

## Broadband USA Applications Database

**Applicant Name:** City of Bristol, VA d/b/a Bristol Virginia Utilities

**Project Title:** BVU Last Mile Grant

**Project Type:** Last Mile Non-Remote

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### Executive Summary

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This grant application is being filed by Bristol Virginia Utilities (BVU) and the Cumberland Plateau Planning District Commission (CPC). BVU is an existing broadband provider that is part of the City of Bristol, Virginia. BVU operates today under the trade name of BVU Optinet and provides triple play services in Bristol Virginia and nearby communities. BVU also supplies broadband to businesses located throughout the region which are close to an extensive middle-mile fiber network built using grants from the state of Virginia. CPC is a regional planning district authorized by the state of Virginia. CPC serves Buchanan, Dickenson, Russell and Tazewell counties Virginia as well as the towns of Richlands, Tazewell and Bluefield. CPC's goal is to improve the quality of life in the region. CPC is a major driver behind economic development in the region and works with the governments in the area to bring jobs and increase the tax base. These two entities are seeking this grant jointly. BVU will be the operational partner for any grant funds received and would have full authority to operate the business. However, CPC would shoulder some of the responsibility for raising matching funds and would influence BVU policies in the CPC area. Throughout the grant we generally just refer to BVU, but in any cases except for pure operational purposes, such references can be read to be BVU and CPC together. BVU proposes in this grant to serve pockets of unserved census blocks that are have no broadband today and that are within easy reach of the existing fiber network operated by BVU. The technology to be deployed will be Fiber-to-the-Premise ('FTTP'), a technology that brings fiber directly to the home or business. This grant application clearly meets the criteria established by Congress in passing the broadband portion of the ARRA for the following reasons:

- The areas covered by this grant do not have high-speed internet access today and citizens there are still reliant upon dial-up access to the Internet.
- BVU is willing to build a fiber network to every street, home and business in the service areas and bring true and permanent broadband to the area. This is not an interim solution like a wireless network, but will deliver large and nearly infinitely expandable broadband to the residents and businesses in the proposed service area.
- BVU is a municipally owned and non-profit business and any profits from this venture are automatically reinvested back into the local communities.
- BVU already operates a sustainable fiber business. Adding more customers to the BVU network adds economy of scale and makes it easier for the existing business to thrive and survive.
- This project creates numerous new jobs, both permanent and construction jobs. This grant combines coverage of 15 service areas. These areas are found in Bland, Buchanan, Dickenson, Russell, Smyth and Washington counties of Virginia. There areas covered by the grants are undesignated census areas. The communities to be served by this grant have been left behind in broadband deployment. There is a huge broadband gap between the data speeds available in these areas and the broadband available in nearby communities like the County seat of each County. These

larger towns are served today by a variety of cable and telephone providers and have broadband meeting the FCC definition. The proposed service areas include, in aggregate 3,464 residential homes and 72 businesses. The proposed service areas are rural and mostly residential and most community anchor institutions are found in the four largest towns in the County, and not within this rural area. However, there are eight anchor institutions included within the service area that include one school, six fire houses, and a medical clinic. BVU is requesting an 80% grant for this project. The customers to be served are all rural and unserved today. The total grant being requested is \$33,864,404. One of the focuses of the ARRA grants is economic development and creating jobs. BVU has been using fiber for economic development since 2002 to bring jobs to the area. BVU has brought over 1,200 new jobs to seven coal-producing counties that can be attributed to fiber. Specifically, Russell County attracted two of the nation's largest knowledge-based companies – CGI Inc. and Northrop Grumman Corporation. In 2007, both companies located multimillion dollar facilities in the Russell Regional Business Technology Park. Those companies created 700 new jobs with an average salary of \$50,000 in an area where salaries average \$24,000 to \$27,000. BVU today provides a triple play offering to Bristol Virginia and surrounding communities. In the proposed areas BVU will be offering high speed data services and telephone, but not cable TV. BVU has been very successful in the local marketplace. The network currently passes nearly 16,000 customers and as of May 2009 had the following customer count: Data Customers 7,101 Cable TV Customers 8,054 Telephone Customers 7,511 Additionally, BVU serves a number of existing anchor institutions in Bristol Virginia and surrounding communities. In the fiscal year ending June 2009 the company had around \$77.6 million in revenues with about \$66.1 million in cash expenses. The company is profitable and the proposed project business plan is sustainable. BVU already meets all of the non-discrimination obligations today in the existing network. BVU today has interconnection agreements with Embark and Verizon for purposes of exchanging voice traffic. BVU is also connected today to the open Internet. BVU is required by Virginia law to be open access and has been so since inception. BVU will be deploying a GPON passive fiber network that will be built to pass every home and business in the proposed service areas. BVU will construct a fiber drop from the new network to any customer that wants to be connected to the fiber network. BVU is already in the triple play business today and does not need to add switching or data servers to serve these additional customers. BVU is highly qualified to receive grant funding because they already operate a triple play network today. BVU has a highly qualified staff and is experienced in all aspects of offering triple play services over its own network today. BVU is an award winning company that has received national recognition for their broadband efforts. A few of their many awards include: the 2009 Intelligent Communities of the Year awarded by the Intelligent Community Forum; the 2008 Governor's Technology Award awarded annually by the governor of Virginia; the 2008 Gold Award for Municipal Excellence awarded by the National League of Cities and the 2007 Cornerstone Award for Outstanding Customer Service awarded by Broadband Properties. The proposed network will cost \$42.5 million. This network consist of constructing \$38.0 million of fiber to every street within the proposed service area, adding \$2.6 million in fiber electronics and fiber splitters, and adding an estimated \$800,000 of fiber drops to get the network to homes and businesses. Since BVU is already a triple play provider, this grant does not need to add any of the core electronics needed to deliver these services to customers in the proposed service area. Instead, this grant asks only for funds to build the fiber plant and electronics needed to serve customers. BVU has created a business plan for this proposed venture and projects that it will be able to

connect 45% of households and 46% of businesses within the area to the fiber network within three years of the date of getting funded by the grant. In terms of broadband customers, BVU expects to be able to connect to 1,580 residential customers and 52 business customers within the three year period from receiving grant funds. BVU believes it will easily have built more than 67% of the network within two years as required by the grant and expects to have all of the fiber built within two years. This project brings fiber to very rural and unserved portions of the region. As such the cost per subscriber is very high. But this grant represents the first chance the customers in these served areas have ever had to get broadband. If these areas are not funded by this grant there is a good chance that these customers will never get broadband. The grant represents a once-in-a-lifetime opportunity for the unserved customers in these areas to get broadband. The project is going to create both permanent jobs and jobs during the construction of the network and the installation of customers. The project will create 6 new full time jobs at BVU and 64 new construction jobs that will last for two years needed to get the network constructed. The jobs created are technical jobs that pay high salaries. The construction jobs will all pay the prevailing wage of the area or higher.