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December 1, 2024

The Honorable Pam Beidle
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

The Honorable C.T. Wilson
House Economic Matters Committee
231 House Office Building
Annapolis, MD 21401

Re: Report required by Corporations and Associations Article § 5-642(a) (**MSAR #12817**)

Dear Chairwoman Beidle and Chairman Wilson:

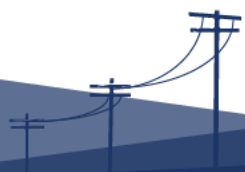
Pursuant to Section 5-642(a) of the Corporations and Associations Article as provided in HB 999 of 2020, I submit this annual report on the **status of deployment of broadband internet service** to the Cooperative's members.

I am pleased to report that Choptank Electric Cooperative and our wholly owned subsidiary, Choptank Fiber, LLC, are making substantial progress in engineering, construction, and broadband service installation throughout our service territory. We currently offer broadband access to previously unserved homes and businesses in eight counties on the Eastern Shore including Caroline, Cecil, Dorchester, Talbot, Queen Anne's, Somerset, Wicomico and Worcester Counties.

Choptank Fiber, LLC launched its first projects in April of 2021, followed quickly by grant-supported projects and company financed projects in FY2021, FY2022 and FY2023. Choptank Fiber currently serves more than **4800 subscribed customers** and makes broadband available to more than **15,000 serviceable locations**. We are finalizing initial installations for marketed customers and plan to continue outreach and education about internet use and the availability of this important service over the next 12-24 months. Our current average take rate is 42% on initial offer, but we expect to increase that rate as existing wireless contracts expire, and residents learn more about this opportunity.

Grant funding through the **Office of Statewide Broadband** (OSB) within the Department of Housing and Community Development has allowed Choptank to hire contract crews to supplement our internal workforce. Our goal has been to keep the contract crews working continuously until high-speed internet is available to all unserved homes and businesses in and near Choptank's footprint on the Eastern Shore. Grant funding is key to that plan.

State and local grant funds in FY2021 supported 60% of the cost of the construction for service to 2,538 very rural locations in Queen Anne's, Caroline and Somerset Counties. Grant funds in FY2022 supported 77% of the cost of the buildout to an additional 3,084 locations in Caroline, Cecil and Somerset Counties.



Members First. Every Day.

Grant funding in FY2023 supported 52% of the cost to serve an additional 3370 locations. We have also completed projects in Wicomico and Worcester Counties without grant funds.

Choptank awaits the next steps by the Office of Statewide Broadband to make applications available under the Federal Broadband Equity Access and Deployment Program (BEAD). We hope BEAD funding will allow service providers to close the remaining gaps and make high speed fiber internet service available to all Marylanders.

Choptank Fiber is an approved **FCC Affordable Connectivity Program (ACP) participant** and was actively promoting the program to families on the Eastern Shore. The ACP, which was not funded at the federal level in 2024, provided a discount of **up to \$30 per month** for broadband service for eligible consumers who apply online at <https://www.affordableconnectivity.gov/>. In addition to the ACP, Choptank Fiber was offering the **Maryland Emergency Broadband Benefit (MEBB)**, which provided an **additional \$15 per month** to those who qualified for the ACP. MEBB ended when the ACP was defunded.

From the onset of our broadband internet service, Choptank Fiber has offered our own **Low-Income Access Program (LIAP) to assist low-income** residents in our service territory gain vital access to high-speed internet. The Choptank LIAP is available to anyone who qualifies for any form of energy assistance through the Office of Home Energy Programs (OHEP). LIAP participants receive a **\$30 monthly discount** on the broadband package of their choice ranging from 100Mbps to 2.5Gbps symmetrical service. The loss of ACP and MEBB led to the doubling of the LIAP discount (previously \$15 per month).

On behalf of Choptank Electric Cooperative and its members on Maryland's Eastern Shore, I would like to thank the members of the Finance and Economic Matters Committees and the leadership of the House and Senate for working with us to make rural broadband possible. We look forward to working with you in 2025 and beyond to deliver this important service to our members and others who are unserved on the Eastern Shore. We are available to brief the Committee at your convenience. You may reach me at (443) 690-2411 or valeriec@ChoptankElectric.coop.

Sincerely,



VALERIE T. CONNELLY
Vice President of Government Affairs & Public Relations
Choptank Electric Cooperative

Cc: Eastern Shore Delegation
Sarah Albert, Department of Legislative Services (5 copies)

