



## East Central Vermont Telecommunications District

*Vermont's First Communications Union District*  
ECFiber is the trade name of the District's ISP business

July 15, 2025

### **In Response to GWI's Unsigned Open Letter**

On Monday July 14, an unsigned letter from GWI was sent to ECFiber member town selectpersons and the press by GWI's media relations and state government lobbying firm. The unsigned letter seeks to instill fear, uncertainty, and doubt within our community. GWI has already attempted to do this with ECFiber Governing Board members, ECFiber bond bankers and bond holders, and state broadband officials. They have not succeeded. Now they turn to you.

As you may have read or heard from your appointed representatives to the ECFiber Governing Board, in April the Board decided – unanimously – not to continue with GWI. This decision followed two years of board work developing options for 2026 and beyond, a year of discussions among GWI and Board leadership, and two different attempts to negotiate a contract extension, renewal or replacement for the 10-year contract originally made with ValleyNet that expires at the end of 2025.

The negotiations failed because GWI wanted too much money, threatening the ability of ECFiber to meet the debt service obligations of its municipal revenue bonds, and too much control, which threatened the tax-free status of those bonds.

As you know from seeing our annual reports, ECFiber is required to show an operating surplus of at least 1.25x its annual debt service (currently \$5 million). Presently, we take in over \$13 million a year from our operations, and our expenses are about \$6.5 million. That leaves about \$6.5 million, which is 1.30x the \$5 million in principal and interest due on our bonds. So ECFiber has a net surplus of \$1.5 million when all is said and done. Nobody pockets that – it is plowed back into construction costs so that we don't need to borrow more.

In effect, GWI wanted ECFiber to give them all that surplus, and more. They told us it was a “market” deal and that if we didn't want to pay, they had plenty of other opportunities.

415 Waterman Rd | South Royalton VT 05068 | 802-ECFIBER (802-323-4237)

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***Business: [ECFiber.net](https://ecfiber.net) Municipality: [ECVTD.gov](https://ecvtd.gov)***

So did we: return to the model of having a local non-profit operate ECFiber, just like ValleyNet did before GWI assumed its role. A year of planning went into establishing the Vermont ISP Operating Company (VISPO) as a public benefit corporation established to meet Section 115 of the IRS rules: a provider of essential services for a government. This type of company is used by governments to operate electric utilities they own. It enables day-to-day operational decision making to be insulated from city councils or selectboards while giving the government control over strategic decisions.

Importantly, the board of VISPO is expected to be a “working board” made up of experienced businesspeople who will be responsible for overseeing management and developing strategic options for the Governing Board to act upon. They will be compensated, because we have found that very few people who were not part of establishing ECFiber or ValleyNet in the first place were willing to devote the time and talent that is needed on a voluntary basis.

In the same way that neither ValleyNet nor GWI are subject to Open Meeting law, neither is VISPO. Moreover, because Vermont state law exempts the business records of a communications union district (CUD) (ECFiber invented CUDs in order to be able to issue bonds) from Public Records disclosures, VISPO also is a repository for those records. It’s a clean and elegant solution to the issue of a government owning an unregulated business (internet service providers are not regulated, although their phone offerings are), competing in an open market, with no geographic exclusivity, no power to compel citizens in any way, no taxing powers, and no right to call upon the resources of the towns that comprise it.

Returning to the failed negotiations second point, GWIs desire for too much control, you need to understand that right now all the money that gets paid to ECFiber goes into ECFiber bank accounts, and all the expenses to operate ECFiber are paid out of ECFiber bank accounts. So ECFiber effectively controls expenses and is the owner of everything used in the business – all trucks, computers, office equipment, software, you name it. GWI gets a check to cover payroll expenses, but that’s for the ECFiber staff which the operating contract does not permit to be used for any other business. When ValleyNet had the opportunity to build

LymeFiber, it first came to the ECFiber Governing Board and asked permission and ECFiber and LymeFiber have an agreement.

GWI wants a different arrangement. They want to pay most of the expenses, own the systems, and use ECFiber staff for whatever they want – mainly to help run other ISPs. They want the Board to pay fees per customer, per passing, for each customer added, etc. It's not a terrible idea, and we might go for it if we didn't have the bonds to worry about, and if we didn't think the eventual result would be the loss of local jobs. But we do have the bonds to worry about, and the bonds lose their tax-free status if anyone uses the network to generate private profit or if the government that issued the bonds loses control over strategic decisions or even setting prices. We've issued over \$70 million in bonds and will be paying them off into the late 2040s – unless some billionaire decides to take advantage of our municipal status and make a donation for tax purposes that is big enough for us to defease (essentially, retire) the bonds.

Speaking of the bonds, the bondholders and our bond bankers support our decision. They know that the biggest single reason for the adjustment in the S&P outlook (which does not affect the near-investment grade BB rating) is that GWI didn't meet its contractual obligations around accounting during 2024, leading to late or never-delivered reports and subsequent audit problems that Board members had never seen in the past.

GWI suggests you take action to pressure us to change our decision. We invite you to visit our website FAQ explaining why GWI is suing us, along with links to all of the court documents filed to date. [GWI's lawsuit against ECFiber's Board](#).

We also suggest that you speak with your appointed ECFiber board representative and any alternate delegates appointed by your town. You will learn that they have been kept closely informed at every turn.

VISPO will run ECFiber the same way it's been run for the past 10 years, using the same systems, using the same staff positions. It's up to the people in those jobs to decide if they want to stay with GWI or become VISPO employees. The only threat to a smooth transition is GWI, which

is why we are seeking enforcement of the Transition Policy adopted by the Board in May pursuant to our rights under the expiring contract.

The ECFiber Board has been overseeing things for 17 years, and it's been 14 years of serving customers – over 10,000 of them now. VISPO has a prior ValleyNet CEO involved as well as a new CEO for VISPO whose career includes the buildout of fiber internet for Ireland. Exactly what transpires over the next several months is uncertain, but only because of GWIs inability to gracefully accept its failure to persuade. As for fear or doubt, we have none.

F. X. Flinn  
Chair  
802-369-0069 | [chair@ecvtd.gov](mailto:chair@ecvtd.gov)

Chris Noble  
Vice-Chair

Dan Childs  
Treasurer

Jeff Brand  
Secretary

Irv Thomae  
Executive Committee Member  
Chair Emeritus

Jim Masland  
Executive Committee Member

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Executive Committee Member

Clare Holland  
Executive Committee Member

Jerry Ward  
Executive Committee Member