Fiber Rates
Updated Offerings and Rates
Bob Shane

March 7, 2022

P.U.D. CHELAN COUNTY

Why We Are Here

- Provide an update to the rates proposed on Nov. 1, 2021
  - Additional stakeholder outreach with our service providers identified the need to be more cost responsive with our Virtual Local Area Network (VLAN) services

- Seeking Board approval of rates and services presented on Nov. 1, 2021 with the following changes incorporated
  - Changes effective April 1, 2022

VLAN Rates Change

- This need is directly related to enabling our service providers to remain competitive in an aggressive market to provide high-capacity, high-speed telecommunication services

- This resolution incorporates the latest changes to our VLAN rates with no additional changes to the proposed digital local loop (DLL) rates

- Those changes are highlighted in the following slides:

VLAN Solution

- Restructure VLAN services
  - New lowest tier 100 Mbps service
    - Eliminate 50 Mbps lowest tier service
    - Provides rate decrease for existing 100 Mbps services
  - ~~Create tier services for incremental speeds~~
    - Eliminate the need for variable bandwidth service
    - Added service requiring a connection
  - New 10 Gbps service

- Eliminate term contract rates
  - No interest from providers

VLAN Solution: Business Class Rates

Service	Current Rate	Proposed Rate
50 Mbps Burstable/Fixed	$112.16	-
100 Mbps Burstable/Fixed	$149.00	-
1 Gbps Fixed	$399.00	-
100 Mbps on 100 Mbps Port	-	$135.00 → $99.00
1 Gbps Port	-	$225.00 → $299.00
Incremental 200 Mbps Up To 1 Gbps	-	$36.00 → Eliminated
10 Gbps Port	-	$450.00 → $499.00
Incremental 1 Gbps	-	$75.00 → Eliminated

VLAN Solution: Carrier Class Rates

Service	Current Rate	Proposed Rate
50 Mbps Burstable/Fixed	$158.95	-
100 Mbps Burstable/Fixed	$499.50	-
1 Gbps Fixed	$899.00	-
1 Gbps Port	-	$440.00 → $499.00
~~Incremental 200 Mbps Up To 1 Gbps~~	-	$100.00 → Eliminated
10 Gbps Port	-	$1,000.00 → $699.00
~~Incremental 1 Gbps~~	-	$140.00 → Eliminated

VLAN Revenue Comparison

VLAN Services:	Nov 1st	Mar 7th
	Rate	Rate
Business Class		
Fixed Rate; 100 Mbps/100 Mbps Port	$ 135	$ 99
Fixed Rate; 1 Gbps Port	$ 405	$ 299
Fixed Rate; 10 Gbps Port	$ 1,200	$ 499
Carrier Class		
Fixed Rate; 100 Mbps/1 Gbps Port	$ -	$ -
Fixed Rate; 1 Gbps Port	$ 940	$ 499
Fixed Rate; 10 Gbps Port	$ 2,400	$ 699

Estimated annual revenue reduction of $76K

Questions or Comments?

Appendix

Fiber Rates Review
Updated Offerings and Rates
Bob Shane

November 1, 2021

Why We Are Here

- Board feedback on our proposed revised rates for our telecommunication services
  - No Board action required today
  - Seeking Board approval on Dec 20, 2021
  - Changes effective Feb 1, 2022
- Proposed rates reflect refinement and new services
- Overall changes target revenue neutral
  - Approved 3% rate increase in place through 2024

11

In Summary…

- Propose changes to our Residential, Business and Carrier class services and rates
  - Provides a higher level of service for our service providers that translate to value and benefit for those receiving service through our system
  - Necessary to keep our service providers competitive and responsive to the changing environment

Drivers for Change

- Feedback from our retail service providers
  - Refinement of our rates and processes
    - Simplify, combine or eliminate services

