

**RFP VTA2009-108**  
**Request for Proposals**  
**For Network Service Provider(s) Serving In Vermont**  
**Initial Question/Answer Period held on Jan 5, 2010 and updated as questions are sent to the VTA**

**Questions and Answers**

**QUESTION 1:** The user group in your RFP is described as a consortium under your definition. As we look at possible funding under stimulus rules it is required to be more definitive group to be successful. Is there any movement to get any commitments out of any of those user groups to become participants in this network or is it “build it and they will come” philosophy.

**ANSWER:** We currently have letters of intent for each consortium and numerous member users that intend to participate. After we examine the proposals and determine the final network costs we will be able to increase the participation significantly.

**QUESTION 2:** Due to the timing of the RFP with the holidays, can there be an extension on the deadline for response?

**ANSWER:** Probably not. Federal stimulus guidelines come out soon and round 2 applications may be due late Feb or early March. We need to get the information in so that we can put together the state-wide picture and start preparing the stimulus application. In addition, there are some e-rate timelines that start to layer into this and we could miss some critical deadlines if we extend. If we have indication that the stimulus applications are not due until April, that might be a reason to extend but we would still have the e-rate situation. It does not look like we can extend the proposal response date.

**QUESTION 3:** What is the official process for submitting follow-up questions regarding this RFP to the VTA?

**ANSWER:** Email Carissa ([ctomczyk@telecomvt.org](mailto:ctomczyk@telecomvt.org)) your questions and we will post answers on website. The last day for questions to be submitted to the VTA will be Friday January 15<sup>th</sup>. The answers will all be posted no later than Tuesday, January 19<sup>th</sup> on the VTA website.

**QUESTION 4:** Depending on whether this is type 1, 2 or 3 with different funding going into that, who ends up owning the facility.

**ANSWER:** The VTA is open to different scenarios. In a worst case scenario, the VTA is willing to step into an ownership role but given the right kind of partnerships through this process we are not assuming that has to be the case.

**QUESTION 5:** If you go back to the core network that could be utilized over the Smart grid fiber build, who is going to be operating and managing that? Is VELCO going to be monitoring and managing the telecommunications aspect of the network?

**ANSWER:** VELCO can provide those details and their point of contact is:  
Mike Loucy, [mloucy@velco.com](mailto:mloucy@velco.com), 802-773-9161 (work) 802-342-2044 (mobile)

**QUESTION 6:** Could a relationship with VELCO range from IRU for physical fiber or some sort of service where VELCO is more of a provider or a carrier's carrier providing some sort of transport to these locations?

**ANSWER:** VELCO can provide those details and their point of contact is:  
Mike Loucy, mloucy@velco.com, 802-773-9161 (work) 802-342-2044 (mobile)

**QUESTION 7:** Would a service provider bidding now have complete control over the monitoring of the fiber network?

**ANSWER:** VELCO can provide those details and their point of contact is:  
Mike Loucy, mloucy@velco.com, 802-773-9161 (work) 802-342-2044 (mobile)

**QUESTION 8:** Given that this is including potential 911 traffic, are there any service level requirements that you know of up front?

**ANSWER:** VELCO can provide those details and their point of contact is:  
Mike Loucy, mloucy@velco.com, 802-773-9161 (work) 802-342-2044 (mobile)

**QUESTION 9:** From a provider perspective, is it correct that anyone utilizing a portion of the VELCO network must work out the standards for service and survivability with VELCO?

**ANSWER:** VELCO can provide those details and their point of contact is:  
Mike Loucy, mloucy@velco.com, 802-773-9161 (work) 802-342-2044 (mobile)

**QUESTION 10:** Due to the fact that providers are only proposing \$500 for 1 gig and there is no commitment for that yet, after the VTA has a price are you going to go back to these different groups to see who wants to sign up for a commitment then?

**ANSWER:** The leaders of the anchor user consortia have made commitments described in the RFP to facilitate the aggregation of their member organization, which are significant but not at this point binding commitments to take service. Please review the section of the RFP, "Anchor User Consortia Commitments," for the specific commitment details by each consortia. We have letters of commitment already from the consortia indicated. We have clusters of schools, libraries, state offices, ready to embark on this path. This is a transport network so we are looking to work with providers to put together the full package, present to consortium groups, and begin build prioritization. The responses to this RFP will be an important step in achieving commitments from consortia members. Based on consultation with each of the consortia, we believe the pricing and service level called for in the RFP will provide a substantial incentive for consortia member participation.

**QUESTION 11:** Are there no other options for service other than the \$500 for 1 gig?

**ANSWER:** This RFP is only seeking responses for fiber connections with at least Gigabit speed capacity, with a maximum recurring cost of \$500/mo. Please see the answer to the next question regarding a special consideration for library locations.

