



**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 (“the Cooperative”) membership territory in a manner that maximizes the Cooperative’s existing resources without subsidization by electric members.

Subsidiary Formation

On September 30, 2020, the Cooperative formed Choptank Fiber, LLC, its broadband subsidiary. Choptank Fiber, LLC is a for-profit company, wholly owned by the Cooperative. The Finance and Audit departments have established 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 Directors to manage the business and affairs of the company. The members of the Choptank Fiber Board of Directors are the same as the Cooperative’s Board.

Feasibility Study and Implementation

An independent feasibility study has been conducted by the Cooperative and its consultants to establish the magnitude of the broadband buildout. This is combined with the Cooperative’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 the Cooperative’s resources.

Financial Support

In October 2020, the Cooperative’s Board of Directors approved an initial equity investment in Choptank Fiber, as well as a credit facility. The longer-term funding plan continues to evolve as grant funds are made available. In addition to grants received, the funding comes from the Cooperative’s borrowing power and will be repaid as revenues are generated from the subsidiary company.

Member Communication

The Cooperative 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 are shared at the Cooperative’s Annual Member Meeting.

12/21/22



Members First. Every Day.



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Broadband Cost Allocation Methodology

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

The costs of the services provided by the Cooperative to Choptank Fiber are based on the Cooperative’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 costs are accounted for using division accounting, task codes for labor, and overhead costs. The Cooperative bills Choptank Fiber on a monthly basis for its costs.

