



ValleyNet, Inc.

Mission:

ValleyNet enhances the lives of those it serves by advocating for **universal** and effective Internet access, and providing services to facilitate Internet use and increase citizen community engagement.

ValleyNet, a non-profit organization, serves the Upper Valley of New Hampshire and Vermont.

ValleyNet provides all design, engineering, construction management and ISP operations to East Central Vermont Telecommunications District (ECFiber) and LymeFiber LLC.



ValleyNet Timeline

- **1994-2006** Local dialup /email – 6000 accounts
 - Plus Listservs (30,000+ users now with Vital Communities), Electronics Recycling, Computer Education, Web Hosting/Domain Name Registration
- **2007- present** – Developed rural universal fiber to the home (FTTH) model with ECFiber in VT
 - 1000+ miles, 4200+ customers, \$42M raised through municipal Revenue Bonds
- **2018 - present** - LymeFiber (NH) universal fiber to the home in 2020!
- **2021** – On target to complete **ALL** of ECFiber's 1400 unserved miles



ValleyNet 2020 and beyond

- Rural Community Development Initiative Grant
 - With Center for Rural Innovation (Hartland, VT and CTG Energy and Technology (MD)
 - Feasibility planning and development of rural broadband models
 - North Country Council, Upper Valley Lake Sunapee Regional Planning, Roxbury, VT; Readsboro, VT ; Garrett County, MD; Pine Bluffs, AR
- Vermont Broadband Innovation Grant
 - With Windham Regional Planning Commission and Center for Rural Innovation
 - Feasibility and Business Planning
- Carroll County Broadband
 - Feasibility and Business Planning



What is ECFiber?

- A “Communications Union District”
 - East Central VT Telecommunications District
 - 23 Active Member Towns
 - More seeking membership
 - Municipality Status
 - Owns Assets/Issues Tax Free Revenue Bonds
 - Non-recourse (not general obligation) to the town
 - No impact on towns’ credit ratings
 - No risk to taxpayers
- VT Law Prohibits Municipal Funding of Telecommunication (unlike NH Bonding opportunity)



ECFiber/VN Relationship

- ValleyNet Manages All Facets (under contract)
 - Business Planning, Financing, Network Design and Build, Maintenance, Installation, Pricing, Customer Service, Billing, Reporting, etc.
 - 24+ FTE's
- ECFiber District Set General Guidelines
 - Build Unserved Areas First
 - Build Where there is greatest demand
 - Be Net Neutral and Maintain Data Privacy
 - No employees at the District level



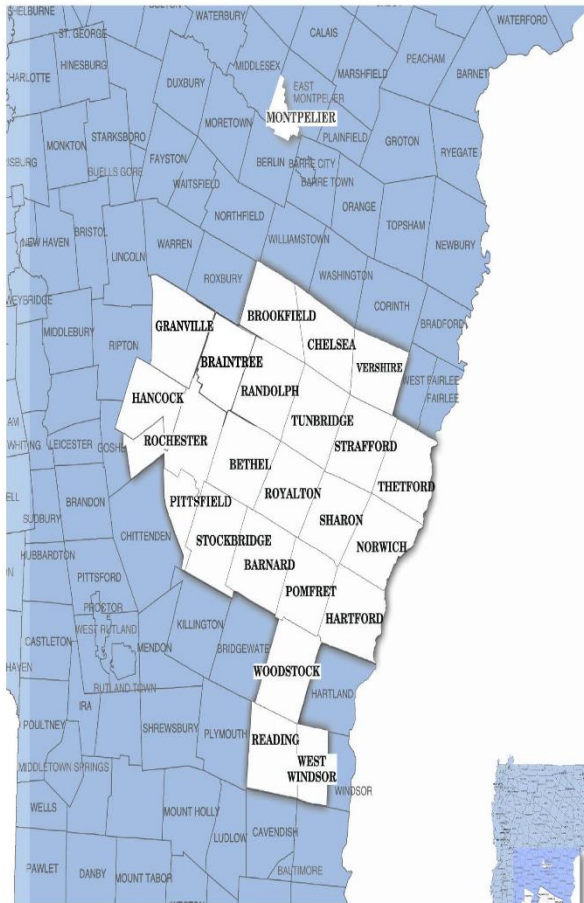
Regional Scale Required

Rural towns (and even largest cities in rural states) can't go it alone

**Regional density averaging allows universal coverage
~1000 subscribers = positive EBITDA!**

Denser towns "subsidize" smaller towns

Granville, VT is fully covered with < 300 population!