- Industry trends
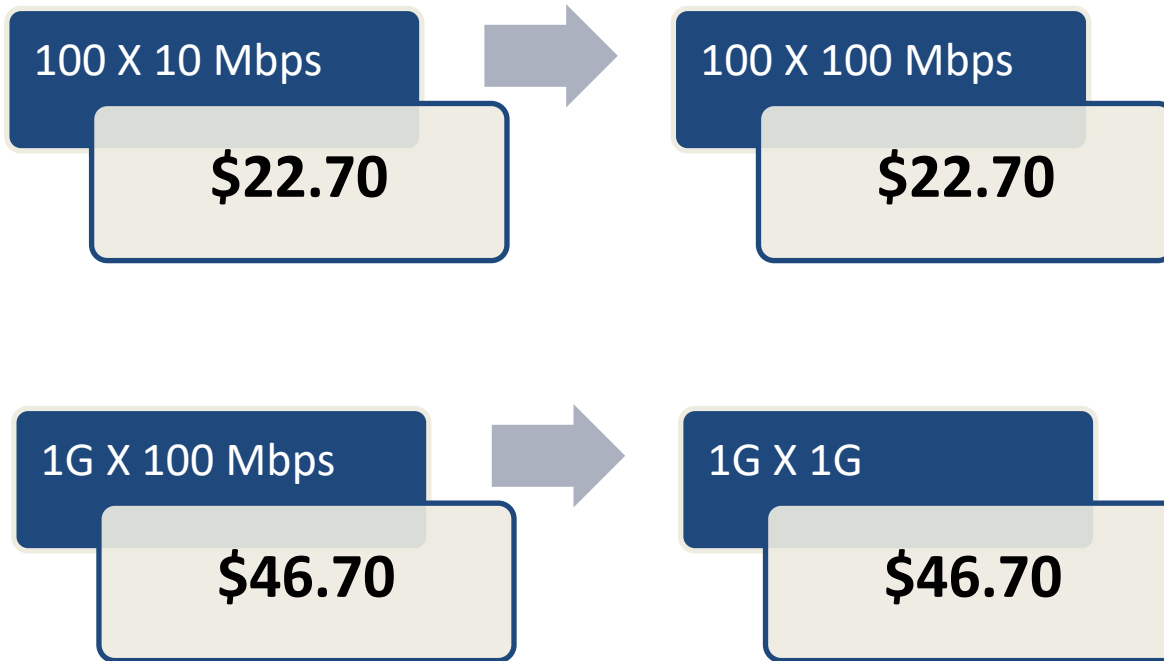 - anticipation of near-future services

Issues and Solutions

- Issue: Competition from local competitive service providers offering a lesser residential type service at a lower cost
  - Solution: Provide more service for the same rate
    - Lowering the rate does not support our financial needs
- Issue: Providers are asking for lower-cost services for business and carriers
  - Solution: Introduce tiered services between service levels, providing incremental lower-cost options
- Issue: Large data users such as Cellular carriers and large businesses are needing more bandwidth
  - Solution: Introduce 10 Gbps services
- Issue: Barrier for new residential and business customers on installations
  - Solution: Eliminate the installation fee

Data Local Loop (DLL) Solution

- Increase 100 Mbps and 1 Gbps residential services to symmetrical (up and down speeds the same)
  - No change in rate
- Increase 100 Mbps and 1 Gbps business services to symmetrical
  - Rate increase for 100 Mbps service
  - No rate change for 1 Gbps service
- Residential and business services include bandwidth with the base service
  - No bandwidth change
- Eliminate the installation fee for new residential and businesses services
- Establish new residential wireless rate
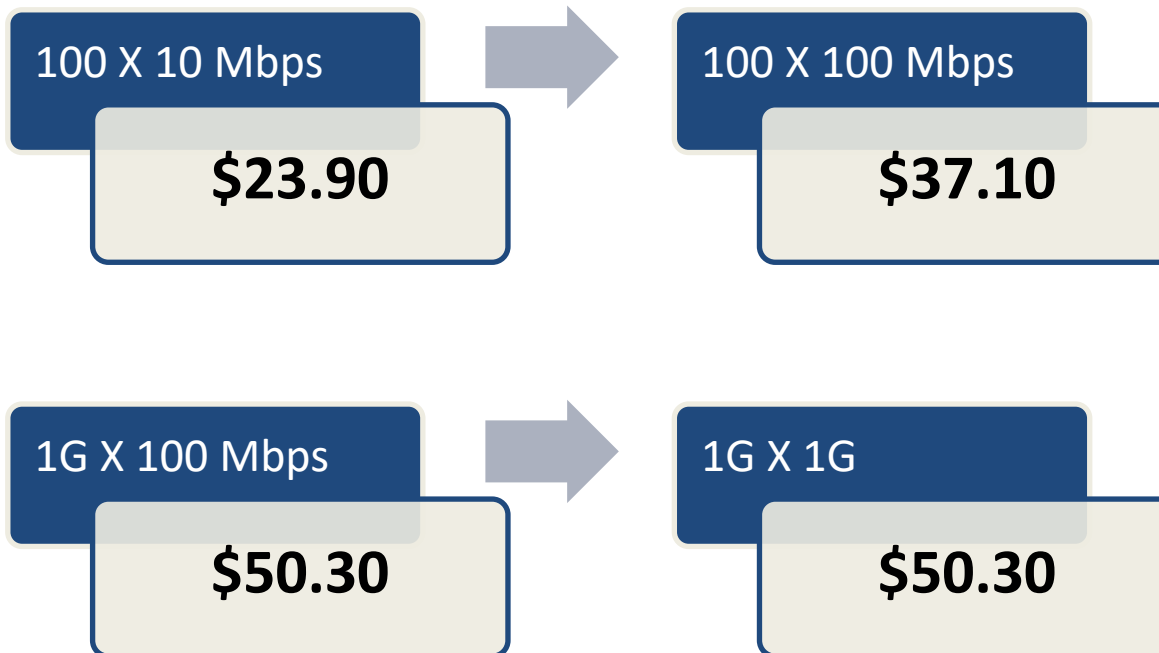 - Anticipation of future trial wireless deployment

