

VCBB

Grant Applications

August 14, 2023

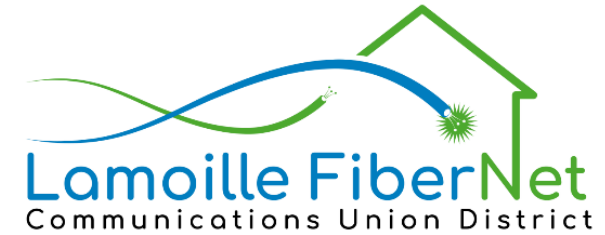
Status of Broadband in Lamoille County

USP and Business Plan Highlights

Affordability

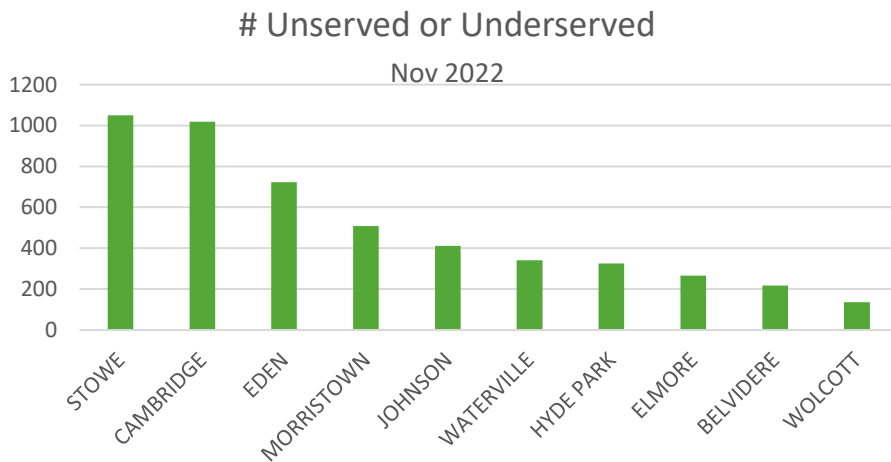
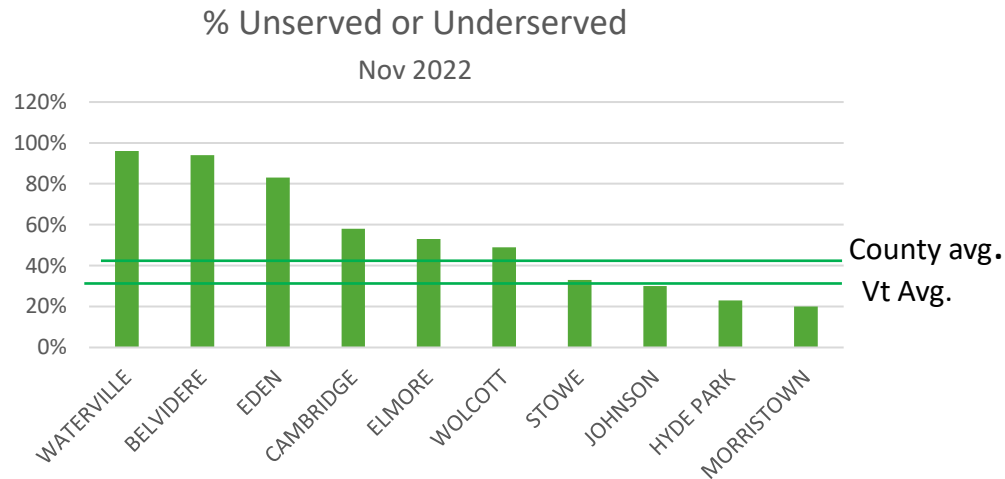
Accountability

Questions





Broadband Status & Proposed Solution



Universal Service via Public Private Partnership with CCI

- Committed by contract to construct, maintain and operate a network, and support customer service
- Funded by VCBB grants, local ARPA funds, and CCI's private capital and existing assets
- Overseen by CUD Governing Board
- Supported by community leaders: all ten select boards, state senators and representatives, and the Lamoille County Planning Commission

Today's Ask:

Phase 1 Project	Available For Project	Requested w/ Application	Delta*
Precon	\$1,724,479	\$1,369,478	\$355,001
Construction	\$13,864,436	\$13,588,636	\$275,800
Total	\$15,588,915	\$14,958,114	
CCI	\$9,814,755		
Total	\$25,403,670		

