



**Choptank Electric
Cooperative**
A Touchstone Energy[®]
Cooperative 

Broadband Action Plan

Purpose Statement

This Broadband Action Plan will outline the structure for the provision of broadband internet service to the Choptank Electric Cooperative (Choptank) membership territory in a manner that maximizes Choptank's existing resources without subsidization by electric members.

Subsidiary Formation

On September 30, 2020, Choptank formed Choptank Fiber, LLC, its broadband subsidiary. Choptank Fiber, LLC is a for-profit company, wholly owned by Choptank. The Finance and Audit departments will establish best practices around the allocation of broadband and cooperative resources. Additional information is provided in the Broadband Cost Allocation Methodology.

Subsidiary Oversight

Choptank Fiber's Operating Agreement establishes a Board of Managers to make day-to-day business decisions for the broadband subsidiary, with ultimate report to Choptank's Board of Directors.

Feasibility Study and Implementation

An independent feasibility study has been conducted by Choptank and its consultants to establish the magnitude of the broadband buildout. This is combined with Choptank's existing background knowledge of a rural fiber-to-the-home project, engineering and operations experience to further define the deployment schedule and best utilize Choptank's resources.

Financial Support

In October 2020, Choptank's Board of Directors approved an initial equity investment in Choptank Fiber, as well as a credit facility. As the broadband planning continues, the longer-term funding plan will be more clearly defined. The funding will initially come from Choptank's borrowing power and will be repaid as revenues are generated from the subsidiary company.

Member Communication

Choptank provides transparent and ongoing communication with the membership regarding deployment schedules. Up-to-date information and maps are available on the Choptank Fiber website (www.choptankfiber.com). Additionally, financial information and results will be shared at Choptank's Annual Member Meeting.





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Broadband Cost Allocation Methodology

Choptank Electric Cooperative (Choptank) provides broadband internet service through its wholly owned subsidiary, Choptank Fiber, LLC, in a manner that maximizes Choptank's existing resources without subsidization by electric members.

The costs of Choptank's provision of the services to Choptank Fiber are based on Choptank's direct incurred costs of providing the services. Choptank Fiber's books are accounted for in our business application software as a separate division of the Cooperative.

Choptank Fiber's direct costs are accounted for using division accounting, task codes for direct labor, and overhead costs. Choptank Fiber's indirect costs are allocated based upon the ratio of electric to broadband customers. Choptank bills Choptank Fiber on a monthly basis for direct and indirect costs.

