



THE STATE OF UTAH BROADBAND PROJECT

Utah Broadband Advisory Council

Wednesday, March 14, 2012
1:30-3:00 p.m.
Hilton Garden Inn, St. George, Utah

Attendees:

Tara Thue, Governor's Office of Economic Development
Kelleigh Cole, Governor's Office of Economic Development
Christy Heaton, Automated Geographic Reference Center (call in)
Bert Granberg, Automated Geographic Reference Center (call in)
Gary Ricks, Utah State Legislature
Lynne Yocom, Utah Department of Transportation
Rep. V. Lowry Snow, Utah State Legislature
Scott Hirschi, Washington County Economic Development
Jim Stewart, Utah Education Network
Jeff Egly, Utah Education Network
Kevin Dutt, Utah Education Network
Jack Walkenhorst, All West Communications
Jim Hoskins, AWI Networks
Cody Anderson, AWI Networks

Sharon Bertelsen, Ballard Spahr (call in)
John Brewer, Beehive Broadband
Stan Stoll, Blackburn & Stoll/URTA
Kira Slawson, Blackburn & Stoll
Eric Isom, CenturyLink (call in)
Brett Echols, CenturyLink
Kip Wilson, Direct Communications
Diane Bradshaw, Direct Communications (call in)
Jared Anderson, Emery Telcom
Natalie Gleave, Gunnison Telephone
Kent Sanders, Gunnison Telephone
Brian Christensen, Horrocks Engineers
Bruce Todd, Strata Networks
Dave Ryan, Strata Networks
Roger Timmerman, UTOPIA (call in)

Summary:

Representative Lowry Snow, a founding partner of Snow, Jensen & Reese, was appointed to the Utah State Legislature in January and shared his experience being a first-time legislator during the 2012 General Session. He was instrumental in the development of Interlinx Communications and sits on the board of directors for the Tonaquint Data Center. He gave an overview of two major pieces of telecommunications legislation that were passed during the session.

H.B. 53 will create the Utah Education Network (UEN) Board, which will be the governing body for UEN. The Board will have authority to hire the executive director and establish policy for the operation of the network. The State Superintendent will appoint four members representing public education; the Commissioner of Higher Education will appoint four members representing higher education; the President of the Utah College of Applied Technology will appoint one member to represent the college; and the Governor will appoint one member to represent the state library and one member to represent the Office of the Governor. The bill was passed and has been signed by the Governor.

S.B. 229 modifies the regulatory authority of the Public Service Commission. The bill amends the definition of a telephone corporation; defines Internet service including Internet protocol and Internet protocol enabled services, and exempts regulation of VoIP by the Public Service Commission. The bill was passed and is waiting on the Governor's signature.

Scott Hirschi presented a history of telecommunications in southern Utah, which began with the installation of the first telegraph from Salt Lake City to St. George in 1861. The first copper lines in the area were installed during the 1920s and

in the 1960s a microwave system was set up to accommodate expanding usage. In the 1990s, the first fiber optic line was planned from Logan to Cedar City, but locals convinced US West to extend the line to St. George in 1994. However, southern Utah still lacked redundancy and service was frequently interrupted by fiber cuts caused mostly by farmers and construction workers. The existing microwave system could only support 25-30% of the existing load during these outages and it was very difficult to recruit and retain businesses.

The Washington County Economic Development Council spent three years working with various providers but were not offered a diverse and redundant option until a local group, headed by Kay Traveller, proposed a route that would follow the Williams Pipeline. Now known as Interlinx Communications, the newly formed company was able to provide redundancy to southern Utah without using public funding. Iron County later used Interlinx to provide redundancy into the Cedar City area.

Stan Stoll gave the Advisory Council a summary of the Utah Rural Telecom Association (URTA) annual conference. Many of the sessions focused on the impact that changes to the federal Universal Service Fund (USF) will have on rural telecom providers in Utah. Rural providers have four streams of revenue, which include subscriber fees, intercarrier compensation (which is being phased out within five years), Federal USF (which is being reallocated to broadband), and State USF. Some rural providers in Utah could face a decrease in funding of up to 30 percent, which will create a higher burden on State USF. In Utah, the current fee for residential telephone service is \$16.50 for a residential line and \$26.00 for a business line. Without intercarrier compensation and USF, it would cost some rural areas \$250-300 a month for residential telephone service.

Under the current funding structure, rural providers have used business profits and borrowing power to invest in broadband infrastructure. Current industry uncertainty may affect their ability to secure loans and providers may begin seeing impacts as early as July 2012. URTA will be actively working with Utah State Legislators during the upcoming Interim Session and during the 2013 General Session to help them understand the current climate and to make policy recommendations on how to maintain and develop broadband infrastructure in Utah. Kent Sanders, with Gunnison Telephone, expressed concerns about upgrading infrastructure with technology changing so rapidly. Kip Wilson, with Direct Communications, is concerned that the current ruling is more heavily focused on maintaining a minimum speed of 4 mbps, rather than a facility-based approach which will help providers build infrastructure that can be quickly ramped up as the need for bandwidth increases.

The meeting attendees were then invited to visit Tonaquint Data Center where CEO Matt Hamlin gave an in-depth tour of the facility.