

The Last Mile: Fact Sheet

WiredWest and the Massachusetts Broadband Institute (MBI), with support from the Franklin Regional Council of Governments (FRCOG), are actively working to bring high-speed broadband internet service to 44 western Massachusetts towns that are poorly served. This effort has the full support of the area's legislative delegation.

MBI recently completed a "middle mile" fiber-optic network serving town halls and other public facilities in western and central Mass. If the requisite interest is shown by the towns, the MBI plans to construct a regional "last mile" fiber network to connect homes, businesses, and other organizations in those towns, taking advantage of economies of scale and other benefits of acting on a regional basis. The proposed network would be owned and operated on behalf of the towns by WiredWest, a municipal light plant cooperative formed by the towns in 2011 for this purpose

Based on engineering, financial, and legal work, the MBI, WiredWest, and FRCOG are finalizing a preliminary project plan. The total capital required is **estimated to be up to \$100-119 million**, depending on, among other things, the number of towns which choose to participate in the network. Bonds issued by the Commonwealth of Massachusetts will give MBI a maximum of \$40 million, depending on the number of towns which opt-in. The balance of funds would come from municipal resources, such as general obligation bonds issued by participating towns.

The capital costs allocated to a town will be based on detailed engineering of the actual cost to build out that town. A town's share of MBI funds will be determined by an allocation formula still to be finalized, but which will use factors such as the miles of fiber required and number of premises in town. The town will finance the remainder of those capital costs.

While towns will be responsible for principal and interest payments on their bonds, WiredWest intends to reimburse them in whole or in part, depending on the financial performance of the network. Signing up customers is critical to the success of the network. If WiredWest generates earnings above the debt service, then member towns will determine the disposition of the surplus funds.

To participate as a WiredWest "Fiber Town" on the network, a municipality must take the following steps:

1. By December 31, its Select Board must pass a nonbinding resolution expressing its intention to participate in the project and to seek approval of the bond issuance.
2. As early as spring 2015, a town meeting must by a 2/3 vote authorize issuance of the bonds. The town may be required as well to pass a Proposition 2½ override.
3. At the same time, 40% of its households must sign a conditional contract to take service – internet, phone and/or TV – when it becomes available, and make a modest deposit.

WiredWest, MBI and FRCOG, will work closely with the towns to help them to complete these steps.

WiredWest's preliminary pricing for residential services is estimated as follows:

- **\$45 - \$49:** 25 mbps internet, with higher speeds available up to 1 gbps;
- **\$59:** 25 mbps internet plus basic phone service; full-featured digital phone for \$20 more; or
- **\$124-149:** Internet/phone/TV "triple-play", depending on levels of component services.

Estimated project timetable (may be shortened if fewer than all 44 towns participate):

- “Make-ready” to prepare utility poles for cabling begins Spring 2015;
- Construction of the network begins Spring 2016 on a rolling basis as poles are ready;
- Service to customers begins Spring 2017 as network segments are completed;
- Project completed by the end of 2019.

Questions?

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