

### **SUMMARY**

The Eastern Shore of Virginia Broadband Authority (ESVBA) continues to work towards proliferating broadband services on the Eastern Shore in a sustainable, pragmatic and equitable fashion. To that end, the ESVBA has the desire to address the concerns of what we would call Micro Communities. A Micro Community can be a neighborhood, division, subdivision or small community of people looking to establish high-speed Internet access. These Micro Communities have a desire, as a community, to request that their small geographic area be considered for an ESVBA fiber to the home (FTTH) deployment. The ESVBA would like to provide the Micro Community a pathway towards acquiring this service in a way that effectively uses the ESVBA resources and capital program to efficiently reach the residents of the Eastern Shore.

### **OVERVIEW**

To be able to request consideration, the community must provide a written request to the ESVBA indicating the area to be considered, the houses that would like to be served and a summary of the users that would subscribe to the service (requiring all subscribers subscribe to a 2-year commitment), including what service they would commit to subscribe to, if that area were to be approved. The ESVBA would then take this input and provide a feasibility review of the design including the cost of extending the backbone into the community as well as the costs to activate all of the subscribers that would be subscribing.

The ESVBA would take the projected 24-month revenue of all of the subscribers that were to be subscribing within that Micro Community and multiply that times thirty percent (30%). If the amount of revenue that could be created by 30% of all of the subscribers committing to service exceeds the construction costs to extend a lateral into the community, then community would be placed on an approved-pending status. This amount that is in excess of the construction costs of the lateral will be called the excess metric and will be used as a factor in prioritizing which Micro Communities get funded. The prioritization would also take into consideration the ratio of number of houses that would gain service to the capital expense. The approved-pending communities would be sorted and these communities would be funded, as budget is available, to provide services to requesting Micro.

Micro Communities are permitted to provide additional funding to their project that may increase their position on the priority list for approval however, many factors are considered when selecting a project for construction.

Any community that is approved-pending and then approved-fully (fully-funded) will then be required to have all subscribers that indicated they would subscribe to complete service orders as well as any calculated installation costs, per-

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household, before fiber laterals are constructed. Upon all contracts being signed and installation costs being paid, the ESVBA will extend its backbone and light the subscribed users. After the backbone extension is complete, any user on the backbone would have access to subscribe on a go-forward basis.

### **EXAMPLES**

Example A: a community with a short lateral needed and 3-committed residences

- Lateral costs \$2,200 to build
- The three residents each want the 25/12 service (\$59.99/month)
- Total revenue for 24-month for all three:  $\$59.99 \times 24$ : \$4,319
- 30% of Total revenue: \$1,296
- 30% of revenue (\$1,296) doesn't exceed lateral costs (\$2,200) project is rejected

Example B: a community with a moderate lateral needed and 5-committed residences

- Lateral costs \$3,600 to build
- Three residents want the 25/12 service (\$59.99/month)
- Two residents want the 50/25 service (\$85.99/month)
- Total revenue for 24-month for all:  $(3 \times \$59.99 \times 24) + (2 \times \$85.99 \times 24)$ : \$8,447
- 30% of Total revenue: \$2,534
- 30% of revenue (\$2,534) doesn't exceed lateral costs (\$3,600) project is rejected

Example C: a community with a moderate lateral needed and 5-committed residences and each neighbor is willing to add \$300 to their Micro Community bid

- Lateral costs \$2,600 to build
- Three residents want the 25/12 service (\$59.99/month)
- Two residents want the 50/25 service (\$85.99/month)
- Total revenue for 24-month for all:  $(3 \times \$59.99 \times 24) + (2 \times \$85.99 \times 24)$ : \$8,447
- 30% of Total revenue: \$2,534
- 30% of revenue (\$2,534) doesn't exceed lateral costs (\$3,600) however, 5 neighbors \* \$300 / neighbor adds \$1,500 to the request so now  $\$2,534 + 1,500 \rightarrow \$4,034$  of revenue against the lateral of \$3,600 does exceed the lateral cost by \$434 and so the community goes into a approved-pending state and their excess metric for prioritization is \$434.



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### **FUNDING**

This project will require funding for the ESVBA to extend its services. There is a budget line item of \$70,000 in the FY2019 budget to fund the first year of this program. The ESVBA will annually review this program and make a determination as to the continued funding of this program and budget accordingly.