

\*PRESS RELEASE\*

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\*COURT VICTORY PAVES WAY FOR PUBLICLY OWNED BROADBAND \*

/Institute celebrates Minnesota city's milestone in community-owned fiber optic project/

Minneapolis, MN—(October 9, 2008). The Honorable Judge Jonathan Jasper, a judge of the 10th District District Court, has ruled that Minnesota cities have the authority to issue bonds to finance community fiber-optic networks. Monticello, MN, a town of 12,000, has been locked in a legal battle with its incumbent phone company, TDS Telecom, who filed a complaint to prevent the city from building the network its citizens overwhelmingly approved in a referendum last year.

Christopher Mitchell, Director of the Telecommunications as Commons Initiative for the Institute for Local Self Reliance (ILSR), welcomed the ruling. "All along, we have said that this lawsuit is frivolous and was merely a delaying tactic." Mitchell is based in Minnesota but researches community broadband networks nationwide.

Monticello had to put the network on hold until the case was decided. Meanwhile, TDS has upgraded some of its equipment and increased its marketing efforts in anticipation of competition from the new network.

The funds for the network will remain in escrow until the case is fully resolved and all appeals are exhausted. Although this ruling struck down each of TDS' arguments, some motions remain before the court and will be resolved shortly. TDS has thirty days to appeal this ruling.

Judge Jasper found that the City's broadband network, which will be used to deliver phone, Internet, and video services, is expressly permitted by Minnesota statute. Responding to the ruling, Mitchell said, "This decision has confirmed what was already obvious from a plain reading of the statutes, that Minnesota cities can use their bonding authority for deploying the essential infrastructure of the next century."

TDS claimed it was intervening to protect the taxpayers of Monticello. However, the City was using revenue bonds that were not backed with taxpayer dollars - all risk from the network was to be carried by those that purchase them. According to Mitchell, "TDS was merely trying to protect its monopolistic interests, much to the detriment of the citizens of Monticello who clearly want a local, accountable alternative to existing services."

ILSR congratulates the city of Monticello, as well as attorneys representing Monticello, John Baker and Pamela Vanderwiel for defending the rights of cities to build the telecommunications infrastructure they need for the future.

For more information, or to arrange an interview with Christopher Mitchell, please contact Brooke Gullikson.

About ILSR and the New Rules Project:

Since 1974, ILSR has worked with citizen groups, governments and private businesses in developing practices that extract the maximum value from local resources. A program of ILSR, the New Rules Project focuses on local, state and national policies that enable that goal.