FiberRise

City Of Independence, MO

Broadband Project Opportunity

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FiberRise

City of Independence Broadband Challenge

KEY CONCEPTS COVERED

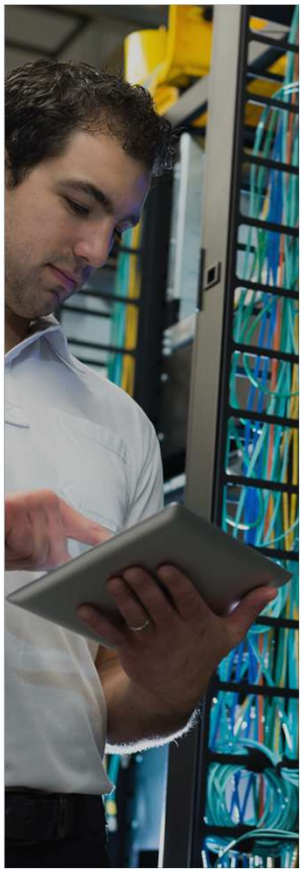
Who is FiberRise

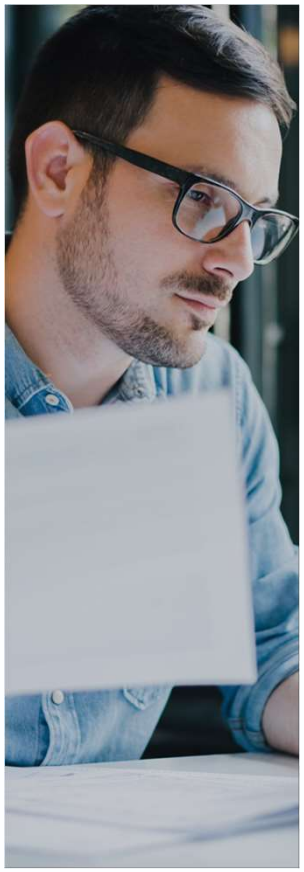
Key to consider Broadband when building backbone or pushing fiber into distribution for grid modernization

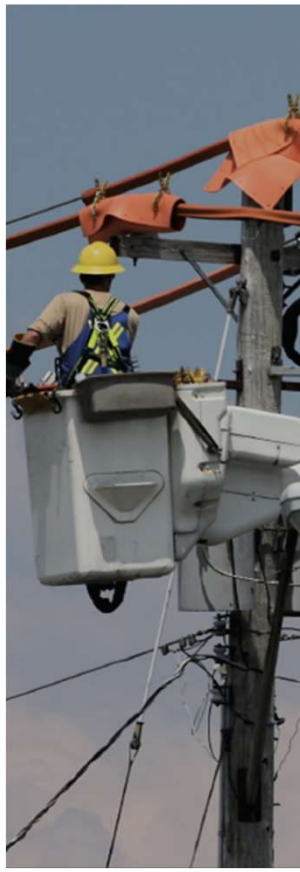
Broadband Competition – Proximity to KC

While the build model looks good……

Opportunity







FiberRise

Our Mission

WHY WE SERVE

To empower electric utilities by uniting fiber with innovation, with a servant's heart, positively transforming the lives and communities of those we serve.

What Is Our Purpose:

Why We Serve

REVITALIZE COMMUNITIES

- Improve utility infrastructure while taking care of the balance sheet
- Catalyze economic development in region
- Improve education
- Improve healthcare
- Improved quality of life
- Growing families and businesses

Why FTTx for the Utility Space?

In the 1930s, big electric companies claimed it was too expensive and would result in too little profit to provide electricity to rural areas.

This is similar to the arguments that telecommunications companies make today about broadband services…

Internet access will improve the quality of life, like electricity did back in the 30s.

The best time to consider advancing a Broadband Program is while the expanding it Fiber Backbone for Utility and City use.

For Power Distribution Companies, there is not difference in the design of a fiber backbone for Utility use (and City use too) other than fiber count and slack storage locations. Accounting from broadband use is small increase to an overall backbone project

- Backbone fiber counts for broadband would be 96f to 288f
- For routes currently “under fibered” we can cover with advanced electronic solutions,
- The City of Independence is in a good position backbone wise today – however fiber may need to push deeper into the distribution grid for future service enhancements (at minimum for grid modernizations let alone for other City IT needs.

Competition

- Why haven't existing service providers offered desired broadband today?
- Is the City of Independence comfortable competing as a Broadband Service Provider?

