



Corning Growth Forum

Fiber helps developers make money. Corning brought some of them together at the Summit to explain how.

A BBP Staff Report



CORNING
FTTH GROWTH FORUM

Presentations

- ▶ FTTx Public Policy Update
- ▶ St. Joe Valley Metronet, Inc.
- ▶ Rockfire at the Lake
- ▶ Connexion Technologies
- ▶ Kellswater Bridge



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www.corning.com/ftthforum/bp

Corning Cable Systems officials entertained developers, network builders and content providers in a special session at the Summit. There was a great deal to be enthusiastic about. Stan Fendley, Director for Legislative and Regulatory Policy at Corning, reviewed the pending federal Telecommunications Act rewrite and said that passage would have little effect on network builders, due to state and FCC initiatives.

Fendley noted that the House and Senate agree on the need for more competition on video services, but they differ on the details. The House bill would create a national franchise, and the Senate would streamline the existing local-franchise system, restricting the ability of municipalities to negotiate with network service providers.

But there are other pathways to the video franchises the telcos – especially AT&T and Verizon – want. The two RBOCs have been busy at the state lev-

el and have or expect to have statewide franchise laws in most of their customer areas by next year anyway (see map). FCC action could be an alternative way to franchise reform as well, Fendley said, as municipal practices could be deemed to constitute “unreasonable refusal” to grant franchises in violation of the 1996 Telecom Act.

Smaller ILECs could have a bit more trouble. Many new ones spun off by Qwest in the past few years, for instance, are in states where statewide franchise legislation is not being considered. Nevertheless, Fendley’s tally shows that almost half the households passed by independents are indeed covered by new or pending state franchise legislation.

While franchising has been the key driver to get federal legislation passed, Fendley noted, the fate of the Universal Service Fund (which taxes all calls to subsidize rural and low-income phone service) is particularly important to

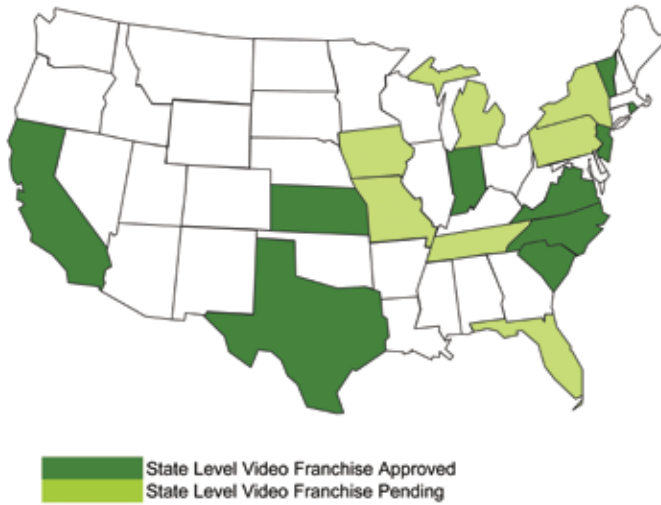
Senator Ted Stevens, the Alaska Republican who has been key in the Senate hearings. Under the new bill (and under an interim FCC regulation issued this summer), VoIP providers must collect taxes for the fund. But the bill would force \$500 million into a USF buildout fund, much of which Alaska and Hawaii are in line to get.

Both the House and the Senate versions agree on loosening state restrictions on municipal broadband networks, and on wireless issues.

Net neutrality issues could yet sink the bill, however, as the RBOCs are afraid of it, and they are already getting what they want on the statewide franchise front. But net neutrality might not be part of the final bill anyway, clearing the way for passage and help for municipalities and rural areas. In the Senate, Olympia Snowe (R-ME) and Byron Dorgan (D-ND) proposed a “no discrimination” against content providers” amendment; it failed on an



2006 BBP SUMMIT: Corning Growth Forum



APPROVED	HHs	% total HHs
AT&T	18,145,604	41%
VZ	10,432,347	33%
Independents	3,661,128	21%

PENDING	HHs	% total HHs
Qwest	628,580	6%
AT&T	9,485,843	21%
VZ	12,052,977	39%
Independents	4,580,304	26%

Assuming ALL APPROVED	HHs	% total HHs
Qwest	628,580	6%
AT&T	27,631,447	62%
VZ	22,485,324	72%
Independents	8,241,432	47%

Who needs a national video franchising law? Eight states (CA, IN, KS, NJ, NC, SC, TX, VA) have recently passed streamlined franchising laws while at least two states (RI and VT) had existing laws. In addition, seven states are considering statewide franchising now or will in 2007 (FL, IA, MI, MO, NY, PA, TN). Taken together, these states encompass 72 percent of Verizon customers and 62 percent of AT&T customers (assuming passage in all pending states) but only 6 percent of Qwest customers.

