



Media Release

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General Manager's Message: Rural Broadband Service: What PRVEPA members should know

The Mississippi legislature passed the Rural Broadband Enabling Act earlier this year, and Governor Phil Bryant signed it into law in February. There has been much discussion and news coverage about the new law and I know many of our members are wondering what it might mean for all of us.

Without doubt, the need for reliable, affordable access to the internet and other modern communications is vital for all Mississippians, wherever they live. It is important in terms of the educational, economic and social aspects of our lives. Unfortunately, the availability of broadband service in rural areas of our state has been limited, mainly due to the cost of providing the service where there are very low population densities and fewer possible consumers.

Under previous state law, electric cooperatives were only allowed to provide electric service to their members. The new act removed that prohibition, so now the state's 25 electric cooperatives have the option to consider branching out to provide broadband internet service—but if they do so, it must be throughout their entire service area. Such a project would likely be more involved and costly than anything PRVEPA or the other cooperatives have ever undertaken.

Our preliminary economic studies indicate the cost of developing a system-wide broadband delivery network to all 50,000 member-consumers throughout our 12-county service area would be approximately \$135 million. That total is more than half of all the infrastructure currently invested in the co-op's overall electric distribution system, which has been 80 years in the making. Such a project would also take many years to complete.

Based on the law as it is written, any broadband service would have to be offered by a separate, stand-alone company or subsidiary. There might be possibilities of a partnership, but overall the new company would need all the operational and financial resources of a major service provider, including installation and maintenance technicians, sales and customer service employees, enough customers to pay for the costs of building and operating the company, etc.

However, in order to finance such a project, the assets of PRVEPA's existing not-for-profit electric business would ultimately have to guarantee any loans needed to create such an organization and operate it over the long term. The financial risk of such an endeavor for an electric cooperative is a significant consideration, because if the broadband company fails to meet its financial obligations, any shortfall would become the responsibility of PRVEPA.

Of course, there are already numerous companies operating in Mississippi that offer broadband services and have done so for many years. However, the fact that there are still such large pockets of people throughout the state who don't have access to such services indicates how difficult the problem is. Simply put, it is a significantly expensive and complex undertaking.

As we also know, technology continues to provide new, rapid developments. The potential that some breakthrough in the near future could make such a massive investment less viable in ten or 20 years also calls for careful consideration.

Here is what I can tell you for now. This is an extremely complicated issue, and one that requires us to look at potential long term opportunities, as well as risks. Based on preliminary studies regarding economic and operational aspects of building a broadband delivery network throughout our service area, it would be extremely difficult for Pearl River Valley Electric to undertake such a project at this time.

We will continue to do our due diligence, however, and explore as many options as possible to see if anything develops which might make such a project more feasible. I will also keep you updated as we move forward, and I ask for your continued support as we strive to serve our members in the best possible way we can.

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