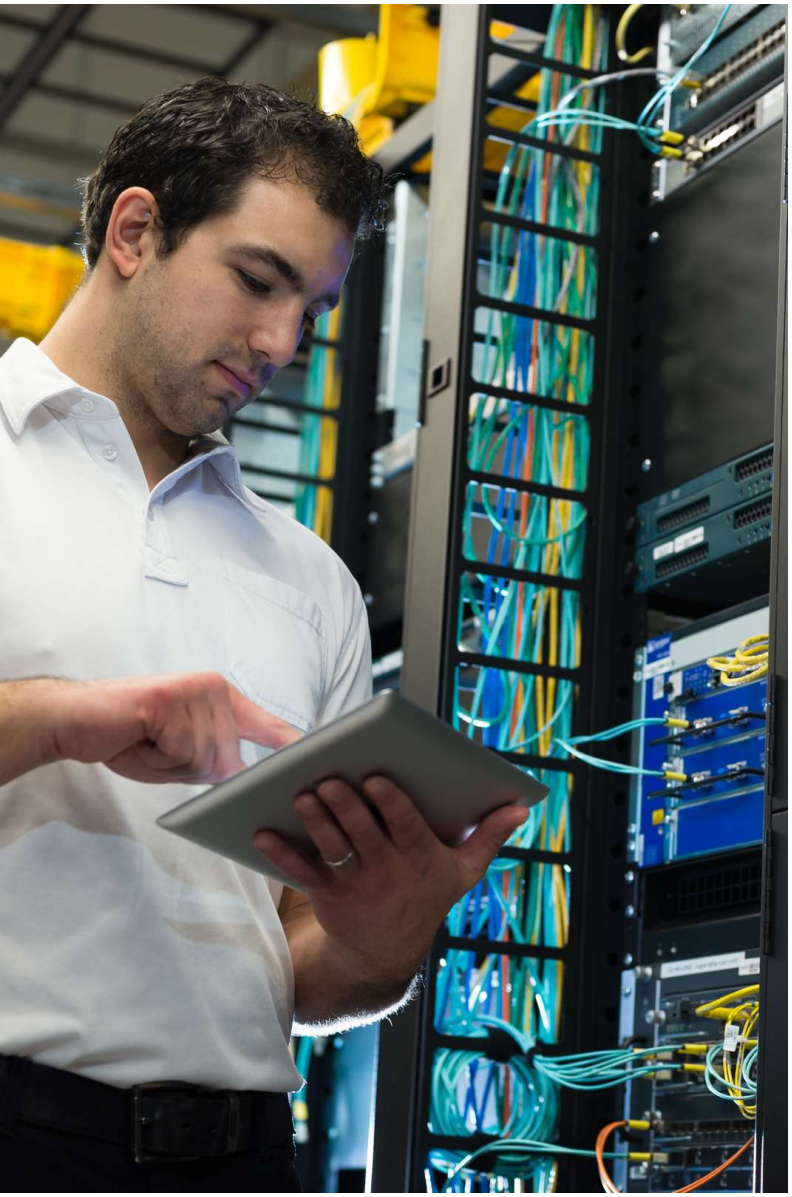
- Proximity to KC strongly suggests there should be a minimum of 2 (likely 3) carriers capable of FTTH plus developing 5G services
- Direct competition with the embedded service providers would be aggressive – far more that experienced in rural areas.
- There are "halfway steps of broadband service that may be more palatable to the City of Independence – however it is likely that these would have little or not chance of being profitable
  - Service to housing authority locations only (possible government funding)
  - Service to schools and first responders only
  - Central location WiFi hotspots
  - Backbone only support to existing Service Providers

City of Independence
Broadband Business Case Today

$75M Total Build Cost
55% Margin at 30% Take Rate
Cash Flow Positive in 41 Months

- In a rural location, this would be a "no brainer" because competition has signaled minimal desire to spend capital.
- What would be the reaction from competition if the City of Independence indicated a strong interest to enter the market as a Service Provider? Would this spur the competition to deploy better broadband service?

Take Rate	Cash Flow Positive Month	Total CapEx	Cash Flow per Month	Margin
60%	42	$92,029,934.87	$1,870,843.98	68.07%
55%	42	$89,180,086.67	$1,686,803.48	66.95%
50%	42	$86,462,959.73	$1,494,915.43	65.27%
45%	42	$83,613,186.57	$1,311,633.83	63.63%
40%	42	$80,762,023.44	$1,128,057.09	61.57%
35%	42	$77,882,645.96	$963,381.95	60.09%
30%	42	$75,194,745.93	$752,550.15	54.76%
25%	44	$72,343,768.83	$584,931.26	51.08%
20%	47	$69,491,634.02	$408,258.36	44.56%
15%	48	$66,776,863.23	$213,334.76	31.05%



Opportunity

Further steps can be taken to help the City of Independence get comfortable with the business case. Current focus should be on the options near term:

- Determine if facing stiff competition as a Service Provider is desirable – it is likely that the City/Electric Company has a better reputation than the existing carriers. Becoming a Service Provider is viable if the City leadership is prepared.
- If the desire is not to compete if possible, The City can either act as if they are going to become a Service Provider to spur the competition to deploy or attempt to offer partnership and backbone lease service (FiberRise history on the lease effort has never yielded results…but our efforts were always very rural.
- The City can determine broadband needs for critical stakeholders and offer limited services to such entities – likely this effort would not be profitable.

Funding – When engaged, FiberRise will seek out all Grant/Funding options available to the City of Independence.

Build – FiberRise can build the project alongside of the City of Independence or as a single invoice turnkey

Operate – FiberRise can support the City of Independence in "standing up the business" and integrating operations with existing services and support departments.