

State of Vermont**Department of Public Service**

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April 26, 2018

The Honorable Peg Flory, Chair

Senate Institutions Committee

115 State Street

Montpelier, Vermont 05633

Re: Department of Public Service FY 19 Request for Capital Appropriations

Dear Senator Flory:

On April 25, 2018, you requested the Department of Public Service ("Department") to make a proposal for capital appropriations that cover the ongoing wireless and fiber infrastructure projects. The Department assumed the liabilities and assets of the Vermont Telecommunications Authority in July of 2015. At that time the Department received cash from the VTA which was placed in a special fund (21899) and used to complete ongoing VTA projects. The current balance of that fund is \$1,972,322.98. At this time, there are two outstanding VTA projects which the Department believes should be continued and completed using a portion of those capital appropriations.

Project 1: Fiber Access Point Construction -- \$393,000

The first project is the addition of fiber access points along the state's Northeast Kingdom Fiber Network. The VTA built a middle-mile fiber network in the NEK between 2012-2015. The fiber is licensed to different users such as Vermont Electric Coop, VTel, Firstlight Fiber, and Pear Networks. The NEK Fiber Network lacks a sufficient number of splice enclosures to accommodate the extension of last mile fiber-to-the-premises (FTTP) broadband. Fiber-to-the-premises ("FTTP") providers need large numbers of these, whereas long-haul providers only need one or two each.

The Department chose to reserve construction of the fiber access points until a licensee chose to offer FTTP service. Pear Networks, in partnership with the town of Craftsbury, is beginning to offer FTTP service along the NEK network.

The new splice enclosures would be added by the state. The purpose of the enclosures is to (1) protect the state's investment in the fiber by ensuring that Licensees only have access to their strands and not other licensees' strands; (2) provides the off-ramp necessary for our middle mile



fiber to serve individual homes. This project will allow the Department to support the access of high speed broadband services in an underserved area.

The Department requests **\$393,000** for this project. The funds would support an estimated 400 splice enclosures along the State's fiber network, and would provide a substantial boost to broadband in the area, including the towns of Greensboro, Craftsbury, Albany, Irasburg, Coventry, Newport Town, as well as a section in Derby and one from Brighton to Norton. The Department would issue a RFP immediately for a cable construction vendor to place the splice enclosures. Once selected, a vendor would begin construction. The Department believes this project could be reasonably completed within a year.

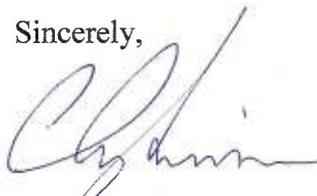
Should the Committee choose not to support the full amount requested, the Department respectfully requests partial funding for this project, as a lesser amount can still provide a meaningful improvement in broadband service for the Northeast Kingdom.

Project 2: VTA Wireless Network \$900,000

The VTA signed contracts with a Massachusetts based wireless network operator, Vanu CoverageCo, Inc., to build a wireless network throughout the state. The State purchased the equipment, which includes 401 radios. CoverageCo is under contract to deploy and operate this network. The network is not complete. There is **\$900,000** remaining on the contracts, which would be used to complete construction of the network. CoverageCo is under financial distress and may be unable to complete the project. If CoverageCo fails to complete the network, the Department is committed to finding a qualified vendor who can complete the network and successfully run it. Because the State already has a significant investment in the radio systems, the Department believes that the funds needed for construction are integral to realizing the full potential of the Department's investment in the radios. Should the Committee choose not to support the full amount requested, the Department respectfully requests partial funding for this project, as a lesser amount can still provide a meaningful improvement to wireless service throughout Vermont. The Department believes that this project should and will be completed within the next fiscal year.

I look forward to answering any questions you may have about the above referenced projects. Thank you,

Sincerely,



Clay Purvis
Director for Telecommunications and Connectivity