

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)  
BROADBAND AND ADVANCED TECHNOLOGY COMMITTEE**

**MINUTES**

**March 4, 2019**

**Kandiyohi County Health & Human Services Building, Willmar**

Present: Travis Bonnema, Dean Bouta, Roger Imdieke, Michelle Marotzke, Les Nelson, Rollie Nissen, Gregg Price, Ramsey Schaffnit, David Sisser and Donn Winckler

Excused: Mark Boesch, Bruce DeBlicke and Brian Mort

Absent: Donna Boonstra and Scott Froemming

Staff: Connie Schmoll, Business Development Specialist

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc.

Vice Chairperson David Sisser called the meeting to order at approximately 12:03 p.m. and declared a quorum was present.

**MINUTES—**

IT WAS MOVED BY Les Nelson, SECONDED BY Michelle Marotzke, to approve the Minutes of the February 4, 2019 meeting. MOTION CARRIED.

**UNFINISHED BUSINESS—**

**Presentation at annual township meeting.** Vice Chair Sisser informed the committee that Connie Schmoll is currently giving a broadband presentation to Kandiyohi County townships and will arrive as soon as able. Sisser stated Schmoll gave a PowerPoint presentation to the townships, which included maps showing broadband coverage in the county. Attorney Robert Ruppe of St. Michael, Minnesota, is attending the meeting and is assisting Sunrise Township in North Branch, Minnesota, with its broadband. Sunrise Township is partnering with CenturyLink to use CAF II (Connect America Funds) to install fiber to the home. Attorney Ruppe could be a resource to this committee in the future. Sunrise Township has 584 unserved households, 10 businesses and 2 community anchors. Its grant is \$1.74 million and the project cost will be \$2.3 million. Sunrise Township used a tax increase of \$94 per year per household over 10 years.

Roger Imdieke spoke of franchises for television service and noted New London Township has a franchise with TDS. Nissen reported he had a nice discussion with Senator Torrey Westrom on broadband. Pope County received state grant for a combination of fiber and wireless. Several Kandiyohi County townships voiced concerns about broadband.

[Connie Schmoll joined the meeting.]

Schmoll reported on her presentation to the townships. She indicated this committee can help residents assess their speed and provide education on high-speed broadband. Schmoll stated she got the attention of township officers, but it will be important for this committee to follow up. Imdieke commented the average age of the most township representatives is older and they may not even use the internet so there is a definite need for education. Nissen stated Northfield had e-learning when its schools were closed due to the winter weather. Marotzke reported the Morris school district also has e-learning and for those who do not have internet, the kids can choose work from a chart that does not require use of the internet.

Schmoll stated the state broadband grants appear to be continuing. One state representative was considering a policy bill, but pulled back as no one would support her. Schmoll reported she started a draft letter following last month's meeting, but after calls with legislators, she did not send the letter as no one would support a policy change this year. Imdieke recommended approaching the Association of Minnesota Counties to have a policy change added to its platform to gain support. State grant funding is only for broadband and does not include wireless. Wireless will not be included in the mapping. Schmoll stated the strongest projects have three funding partners with the state grant covering less than 50% of project funding. Attorney Ruppe is willing to meet with this committee. Possible project areas for Arvig include Burbank Township (population 510 in the 2000 census), Roseville Township (population 570) and Irving Township (population 977). First thing would be to ask Arvig and get a general idea of cost and then ask the township if they are interested and, if interested, go back to Arvig. Schmoll stated the feasibility study gave future estimates in five years. Dovre Township (population 2,119) would be a good start as it has CenturyLink at its border. Marotzke and Sisser volunteered to assist with presentations to the townships. Schmoll promoted townships working together. It was noted times have changed for the providers and maybe this committee should approach them. Imdieke suggested a letter be sent to our Washington D.C. legislators prior to the Highway 23 Coalition's Fly-In so broadband could be brought up during that visit as well, i.e., ability to use federal funds with state grant funds and to change the restrictive federal definition to the state's definition of broadband.

**Frontier Communications.** The committee received a copy of a March 3, 2019 article in the *Star Tribune* on the state's investigation of Frontier Communications (see attached).

**NEW BUSINESS**—There was no new business.

## **REPORTS**

**Minnesota Rural Broadband Coalition.** Schmoll reported the Coalition isn't meeting before Broadband Day at the Capital on April 3, 2019, which will be held in Room B15.

