

Fiber to the Premise Feasibility Study Executive Summary September 18, 2017

Prepared by Telecommunications Utility Board for Decorah City Council

This document is presented to city council as the utility board's summary of the feasibility study conducted by our chosen partner, Uptown Services, LLC

The feasibility study Uptown presents will provide information on four core areas:

1. Market Analysis
2. Technology Strategy, Design, and Capital Budget
3. Incumbent and Proposed FTTP (Fiber to the Premise) Offerings
4. Pro Forma Financial Analysis

Uptown will provide their insight around each area based upon their expertise and sets of assumptions. The utility board gained insight into the following areas:

- Current incumbent market
- What customers consider in selecting a communications provider
- Potential subscriber rate to a city FTTP utility
- Costs associated with building and maintaining a FTTP network
- Proposed capital expenditures
- Forecasted financial analysis

Uptown's study concludes that at a 40% subscriber rate the project break-even point is at 18 years. This is based upon the offering of triple play (Internet, Video, and Phone) via co-ownership of head-end for video.

The utility board believes there are still important questions to be answered and we propose that the city council engage Uptown during the presentation of the feasibility study with the following questions:

1. Can you explain your use of the Likert Scale on subscriber rate adjustment and how you decided upon your adjustment factors?
2. Can you explain what factors you used in adjusting for subscriber rate as it relates to Mediacom's DOCSIS 3.1?
3. Regarding the phone survey, reaching 400 people was challenging. Do you feel we might have received more responses more easily using a paper or online survey? Do you feel we captured a true demographic representation of our population?
4. On the Financial Outcomes slide (*Slide 41*), is the assumption that we will need \$20.5 million all up front? If so, why?
5. How did you account for the MetroNet and the city's potential partnership to use the MetroNet as a backbone for a FTTP network?
6. Have you recommended against moving forward with this kind of utility to other communities like Decorah? What did they decide to do?
7. What future changes should Decorah be watching for that may suggest revisiting a "not yet" recommendation?

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The telecommunications utility board appreciates its partnership with city council and it is the board's hope that the council will continue to assist in pursuing the best course of action beyond this feasibility study.

The utility board will prepare a formal recommendation and present to the city council at an agreed upon date in October 2017 based upon Uptown's feasibility study and key findings from other expert resources.

Please let us know if you have any questions on this document or our work in general.

Respectfully submitted,
Decorah Telecommunications Utility Board

Municipal Communications Utility Board of Trustees

Mayor appointment with council approval

6-year staggered terms – staggered first appointments 7-5-16

5 members

Jarrad Walter, Chair 5/31/21

Paul Mattson 5/31/18

Bruce Butters 5/31/19

Anna Norris 5/31/20

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