

September 16, 2021

To: Members of the Interim Joint Committee on Tourism, Small Business and Technology

Re: Concerns with OpenFiberKY

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The Kentucky Telecom Association is the premier state trade association and leading voice for Kentucky’s rural broadband providers. Our association is comprised of rural telecom cooperatives and small commercial telecom and broadband providers serving all or part of 45 counties in the Commonwealth of Kentucky. We have existed as an association within Kentucky for more than 80 years and value being a reliable and credible source of information to the Kentucky General Assembly on legislative and regulatory matters that impact Kentucky’s telecommunications industry – particularly as it relates to serving rural areas of the Commonwealth with high-speed broadband connectivity.

The Kentucky Telecom Association has discussed our concerns with KentuckyWired and OpenFiberKY with the Kentucky General Assembly in the past. KTA member companies found ways to work with the Kentucky Communications Network Authority to help as KCNA oversaw efforts to build the state’s middle-mile network in many of the rural counties our member companies serve. Many KTA member companies worked with KCNA to construct the laterals needed to bring a point of presence into nearly 40 counties in portions of both Western and Eastern Kentucky for the state’s middle-mile network. However, KTA and our member companies have continued to reiterate our concerns with KentuckyWired and OpenFiberKY (now called Accelecom) using a state-owned and constructed network to directly compete with our member companies on providing “last-mile” broadband service in areas where we already have and maintain fiber networks. The ability for Accelecom to use the Kentucky Wired network to cherry pick the easiest to serve customers has been a major concern since the project was announced and now, we are seeing these concerns materialize with their attempts to sell Internet services to key businesses in rural areas.

KTA member companies once again find ourselves raising these concerns to members of this legislative body. While we continually hear that “Accelecom” is not the “state” and is not “KentuckyWired,” KTA feels it is important to point out that Accelecom is the wholesale arm of the original KentuckyWired contract with Macquarie Capital. KCNA may receive revenue from sales through Accelecom. As Accelecom continues to bid on providing last-mile broadband services, it remains a concern that many of these projects do not fall in areas that are deemed “unserved” or “underserved.”

Please understand, KTA’s member companies are not anti-competition. Our members compete with cable broadband providers, municipal utility providers, wireless providers, and satellite providers in many of the areas we serve in Kentucky. However, after repeatedly being told for years that KentuckyWired would not compete with private sector internet service providers, KTA believes it is important for members of the Kentucky General Assembly to understand that Accelecom is essentially doing just that. If Accelecom continues to pursue existing large commercial and industrial customers in rural areas of the Commonwealth that our members already serve, it will remove revenue from our rural fiber networks and make it even more difficult to deploy broadband in the most high-cost areas of the state. Accelecom does not face the same type of operation and maintenance costs as other network providers because they were basically gifted their fiber network by KCNA, and they will only serve low-cost customers with the highest profitability.

The bipartisan federal infrastructure package being debated in Congress as well as the funds from the American Rescue Plan Act (ARPA) passed earlier this year, rightly targeted unserved and underserved areas of the country first for expanded broadband access. KTA supports those efforts and believes this remains the best approach to close the digital divide. We maintain this should be the approach for KentuckyWired and Accelecom.

It is our hope that as the wholesale provider for a state-owned network, Accelecom will concentrate their efforts to provide broadband services to areas of the Commonwealth that remain “unserved” or “underserved” rather than cherry-picking last-mile services in areas already served with fiber-to-the-premise networks by our member companies. As rural telecom cooperatives and small commercial providers, it remains a challenge to build out fiber networks in some of the most remote areas of the Commonwealth. KTA member companies continue to aggressively pursue federal, state, and local dollars through broadband grant and loan programs as we seek to fulfill our mission of enhancing the lives of Kentuckians through expanded broadband access. Members of KTA, like the members of the Kentucky General Assembly, want all Kentuckians to have access to better and more reliable broadband. However, a subsidized state-owned network provider threatening to overbuild areas of the Commonwealth already served with fiber does nothing to further the pursuit of that goal.

Thank you for your time and consideration as we discuss these policy matters.

Best regards,

Tyler Campbell

Executive Director