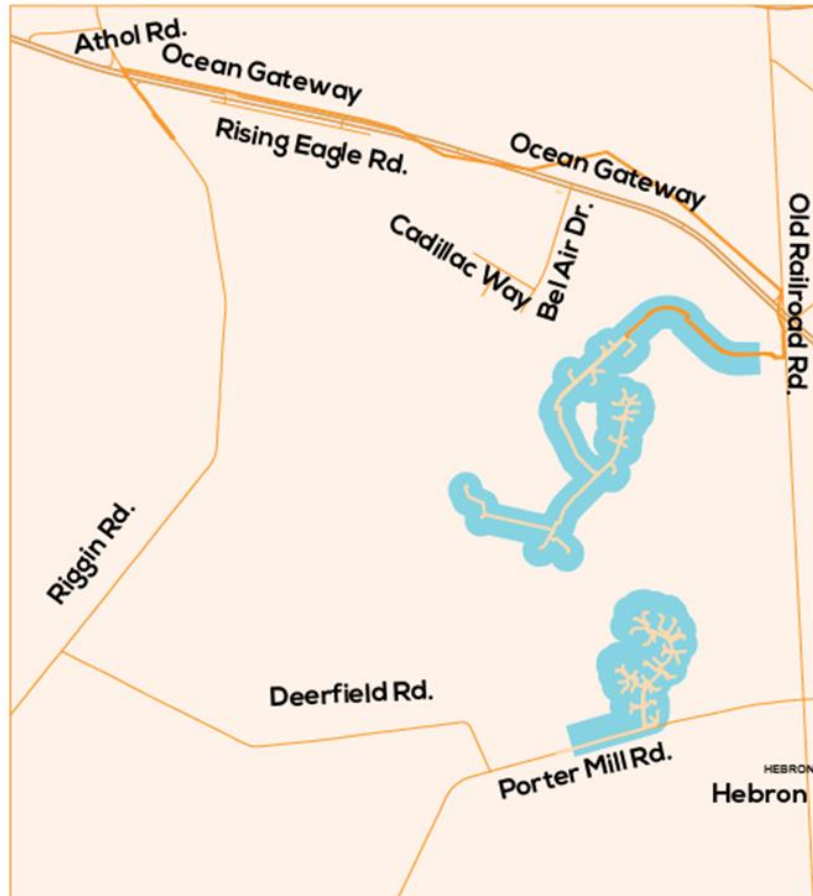
- The demo west of Princess Anne, will pass 60+ locations.
- The larger Somerset rollout will run southeast out of Princess Anne and pass approximately 310 unserved or underserved locations.

■ Demo Site ■ Rollout

Fiber Service Maps - 2021



Wicomico County



■ Phase A

Wicomico County

- We installed fiber and offered service to two communities near Hebron.
- The community of Plantations includes 24 locations.
- Webster Estates has 32 previous unserved families.

Fiber Service Maps - 2021



Worcester County

- 24 locations north of Pocomoke were offered service in November
- The celebration of service was held at Chesapeake Bay Dairy, in the heart of the local service area.

Grant Funding

- Grant funding to support the cost of construction in low density areas is critical to the success of broadband coverage in rural areas.
- The Maryland General Assembly authorized \$30 million in FY2021 and \$100 million in FY2022 to help internet service providers (ISPs) like Choptank Fiber begin to serve residents in areas where there may be only 8 homes per mile. The legislature recognizes that construction cost recovery with only a handful of potential subscribers is impossible for most ISPs.
- State funding for broadband is reminiscent of the Rural Electrification Act in the 1930's, which enabled electric construction to unserved locations - dramatically improving the quality of life for rural residents.
- Current funding is administered through the Office of Statewide Broadband (OSB) under the Department of Housing and Community Development.
- In FY2021, OSB supported two Choptank demonstration projects in partnership with Somerset and Caroline County governments.
- An additional grant was issued by OSB for \$7.2 million for infrastructure development (which was a 60% match to Choptank's investment) for larger projects with locations in Queen Anne's, Caroline and Somerset Counties. The larger projects will offer service to 1230 locations.



Moving Forward

Buildout and connections that began in the Summer of 2021 will continue.

To speed up the process – we hope to partner with Cecil, Kent, Queen Anne’s, Caroline, Dorchester, Wicomico and Somerset Counties to leverage funds from the Office of Statewide Broadband for FY22.

We expect to pass **500-1000 homes** in the remainder of this year. In future years, our goal is to pass up to **2000** locations annually. Grant funding can increase those numbers.



Valerie Connelly


Vice President Government Affairs

valeriec@choptankelectric.coop

(443) 690-2411 mobile



**Choptank Electric
Cooperative**

A Touchstone Energy[®]
Cooperative 

Choptank
Fiber

www.choptankfiber.com