

USDA Rural Development

Telecommunications Program

Success Story: Infrastructure, Broadband Initiatives Program

Scott County Telephone Cooperative

Virginia

Need:

Scott County, Virginia, lying along the Virginia-Tennessee border, faces a difficult economic challenge. As of 2009, Scott County was home to 22,585 people, more than 80% of whom lived in rural areas. Poverty in Scott County was 75% higher than the poverty rate for all of Virginia and its median household income was 41% lower than the median income for the state.

Scott County Telephone Cooperative did not have the facilities or the electronics to provide broadband services to this region. The lack of broadband access had a negative impact on economic development and the quality of life of these communities.

How Rural Development Helped:

Scott County Telephone Cooperative (SCTC) has been able to correct the situation by providing these rural communities with broadband service through several USDA Rural Development programs over the last decade. SCTC first took advantage of the Community Connect program in 2002, receiving a \$500,000 grant to provide high speed internet access in Duffield, a community of 60 residents in Scott County. In 2004, an additional Community Connect grant of \$586,737 was awarded to SCTC to finance a community center in Nickelsville, VA. Another Community Connect award came to SCTC in 2008, when \$999,207 was awarded to bring broadband service to Yuma, VA.

SCTC has also benefitted from the Telecommunications Infrastructure Program. It received an \$11.5 million loan in 2004 to upgrade remote switching equipment, bring enhanced DSL broadband service, and Fiber-to-the-Premises (FTTP) broadband service to cooperative members who did not yet have it. SCTC surpassed its initial goal of serving 80% of its members with broadband access and is now completing construction to provide broadband to all members.

In 2010, USDA Rural Development awarded SCTC a loan of \$7,455,000 and a grant of \$17,395,000 under the Broadband Initiatives Program. SCTC will use these funds to deploy FTTP broadband internet service in Scott County and Russell County, VA.

Also in 2010 under the Broadband Initiatives Program, SCTC was awarded a Technical Assistance Grant in the amount of \$199,920. This funding will be used for the marketing plan, business plan and engineering of SCTC's upcoming Flat Top FTTP project in Dickenson County. USDA further supported this project with a \$1,500,000 Community Connect Grant in 2011.

Results:

USDA Rural Development has helped SCTC achieve remarkable success in providing rural Virginia with broadband service. As a result, local businesses are more competitive, local institutions such as schools and community centers have high speed and FTTP internet access, and local residents enjoy broadband speeds at home. These funds have acted as a catalyst, enabling SCTC to use its own resources in addition to grant awards to extend its broadband network in Scott County and the surrounding communities.

In Duffield, the Duffield-Pattonsville Primary School, the Duffield Volunteer Fire Department, and a local business incubator called the Pioneer Center for Business Opportunity received 100Mbps FTTP connections in 2002. The Pioneer Center also serves as a community center and was able to offer internet education and training seminars and courses to local residents.

Nickelsville's new fiber optic network and community center allowed for greater business development and more diversity in local economic opportunities. The Community Connect funds used in this area built the community center, financed publicly-available computers, and paid staff salaries for two years. This spurred SCTC to build a new FTTP broadband network in Nickelsville with its own funds, which gave residents an opportunity to pursue the expanded business opportunities that come with broadband access.

In Yuma, SCTC provided free high speed internet service to the Yuma Fire/Rescue Department, the Yuma Ruritan Club, and the Yuma Elementary School for two years after receiving the Community Connect grant to provide broadband service in the area.

In the Flat Top community, SCTC will provide the Ruritan Club and the Volunteer Fire/Rescue Squad free FTTP service for two years. SCTC will also provide FTTP service to all 328 customers in the Flat Top Community.

Looking forward, BIP loan and grant funding will dramatically expand FTTP broadband access in Scott County and a portion of Russell County. Seventy-nine businesses, 15 anchor institutions, and more than 5,000 households will benefit from broadband speeds of up to 40 Gbps. This expansion will create or save 141 jobs, connect anchor institutions to the community in a new way, and provide enhanced broadband speeds to local residents.

USDA Rural Development Program funds have sparked more than \$7 million in further investment into SCTC's network from the Virginia Tobacco Commission to extend the FTTP network in Scott County and the surrounding communities. USDA Rural Development has paved the way for significant further investment in the Scott County and nearby rural Virginia broadband network. These are investments in the people of rural Virginia and the institutions and businesses that anchor them.