

November 21, 2013 Board Meeting

Broadband Direction:

The Board agreed that the Broadband Vision is to extend OPALCO's fiber optic and communications infrastructure in support of electric system and for the benefit of our membership by allowing data service providers access to our infrastructure. Our intent is to pay for incremental growth in communication infrastructure through user fees and leases service agreements. It was agreed that the Direction is:

- A. OPALCO is to isolate its communication infrastructure for the electric system. This means that there will be some capital improvement projects on OPALCO's communication system to isolate OPALCO's capacity/SCADA systems.
- B. OPALCO will be taking an "infrastructure provider" approach for providing members with access to OPALCO's communication infrastructure. The main areas for potential deployment include, but are not limited to, fiber optic backhaul support for ISPs (e.g. CenturyLink, Rock Island, Orcas Online, Island Network, etc.), wireless infrastructure and direct fiber optic connection (FTTP).
- C. New infrastructure will be built to RUS standards (pre-engineered, environmental issues addressed, post project inspection and sign off).
- D. Future deployment will be based on paying back the incremental cost of capital infrastructure through lease agreements. The lease rates are not to include backbone allocations.
- E. Lease arrangements are to be non-exclusive in nature with OPALCO retaining ownership of this infrastructure.
- F. Staff will continue "open" dialogue communications with our membership while honoring confidentiality agreements.

Directives:

- A. CenturyLink: Authorize staff to negotiate lease agreements with CenturyLink based on the above parameters.
- B. Spectrum: Purchase of the 700 MHz licensed spectrum as a backbone infrastructure component based on the terms and conditions outlined in the initial term sheet, with language modified regarding maximum interference thresholds.
- C. System Design: Authorize staff to move forward with backbone communication infrastructure design, with expansion capability for backhaul fiber optic, wireless and FTTP deployment.
- D. Island Network: Position Island Network as an ISP and lift the moratorium once designs and rate structures are completed and approved by the Board.
- E. Broadband Manager: Approve a new Broadband Manager staffing position and have staff initiate the hiring process.

Motion made by Hall, seconded by Lett: "Our Island communities are suffering economic damage and safety issues caused directly by inadequate phone and internet infrastructure. Therefore, OPALCO shall accelerate expansion of our local member-owned robust, reliable high-speed data infrastructure to provide internet, phone, and emergency communications services to our members. Deployment will be supported and funded by OPALCO assets, including equity and rates." After a lengthy and thorough discussion, the motion carried unanimously.