R&E Networks: Regional Impact from Stimulus Funding

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I2 Member Conference
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REACH-3MC

- $41.6 Million Project - $33.3 Million Grant
- 4 Commercial Partners
  - Lynx, ACD.net, Iserv, TC3Net
- 72 Strands
- 955 Miles
- 32 Counties
- Immediately Connect 38 Anchor Institutions
  - Member and Non-member
- Close to 379 others
REACH-3MC II

- **1270 Miles (Michigan, Wisconsin, Minnesota)**
  - Higher speeds, lower cost middle-mile (dark fiber, 10 GigE, TDM)
  - Diverse paths
- **Merit and 7 Commercial Providers**
- **Coordinated with 21 other applications**
- **Letters of Support**
  - 187 Anchor Institutions
  - 31 Leadership Orgs
- **Serves**
  - 38 counties (29 MI)
  - 29+7 Economically distressed and 29+8 underserved
  - 732,237 Homes, 49,661 Businesses
  - 61 Anchors directly connected, 759 potential
  - 119 Wholesale customers
- **Project $87,049,114**
  - $69,639,291 Grant
  - $4,730,809 Merit Match
  - Merit Owns $23,654,039

Merit Network: Connecting Organizations, Building Community
The Good, the Bad & the Ugly
The Good

- We had a vision, and a strategy to build fiber throughout the state
  - No realistic way to fund it
- We have no mandate but already serve most of our potential market
  - With expensive circuits in these areas
- Fulfills many plans for state-wide networks
  - 911, State and Local Governments, K-12, etc
- Brings lower cost high performance to anchor institutions
- We light 1600 mi, 955 funded, 1270 more possible
- Growing at 10-15% without stimulus funded staff
● 4 (7) Commercial partners means all sectors of society served
  ● Who cares about open access – competition lives at every access point
The Bad

- We’ve built only 550 miles of fiber
- We will finance $3.1/4.8 MM if all our partners stay in
- We have lots of promises from State Government, Utilities, Municipalities, etc. to expedite permitting
  - ILECs haven’t volunteered to help us
  - We’ve had build permits held for years
- We are taking out loans for matching funds
  - Must cut circuit costs, add new members, and upgrade current members to pay off the loans
  - Loan payments start immediately
  - Can’t add a member or upgrade until the fiber is lit
• 3 years started ticking before we were notified
  • Winter in Michigan is not a fun time to trench
• NTIA is giving us $33.3 MM
  • Overruns are ours
• Even the smallest variance must be approved by the NTIA
  • They don’t know the approval process yet
• Fortunately very large projects never go over on cost or schedule
• We have 4 (+7) commercial partners
  • All will come up with the funding
  • All will make their payments on time
    • And without dispute
  • All will stay in business and none will get bought
The Ugly

- If any of the above fail
  - All will be reasonable and fair in dealing with the above
- May need to spin off commercial transit service
- We hope to start construction in 2010
  - Light our first fiber by 2011
- Most of the construction will take place in 2011
- Expect to see impact on Anchors in 2012
  - Homes and businesses 2013