

# EXHIBIT PDK 5

# Roanoke Connect reports progress



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Published 9:44 am Thursday, October 19, 2017

KELFORD – Roanoke Electric Cooperative (REC) is moving forward with its plan for fiber-optic communication for the more than 14,500 customers in its seven-county service area of Bertie, Halifax, Hertford, Northampton, Gates, Perquimans and Chowan counties.

Four of those counties – Bertie, Hertford, Northampton, and Gates – participated in a pilot program to test how the system could be used to bring high-speed internet to customers, an important step toward bridging the digital divide for REC members in northeastern North Carolina.

At the Oct. 16 monthly meeting here of the Bertie County Commissioners, REC Chief Operating Officer Marshall Cherry presented an update to the Board on status of the project.

REC has completed Phase-1, a broadband project that connects 12 substations with fiber. They are now in the early stages of expanding this connectivity deeper into its service territory using a combination of fiber and fixed wireless technology.

This spring, the cooperative invited a small group of member-owners to test smart-grid technologies enabled by internet service.

About 60 REC customers received free high-speed internet, water-heater control devices and smart thermostats through the pilot program with their results used for evaluation.

In Phase-2, REC is partnering with an internet service provider to build on the “Roanoke Connect” network and extend access to local homes and businesses.

"This allows connectivity across all (12) substations and enables us to do many high impact services for the member owners of REC, including better outage management, engagement with our overall electric utility usage, utility alerts, and things of that nature; so the value proposition has really risen, or will rise as a result of this project," Cherry said.

He added this will allow for better management of the system and bring better efficiency to the REC systems such as it never had before.

Cherry says Roanoke Electric has partnered with ECC Technologies to install a dark fiber network that will assist local business and citizens with the high speed internet service.

The project features some 200 miles of fiber optic infrastructure, half of which will be brand new, and the other will be leased from the existing fiber. Roanoke Connect will also link up with the statewide MCNC system which will run through the four counties.

Construction work will begin in the Ahoskie area of Hertford County in the next several months. In addition to insuring the Commissioners that Bertie County's connectivity is also a top priority, Cherry said the project will provide infrastructure needed to boost technology-led economic development

Cherry said it will be a 60 meg(abyte) service available for a \$45 a month subscription charge, and included will be several "smart devices" at no additional charge. Among them will be a wifi-enabled thermostat (the Ecobee3), and a special water heater control that will aid in response services to reduce consumption across the system at peak times and pass the savings on to its customers.

"The return on this investment is high value," Cherry stated. "We're able to do these for our customers as we're building out because the internet package is what allows us to provide many of these services."

Cherry said the fiber build-out for Phase-2 of the project will begin in January 2018 and that's when it will also begin the deployment schedule for consumers. REC plans to use crowd fiber, which will alert them to pockets in their service area that are interested most in having the service.

"It's going to be a competitive system," Cherry cautioned. "And we've got a lot of demand. We're hearing from every county on our system."

Jeffrey Brooks of ECC-Technologies – a marketing partner with REC – is helping with the Community Development Block Grant (CDBG) assisting in the project.

"This is win-win", Brooks said. "It benefits REC and regular folks who are in these counties. This is a fixed digital wireless service delivering speeds in excess of what the FCC defines as true broadband."

The CDBG would fund part of the development of the infrastructure, according to Brooks, and bring it into these economically disadvantaged areas.

"We want this area (Bertie County) to be for large-scale deployment of services," Brooks added. "While every area gets a little bit of it, you would be number-one."

Brooks said he will be returning to the area in November for a second CDBG public hearing.

Commissioner Ernestine Bazemore inquired about the fees with reference to the demographics of customer area and Cherry reiterated the water heater and thermostat are free, but the \$45 is basically for internet service.

"There is a six-month discount we will be offering which will reduce it by about \$5 monthly," Cherry acknowledged. "Another \$5 is also available to them for the life of their equipment."

He said the Phase-1 goal of 30 percent interest from customers has been met and that the next rollout will begin in the next several weeks.

A citizen asked Cherry what incentive is there for REC customers to switch internet service providers.

"If you have DSL then the advantage is faster service since we are 60 megs," Cherry answered.

Commissioner Ron Wesson said the cluster map of school children identified when Bertie County Schools tried a rollout of 'Connect Bertie' back in the early 2000's – some 85 percent of the student population – is available if REC would like to take advantage of those numbers.

Cherry and Brooks closed by saying they would keep the Commissioner abreast of REC's progress and schedule a second CDBG public hearing for Nov. 6.

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