

Generating Fiber Network Value: can and should we do more?



VELCO Operating
Committee
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VELCO's Fiber Network – Current Value

- Enhances electric grid stability - speed, reliability
- SmartGrid, corporate and internet data transport for some DU's leading to “leased line” cost reductions
- Annually generates ≈\$250k in revenues offsetting transmission service costs
- Swap arrangements offset approximately \$5M in construction plus O&M over 150 miles
- Furthered state's broadband goals

VELCO's Fiber Network – Secure Greater Value

Guiding principle – “first, do no harm” to electric ratepayers

- 2010 Market Analyses/Business Case Research:
 - A transport business could be net positive w/ risk
 - More sophisticated services (e.g., switching, content, etc.) deemed too costly especially given lack of: last mile connectivity, call center, and telecom network operating center
 - VELCO Board declined approval: too far from core business thus inconsistent with “guiding principle”

VELCO's Fiber Network – Secure Greater Value

- “The market has changed” - 2015 Market Analyses/Business Case Research:
- Synergies with BTOP, BIP, CAF, etc. and state programs
 - Development of risk/benefit analyses:
 - Dark fiber leasing, either solely or as part of a suite of services
 - Lit fiber service, either solely or as part of a suite of services
 - Partnerships with long haul and/or last-mile provider(s)

VELCO's Fiber Network – Secure Greater Value

- Do any strategic and/or niche market opportunities exist with state government and/or with municipalities, hospitals and educational facilities to provide middle-mile back haul services
- Recommendations on business structure
- O&M
 - Staffing

Schedule

- Initiated in 4Q15
- Final Report due 1Q16