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Communities Magazine

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**Broadband Communities** (ISSN 0745-8711) (USPS 679-050) (Publication Mail Agreement #1271091) is published 7 times a year at a rate of \$24 per year by Broadband Properties LLC, 1909 Avenue G, Rosenberg, TX 77471. Periodical postage paid at Rosenberg, TX, and additional mailing offices.

**POSTMASTER:** Please send address changes to **Broadband Communities**, PO Box 303, Congers, NY 10920-9852.

**CANADA POST:** Publications Mail Agreement #40612608. Canada Returns to be sent to Bleuchip International, PO Box 25542, London, ON N6C 6B2. Copyright © 2018 Broadband Properties LLC. All rights reserved.



## Is Fiber Too Expensive?

Communities need to take all the costs and benefits into account – and if the answer is “yes,” they need to revisit the question every few years.

All through Summit 2018, I felt I was living in two separate worlds. Half the speakers explained why fiber to the premises was still too expensive, especially in rural areas. The other half explained why it wasn't. Sometimes both views were expressed during the same session.

Evidence for the “too expensive” side included the sparse populations and rough terrain in many rural parts of the United States, the time and expense (and sometimes impossibility) of attaching fiber to other companies' poles, the unprofitability of video service and the lack of applications and services that truly required fiber. One speaker said that, without subsidies, recovering the deployment cost for FTTH in his area would take 99 years. Although fiber is a long-lived asset, its economic lifetime is currently estimated at 35 to 40 years, not 99.

On the other side, speakers touted new technologies that reduced the cost of deploying fiber. One was a type of cable that could be installed directly on the ground (away from the path of machines that might cut it, such as disc harrows on a farm) by amateur installers, thus paving the way for relatively low-cost, DIY fiber installations.

Speakers also mentioned the cost of *not* deploying fiber. For example, surveys in Highland, Illinois, found that the town was in danger of losing a substantial portion of its population and tax base because of poor broadband. (Rural counties all over the United States have, in fact,

been losing population, and broadband is a major reason.)

### FINANCIAL BENEFITS

Other speakers pointed to benefits of deploying fiber that extended well beyond subscriber revenues. In some places, homes sold faster and for higher prices after FTTH networks were installed. In other places, the electric utility used smart-grid applications to operate more efficiently, the local hospital used telemedicine to operate more efficiently, or local businesses grew faster and became more profitable. Using a “one-on-one” economic development strategy, some towns leverage their gigabit FTTH networks to attract young families who are ready to leave nearby large cities and can telecommute.

Thus, the answer to the question, “Is fiber too expensive?” seems to be “It depends.” Network operators and communities shouldn't simply assume FTTH is unaffordable. Before making a decision, they need to look at all the costs and benefits for all the stakeholders – and then find ways for stakeholders to work together.

If the answer for a proposed deployment still turns out to be “It's too expensive,” remember to take another look in a few years. Deployment costs are falling, the benefits are increasing, and the costs of *not* having fiber are rising very fast. ♦

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