

From: Tierney, June
Date: August 23, 2018 at 10:44:35 AM EDT
Subject: Update on Status of CoverageCo Project

Dear Senators and Representatives:

I write to provide you with an update on the status of the CoverageCo project. In my letter dated June 1, 2018, I informed you of our intention to give CoverageCo an opportunity to present a business plan. I stated that the Department would review this plan and evaluate CoverageCo's prospects of success in meeting its contractual obligations to the State. On June 28th, the Department received a document from CoverageCo entitled "Preliminary Plan." After thorough review of this document, Department staff determined that CoverageCo's plan was inadequate and lacked basic information that should be included in any business plan. On August 6, 2018, I sent CoverageCo a letter requesting additional information and gave the company until August 20, 2018, to submit a response. On August 18th the Department received a response from CoverageCo. This response lacked much of the information that the Department had requested on August 6th. After giving CoverageCo a fair opportunity to demonstrate its ability to meet its contractual obligations to the state, I made the decision to terminate our master lease agreements with CoverageCo. On August 22nd, I sent CoverageCo notices terminating the three master lease agreements with the company.

The Department is committed to finding a sustainable path forward. I believe that this network has the potential to serve rural Vermonters voice and data needs, and we are mindful of the impact that a lack of cell service has on our most rural communities. Therefore, the Department will issue a request for proposals ("RFP") today seeking a new vendor to operate the network. The Legislature appropriated \$900,000 in capital funding for the purpose of completing the network. The Department will seek to use this funding to attract an alternative operator, build out the network, and upgrade equipment where necessary. We anticipate having a vendor in place as soon as possible.

June E. Tierney
Commissioner
Vermont Department of Public Service