*Available from original Precon grant and Local ARPA Match

USP and Business Plan – Prior v. Revised with CCI

Farther, faster with less cost and less risk

Phase 1 86% or 4,170 u/u, \$25.4M

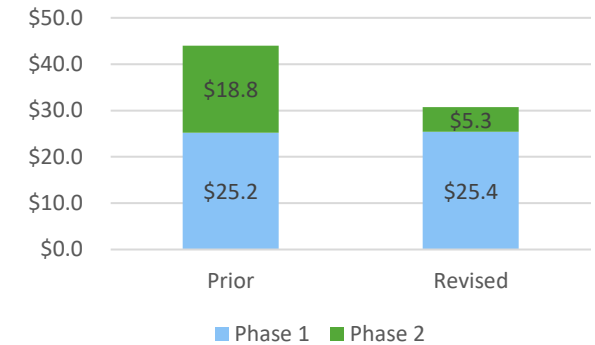
- **All** U/U in Belvidere, Eden, Elmore, Hyde Park, Johnson, Waterville and Wolcott and all but 5 addresses in Morrisville
- Majority U/U (70%) of Stowe and Cambridge, including chronically U/U (RDOF) areas
- Incentives to complete: 50% holdback until 100% complete; penalty for less than 98% = 2x cost to complete or \$10k/per passing

Phase 2 14% or 663 u/u, \$5.3M

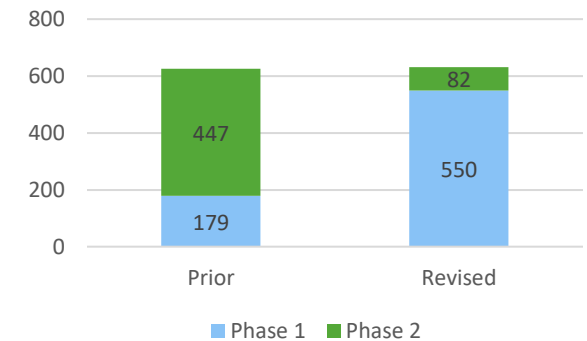
- Anticipate funding through BEAD or other federal programs
- CCI similar financial commitment
- Reserved right to partner with another provider



Cost \$M - 30% Less



Miles P1- 3X more



Prioritizing Affordability

Price of Service & Connection

- **Day 1:** Multiple speed and price options for residential and small business; *2G capable*
- Participation in **ACP** and other programs
- **Uniform pricing and products commitments**
- **More extensive drop & free installation commitments** including aerial of any distance where existing communications path and 500' of underground
- **Local ARPA funds** (\$175,000) set aside to help pay for nonstandard drops (those without existing facilities or > 500' underground)



Price by Speed	PRIOR PLAN	1ST YR	2ND YR
50/50	\$70	\$33	\$55
100/100	\$90		
250/250		\$60	\$85
1 Gig	\$119	\$70	\$95
2 Gig		\$85	\$95
Voice	\$25	\$15	\$15

Prioritizing Risk Reduction and Accountability

- CCI co-investing almost \$10M, no need for municipal revenue bond
- Leverage CCI assets to minimize delays/costs associated with make-ready
- CCI scale and experience ensures robust network operations, maintenance and competition
- Highly resilient fiber network, designed to industry standards, supported by experienced workforce
- Fidium already delivering industry-leading customer service in ME, NH and VT
- Future-ready, 10G network built for growth; commitment to keep current with same products as rest of northern New England
- 20-year service quality, network performance and consumer protection commitments with CUD oversight
- Continuity protections for expiration, change of control, or default
- Affords LFCUD opportunity to focus on adoption and digital equity



