



NoaNet eNewsletter Issue 16: Municipal Broadband Update
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Kitsap PUD Has Washington's First Telecom Local Utility District

Long before the FCC recognized broadband as a utility, citizens and communities were finding high-speed internet access absolutely necessary to their well-being and future success. Broadband telecommunications are increasingly becoming how people communicate, conduct business, access government services and engage in distance education opportunities. Kitsap Public Utility District (KPUD) recognized that broadband is a utility in their community and has worked to expand their fiber optic network to increase access to all residents of Kitsap County. One neighborhood petitioned Kitsap PUD to form a Local Utility District to fund the neighborhood portion of a fiber buildout off their existing network.

Kitsap PUD has been operating a high-speed open-access fiber optic broadband network in Kitsap County for over fifteen years. All of the county's schools, libraries, government offices, first responder buildings and major medical facilities have access to this fiber optic network. This has allowed these agencies to keep pace with the modern world; hospitals transmit data and imagery, schools stream content and instruction, and first responders coordinate emergency response plans. Residents of Kitsap County understand the PUD has this network and they would like it expanded to their homes.

Many residents of Kitsap County are located in rural communities that have little to no access to broadband services. The residents of one neighborhood, Lookout Lane, felt underserved by the incumbent provider who was offering DSL services that rarely reached 1Mbps at \$60 per month. Having exhausted all resources, the community met with KPUD to see if the utility district's existing broadband network infrastructure could be expanded their homes. Several of the homeowners work for tech companies and required access to high speed services at their homes to be able to work from home when needed. There had also been home sales that had fallen through recently because of the lack of broadband access. For this group, there was such an overwhelming consensus among the homeowners they were willing to have their homes assessed through their property taxes over a twenty-year period to pay for the network build out to their homes. To do this, the neighborhood petitioned KPUD to form

a Local Utility District (LUD) to fund the neighborhood portion of the fiber build, while KPUD financed the network expansion to the edge of the neighborhood off their existing network.

How does a LUD work?

- Homeowners petition the Public Utility District to form a Local Utility District
 - If a majority (50% + 1) of the homeowners petition the LUD is formed
- Once the LUD is formed, the PUD begins the process to construct the infrastructure
- When construction is complete, the homeowners are provided a final assessment amount
 - The assessment can be paid:
 - Upfront
 - Over a 20-year period
 - Or a combination of the two – A portion upfront and the rest over 20 years
 - The county administers the assessment and homeowners receive a tax bill for their assessed amount annually

This LUD infrastructure is currently being constructed by KPUD contractors and is expected to be completed by the end of the year. Once completed, the residents of Lookout Lane will have access to broadband services through a variety of retail service providers through an open-access model. Open access is the term used to describe a network where any Internet Service Provider (ISP) may provide service to the end-user over that network. KPUD believes the open access model serves the community by eliminating the costs of duplicative infrastructure and allowing the customer to have a choice of ISPs. Competition among ISPs has been shown to improve quality of services and control costs for the end user.

This is the first Local Utility District formed in Washington State to expand fiber optic infrastructure. We will be watching this closely to see about expanding the model to serve other areas of the State.