DLL Solution: Residential Rates

100 X 10 Mbps	→	100 X 100 Mbps
$22.70		**$22.70**

1G X 100 Mbps	→	1G X 1G
$46.70		**$46.70**

Note: Wireless service proposed at 100 X 100 Mbps rate

DLL Solution: Business Rates

100 X 10 Mbps

$23.90

100 X 100 Mbps

$37.10

1G X 100 Mbps

$50.30

1G X 1G

$50.30

VLAN Solution

- Restructure Virtual Local Area Network (VLAN) services
  - New lowest tier 100 Mbps service
    - Eliminate 50 Mbps lowest tier service
    - Provides rate decrease for existing 100 Mbps services
  - Create tier services for incremental speeds
    - Eliminate the need for variable bandwidth service
    - Added service requiring a connection
  - New 10 Gbps service

- Eliminate term contract rates
  - No interest from providers

VLAN Solution: Business Class Rates

Service	Current Rate	Proposed Rate
50 Mbps Burstable/Fixed	$112.16	-
100 Mbps Burstable/Fixed	$149.00	-
1 Gbps Fixed	$399.00	-
100 Mbps on 100 Mbps Port	-	$135.00
1 Gbps Port	-	$225.00
Incremental 200 Mbps Up To 1 Gbps	-	$36.00
10 Gbps Port	-	$450.00
Incremental 1 Gbps	-	$75.00

VLAN Solution: Carrier Class Rates

Service	Current Rate	Proposed Rate
50 Mbps Burstable/Fixed	$158.95	-
100 Mbps Burstable/Fixed	$499.50	-
1 Gbps Fixed	$899.00	-
1 Gbps Port	-	$440.00
Incremental 200 Mbps Up To 1 Gbps	-	$100.00
10 Gbps Port	-	$1,000.00
Incremental 1 Gbps	-	$140.00

NRC Updates

- New 10 Gbps VLAN NRCs
  - Based on material and labor costs
  - Proposed add:
    - Business Class charge $3,623 for 10 Gbps service
    - Carrier Class charge $3,623 for 10 Gbps service

- Proposed elimination of Installation Fee
  - Fee of $80 per DLL order for contribution to construction of customer installation

Presented to Board as informational and to the General Manager for approval per Resolution 12-13731.

Questions or Comments?

Appendix

Glossary

- **Aggregate Bandwidth Transport:** Purchase of a DLL service connection includes charges for bandwidth usage utilizing a rate range specified in the rate table. Usage charges will be based on an aggregated bandwidth revenue requirement calculated annually. Usage charges will be within the rate range specified below and adjusted quarterly for the purpose of meeting the annual core services revenue requirement.

- **Data Local Loop (DLL):** Term used to describe the connection between the Service Provider's End-users and a central aggregation point on a network often termed a Central Office. A local loop is the connection from a communication company's central office in a locality to its customers' premises, at homes and businesses. The District currently provides Local Loops via fiber optics.

- **Burstable billing** is a method of measuring bandwidth based on peak use. It also allows usage to exceed a specified threshold for brief periods of time without the financial penalty of purchasing a higher committed information rate (CIR, or *commitment*) from an Internet service provider (ISP).

Glossary (cont.)

- **MRC:** Monthly Recurring Charge, occurring every month.
- **NRC:** Non-Recurring Charge, a one-time charge.
- **Port Charge:** A charge for access and connection to a network endpoint to receive and send data traffic.
- **Symmetrical Service:** Provides the same data speeds in either direction. Your download and upload speeds are equal.
- **VLAN**: A virtual (or logical) LAN is a local area network with a definition that maps workstations on some other basis than geographic location (for example, by department, type of user, or primary application). The virtual LAN controller can change or add workstations and manage load balancing and bandwidth allocation more easily than with a physical picture of the LAN. Network management software keeps track of relating the virtual picture of the local area network with the actual physical picture.