**QUESTION 12:** How do you take into consideration a small library or have you already weaned that out of your list, i.e., part time libraries where 1 gig would be overkill?

**ANSWER:** We have looked at the existing costs from the consortia groups to determine aggregate costs. For example one group may pay \$1M a year where some of their members pay \$2000 for a T1 and others might pay \$1000 for 10Meg. Some get their DSL or Cable for free and still don't fully utilize its capacity. In a current state the group may not be able to take advantage of needed applications or efficiencies of IT consolidation due to the current bandwidth limitations and cost offerings. So the fact that we are looking to a standard 1Gig (port cost) model may look to be overkill in today's bandwidth starved environment but looking forward it is what is needed to enable the near term needs of each consortia.

In addition, The "Libraries" subsection beginning at page 8 in the RFP describes how the potential funding availability is different from libraries than other groups. Libraries may have an opportunity for greater support for up-front capital cost to get fiber to libraries. There is support for a Fiber to the Libraries initiative from the Bill and Melinda Gates Foundation. We do note the opportunity for up to 100% capital cost to be available in connection with successful broadband stimulus request, but we don't expect every library to hit the \$500 per month.

**QUESTION 13:** Part of the RFP indicates that you have specific regions outlined in a map. One criterion is that responses need to cover all the sites in one region. Those regions don't line up well with existing service areas with no capability of reaching beyond borders of a franchise area. What does the VTA have in mind for cable providers to deal with this issue?

**ANSWER:** A lot of the RFP talks about strategic partnerships. In most of those regions there is a decent chance to have one or two partners. Seek out strategic partners that would help you fill out a region outside your potential franchise area. The VTA encourages you to look at the three different types of bid examples illustrated in the RFP beginning at page 12. Reaching out to other providers would be an example of partnering on a Type 1 application. Some providers may want to construct targeted fiber builds to some of the locations, which are illustrated in Type 2. (For some of these locations they may also provide service using would-be partner facilities). Within a single area a vendor may indicate that it is willing to provide service over a VTA-provided or pooled lateral connection, included in type 3 example.

**QUESTION 14:** The VTA provider Pooled lateral connections, please explain:

**ANSWER:** A number of different models could be available. An ideal situation would be a private provider willing to connect to all locations without stimulus money or help. However, the RFP contemplates that business model is challenging in many of these areas based on population density, etc. A VTA-provided or pooled lateral connection could provide additional option for vendors to reach locations in a region where they currently do not have fiber facilities.

For an example, in "Region 6," there is a bid from a provider that can touch 90 % of locations from existing network but needs \$2M to fill out last 10% of locations. That provider can bid to install and operate those or it can say, "I don't have the resources, VTA help me out." This would be an example of a "VTA-provided" lateral connection. VTA could help fund and it would operate as an open access, probably dark fiber. It does not mean that the VTA would have to own/operate these areas but it is willing to do so if it makes sense.

The VTA is also willing to consider proposals where some or all lateral fiber facilities are controlled by a consortia of companies which invest in their development, with or without the involvement of the VTA. The concept of a pooled network might also include, for example, a “VELCO transmission model for telecom transport” with VELCO as a transport highway system around the state and a handful of the last mile fiber optic providers in the consortium providing lateral connections.

**QUESTION 15:** Where a carrier proposes to provide services in a region but needs VTA help in seeking capital funds to finish construction, what conditions exist on the capital if it is provided through the VTA? In other words, when the construction is complete and funds are expended and the goal of enhanced connectivity is accomplished, does the carrier have complete control over those facilities or are there requirements to unbundle, or open access in some shape or form.

**ANSWER:** Act 79, which created the VTA, does have open access assumptions that went along with projects funded directly by the VTA, as does much of the stimulus funding. Any provider that has applied for stimulus funds has already agreed to open access as it is a requirement of the stimulus act. However, a provider selected to provide service in a region is going to have a significant advantage even if done in part over facilities with some open access requirements.

**QUESTION 16:** Pooled access is open. Who administers that pooled resource? Who will own/operate and decide who rides it, and administer the multiple participants on that pooled resource etc.

**ANSWER:** Providers should assume that they will administer the network in their proposals, however, there may be shared administration among providers, for instance if Velco is involved. If there is interest in a consortium model, then we can address the governance and administration models in those discussions.

**QUESTION 17:** Magic number \$500. How does that number coincide with through-put and how did you arrive at the conclusion that \$500 is the number?

**ANSWER:** We have looked at a number of different projects. We are not necessarily looking to reduce the overall broadband spend in the state, we are trying to create a different model where we stop talking about 1.5 Mb/sec and start talking about gigabits. The stimulus fund is one way to provide gap closure.

