

06/15/16



UTAH HIGH SPEED INTERNET



DEVELOPING A HIGH SPEED INTERNET PLAN

GOAL:

- Expand High Speed Internet (HSI) throughout Utah.

WHY THIS IS IMPORTANT:

- HSI infrastructure critical for economic development.
- HSI is an equalizer for rural areas.
- Helps maintain and strengthen Utah's competitive edge.

ELEMENTS OF A COMPREHENSIVE PLAN:

- Encourages and incents HSI investment throughout Utah.
- Not a “silver bullet” or one-size-fits-all approach where only one or a few actions will accomplish the goal.
 - A combination of different actions are required to obtain success.
 - There is an important role for federal, state and local government to encourage and incent HSI.
- Should be accomplished in a competitively and technologically neutral manner.
- HSI speed is not the only consideration. There are other important factors such as the reliability of the various technologies that provide HSI.

Economic Development Success – Power of the Internet

Missouri Star Quilt Company

Hamilton, Missouri

Population – 1,809 (2010 Census)

Started by the Doan family in November 2008 with one small quilting shop .

Expanded with internet sales and quilting tutorials. Has the largest quilting YouTube channel .

Bought and remodeled several old buildings and now have 12 quilting shops, sewing center retreat, restaurants and a bakery. Tourists come from all over the world to see the quilting shops.

Largest employer in Caldwell County with over 300 employees.

2015 Missouri Small Business of the Year.

2015 National Small Business of the Year.



State and Local Government

Questions for the Utah legislature and local government:

What can be done to encourage HSI investment within Utah?

- Metro areas
- Competitive areas
- High cost areas

What should be done to supplement federal programs?

- What are the current funding gaps?
- Where are the high cost areas that are not funded that are either under-served or un-served?

OVERALL HSI DEPLOYMENT

Incent/facilitate HSI investment throughout Utah:

Local Government role:

- Placing conduit/structure in streets and allowing providers to use the conduit/structure for fiber placement.
 - Significantly reducing the placing cost to providers in “brown field” areas and improving the economic cost for fiber placements.
 - Woodland Hills.
- Minimize relocation of existing facilities within the public ROW.
 - Design road projects considering the impact on existing facilities.

State Government role:

- Encourage/facilitate private investment.
 - Government can be an important anchor tenant for providers.
- Economic incentives for HSI deployment.
 - Tax incentives
 - Property tax reduction/abatement on HSI investment.

HSI INVESTMENT IN HIGH COST AREAS

Reform the Utah USF and have it support HSI (Supplement the federal USF program).

State funded grants targeting un-served/under-served high cost areas.

- Previously grants of \$1 million for the Rural Broadband Service Fund (2007 - SB 268).

Hybrid approach, grants made to the USF to be used specifically for HSI in high cost areas.

- Utilize the PSC's existing process for 1-time distributions from the USF to help fund high cost areas.
- The PSC can determine the public interest and benefit on a project by project basis and approve those with significant benefit.
- The state Broadband Outreach Center can provide valuable input, along with providers identifying un-served/under-served high cost areas.

CONNECT AMERICA FUND (CAF) II

Applicable to the **Frontier and CenturyLink service areas** in Utah:

- The other Utah rural ILECs are under a different federal **CAF program**.

**Speeds of at least 10 megabits per second (mbps) down load speed, 1 mbps upload speed.
(Un-served or under-served census blocks.)**

6 years to serve/upgrade about 9,506 customer locations in rural high cost areas

- Frontier – 5,140 customer locations (\$2.5 million a year).
- CenturyLink - 4,366 customer locations (\$1.894 million a year)

FCC recognizes the important role that states will continue to have in high cost areas.

(December 18, 2014 Report and Order, section 28.)

“We also note that the states have an important role to play in advancing universal service goals. We welcome and encourage states to supplement our federal funding, whether through universal service funds or other mechanisms.”

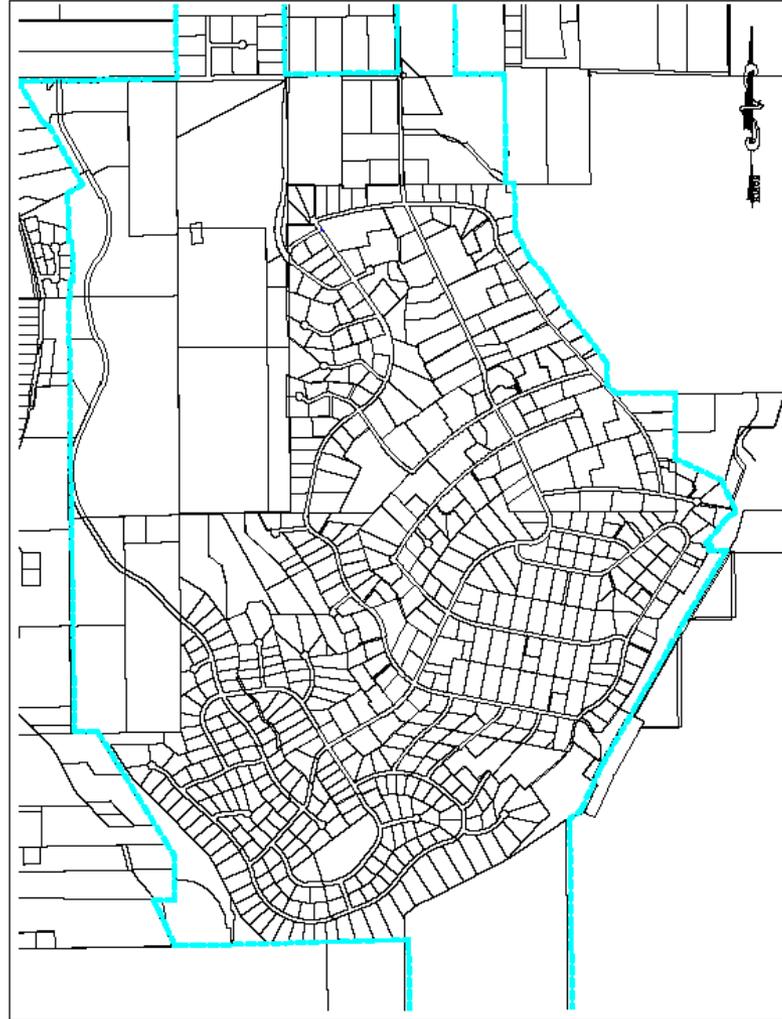
Customer locations not covered by CAFII: The FCC did not fund all high cost areas. For example, census blocks above \$198.60 cost per customer per month were not funded, as well as partially served census blocks.

- At least **5,116 customer locations**.
 - Frontier – 2,351 customer locations.
 - CenturyLink – 2,765 customer locations.

Woodland Hills

Paving the way for smoother
deployment of state-of-the-art-HSI
networks

Woodland Hills



Conduit With Micro-ducts Inside