**Arvig.** Vice Chair Sisser stated there isn't anything to do until this committee provides a potential project. Arvig has run a line along the southern border of the county.

**Meeker County project.** Schmoll reported she and Froemming's meeting with Meeker County was cancelled due to the weather and will be rescheduled.

Schmoll announced the EDC boards are holding their annual planning session on March 14, 2019 from 9:00 a.m. to 3:00 p.m. at Kandiyohi Power Cooperative.

**ADJOURNMENT—**

IT WAS MOVED, SECONDED AND CARRIED to adjourn the meeting.

The meeting was adjourned at approximately 12:55 p.m.

**NEXT MEETING—**The next committee meeting is **12 noon, Monday, April 1, 2019** at Kandiyohi County Health & Human Services Building, Room 2057, Willmar.

# Frontier, under state investigation for its service, has received over \$100 million in federal grants

Frontier disputes state inquiry that found it failed customers, may have misused grants.

By [Mike Hughlett](#) Star Tribune

March 3, 2019 — 10:25pm



Carolyn Kaster — Associated Press

The Federal Communications Commission building in Washington, D.C.

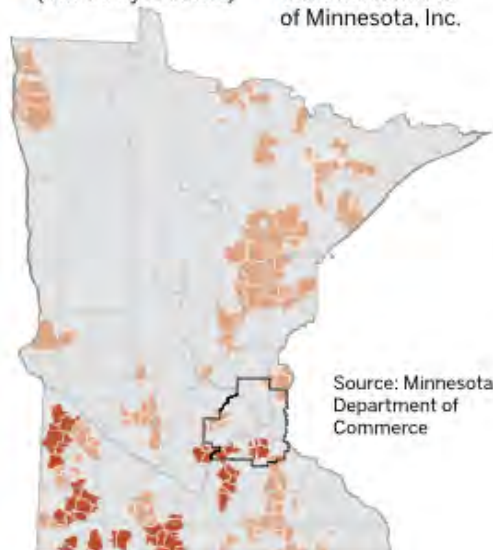
Frontier Communications has received over \$100 million in federal grants to improve rural broadband in Minnesota over the past four years, yet complaints about its internet service suffuse a state investigation of the company.

Minnesota regulators last year commissioned an inquiry into Frontier after fielding numerous complaints. In January, the Minnesota Department of Commerce issued a report concluding Frontier may have broken at least 35 state laws and failed its customers with shoddy service and inadequate network investment.

## Frontier's service areas

Frontier, Minnesota's second largest wireline phone provider with around 90,000 customers.

- Citizens Telecom (owned by Frontier)
- Frontier Communications of Minnesota, Inc.



The report also questioned how Frontier used the federal grant money. Information submitted to the state by Frontier “has been too minimal” for utility regulators to certify that the grants from the Federal Communications Commission’s (FCC) Connect America Fund were used appropriately, the Commerce Department said.

“It is obvious to anyone who bothers to look that Frontier is a terrible investment for the federal government,” said Christopher Mitchell, community broadband director for the Minneapolis-based nonprofit Institute for Local Self-Reliance.

Frontier strongly disputes the entire Commerce Department report and expects this week to file a formal response with the Minnesota Public Utilities Commission (PUC). The company said in a statement that it is in compliance with all FCC requirements for the Connect America money.

The Stamford, Conn.-based company rejected the characterization that its work wasn’t a good investment, saying it has extended faster internet to 28,635 homes in

Minnesota through the Connect America program and is committed to connect 46,910 homes by the end of 2021.

The company, which also operates under the name Citizens Communications, is Minnesota's second largest wireline phone provider with 90,000 to 100,000 customers, many in rural northeastern and southern parts of the state.

### **Not alone collecting millions**

It is one of several large phone companies collecting hundreds of millions of dollars from the Connect America Fund, and it says it has filed all requisite FCC reports and met all its obligations.

Connect America is aimed at FCC-designated rural areas where broadband is deemed too costly for private investment without public subsidies. The program has been criticized for requirements on broadband speed that use outdated government standards.