**QUESTION 18:** In a situation where we could not serve a region for \$500 per Gig would we simply tell the VTA what we can do and VTA would provide capital to offset costs there?

**ANSWER:** We would encourage vendors to divide up the requested locations into three types:

1. Places you already serve
2. Places you would readily serve on your own investment
3. Places you need capital to serve.

When you add up all culmination of all those three, we end up with a state-wide solution that serves all these locations. We are trying to get to a credible stimulus ask that for \$XXM we can get this network built.

**QUESTION 19:** Is there a scenario where a region can't be supported and no funding is available that a price other than \$500 could be used?

**ANSWER:** With this RFP we are really seeking to find out what would be the number in terms of capital funding to reach that price point. We expect that achieving the requested price point will help achieve the volume of services required to support the price point. If we solve this chicken-and-egg problem in a way that does a good job of solving the future needs of these anchor user consortia sites, we are optimistic of achieving that price point. We really encourage you to think about what would be the capital requirements to reach these locations, look at efficiencies and opportunities these networks bring to the table. Are there any opportunities to lower the costs and identify what the difference is so we can find a way to get that funded?

In our analysis of the goal to extend metro pricing for transport to rural areas we tried to approach this issue from the opposite perspective, looking at it from a port costs and working backwards. The spreadsheet provided in the RFP, that bidders are to utilize, will identify the amount of capital needed region by region to reach the 100% coverage. Our goal is to find a solution to reach all locations at that price.

**QUESTION 20:** Explain how the involvement with the VTA towers is expected to be impacted by this?

**ANSWER:** VTA has a charge to expand cellular coverage throughout the state. Cost and availability of backhaul are huge barriers and stand in the middle of opportunities to expand our cellular service. We are trying to solve this problem. We are interested in working with providers that can assist us in getting to those locations and identifying sites.

**QUESTION 21:** You say we as the "VTA" or the "VTA and providers"?

**ANSWER:** Either.

**QUESTION 22:** What if the stimulus money is denied?

**ANSWER:** This build out is not solely dependent on stimulus. The VTA has some resources, bonding ability, etc. When we are done with the RFP we will have a number to work with for the stimulus request. The question will be what can we do absent stimulus and VTA bond funding. What if we sat down and bonded for \$30M? What could we achieve in that example and what does the business model look like. The VTA's expectation that ½ to 2/3 of this network can happen regardless to stimulus.

**QUESTION 23:** In the case where it is bonding vs. stimulus, where it has to be paid back, would that affect the price point?

**ANSWER:** We would revisit this. We would take more of a pragmatic approach in taking a different pace to achieve our goals.

**QUESTION 24:** What about a scenario where no vendors on the call can reach the price point.

**ANSWER:** We would caution that we are in a different world regarding opportunities with the opportunity for significant stimulus money and other investment around the region / state. We want

to work with providers and encourage you all to bid. With the stimulus opportunity out there, all of you should be able to say at a minimum where you do serve, where you will serve and identify where you need capital to serve.

**QUESTION 25:** While the data for the VCOMM Towers gave Lat/Long – can you please provide additional address information/description?

**ANSWER:** We do have another spreadsheet from Department of Education that has addresses but no Lat/Long that we will post with this final Q&A. Please note that the list provided with the RFP will be the official site list for education so that quicker analysis may be performed with GIS tools.

**QUESTION 26:** Some of the school sites listed haven't been schools for many years – are you sure you want all these addresses checked?

**ANSWER:** It is not uncommon for database information to not be 100%. If you know this to be the fact than please note it, however in some scenarios it may seem that a site is not a good candidate for fiber but in fact it could be an ideal location for a tower site. Without knowing if a site can be served at what cost it is impossible to plan to utilize these locations.

**QUESTION 27:** Many of the state locations are duplicates or fed by a common campus location (like Montpelier.) Can you please provide a list of actual locations that need to be investigated?

**ANSWER:** You are correct that campus connectivity like Waterbury and Montpelier already have fiber networks to many locations. For RFP to remain as simple as possible in the limited time please take those two campuses to need fiber to one demark each: 133 State St, Montpelier and 103 South Main, Waterbury. Please note that there are locations outside of these campus network areas that do need connectivity.

**QUESTION 28:** Will all supplied information be considered confidential?

**ANSWER:** Yes. The VTA has several NDAs in place, and regards any information received to be confidential.

**QUESTION 29:** If construction to a site can be done, but is beyond 3 to 5 years given that 1 gig is not needed in that timeframe, what is the maximum number of months that can be inserted in the "Months to Construction Completion" timeframe?

