

JOHN F. WARMATH Jr.

PRESIDENT & MEMBER OF TENNESSEE

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T.R.O.C. DOCKET ROOM

September 28, 2018

Dear Commissioners Morrison, Hill, Jones, Hilliard, & Hie,

I am writing to you personally today deliberately without the advice of counsel. While I have no doubt there will be plenty of legal posturing and debate coming, I wanted to offer a genuine glimpse into the unusual case before you: Tennessee Territory contested by Gibson EMC as I have experienced it. I hope I get the opportunity to address you in person.

On July 3, we converted from a private for-profit to a Tennessee telephone cooperative pursuant to TCA 65-29-117. To the best of our knowledge, we are the first company to ever do so.

Our company was founded by my grandfather in 1964 as the Courier-Chronicle newspaper and, in 1970, grew to include the first cable TV system in the area (selling 5 channels for \$5 - how times have changed). In 1999, we rebuilt the system with fiber-to-the-neighborhood to provide high-speed internet access. Our goal has always been to connect our customers to the information, entertainment, and people that matter most at the most reasonable price.

In late 2015, we turned down our third offer from a major cable company in as many years. We agreed at that moment that we wanted our employees and our customers to benefit through ownership. Shortly after that decision, I moved back to Humboldt with one major objective: make our company the friendliest internet provider in the country.

To me, this is not some marketing plan or gimmick, but rather a way of thanking the families around Humboldt, Medina, and Three Way that put me through private school, allowed me to attend one of the nation's best high schools and go on to one of its best universities (right up the road at Vanderbilt). Perhaps it is my Millennial sentiment but I believe that business should be a force for good not just profit.

Over the past fifty years, my family has been lucky enough to serve our community. In that time, and specifically over the last 11 years, we have reached out several times to Gibson EMC (our electric cooperative) about working together to expand broadband access across rural West Tennessee. Each time, they exhibited **zero** interest in those meetings. Our efforts to communicate, and work with, them only increased throughout 2017 when they began lobbying heavily for the Broadband Accessibility Act. All of our efforts have fallen on deaf ears. Multiple times, I have been

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actively **denied** the right to even speak to the Gibson EMC Board (who is “elected” to represent us as members) by Gibson CEO Dan Rodamaker. Furthermore, CEO Rodamaker has been keenly uninterested in any type of conversation, let alone collaboration or cooperation. Frankly, this seems less like a democracy and more like an authoritarian regime - I am not alone in this sentiment.

Regardless of how you may rule in our case, the people of our community deserve better. We, as member-owners of an electric cooperative, deserve transparency, accountability and open, honest dialogue.

In November, we will bring Gigabit access to all of the 8,000+ homes we pass - we did this at a cost of less than \$400,000. In comparison, Gibson EMC's buildout will cost members north of \$70,000,000 (enough to pay every customer's electric bill for over a year!). That's a difference of \$50 per home to \$2,000+ per home in duplicate (in some cases triplicate) plant providing the same identical service. This is a dilution of value across the Board by simply duplicating what's already there; two sets of lines doing the exact same thing. On the electric side this is explicitly against the law. To put in context, we don't do this with electricity, we don't do it with water, sewer, gas, or trash. Why would we allow it to happen here?

Our members have no choice of where they buy their electricity. They will have to shoulder that financial burden (for duplicated wires) whether they like it or not. To make matters worse, our “non-profit, member-owned, democratically-controlled electric cooperative” is run with **ZERO** member access or dialogue with the ‘Trustees’ entrusted to represent us. Quite frankly, it is none of those things. It operates for-profit (not buying down the electric rate with income), pays high salaries, allocates no power to the members (or as little as is legally allowed and actively works to undermine even that), and uses employees to “vote” in obscure locations for annual meetings.

By refusing to even talk to us, Gibson EMC has actively shunned the due diligence and financial responsibility that they should legally be required to provide members. Furthermore, they left this risky and paramount decision up to a Board that lacks facts, options, and industry knowledge. They failed to even listen to our thoughts and plans, which should have been equally important to them as we are a member, a potential partner and/or a possible future competitor. They have failed to account for the expansion of 5G cellular (AT&T/Verizon, see the small cell legislation passed last session) and the rise of high-speed Low Earth Orbit satellite internet (see SpaceX), which will completely disrupt the broadband marketplace. In any other situation, this would be nearing criminal neglect but our electric cooperative hides behind this

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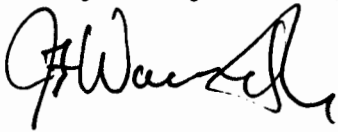
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veil of plausible deniability, a powerful lobbying association, and a team of highly paid attorneys waiting for the storm to pass.

I ask you to pull back that thin veil and expose the truth.

We have acted, and will continue to act, in the best interest of our community based on the mission we set out many years ago. Our rates are among the lowest in the country. We are here to do the right thing - it's high time somebody told Gibson management that they should too.

Thank you for your time,



John Warmath

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P.S. With regard to our status as a telephone cooperative, the facts are such:

- AT&T is the only telephone provider (this is not adequate otherwise CLECs wouldn't have been created in the first place)
- Telephone cooperatives exist as much, if not more, to provide broadband in the present day - if we were non-existent there would be a lack of adequate broadband access
- We followed the law as it is laid out in Title 29 of the T.C.A. ⁶⁵⁻
- We have always, and will continue, to act in the best interest of our customers (now member-owners)

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RE: ITENNESSEE TERRITORY AND STATUS AS A TELEPHONE COOPERATIVE

CC:

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