

# NetWorksCity

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June 24, 2002

Ms. Roberta D. Purcell  
Assistant Administrator  
Telecommunications Program  
RURAL UTILITIES SERVICE  
Room 4056-S, Stop 1590  
1400 Independence Avenue, SW  
Washington, DC 20250-1590

RE: Presentation material for June 27, 2002 Public Meeting  
on Rural Broadband Access

Dear Ms. Purcell:

In compliance with the Notice of Public Meeting on Rural Broadband Access to be held on June 27, 2002, we are herewith enclosing a copy of our presentation material.

For your convenience, the enclosed material is itemized as follows:

- copy of the oral testimony to be given by William R. (Rik) Hawkins;
- copies of correspondence to RUS in support of the loan application by NetWorksCity;
- copy of a special editorial section of the July 2001 issue of *The Lane Report*, which includes a write-up on NetWorks City;
- copy of the Update of our Business Plan for the RUS Loan Application; and
- copy of our original RUS Loan Application package presented to the U.S. Department of Agriculture, Rural Utilities Service, on June 22, 2001.

If you have any questions upon receipt of this material, please do not hesitate to contact me at 270/737-5497. I am looking forward to making our presentation at the meeting on June 27, 2002.

Sincerely,

*William R. Hawkins*  
William R. (Rik) Hawkins / Ret

WRH/rat

Enclosures

**DATE: THURSDAY JUNE 27, 2002**

**DEPARTMENT OF AGRICULTURE**

**Rural Utilities Service**

**Notice of Public Meeting on Rural Broadband Access**

**AGENCY: Rural Utilities Service, USDA.**

**Comments of William R. (Rik) Hawkins  
Networks City  
400 Ring Road, Ste. 200  
Elizabethtown, KY 42701**

Good Morning

Thank you for the opportunity to spend a few minutes with you today concerning the deployment of broadband services to rural America. I bring you greetings from the Commonwealth of Kentucky and the many rural residents that I represent.

While my life's work, since 1974, has been dedicated to technology and its advancement, I have always retained an admiration of history and what it can teach us. In many ways, we find ourselves in the same predicament that rural Americans were facing in the first decades of the last century, when the larger urban areas had access to electricity and the rural areas did not. The resolve to this was determined in 1935 when President Roosevelt signed an executive order creating the Rural Electric Administration. Ironically, it may have been the lack of electric power at his Warm Springs, Georgia home that motivated him to put in place the programs and funding to bring power to rural America. In my local area, a visionary lady by the name of Ms. Pauline Duff helped to

organize our electric cooperative, Nolin RECC, and in July 1939 the first homes were “turned on.” A new age had begun.

Several years ago, Larry Irving, who served for almost seven years as Assistant Secretary of Commerce for Communications and Information, coined the phrase “Digital Divide.” Those two words have come to signify our current situation that has created a nation of the “haves” and the “have nots.” With all due respect to Mr. Irving, a “digital divide” implies that two areas are separated and an opportunity exists to build a bridge, therefore bringing them together. In reference to broadband availability in rural America, there is no “digital divide”. There is only “digital darkness.”

Kentucky is traversed by some of the most extensive telecommunications networks in the nation, yet broadband Internet access is unavailable for most of the state. Kentucky’s large size and lack of population density create a rural setting comprised primarily of small cities and farming communities interspersed throughout the state with few substantial urban areas. However peaceful the rural lifestyle may be, the reality is that it is an unattractive market for the major broadband service providers. Rural Kentucky faces the same dilemma as much of rural America regarding affordable high-speed Internet availability; you can’t get it because it doesn’t exist. It is this disparity between the rural and urban communities that has given rise to the so-called “digital divide.”

In Kentucky, as in most rural areas of the nation, the so-called “digital divide”, or again the presence of “digital darkness”, is due primarily to three reasons. One is the

geographic dispersion of customers and the associated cost of upgrading the existing wired infrastructure to support broadband services by incumbent telephone and cable companies. Secondly, and probably most important, is the intense competition that exists between broadband service providers for market share in the more lucrative, densely populated, major metropolitan markets where big bandwidth users are more closely clustered. And thirdly, provisions by the Telecommunications Act of 1996 requiring the existing operating telephone companies to share their publicly subsidized wired infrastructure, and provide for competitive service opportunities for other service providers in the telephone and broadband service sectors are reluctantly complied with at best, and have generated a "kill the competitor or change the law before we build anything they can use" attitude.

Satisfaction with current revenue generation over previously subsidized aged copper wiring, coupled with the ability to charge what the market will bear for minimal services due to the aforementioned lack of competition, provide no incentive for existing communications providers to service rural areas. Residents of rural communities are still confronted with the question of how to access affordable broadband services.

In elementary school, we were all taught to "color inside the lines." I never could. With all that white area around the picture, it was too enticing not to put color on the entire page. We need to find a way that we can color our area with broadband coverage outside the lines drawn by the incumbent providers. A recent article from [informationweek.com](http://informationweek.com) stated that "During a White House event recently with leading

high-tech CEOs, President Bush said his administration is helping spread high-speed Internet services by nurturing innovation, providing incentives to businesses, and adopting the technology to deliver government services. Said President Bush, 'This country must be aggressive about the expansion of broadband.'"

For me to try to educate you today about technology is not in any of our best interest. Your engineers and staff understand the current landscape, and more importantly, the advancements taking place, which can propel broadband into many more homes; such as 802.11 wireless technology that our company has proposed to build out serving the Hardin County, Kentucky area.

What I would like to leave you with today are the missed opportunities that we cope with every day in our local community.

Opportunities unavailable for our local hospital, Hardin Memorial, which is a regional medical provider to central Kentucky, which struggles to support the area of radiology and the timely transmission of huge data files when a life hangs in the balance, due to a lack of broadband.

Opportunities unavailable for our school system, the largest employer in Hardin County, to bring about distant learning opportunities and link all the classrooms together in the third largest landmass county in the state, due to a lack of broadband

Opportunities to expand industry, including white-collar technological firms, in our area. Recently, Hardin County was one of the three final sites to be considered for a new Hyundai manufacturing facility. The lack of broadband in the rural area of Glendale, Kentucky along Interstate 65/South, is a factor in future companies looking at one of the most attractive spots in the eastern United States. Communities must not only promote the availability of electric, sewer, water, and telephony services, but additionally must be prepared to provide the newest member to the family of essential services- broadband.

I recently helped my youngest son research information for a paper that he was completing while attending our local community college, about the commerce system in our country and its development. I explained to him that America was built on the three "R's", rivers, railways, and roads. I would attest to you today that in order for our country to continue its prominence as a leader in the global economy, we need help to add one more "R" to the list. We need "Rural Broadband."

Adequate funding to implement a broadband infrastructure could position rural America as a strategic player in the global information services market, and would almost certainly make many local communities more attractive locations for information and technology-based businesses. The potential social implications and economic opportunities alone for the improved quality of area life through improved emergency and government services, local television, education, medical, and economic opportunity merit serious consideration for funding the development of broadband in rural America.

I ask today for your help in funding projects, like the one submitted by my company, Networks City, to help light up rural America and begin to close the door on the digital darkness that covers rural America.