

## Broadband USA Applications Database

**Applicant Name:** InterLinx Communications, LLC

**Project Title:** InterLinx Proposed East Washington County Fiber Optic Network Extension

**Project Type:** Middle Mile

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### Executive Summary

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Applicant's proposed project is an extension of the middle mile open access fiber optic network owned and operated by Applicant in Washington and Iron Counties, in the southwestern corner of the state of Utah. Applicant began building this network, known as the InterLinx Network, nearly six years ago to provide new, enhanced, more reliable broadband service and connectivity to the southwestern Utah area. Applicant now proposes to extend its network to a number of rural communities in eastern Washington County, to which its middle mile services would not otherwise have been extended. These rural communities are small but have tremendous potential for future growth, as economic recovery accelerates; prior to the current recession Washington County had one of the fastest-growing populations in the United States. The rural communities proposed to be served vary in the level of broadband service already available, but the proposed extension of the InterLinx Network will certainly bring new service providers, enhanced competition, and a variety of options to potential broadband subscribers. This will both enhance broadband opportunities for residents, public agencies and other community anchor institutions, and spur economic growth as these rural areas become more attractive to new businesses and as existing businesses take advantage of better services. The proposed network will be fiber optics only, comprised of 96 count SM fiber at 10GigE, consistent with Applicant's existing infrastructure (see questions 29 and 30 of this application). The proposed route for the InterLinx Network extension extends from the city of St. George on the west, to the rural communities of Toquerville and Springdale on the east, nearly to the entrance of Zion National Park. The areas proposed to be served by this new middle mile access include the following. Household counts, being taken from the 2000 census, do not take into account the significant (7%-10% per year) population growth of each of these areas in the last nine years.

- Hurricane proposed service area. This rural, underserved area, encompassing the city limits of the city of Hurricane, contains the largest number of residents, businesses and institutions passed, with approximately 3135 homes and 735 existing businesses. An estimated 13 critical community institutions would also benefit in this area, including the Hurricane City government, Washington County Sheriff's office, Hurricane City Police Department, Hurricane City Fire Department, Washington County Library – Hurricane Branch, Washington County Water Conservancy District Quail Creek Water Treatment Facility, IHC InstaCare & Family Medicine, Dixie College Hurricane Center, Hurricane High School, Hurricane Middle School, Hurricane Intermediate School, and Hurricane and Three Falls Elementary Schools.
- La Verkin proposed service area. This rural area encompasses the boundaries of La Verkin city, with approximately 1,048 homes and 84 existing businesses, and critical community institutions including the La Verkin City government, La Verkin public safety department, Ash Creek Sewer Special Service District, and La Verkin Elementary School. Although this area is likely served

to a great extent by an existing broadband provider, the passage of the InterLinX Network through this community will certainly still benefit this area through increased competition and enhanced broadband service options. - Toquerville proposed service area. This rural, underserved area includes the town of Toquerville, with approximately 197 homes and 40 existing businesses, and critical community institutions including the Toquerville town government. - Virgin proposed service area. This rural community is currently unserved by services meeting the definition of broadband. The town of Virgin is comprised of approximately 171 households and 33 businesses. Community anchor institutions include the Virgin town government. - Rockville proposed service area. This rural, underserved area encompasses the city limits of the town of Rockville, with approximately 136 homes and 20 businesses. Community anchor institutions include the Rockville town government. - Springdale proposed service area. This rural, underserved area includes the town of Springdale, which is the main gateway community to Zion National Park. The town of Springdale is comprised of approximately 222 homes and 103 businesses, with community anchor institutions including the Springdale town government, National Park Service visitors center and offices, Rockville/Springdale Fire Special Service District, Washington County Library – Springdale Branch, Springdale Community Center, and Springdale Elementary School. A number of broadband service providers currently provide broadband and other related services across the InterLinX Network, and these providers are anticipated to extend those services to the areas to which the proposed project would be constructed. Services which are and can be provided over the InterLinX Network include broadband Internet service at multiple speeds and bandwidth levels; telephone service; cable television; "triple play" packaged service; and point-to-point, multipoint or other private network services allowing uses such as video conferencing. Applicant already operates the InterLinX Network as an "open network," meaning that all carriers and service providers desiring to use the network are invited to contract for capacity or bandwidth using standard InterLinX contracts and pricing. Applicant also has a history of interconnection with other networks and infrastructure, increasing the value of the InterLinX Network to the carriers and service providers utilizing it. This policy and practice would be extended to the proposed expansion of the InterLinX Network. In addition to this, Applicant is committed to adherence to all of the non-discrimination and interconnection obligations set forth in the BIP and BTOP guidelines. Applicant is amply qualified to construct and operate the proposed project. Applicant has been operating and expanding its network for approximately six years. Applicant's cash flow has doubled each of the last three years, as new phases of its network have been made operational, and more carriers and service providers, with more and more subscribers, have begun to utilize the network. Applicant's management team is made up of individuals having extensive experience in each of their fields, including real estate development, fiber optic network construction, network engineering and operations, legal affairs, and finance. Each contributes meaningfully to the success of the Applicant's business, and would ensure the success of the proposed project. Because the proposed project is an extension of the physical network currently operated by Applicant, Applicant's primary business and management practices would require minimal change to construct and operate the proposed project. Applicant's proposed project would also provide opportunities for jobs and economic development. Applicant's primary contractor is expected to expand its employment base in order to construct the proposed project. Aside from these potentially temporary jobs, however, the proposed project has the even greater potential to fundamentally change the economics of the proposed service areas, by bringing enhanced broadband and other connectivity to

these rural areas. This is anticipated to make the proposed services areas much more attractive for businesses, potentially fueling the birth and growth of new businesses in these areas, and allowing existing businesses to obtain better broadband services at lower cost, thus making them more competitive in their respective industries. Furthermore, last mile providers desiring to provide services to residential customers will have a new opportunity to expand into the proposed service areas at a reasonable cost. The InterLinx Network to date has been developed using a combination of private investment, partnership with local municipal governments and other entities for contribution of public funds and resources, and traditional bank financing. The requested funding is required in order to develop the proposed project, for several reasons. First, the Applicant's original investor, after investing millions of dollars to develop the network to its current point, has a reduced capacity to inject more capital into future growth. Second, it has become much more difficult to secure traditional lending from banks and similar institutions as credit markets have tightened in the recession. Third, local municipalities and other public entities with which Applicant has previously partnered, or with which it might partner, are facing increasingly tight budgets as tax and other revenues have fallen significantly in the past year, with less discretionary cash to invest in new infrastructure. Last, but perhaps most significantly, the rural nature of the project makes it very difficult to justify a business case for the expansion into the proposed service areas without government investment, simply because the cost to extend infrastructure over longer distances cannot be recouped from the smaller number of potential subscribers available. The estimated overall cost of the proposed project is \$2,815,237 (see section H of this application). Applicant projects that if all anticipated carriers and service providers choose to provide last mile service in each of the proposed service areas, and accounting for past and anticipated population growth, a total of 6,463 new business, residential, and community anchor subscribers can be expected in the next five years (see Attachment H to this application). The number of jobs to be created or saved as a result of this project is difficult to estimate, but could include 200 to 1000 jobs in all proposed service areas in the next 5 years.