**ANSWER:** The assumption that 1 gig is not needed should not be made. The fact that we do not have these speeds limits several of our anchor consortia ability to create efficiencies of consolidation. If construction to a site can be done we would like to see what is needed to get it completed with 24 months as that is the likely timeframe any stimulus monies need to be allocated.

**QUESTION 30:** Although not a function of this proposal how does the VTA foresee the internet backbone being provided? Currently, the cost of the internet backbone in rural areas drives up the price of services for customers. Will there be a second proposal requesting quotes for the provision of such? If yes and if the selected provider provides the internet backbone at levels below current pricing, will all providers have access to the internet backbone at similar rates so as to benefit all consumers of the state?

**ANSWER:** Selecting internet backbone access solutions will be a separate step and determined after transport solutions are identified. The VTA purposely left internet access off this RFP to focus efforts on achieving transport solutions for the anchor consortia. Transport solutions can facilitate a number of options to bring internet bandwidth to consortia members. In one scenario the transport provider may also provide internet services to the aggregated consortia for a region. Another model could be a totally different internet provider offering internet services for a consortia MPLS cloud.

**QUESTION 31:** If a quote is made at \$500 (\$500 is for illustration purposes only) and is accepted by the state, will all sites associated with the anchor tenant be required to buy service at that rate. Or will anchor tenants be allowed to pick and choose, with those paying more today opting for the \$500 pipe and those paying well below the \$500 quote staying with their 29.95 DSL or free cable modem service?

**ANSWER:** Please see the answer to Question 10 [from the initial question/answer period]. In addition, not all locations currently have DSL or cable modem service, and we believe few, if any, locations, will find this level of service adequate over the next few years. However, high costs per connection will present a barrier to adoption of upgraded broadband services at some smaller locations. This RFP seeks to bring the cost of a very high-capacity connection to a level where very widespread adoption is achievable. The RFP describes additional efforts that anchor user consortia intend to facilitate in order to further mitigate the final end cost to consortia members and promote widespread participation, including the use of federal universal service programs like e-rate.

**QUESTION 32:** How will proprietary information be protected?

**ANSWER:** Please reference Question #4 above. The VTA will maintain all information that is identified as proprietary or confidential to only be used in discussions within the VTA and with the submitting provider.

**QUESTION 33:** If the buildout takes three years, is it expected that the \$500 transport access fee will begin in year 3?

**ANSWER:** At a minimum, the pricing laid out in the RFP should begin at each anchor user site at a point in time when the anchor user associated that site (or consortium representing the user) has made its firm commitment to the faculties, and after any necessary construction of new facilities. Interim service offerings pending completion of construction may be negotiated.

**QUESTION 34:** Given the scope of this bid and the time constraints, if engineering survey work cannot be completed, can estimates be used that can be later corrected if necessary?

**ANSWER:** Yes.

**QUESTION 35:** Is there a market or research basis for concluding that \$500 is the appropriate market price for 1 Gig access in Vermont or other similar markets? Can you cite that research?

**ANSWER:** The \$500 per month figure was developed through VTA analysis of typical average expenditures of similar categories of services for a range of community anchor institutions, in consultation with anchor user consortia aggregating organizations. We believe that this pricing will permit widespread adoption of this level of service within available budgets with a high degree of confidence, and will help the project achieve desired aggregation levels.

In addition, the VTA has analyzed the figure of \$500 per month from a cost perspective and believes that such a figure is reasonable to support new construction of facilities to user locations if existing network facilities are not adequate, assuming high levels of anchor user consortia adoption.

**QUESTION 36:** How and at what rate will users of the Velco network be charged for access to or usage of the Velco backbone?

**ANSWER:** See answer to question 38 below

**QUESTION 37:** We have met with Velco and at this time they are not in a position to provide us with enough information to develop a business model that includes, among other things, the service delivery cost offsets by utilizing their infrastructure. Can VTA provide information that will help us better understand technical and financial benefits of utilizing VELCO infrastructure and/or services?

**ANSWER:** See answer to question 38 below

**QUESTION 38:** Can VTA bring Velco to the table for all bidders to get clarity on issues in a consistent manner?

**ANSWER:** The VTA strongly encourages bidders and VELCO to take advantage of any opportunities and efficiencies that the expansion of the VELCO fiber network may provide. The VTA is not in a position to represent VELCO, and we encourage direct communication between VELCO and bidders regarding the terms and conditions of service. The VTA is working to promote timely and complete responses to potential bidders from VELCO. However, the VTA considers the possible use of the expanded VELCO network as a means to an end, which is more high-capacity fiber transport under an “abundance” model of service. To the extent that a potential bidder does not believe that it has sufficient information from VELCO to develop a business model, a bidder is not obligated to include the use of the VELCO resource in its proposal, and is encouraged to provide a response based on other available and/or to be constructed resources.