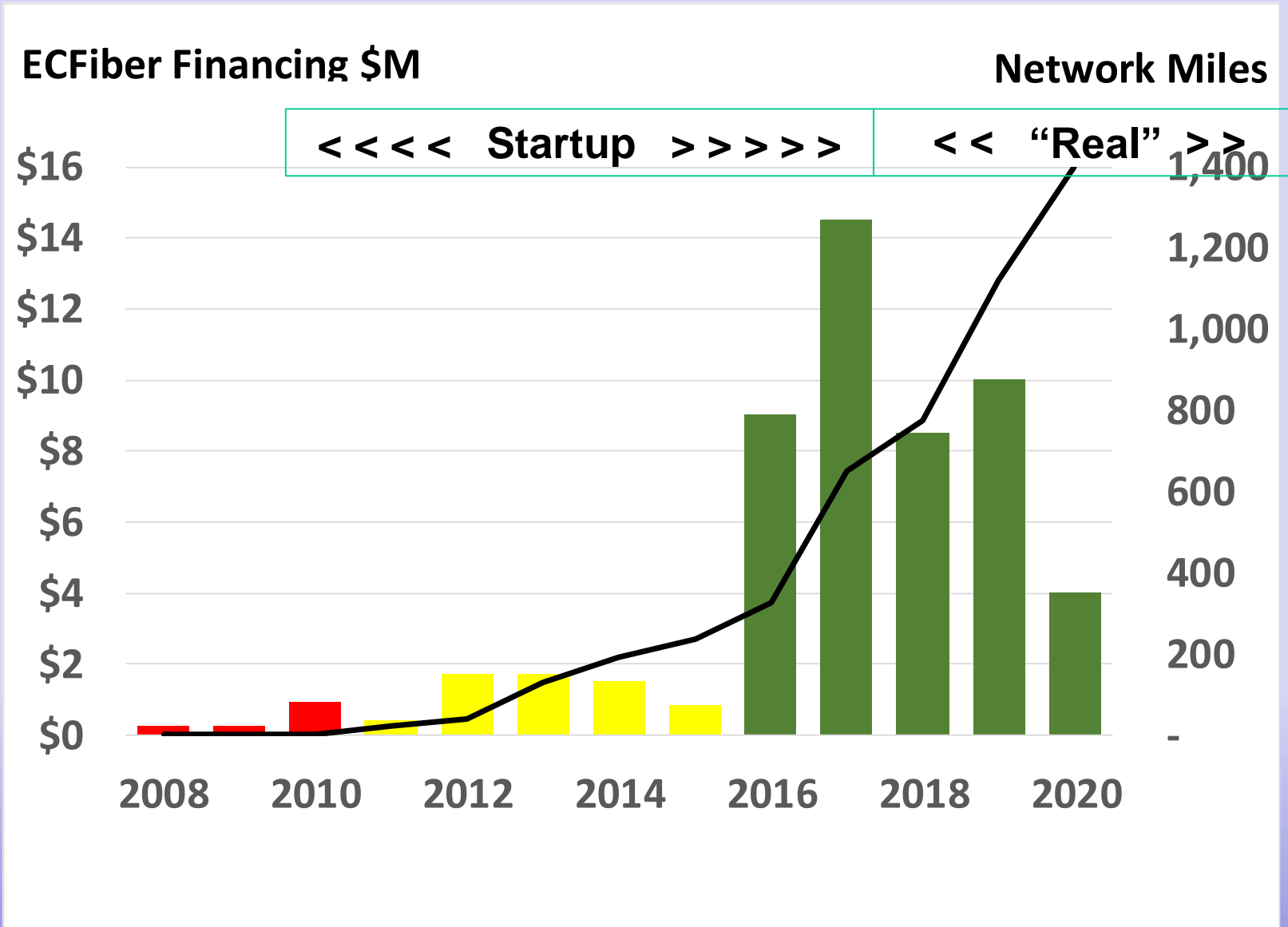


ECFiber Towns and Cities

State of Vermont

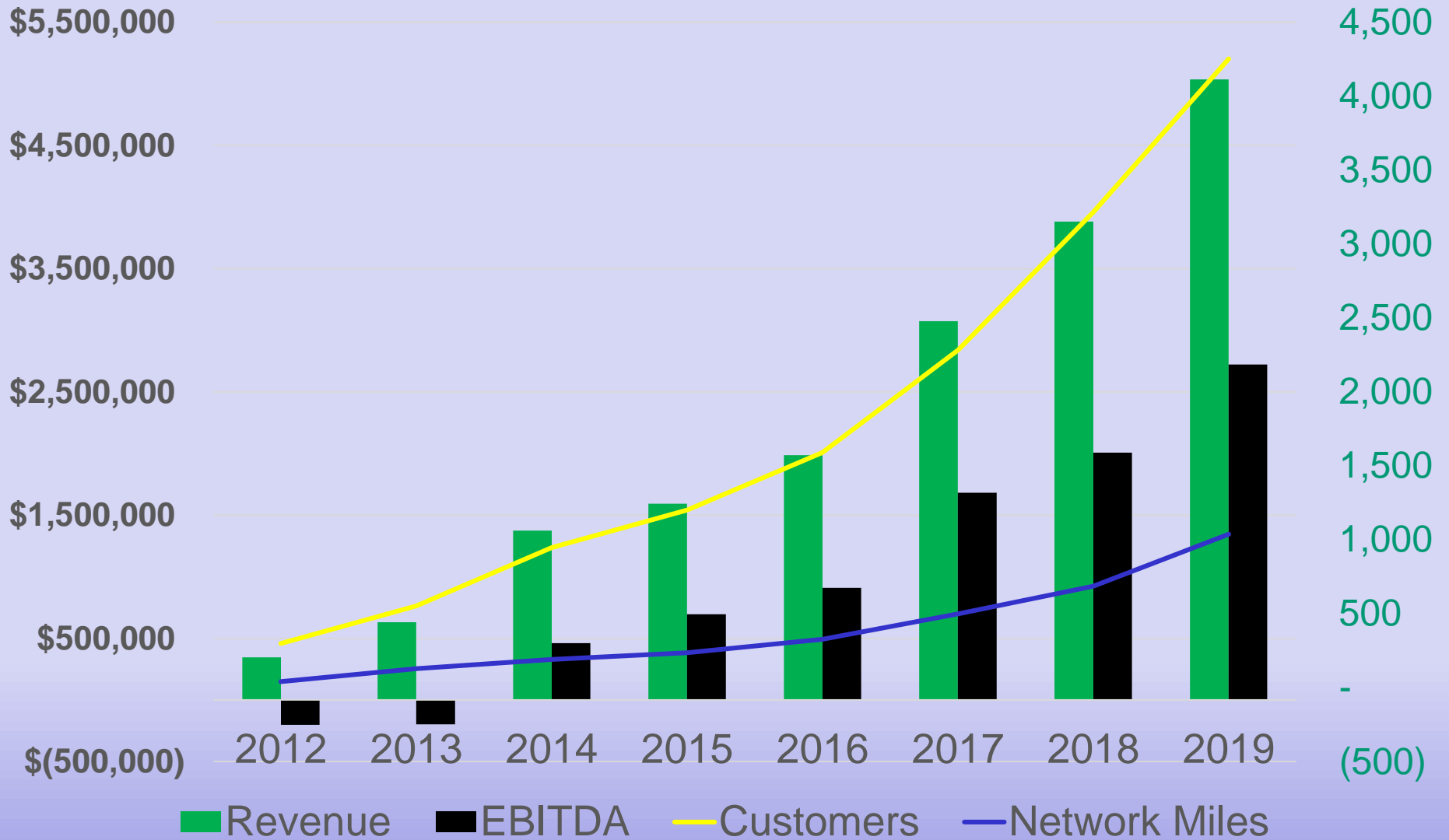


ECFiber Financing Progress





ECFiber/ValleyNet Results





ECFiber by the Numbers

- Passings per Mile (per E911) ~14
- Capex per Mile \$30,000
- Capex per Customer \$6,000
- **Cost per Passing \$2,200**
- Customers Per Mile 4-5
- Take Rate ~35%
- ARPU –per month \$105
- EBITDA Margin (2019) ~52%
 - Annual earnings cover annual cost of debt repayment by more than 1.25X
- Cost of Capital 4.5-5.5%
- Terms 23-28 years, 3 years interest only



Should this be so hard?

- It costs ~ \$2,200 per premise to bring real, future-proof fiber broadband to rural areas
- The infrastructure pays for itself over time
- The real estate value added to each premise by having access to fiber is far in excess of \$2,200



Barriers

- Communication Districts (new legislation)
- Incumbent carriers don't want competition and make it difficult to gain access to the utility poles
- Pole Attachment Agreements require Surety Bonds or Letters of Credit
- Pole Attachment Agreements require high liability insurance coverage
- Start Up capital in NH is challenging – USDA, RUS, private funding, public/private partnerships, general obligation bonds
- Cherry Picking



ValleyNet Possibilities in NH

- North Country Council – Carroll County Broadband
- Expand over the border to unserved areas of towns near Lyme
- Assist UVLSRPC with broadband expansion
- Work with the legislators strengthening existing RSAs and reducing the barriers of entry.
- Work with the PUC in moving One-Touch-Make-Ready forward to reduce make-ready costs in NH



Questions?

