



Committed to the future of rural communities.

USDA Rural Development: Telecommunications Program;

Telecommunications Infrastructure Loan Program and Broadband Initiatives Program (BIP)—Texas

Valley Telephone Cooperative, Inc. (VTCI)

Need:

Valley Telephone Cooperative, Inc. (VTCI) is located in South Texas where it provides telecommunications services to a rural, culturally diverse population. VTCI has provided its customer with broadband connectivity since 1999, but the neighboring communities outside their service area were without any access to broadband services. Of the eleven communities to be served by funds from VTCI's latest project, almost all are weighted down by high unemployment and persistent poverty. In the rural town of Raymondville, Texas, more than one-third of its residents live below the poverty line, and the majority of Raymondville residents have not completed high school. Just south of Raymondville lies the rural town of Sebastian, where more than one-quarter of individuals live below the poverty line.

How Rural Development Helped:

VTCI has utilized RUS's traditional Infrastructure Loan Program many times over the years. Since 2000 alone, they have received four Infrastructure Loans totaling over \$45 million. Their most recent Infrastructure Loan was in 2004 for \$9.8 million.

In 2010, RUS awarded VTCI a \$40,093,153 loan and a \$38,520,868 grant through the Broadband Initiatives Program (BIP) under the American Recovery and Reinvestment Act (ARRA) of 2009. The loan and grant funds were for the construction of the last-mile broadband infrastructure in unserved and underserved rural areas of southern Texas. The money from the awards will bring broadband services to those in the underserved communities by means of fiber-based and fixed wireless infrastructure, while areas outside city limits will be served using wireless broadband technology. It will provide advanced broadband services to eleven underserved communities, offering access to over 19,000 homes.



Computer users at the Reber Memorial Library in Raymondville, TX take advantage of the new high speed Internet offered

Results:

Several businesses and anchor institutions in the communities served by Valley Telephone have already benefitted tremendously from the arrival of high speed Internet. One such entity is the Reber Memorial Library in Raymondville, TX. According to Ms. Micaela Wright, Director of Library Services, the three main uses of Internet from the public computers are students' research projects, applying online for employment and other services, and filing the residents' Federal income taxes. Before broadband was available, the January through April tax filing period meant there was a waiting list for computers because the Internet connection was so slow. Most major employers in the area, such as the large retail chains, the correctional institutions, the telephone company, the independent school system, and even the pizza eateries, handle new employee applications using e-mail, so fast, reliable internet was critical to job growth.

With the funding provided by the BIP award, Internet speeds have increased dramatically. Ms. Wright said computer users can now take advantage of educational webinars that were not possible under the previous system, and now computer research involving lengthy

documents or detailed graphics and pictures is downloaded quickly and efficiently. This is especially important in this area of Texas because, as mentioned above, poverty and unemployment are high and educational opportunities are low. In a town where many residents don't complete high school, it is even more vital for people to have access to the educational resources provided by the Internet.

The library is also transitioning into having E-Books available for downloading to library visitors with mobile reading devices, as well as partnering with the University of Texas Pan American in Edinburg to provide an Introduction to Computers & Internet class to residents, all thanks to the new broadband connection.

Another company benefitting from VTCI's high speed network is Economy Awards Company in the tiny town of Delmita, TX (approximately 215 residents). In the late 1990s, Valley Telephone installed digital

subscriber line service (DSL) in the area, and Economy Awards made the switch to e-mail. Communications between the supplier and the customer went from days to minutes. However, as technology continued to evolve, the increased message size due to graphics and high resolution pictures caused customer orders to lag and communications began to slow down on the original DSL service.

Using available USDA funds, Valley Telephone returned to upgrade the Internet service to a fiber optics system in the early 2000s. Mr. Hilario Alvarado, co-owner of the company, attributes his company's growth from the \$100,000 level in the 1990s to the current level of more than \$500,000 to their use of broadband services from Valley Telephone Cooperative. Mr. Alvarado indicated that fiber optic broadband separates his business operations from those of his competitors. This growth would not have been possible without the high speed broadband offered by Valley Telephone and the underlying support of RUS.