

Exploring the Gray Areas

Public versus private broadband isn't a black-and-white choice. The gray areas are fertile ground for creative public-private partnerships.

By Heather Burnett Gold / FTTH Council Americas

At the Fiber to the Home Council, we believe all communities should have access to every tool available to become and remain part of the global economy. High-quality, reliable broadband is one of those critical tools. The Council's research indicates that communities with widespread access to fiber-fed gigabit service exhibit a per capita GDP approximately 1.1 percent higher than similarly situated communities that have little to no gigabit service availability. Infrastructure investment creates jobs and economic growth over the longer run, and it creates jobs in the near term in the construction sector and beyond. So community leaders must prioritize to get their communities better broadband.

Just as applications, services and devices evolved because of the multigigabit speeds and reliability that all-fiber networks offer, so has the way communities build those networks. In the past, communities that sought better broadband had limited options: Either a vertically integrated telecommunications company could build (or upgrade), operate and maintain an entire network; the community could build, operate and maintain a fiber network as a public entity; or a new competitor could build, operate and maintain a network using private capital. There are many successful examples of all three options.

However, not every community presents an attractive business case for a traditional, incumbent telecom carrier or new entrant, and not every community is willing or able to design, construct, operate, market and finance a fiber broadband network on its own. Now, thankfully, communities are exploring the gray areas, finding creative partnerships and models of all shades. As local leaders and private companies wade through the complex process of planning, financing and deploying fiber, public-private partnerships are becoming more common. Picking the right model for each community depends on local history, preferences, assets and opportunities – and, ultimately, on how each community and its providers choose to balance risk with control over the network.

In general, the greater a role a city or municipal entity takes in its broadband network, the more control it has and the more risk it takes on. Designing and building out a network may pose a high risk for some communities,

but the risk is much lower for communities that have municipally owned and operated electrical utilities or that have been awarded federal or state grants. Communities that are attractive to established network providers do not necessarily have less control, even if they do not play a direct role in building a network or providing service, because of the competitive policy levers they can use to attract private investment. This is why the Fiber to the Home Council has opposed any measures that are barriers to community flexibility for broadband deployments.

Communities in Renville and Sibley counties in Minnesota played a primary role by investing public funds in fiber. The fiber-to-the-farm network, RS Fiber, which broke ground in July 2015, is cooperatively owned and has received both public and private funding.

Westminster, Md., is an example of another creative partnership. The city adopted a plan to install fiber that it will fund, own and maintain throughout the city. It also entered into an agreement with Ting, a small ISP, under which Ting will pay to lease the fiber, bring in its own equipment and offer gigabit service to residents and business. The city treats the fiber as it does roads and bridges, and Ting focuses on operations and customer service.

The nonprofit UC2B, whose board is appointed by the cities of Champaign and Urbana and the University of Illinois, formed a novel partnership with iTV-3, a local ISP, to deliver gigabit service in Illinois. UC2B used federal and state grants and matching funds to construct a high-speed, middle-mile network with last-mile connections in underserved and unserved areas. Under the new partnership, iTV-3 will operate the network and collect revenue while extending service to additional homes, institutions and businesses.

In public-private partnerships, communities can play primary, partial or facilitating roles in bringing all-fiber networks to residents. The Council is encouraged by this growth and will continue to watch this space and help communities get fiber. ❖

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