

Reading Municipal Light Department (RMLD) Board of Commissioners
Fiber Optic Committee Minutes
Thursday, September 22, 2016
R&C Conference Room

Start Time: 7:30 p.m.

End Time: 8:30 p.m.

Attendees:

Committee Members: Messrs. Talbot and Pacino

RMLD Staff: Mses. O'Brien, Foti, and Schultz; Mr. Jaffari

Guests: Raj Singh, Chief Executive Officer, NDDI Plan The Network; Ron Grippo, Director of Transformation, Velankani Communications, Inc.

Call Meeting to Order

Mr. Pacino called the meeting to order at 7:30 pm.

Approval of Committee Minutes

December 9, 2015 and February 11, 2016

Mr. Pacino made a motion, seconded by Mr. Talbot, to approve the Fiber Optic Committee meeting minutes of December 9, 2015 and February 11, 2016 as presented.

Motion carried 2:0:0.

Presentation on Fiber Possibilities for RMLD

Ms. O'Brien questioned what the analysis consists of, what RMLD would have to do, exactly what we would know at the end of Mr. Singh's analysis, and how RMLD would be able to use that information.

Mr. Singh answered that his analysis would consider extending the network and/or using what RMLD has, thereby arriving at a high level estimate of what it would cost to serve community businesses. He could arrive at an estimate of the infrastructure capital cost to extend the network. He said that after infrastructure costs he would estimate operational costs, such as customer care, marketing, and running the network.

Mr. Singh stated that he would do a viability analysis. This would involve calling local businesses, talking to their IT departments, and asking what they are currently paying for internet service. He would also determine whether the revenue from Multiple Dwelling Units would surpass the initial investment needed to provide service. Mr. Singh stated that his analysis would enable RMLD to have a value-based discussion with a third party service provider: RMLD has an asset that it has invested in and there are many ways to monetize it-RMLD does not have to become a service provider. In terms of being a Physical Infrastructure Provider (PIP) RMLD is halfway there. RMLD could have a network provider who would maintain and monitor the network, while RMLD would be responsible for the physical infrastructure. RMLD could also contract a service to take care of the physical network.

Ms. O'Brien stated that would defeat the purpose of what Mr. Talbot had initially been interested in: cheap internet and fast repairs as a result of RMLD's experience with responding to power outages. Mr. Talbot brought up the possibility of offering fiber where it doesn't exist. He asked if Mr. Singh could break it down to something really simple-what does it typically cost to build into a Multiple Dwelling Unit.

Ms. O'Brien said that she was concerned with the costs associated with establishing a new business and hiring a legal team, to establish separation of businesses, to which Mr. Talbot stated that hiring a vendor would only require a town meeting.

Ms. O'Brien stated that Mr. Singh's study does not predict how many customers would transfer from another provider and she is confused in regards to how RMLD would secure a low price for Internet. For example, Comcast has millions of customers so they can lower the price of the POP. Additionally, RMLD gets a huge value from renting out dark fiber and we know how much fiber drops are. We need to know the costs of running a fiber business. A decision can't be made as to whether it's cost effective until we have all the information not just the capital infrastructure.

Presentation on Fiber Possibilities for RMLD

Mr. Singh stated that the physical costs are the first level, then come internet service provider costs. Estimates can be obtained from others running internet networks.

Mr. Talbot said that is what Board Chairman O'Rourke initially asked for-data. Mr. Talbot wants to resolve today what we want from Mr. Singh-what it costs to operate a network-ask around method is fine-hunch we have a lot out there that we can do a lot more with.

Mr. Singh said that he would be able to determine the fair value for leasing fiber. Ms. O'Brien replied that the current fiber charge should be on-target.

Mr. Pacino stated that he wants numbers. He doesn't feel like we've advanced anywhere. Mr. Talbot answered that we're here to refine questions. He then mentioned that the town of Wellesley has Verizon Fios and Comcast actively looking at doing fiber to businesses and asked why? Mr. Talbot expressed his wish to reach out to Wellesley. Additionally, the RMLD needs to engage with other members of the local community to gauge public interest in fiber.

Mr. Pacino stated that we're not at that step yet. We have no numbers in front of us-we need the cost of hiring new people and obtaining new materials as well as addressing potential quality issues because RMLD's name is on it.

Mr. Talbot then said that he supports economic development and load growth-he wants the town to have low cost internet even if we take a loss. Ms. O'Brien countered that we can't take a loss, the Department by law has to recover the cost of production. The fiber business is also a different business and needs to be legally discussed.

Schedule Next Meeting

None scheduled; Committee to be disbanded, with Mr. Singh presenting his findings to the Board of Commissioners at a time to be determined.

Motion to Adjourn

At 8:30 p.m. Mr. Pacino made a motion seconded by Mr. Talbot to adjourn the meeting.

Motion carried 2:0:0.