Questions



Continuity: Change of Control, End of Contract or Default

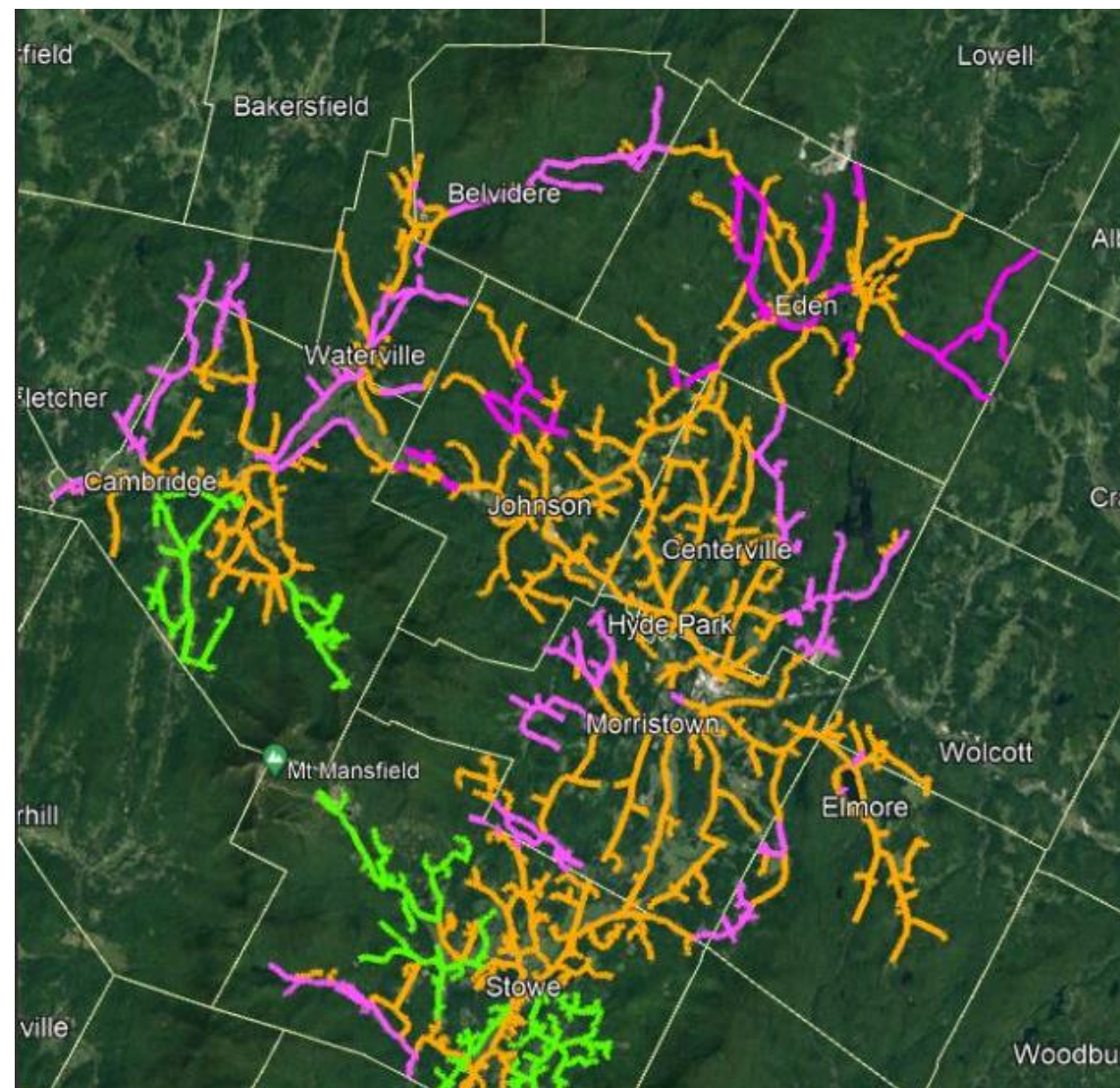
Ownership (perpetual) - CUD owns fiber from CO to drop pole on routes to grantable addresses (orange) except RDOF addresses (pink); CCI owns drops, backbone, non-grant distribution, pole rights, interconnects, COs, electronics, etc.

Sale or Transfer - 1) of grant-funded asset requires prior VCBB approval (statute) and 2) of CCI assets requires advance notice to CUD and assignment of contractual commitments.

End of Contract (20 yrs./+10 yr. autorenewal) - CCI's exclusive access rights expire; LFCUD's rights to network operations and maintenance, and ISP services expire. Parties retain ownership interests. CUD's irrevocable right to collocate in each of CCI's 4 wire center central offices on commercially reasonable terms survives the contract.

Nonrenewal - Because LFCUD owns its fiber and right to collocate, LFCUD can select and negotiate with another ISP or renew with CCI on updated terms. A successor ISP will bring their backbone to the CO or fiber meet point, use the collocation space, and provision necessary equipment to serve the customers. Successors will often negotiate IRUs with incumbent to ensure end-to-end support.

Default during 20 yr. term - CUD has "full path IRU" to provision end-to-end service from CO to customer premise, including the drop. CCI loses exclusive right to access and must cooperate with transition.