11-11 vote in Stevens's committee.

A number of developers and network builders, including several BBP Cornerstone Award winners, showed off innovative approaches to fiber systems at the Corning Growth Forum.

St. Joe Valley Metronet

"The mission of St. Joe Valley Metronet, Inc. ("SJVMI") in South Bend, Indiana is to encourage technology-based economic development and to leverage local assets of location, a concentration of higher education, strong healthcare, banking and financial services, and advanced manufacturing and distribution," said Stephen Mayo of Inteleconnect. His firm designed the project and handles project management.

The Metronet was conceived in 2001, when a local task force was assembled to analyze strategies for assuring the area's technology competitiveness. Seven local institutions (University of Notre Dame, Bosch, Teacher's Credit Union, Memorial Health Center, South Bend Medical Foundation, St. Joe Regional Hospital, and Madison



Trenching for fiber conduit installation. Example of co-location of power and FTTH in a private easement adjacent to a public easement at Rockfire at the Lake.

Center) teamed with the City of South Bend and Project Future to incorporate and build the Metronet. They pledged sufficient funds to provide operating support.

The goal, Mayo said, was "To deploy an advanced infrastructure to provide

affordable, high-speed network access for our community, to create an environment that attracts new businesses and residents, and to foster a competitor-friendly environment to bring more options, generate more creativity, and lower costs."



St. Joe Metronet Service Providers Include:

AT&T	Level 3
Choice One	Maplenet
Comcast	MCI
Cyberlink	Nibble.net
Data Cruz	Norlight
Dominion	Quantum Connections
Global Access Point	Qwest
GramTel	Shearer
Hayes	Sprint
Indiana Fiber Networks	US Signal
Indiana Fiber Works	Verizon
KC Online	Verizon Wireless

Initial providers include Sunflower Broadband, ADT and AT&T.

Connexion Technologies

Glen Lang, CEO of Connexion Technologies, says the open access model is not for everyone, because today's greenfield developments may build out more slowly than in the past. Open access leaves too many providers sharing the same small customer pool, and thus the operation is less attractive to providers in the first place.

Since its founding as Capital Broadband in 2002, in Cary, NC, it has arranged to build fiber networks in 65 developments with 70,000 homes. Connexion pays for and installs Fiber to the Home to

Contractors for St. Joe Valley Metronet

Anixter	Fiber backbone and materials distributor	www.anixter.com
Corning	Fiber backbone and materials	www.corning.com
Inteleconnect	Design, Engineering, and Project Management	www.inteleconnect.com
TransTech	Construction and Maintenance	www.transtech-solutions.com

SJVM negotiates reciprocal agreements to place its fiber into municipally owned and private conduit, and SJVM provides all network monitoring and maintenance. "The SJVM is vendor-neutral, and is open to all service providers and users who want to subscribe. The only product leased is dark fiber," Mayo said. "We also provide a comprehensive SLA for our users." Operating services are contracted and include network monitoring, maintenance, repair, customer support, sales, and engineering.

The backbone consists of Corning single-mode fiber in multiple, interconnected rings throughout the serving area. Currently, there are six fiber rings covering over 40 miles. The conduits are primarily 2" steel with hand-holes every 300 feet for access. Business installs cost \$750 per location, with a \$1000 per month-per pair-per point-to-point circuit charge.

Rockfire at the Lake

Since 1986 Diversified Concepts (www.dconcepts.biz), managed by Jes Santaularia, has focused its attention on real estate developments in the Kansas City, St. Louis, Dallas and St. Louis metropolitan areas and Southwest Florida. He discussed another BBP Cornerstone Award winner, Rockfire at the Lake, being built near Topeka.