In 2015 the fund awarded \$9 billion over six years to several large U.S. wireline carriers. Money from the 2015 allotment, dubbed Phase 2, has been used extensively in Minnesota by both Frontier and Monroe, La.-based CenturyLink.

Companies participating in Phase 2 must provide download speeds of at least 10 megabits per second (Mbps) and upload speeds of 1 Mbps. That target was set when the FCC standard for download speeds was 4 Mbps. But by 2015, the FCC had redefined broadband as 25 Mbps for downloads and 3 Mbps for uploads.

Essentially, Connect America phase 2 projects were obsolete before they rolled out, Mitchell said. "It's totally wasteful."

Bill Coleman, owner of St. Paul-based Community Technology Advisors, said that 10 Mbps service is an improvement for some remote areas. Also, the lower—and therefore less costly—standard allowed the FCC to spread Connect America funding over a larger area, he noted.

"But whether it positions Minnesota or any state for rural economic vitality, I would say no," said Coleman, who works with small communities on telecommunications issues.

Connect America is fueled by levies on telecommunications providers, which they usually pass on to consumers as "Universal Service Fund" fees.

Publicly traded Frontier was awarded \$283.4 million annually for six years in Connect America's Phase 2. That included \$27.6 million annually for Minnesota work alone.

Federal records show that Frontier has already been allotted \$109.5 million for Minnesota through 2018. The company completed more Connect America projects by the end of 2017 than it was obligated to finish, records show, and Frontier said that was also true for 2018.

CenturyLink, Minnesota's largest wireline provider with 430,000 customers, received Phase 2 Connect America funding of \$505.7 million annually for six years. For Minnesota, CenturyLink gets \$54 million each year. The company says it expects to have completed more than 60,000 Connect America-funded projects by the end of March.

CenturyLink and Frontier, not surprising given their size, have been targets of various grievances to the PUC.

The PUC logged 216 service complaints about CenturyLink from Jan. 1, 2017, through Feb. 28, 2018, said Dan Wolf, the PUC's executive director, in an e-mail. During the same time, 63 were filed about Frontier.

The rate of complaints per customer at Frontier was slightly higher, Wolf said. There also was a "marked difference" in response times, he said. Frontier took 31 days on average to correct an issue, while CenturyLink took 12.

After the PUC opened its Frontier inquiry in March 2018, it received over 1,000 new consumer complaints, according to the Department of Commerce, which conducted the investigation. Of those complaints, 400 concerned both telephone and internet access, 325 internet only and 250 telephone service only.

At a series of seven public hearings on Frontier last year, a common complaint was that internet speeds were much slower than expected.

The Commerce Department concluded that Frontier's physical network had "stunning" deficiencies due to the company's "failure to keep its plant and equipment in a good state of repair." That failure was manifested in quality problems for phone and internet service, the report said.

Frontier said complaints about its investment have been largely related to rural areas that were not funded by Connect America. Frontier also says most of the issues raised by the Commerce Department are about telephone service.

### **'Lack of transparency'**

The Commerce Department took up the issue of federal funding for Frontier—and all wireline companies that accepted money from Phase 2 of Connect America.

The companies' reports to the PUC have been "insufficient" to determine whether households that receive internet service from Phase 2 funding "are in fact offered service at internet access speeds of 10/1 Mbps," according to the department.

Frontier and CenturyLink said they annually report the status of Connect America projects to the FCC. Both companies said that many locations under the program are eligible for download and upload speeds that are faster than 10/1 Mbps.

A report last summer from the Grand Rapids-based Blandin Foundation concluded that it is difficult to gauge the effects of Phase 2 Connect America investments in Minnesota. "The lack of transparency and accountability in [the program] has been challenging and frustrating," the report said.

Connect America-funded networks don't meet Minnesota's own definition of broadband, which is the same as the FCC's current characterization: 25 Mbps for downloads and 3 Mbps for uploads.

Federal funding "has not been enough to incent participating providers to invest in the kind of world-class networks rural areas need to survive and thrive," the Blandin study said.

Coleman, of Community Technology Advisors, who was lead researcher for the Blandin study, said that outside of the Connect America Fund, Frontier may have limitations in the investments it can make. The company, which had \$8.6 billion in revenue in 2018, has lost money in each of the last four years.

Frontier said in its statement that “while capital dollars are a finite resource, Frontier continues to invest in its Minnesota network.”