

Relocation of Telecommunications Lines

Frontier Communications
Communications and Technology Committee
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Frontier Fast Facts

- Operate in 28 states including Indiana, Ohio, Wisconsin, Illinois, Iowa, Minnesota, Pennsylvania
- 100% U.S. based-workforce
- Michigan is the 8th largest of 28 states (6.0% of residential customers)
- Approximately 500 Michigan employees. (90 military experienced)
- Region headquarters for MI and WI in Muskegon
- 5 local markets (SW MI, Adrian, Alpena, Imlay City, Mt. Pleasant)
- Local Engagement Model with local General Manager with local control of investment and service
- 15% of our national workforce are Veterans or Active/Reserve Military. Member of The Military Spouse Employment Partnership, The 100,000 Jobs Mission, The Employer Partnership of the Armed Forces, Honor and Remember, and Joining Forces.



Frontier's Service Footprint

42% of the land mass of the LP



- Over 25,000 miles occupied in local ROW
- 350 miles occupied in Federal ROW
- 1,500 miles occupied in State ROW
- 5,200 miles occupied in private or RR easement

Michigan Initiatives

- The cost of relocating telecommunication infrastructure in the public right of way
 - Unrecoverable, wasted cost
 - 10% of annual capital budget
 - Reimbursement to motivate avoidance
 - Predictability; avoid contractor delay costs
 - Unique Frontier footprint and a history of serving Michigan since the 1920s
 - Increase broadband investment in Michigan
 - Rural versus Urban issue; private easement

Relocation of Telecommunications Lines – The Process

- Construct new telecommunications facility
(wasted cost)
- Switch customer services to new facility
(wasted cost)
- Destroy old, completely good,
telecommunications facility (wasted cost)
- Start construction of road
- Safety is always a concern

Relocation of Telecommunications Lines - Recovery

- Indiana statute
- IC 8-1-9-1
Public policy

Sec. 1. Recognizing that (a) part of the national system of interstate and defense highways located in Indiana are used by persons residing throughout Indiana and the United States for intrastate and interstate travel; (b) the cost of relocation of utility facilities necessitated by construction, reconstruction, change or modification of said highways is presently subject to being borne by utility rate payers only; and (c) existing federal legislation makes available a substantial portion of the funds with which said highways will be constructed, reconstructed, changed or modified, **it is hereby declared that it is inequitable for rate payers of utilities to bear the cost of relocation of utility facilities necessitated by said highway construction, reconstruction, change or modification and that such cost of relocation of utility facilities shall constitute a cost of construction of all highway projects in Indiana.**

- Monopoly utilities recover costs associated with relocation in their regulated rate cases

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Lines – Recovery

- Telecommunications providers are not allowed to directly recover these costs in Michigan
- Local Community Stabilization Authority (METRO) with the MPSC have determined that revenues cannot be used to pay for relocation. (Determination No.10)

Relocation of Telecommunications Lines – Incentives for Good Engineering Design

- The key to minimizing costs for everyone is AVOIDANCE of conflicts between telecommunications providers and ROW operators
- Today, no incentives exist for good ROW engineering design and avoidance for ROW operators
- Possible reimbursement to telecommunication providers by ROW operators will encourage avoidance most of the time.

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Lines – Private Easement

- Telecommunications providers acquire private easements for land owners
- Reimbursement is allowed since telecommunications provider has a land interest
- Billing and payment processes already exist with road authorities

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Lines – Predictability

- Even with avoidance, some relocation will be necessary
- These relocations need to be predictable for telecommunications providers to adequately budget, schedule, and complete the work
- The causation of the relocation needs to be defined (beautification, safety, etc.)

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Lines – Rural issue

- In urban areas, most cable is in private easement
- The high cost of relocation spurs thoughts of discontinuance of service
- Discourages investment in broadband
- Use of public ROW is required and historical in rural areas

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Lines – Other States

- Other states have reimbursement
- Indiana, Tennessee, Arizona, Georgia, Nevada, New Mexico, Mississippi, Montana, Utah in the Frontier footprint

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Lines – Frontier commitment

- Work to relocate is completed on time
- Provider has not discontinued service
- Reinvest all monies reimbursed for broadband infrastructure in Michigan (since that was how we would use the \$\$\$ in the first place)

Thank you

Questions and Answers