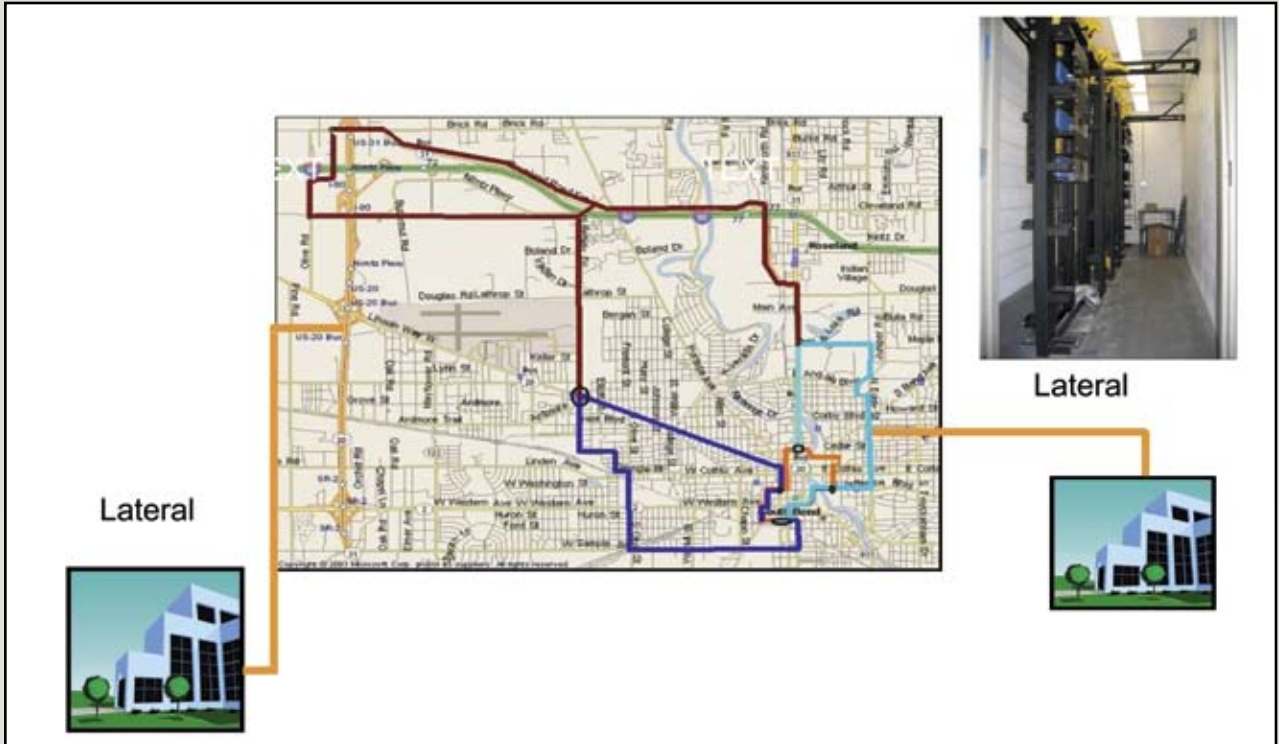
Marketing materials prepared for Connexion Technologies' network at Kellswater Bridge development.

Zoomy Communications is the network provider. A key requirement was open access, Santaularia said, and the ability of local service providers to ride the ZoomyCo network.

each dwelling in the community, and also installs and pays for in-house network wiring. Payment for highly discounted, bundled services is through HOA dues. Services include movies-on-demand, HDTV, unlimited long distance calling, and more.

"FTTH delivers lasting value to all parties," Lang said. "The developer benefits because FTTH speeds sales, lowering finance costs. It also increases lot values \$4,000 to \$15,000 and provides differentiation with competing developments."





Fiber loops in South Bend's St. Joe Valley Metronet fiber backbone.



George L. Kiser shares his enthusiasm for fiber-powered Kellswater Bridge.

The Village at Kellswater Bridge

George L. Kiser, Managing Partner and sparkplug behind the Kellswater Bridge development in Kannapolis, near Charlotte North Carolina, has an agreement with Lang's company to provide broadband services. The area is growing despite the national housing slump, due to the UNC Charlotte campus and a new state-supported research center nearby.

Kiser said fiber is important to any development in the area due to the de-



Glen Lang of Connexion Technologies talks about the fiber-powered services customers want.

mands of the high-tech customer base. He saw no problem whatsoever in adding about \$130 a month to the homeowner maintenance assessment to pay

for it. "The price is a bargain anyway, but the amenity is at least as valuable as the fee for grounds-keeping or the community recreation center," he said.