Comparison to SoVT CUD	Schedule D Topic	LFCUD/OCCUD
Same	• Customer Service Credits	
Same	• Downtime Notification	
Same	• Vt Net Neutrality standards	
Same	• Vt Security Breach Notification Law	
Additional	• Attend one public meeting	+ select board meetings as invited
Additional	• Current & Future VCBB Act 71	+ Vermont law as amended
Stronger	• Affordability – ACP participation	• Uniform pricing for CUD as in VT and similarly situated New England States; rural areas treated same as high density areas; participation in ACP or other similar programs
Stronger	• Continuity Requirement - pass on obligations	• Requires assignment of contract(s); irrevocable right to collocate; full path IRU in default
Stronger	• Final Payment (hold back 8%)	• Hold back of 50%; liquidated damages (2x cost to complete w/\$10pp cap) if less than 98% (term sheet)
Stronger	• Maintaining Annual Relational Net Promoter Score	• Increases standard from avg ISP score to 15+ above avg ISP score; 2 years below triggers default
Stronger	• Performance (Speed latency) testing - 1x failure cure 60 days	• Same test; default if failed more than 3x in 24 months; addresses chronic issue
New	• Affordability	• Drops/Affordability - CCI will not charge customer for a drop of any length if there is an existing communications path available for use. (telephone poles or empty and usable conduit.) If new facilities are required, CCI will build ≤ 500'. If > 500', customer is responsible for cost and construction of these facilities. CCI will direct customers to 3rd party contractors and LFCUD for local ARPA grant support; once facilities are in place, CCI will install the fiber drop of any length at no cost.
New	• Construction	• Construction Planning: Preconstruction meeting with each town; notification of and mutual agreement to address changes; notification of material construction events
New	• Service Quality	• Service Quality Measure & Reports: meantime to repair (48 hr.); average time to install (3 days), NPS by county reported quarterly; DPS and AG complaints – annually
New	• Community Commitment	• Courtesy Service - 1 each town for public use
New	• Service Quality	• Keeping Current - Commitment to new product offerings same as rest of Northern New England; CPE upgrades at CCI expense

State Auditor Item	Risk to CUD	Description
1. 2024 Funding Gap	<ul style="list-style-type: none"> • Very Low 	<ul style="list-style-type: none"> • SoVT on track to complete entire CUD this year with no change in budget • Lamoille/OCC projects scoped within existing budgets, with substantial co-investment from CCI to cover a portion of the budget gap
2. Access to Construction Materials	<ul style="list-style-type: none"> • Low 	<ul style="list-style-type: none"> • SoVT is on track to complete in one year, leveraging the CCI supply chain which supports the construction of hundreds of thousands of homes per year since 2021. • Lamoille/OCC projects represent less than 5% of CCI's build capacity in a given year
3. Lack of Qualified Construction Workers	<ul style="list-style-type: none"> • Low 	<ul style="list-style-type: none"> • Consolidated already manages a fiber network in VT more than 10 times larger than one CUD, and has an appropriate resource base for this addition.
4. Weakness in CUD Business Plan	<ul style="list-style-type: none"> • Low 	<ul style="list-style-type: none"> • In the Public Private Partnership Model, the state is not starting a new business. CCI has been in business for more than 100 years, and is contributing its capital to the project to limit business risk
5. Expertise and Capacity	<ul style="list-style-type: none"> • Very Low 	<ul style="list-style-type: none"> • No one has built more fiber in Vermont, with CCI constructing more than 100,000 (and growing) homes of new fiber since the beginning of 2021.
6. Procurement of Goods and Services	<ul style="list-style-type: none"> • Low 	<ul style="list-style-type: none"> • CCI has decade long supply chain relationships which make this risk limited.
7. Confidentiality/Lack of Transparency	<ul style="list-style-type: none"> • Low 	<ul style="list-style-type: none"> • Consolidated has been very transparent throughout this process, liberally sharing maps, address lists, and marking the very bare minimum of our documents as confidential. We do face some SEC regulations which force us to be private on a small number of matters.
8. Lack of Affordability Definitions	<ul style="list-style-type: none"> • Very Low 	<ul style="list-style-type: none"> • CCI/CUD partnerships address both price of service and price of drops, a common barrier to adoption in rural areas. In addition to offering ACP, CCI will bring some of the lowest priced services in Vermont to these CUDs. For Lamoille, CCI's prices are 30-50% lower than its prior plan afforded. Where there is current CCI drop, CCI will be able to provide free installations regardless of distance. Because the project costs are lower, LFCUD will use most of its local ARPA pledges to fund nonstandard drops.
9. Conflict of Interest	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • NA
10. Bead Requirements	<ul style="list-style-type: none"> • Low 	<ul style="list-style-type: none"> • The BEAD program design is workable with CCI's business model