

By Hunter Newby



The Dark Fiber Plan for America and the World

Adages, proverbs and other sayings have a familiar tone, are repeated over the ages and both for good reason. They represent common sense and truth. A few favorites stand out: "History Repeats Itself", "Do It Right the First Time" and "This Isn't Rocket Science", but what do they really mean? They represent simplicity in comprehending situations before, during and, or after they occur. Basically, what it all means is that everything is a part of a grand pattern, a master plan.

So, why "reinvent the wheel" when it comes to creating a master plan for the dark fiber network business model? A couple of months ago the City of Farmington, N.M., was featured in this series. They, like many towns in the United States and world, are considering what to do in regards to the development and expansion of a dark fiber network. As a follow up to that article, below are the highlights of the recent city council meeting held on Tuesday, Feb. 7, 2012, to review the "fiber feasibility findings" of the study team of Elert & Associates and the options they have conceived of for the city in what to do with their municipal fiber network.

City Council, City of Farmington, N.M., held Tuesday, Feb. 7, 2012, at 9:00 a.m.

Option I to connect public sites only

Option II to connect public sites and lease dark fiber to private companies

Option III to connect public sites and lease bandwidth to private companies

Option IV to connect public sites plus offer retail Internet service to residences and businesses

Option V to connect public sites plus offer retail triple play services to residences and businesses

The study team leader, Wendy Chretien, "noted that there are no significant regulatory issues for Options I, II or III, but

noted that regulations are unclear whether a municipality has the authority to provide retail Internet services under Option IV. She also noted that the regulations prohibit a municipality from providing cable television service under Option V and stated that Comcast and Century Link will likely challenge the city if it pursues Options IV or V. She stated that several providers have expressed an interest in leasing the city's dark fiber if the fiber is available where needed and costs are within their means."

These bullets and further elaboration are gems; pearls of wisdom, each of them. The thoughts and steps taken to come to these recommendations are the same each and every municipality have and will go through when considering this asset type. There is nothing new here. The safe and sound move is clearly to build and lease dark fiber.

Beyond these primary options there were several sub-options suggested that dealt with the issue of the relationship between proximity and return on investment. This is also a "universal constant".

Sub-option "a" to connect public sites only within Farmington city limits, but limit to sites very close to existing fiber;

sub-option "b" to connect public sites throughout San Juan County ("County"), but limit to sites very close to existing fiber; sub-option "c" to connect public sites within Farmington city limits, including those more distant from existing fiber; and sub-option "d" to connect more sites throughout the county, including those more distant from existing fiber.

In dark fiber, greater distance equals greater cost. This applies everywhere. It is what makes and breaks the financial

models at the physical layer. There is nothing new to learn here.

In closing, the study team provided these conclusions for the city on what to do with its existing dark fiber.

- Have all city-controlled splice points documented.
- Implement a software program to manage the fiber system.
- Develop a template agreement document for other public entities to connect to the city's fiber system including the cost recovery basis.
- Form a standing advisory group to keep interested parties informed when new fiber routes or extensions are planned.
- Limit each lessee to four fibers per path/route if leasing any dark fiber and consider adding a condition requiring lessees to prove use of the fiber within a specified period of time.
- Decide whether to pursue one of the options and, if so, which one.

Inventory management, standard agreements, sharing information, collaborating, pre-selling, controlling the physical asset allocation, making a

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decision and taking action – these are the essential elements of success in every dark fiber business – everywhere. There is nothing new to learn here. It is just that this is what everyone needs to learn.

History most certainly repeats itself, and if you do it right the first time this really isn't rocket science. ■■

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