

- 1. If the Respondent does not believe Scenario 1 or 2 presents a long term, sustainable business model, may it submit just an alternative proposal that is consistent with the objectives of MBI?**

Yes. The MBI has a strong preference for proposals that conform to either Scenario 1 or 2. Respondents wishing to submit an alternative proposal should clearly articulate its benefits over both Scenario 1 and 2 to the MBI, the Commonwealth, and, most importantly, the residents and businesses located in the *MassBroadband 123* Service Area. To assist in the comparison between proposals, the respondent should endeavor to fit its alternative proposal into the framework specified in the RFP. At a minimum, Respondents must fill out Attachment E and specifically identify those areas where its alternative proposal differs from the MBI's defined framework.

- 2. The Respondent is interested in extending the network to deliver open access fiber service directly to homes and businesses. Obviously this is best accomplished by leveraging the high strand count main network and splice-point extensions. Given a) The limited initial term of the operating agreement, b) the even shorter renewal periods, c) the prospect of only having 8 costly strands on the main network after the contract period, d) the potential for competition on extra dark strands provided to MBI, and e) the prospect of sharing revenues for 49+ years, it seems very difficult to build a long term, sustainable business model to encourage the large investment required. Would MBI consider an alternative proposal that meets the objectives of MBI, and encourages such an investment?**

Yes. The MBI has a strong preference for proposals that conform to either Scenario 1 or 2. Respondents wishing to submit an alternative proposal should clearly articulate its benefits over both Scenario 1 and 2 to the MBI, the Commonwealth, and, most importantly, the residents and businesses located in the *MassBroadband 123* Service Area. To assist in the comparison between proposals, the respondent should endeavor to fit its alternative proposal into the framework outlined in the RFP. At a minimum, respondents must fill out attachment E and specifically identify those areas where its alternative proposal differs from the MBI's defined framework.

**3. Will MBI announce the winner of the Network Operator RFP prior to issuing an RFP for the construction management/project management and construction roles?**

Under the current procurement timeline the selection of the Network Operator will occur after the Construction Manager/Project Manager solicitation is issued. The timeline for the construction solicitation has not been determined at this time.

**4. In order to fully evaluate the potential business case it is essential to see both sales projections and anticipated operating expenses. Will MBI share the full information included in its grant application, competitor data, and backup analysis prepared, with applicants?**

As discussed in the RFP, the MBI expects that each Respondent to the RFP will develop its own set of revenue and cost assumptions to inform the development of its proposal.

The addressable market contains over one million residents, 388,000 households, 44,300 businesses, 2,100 community anchor institutions (“CAIs”), and 3,429 square miles. The network will directly connect 1392 CAIs and be within a one mile lateral to the remaining 700 CAIs and over 50 commercial wireless towers. The middle mile network will be within 3 miles of over 98% of the households, CAIs, and businesses. The state’s Information Technology Division (“ITD”) and the Executive Office of Public Safety and Security (“EOPSS”) are integral parts of the federal grant and have expressed their intent to move all of their traffic to the network.

As for costs, Respondents should develop their own cost assumptions based on their own experience in regions similar to the MB123 service area and the respondent’s anticipated sales. Respondents should use the details contained in Attachment G of the RFP to project the anticipated costs of running the network and highlight assumptions that are significantly different from those included by on Attachment G.

If there are specific costs that the respondent feels that they cannot reasonably obtain, they should call these out specifically to the MBI, who will consider whether to provide estimates.

**5. Can MBI provide a complete copy of its fully drafted Open Access and Interconnection Policies or clarify these policies and how they match the RFP**

**plan to only allow the Network Operator to interconnect at slack loops on the network?**

It will be the responsibility of the Network Operator to develop an open network policy for the Network that comports with the principles, guidelines and legal references set forth in Attachment H of the RFP. The open network policy is subject to review and approval by the MBI. Interconnection policies, rates, terms, and conditions will be reasonable, nondiscriminatory, public, and applicable to any qualified party wishing to interconnect. ISPs will have lit hand offs at all CAIs and POIs at price caps set by the MBI, a policy which exceeds those standards set forth in the NOFA. The Network Operator will have the authority to set these policies for any other location (including splice points) on the network, based on their network management practices, the technical feasibility of such requests, the potential for stranded segments of fiber, the existing and anticipated capacity limitation of the network, and the Network Operator's fiber management plan (which is also subject to the MBI's approval).

**6. There are very few brand-new open access networks in existence in the United States today. Can MBI please clarify the scope or expectations of "Three references from customers of comparable middle-mile fiber networks operated by the Respondent"**

The MBI is interested in customers who utilize any of the Respondent's existing fiber networks of similar scale and scope to the MB123 Network. There is no requirement that these references come from customers of "Open Access" networks.

**7. MBI proposes an initial term of 10 years, with renewal negotiated beginning in year 6, followed by term extensions of 2 years. Is this correct? Given the obligations on the network operator for capital investments which cannot be recovered within 2, or even 4 years, will MBI contemplate alternate terms and frequency for contract extensions?**

Yes, the MBI will consider alternate terms and frequency for contract extensions. The structure is set up such that the Network Operator has at least four years of contract remaining when making capital allocation decisions.

**8. Will a list of Bidder Conference attendees be published?**

A list of attendees can be found at:

[http://www.massbroadband.org/mbi\\_rfp/net\\_op\\_062210/net\\_op.html](http://www.massbroadband.org/mbi_rfp/net_op_062210/net_op.html)

**9. A clarification. The 2100 CAI's highlighted on page 4 is the total number of community anchor institutions in the project area. Is this correct?**

Yes. 1,392 of these CAIs will be directly connected to the MB123 Network. 98% of the remaining CAIs are within 3 miles of the network.

**10. Which CAIs are considered wholesale vs. retail?**

All services provided by the Network Operator to CAIs will be on a wholesale basis. For the 559 directly connected, state-sponsored community anchors, the Network Operator will provide wholesale service to ITD and EOPSS. For all others, the Network Operator will provide wholesale services to ISPs and last-mile service providers, who will provide direct retail service, subject to the requirement that the Network Operator will be required to offer retail service to non-state CAIs that are not able to obtain retail connectivity from a third party service provider. As mentioned in the RFP the Network Operator may have an arms-length separate organization unit which provides these retail services. (See section 4.1.1.1, 4.1.1.2 and 4.1.1.2.1 of the RFP).

**11. Clarification. The price caps are not applicable where the network has been extended from a POI, CAI or splice point. This is true for unserved, underserved and served areas. Can you confirm?**

No, Price Caps are applicable in all scenarios in unserved and underserved service areas.

**12. 4.3.2 discusses Annual Oversight Fees. This has an eight year schedule, how does this match to the ten year contract? Starts in year three? No payment in years nine and ten?**

Section 4.3.2 of the RFP mistakenly did not include the required payments for years nine and ten of the Operator's contract period.

This fee is fixed based on the annual schedule in Appendix A to be made in 4 equal payments at the beginning of each quarter.

**13. On page 4 it is stated there are 44,300 businesses in the service area. Can more information about these businesses be provided? For example, size of business (employee number), location, revenue and any other relevant attributes.**

**[Please follow link >>](#)**

## **Appendix A – Annual Oversight Fee**

- Year 1 - \$160,000/yr (\$40,000/qtr)
- Year 2 - \$280,000/yr
- Year 3 - \$325,000/yr
- Year 4 - \$490,000/yr
- Year 5 - \$555,000/yr
- Year 6 - \$570,000/yr
- Year 7 - \$590,000/yr
- Year 8 - \$605,000/yr
- Year 9 - \$625,000/yr
- Year 10 - \$645,000/yr