



July 17, 2008

Mr. Tom Ollig  
TDS  
316 Pine Street  
Monticello, MN 55362

Dear Mr. Ollig:

As you're aware, FiberNet Monticello has longstanding plans to install a fiber-to-the-premises (FTTP) system, which is intended to ultimately connect every home and business to a fiber-optic network. More recently TDS Telecom revised its plans, and has indicated an intention to install its own citywide fiber system. Competitive systems are likely to create better choices for citizen-consumers and balanced market forces. However, the total costs of *independently* installing both systems – with separate borings by FiberNet Monticello and by TDS along the same or similar routes – would seem to greatly exceed the costs of a coordinated effort.

At its July 14 City Council meeting, the Council authorized Monticello City staff to actively seek opportunities to work with TDS in development of cooperative, cost-saving strategies for installing fiber optic lines in the City right-of-way. We believe there are opportunities to significantly reduce costs for both FiberNet Monticello and TDS by installing portions of the two systems on a joint basis, involving common conduits rather than separate conduits. Moreover, at certain locations, space in the right-of-way is at a premium. By merging installation, more space would remain available for future use, and there would be more “elbow room” for maintenance and repair of all utilities in the vicinity.

The City Council is optimistic that TDS will also see the value of this approach. That optimism is based in part on past statements by TDS or those working for it. This opportunity had been discussed at the engineering level by the system designers of TDS's system and City staff and consultants. TDS has recently made public statements that it would like to work with the City in a cooperative fashion.

This joint construction initiative is not in any way intended to slow down or stall installation of either system in the City right of way. Nor is this offer intended to be open only to TDS and not to any other provider who presently willing and able to participate. While a joint approach may require both TDS and the City to spend time and

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money adapting their plans, the City believes that those costs are likely to be far smaller than the savings that would result to both sides through joint installation.

The sooner the City and TDS can begin to implement such an effort, the better it would be for all concerned. At your earliest opportunity, please contact me regarding this proposal at 763-271-3215.

I look forward to any questions or other reactions.

Yours truly,

***CITY OF MONTICELLO***

A handwritten signature in cursive script that reads "Jeff O'Neill / cms". The signature is written in black ink and is positioned above the typed name and title.

Jeff O'Neill  
City Administrator

Cc: Patrick O'Donnell, Smith Paulson O'Donnell  
Gregory Merz, Gray Plant Moody  
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