

For Immediate Release
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Citynet Calls for Federal Government to Suspend Broadband Grant Funding

BRIDGEPORT, W.Va. – Jim Martin, president and chief executive officer of Citynet, has asked the federal government to suspend funding of the \$126 million stimulus grant the State of West Virginia received for construction of high-speed broadband infrastructure.

Martin made his request in a letter to Earl Devaney, chairman of the Recovery and Transparency Board, and Lawrence Strickling, assistant secretary of the Department of Commerce. It was a response to an earlier letter from Jim Pitrolo, legislative and policy director for Gov. Joe Manchin, that defended the state's questionable activities to the federal government.

"The state's response clearly highlights why the federal government needs to suspend the award until there are major modifications in the plan," Martin said. "It is clear from the state's letter that little will be done with the federal taxpayer funds to increase the availability of adequate and competitively priced high-speed Internet infrastructure in West Virginia. The current approach will cost the state future job growth."

In his letter, he points out several shortcomings in the state's plan, including:

- **700,000 homes and 110,000 businesses** – The state's initial application boasted that the grant would provide high-speed Internet

access to at least 700,000 households and 110,000 businesses. However, now the state plan excludes those households and businesses and provides only potential benefits to state agencies. This difference should be reconciled.

- **Economic development and job creation** – The state plan would do absolutely nothing to empower high-paying-job-creating businesses or institutions. The federal government should request an explanation of why the state plan does not meet this basic goal of the federal legislation that authorized the broadband program.
- **Creation of middle-mile infrastructure** – Despite all the rhetoric, the state plan does not create a middle-mile solution. The state scheme provides only isolated fiber extensions to isolated state agencies. The state should provide maps, along with a detailed inventory of planned assets, and demonstrate how the plan would be a middle-mile solution that would benefit all West Virginians.
- **Open-Access Network Facilities** – The state plan talks about open network access. However, details of the plan indicate all assets would be owned by Frontier Communications, and the state has not published pricing for the use of these taxpayer-funded assets being given to Frontier. The current arrangement would not guarantee open access to the taxpayer-funded assets by competitors. Nor does the state plan require a usage rate that is reflective of the taxpayer dollars being given to Frontier. Further, the federal government should compel the state to provide an explanation of why it has ignored its fiduciary responsibility to manage the grant by turning over that responsibility to Frontier.
- **Affordability** – The state plan would not provide an affordable solution for the state agencies it potentially would serve. The plan does not even address affordability. The federal government should require the state to explain why affordability is not an issue and require the state to address the anti-competitive nature of the plan.

“The citizens of West Virginia deserve transparency and accountability from their public servants, and this is even more true given the magnitude and importance of the need for broadband enablement in our state,” Martin said. “I was born and raised in West Virginia, and I am aware of the consequences this program could have for West Virginia in terms of job growth and competing for high-paying, 21st century jobs.”

Companies today rely on affordable high-speed Internet with sufficient capacity to survive, he said, and the state plan does not assist in any way to meet this need. Martin's fear is that West Virginia will not be able to compete in the future with neighboring states for new companies and jobs.

West Virginia ranks 48th in the nation in broadband enablement.

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(Martin's letter to Devaney and Strickling is available at:

<http://www.citynet.net/October6Letter.pdf>.)