

Citizens Telecommunications Company of Minnesota, LLC (d/b/a "Frontier Communications")  
Response to City of Scandia, Minnesota  
Request for Proposals  
Fiber to the Premises (FTTP) Partnership

Introduction

Citizens Telecommunications Company of Minnesota, LLC ("Frontier Communications") appreciates the opportunity to explore a partnership for the provision of an enhanced broadband network to residents, businesses and institutions in the City of Scandia ("City"). Frontier's proposal would augment its existing network to provide broadband service at speeds that economically and efficiently meet the needs of Scandia's residents, businesses and institutions.

Frontier and its affiliates have extensive experience in providing broadband services over both Fiber to the Premises ("FTTP") and hybrid copper/fiber infrastructure. Frontier has sought and been awarded a State of Minnesota Border to Border Broadband Development Grant previously and is completing that project. Additionally, Frontier was a partner in three other Border to Border projects in which Frontier was responsible for project construction. Beyond Minnesota, Frontier and its affiliates have accepted Connect America Fund support in all 29 states in which they operate and completed 61.5% of the overall build-out versus the 60% year-end 2018 build-out milestone. Frontier affiliates have experience seeking grant requests and fulfilling their obligations in California, North Carolina, Nebraska, New York and Wisconsin.

The Request for Proposal ("RFP") seeks a proposal for a fiber-to-the-premises ("FTTP") network throughout the entire City. Frontier's affiliate company in Oregon ("Frontier Northwest") provides FTTP service to residents in the suburban Portland, Oregon area. The area, much like Scandia, is an affluent area. It serves a community with corporate headquarters for companies such as Nike and Intel. Frontier Northwest has made symmetrical giga-bit service available to over 200K households in that area yet has less than five customers subscribing to giga-bit service. While availability of giga-bit service is an attractive-sounding service, Frontier's experience is that 25/3 Mbps or, for many customers, lower speed service meets both their wants and needs, at a more affordable monthly rate. There are, indeed, customers (mostly commercial or institutional) with a need for higher speeds. Frontier finds that it is much more economical to meet those customer needs through either a dedicated Ethernet service offering which provides higher speeds over "bonded" copper pairs or by extending fiber from a neighborhood fiber-fed node to the premise to meet those specific, individual customer needs. For these reasons, Frontier offers a more economical proposal than a FTTH build to each household and business in Scandia, offering a proposal for provision of a minimum of 25/3 Mbps broadband service throughout the City by augmenting its hybrid fiber/copper network. This proposal includes a network that would extend fiber throughout the City to neighborhood nodes, serving most customers with a "last mile" copper infrastructure or by extending fiber to those locations with a "demand-driven" need for higher-speed service offerings.

## 1. Partnership Proposal

As outlined, above, Frontier's proposal consists of providing ubiquitous broadband service throughout the entire City so that all residents, businesses and institutions have available a minimum of 25/3 Mbps Internet access with faster speeds available on an individual customer basis, as needed. This would be accomplished by Frontier augmenting its existing network to deliver enhanced broadband service throughout the City using a combination of fiber/copper hybrid network and fiber to the premises where there is a request for higher speed service and the offering cannot be fulfilled using hybrid fiber/copper infrastructure. It would retain ownership of its existing infrastructure as well as the network augmentation proposed under this arrangement as the network components would be inextricably intertwined. The partnership arrangement would provide funding to make minimum 25/3 Mbps broadband service throughout the City at an affordable monthly rate, something not economically feasible without grant funding.

Neither the Minnesota Border to Border grant program or the City would provide any funding for existing Frontier infrastructure providing 25/3 Mbps service area nor would any support be provided for any of Frontier's existing infrastructure which would support the expanded offering of 25/3 Mbps service area. Frontier proposes that the sources of initial capital for the network augmentation would be as follows: Minnesota Border to Border grant, 48%; the City, 33% and Frontier, 19%. Frontier would use its existing infrastructure (for which there would be no grant reimbursement) and would be solely responsible for the substantial, on-going operational costs and on-going equipment upgrades and replacements which are estimated to exceed \$200,000 annually.

Frontier and its affiliates have experience in state and federal grant programs, and in Minnesota specifically, the Border to Border broadband grant program. It has constructed the network facilities for three projects which provided minimum 25/3 Mbps broadband speeds. The three broadband expansion grants provided minimum 25/3 Mbps service to 3,303 locations across high-cost, rural areas of the Atwater, Kandiyohi, Svea, Prinsburg, Raymond, Lake Lillian, Trimont, Truman, Northrup, Welcome, Sherburn, Fairmont, Ceylon, Crowell and Kettle River exchanges in Minnesota. The three grants provided \$3,341,656 in Border to Border funding. Additionally, Frontier was a successful partner with NESC in a "middle-mile" Border to Border project which provided enhance broadband speeds to Northern Minnesota.

## 2. Business and technical plan describing the approach to the project described in this RFP, including timeline and project milestone

Frontier proposes that the City be the designated "applicant" for the Border to Border grant partnership but would assist in preparation of the grant application. Frontier would be responsible for all aspects of the design, engineering, preparation of permit applications, construction, operation, network maintenance, service provisioning, billing, customer help desk and customer service for the provision of broadband service throughout the City.

Frontier anticipates Border to Border grants will be awarded in December 2019 or very early in 2020. Frontier anticipates engineering would commence immediately following the grant being awarded and contracts being executed with the State of Minnesota and the City. After the initial design phase is completed, Frontier would begin seeking necessary permits and issuance of bid requests from contractors with fiber placement being completed before ground frost occurs in the late Fall 2020.

Nodes and electronics upgrades would be completed by early Spring 2021. The project anticipates using existing copper facilities for “last mile” thereby minimizing disruption of the public right-of-way and the minimizing need for placement of drops across residents’ property.

### 3. Attachment A- Minimum requirements

Attachment A – Minimum Mandatory Requirements is included with Frontier’s response to the RFP.

Frontier has indicated “no” for responses No. 1 and 4, for the following reasons.

No. 1- While Frontier does have the ability to provide a Fiber to the Premises (FTTP) solution to all residents, businesses and anchor institutions in the City, this is not the most cost-effective solution and is not necessary to meet the needs of most locations for reasons described above. Frontier’s proposed network infrastructure would forgo deployment of fiber to the premises unless there was a customer request necessitating a fiber to the premises solution or that was the most economical solution where existing infrastructure does not exist.

No. 2- Frontier can use its existing backbone infrastructure, which notably has redundancy in and out of the City to the Internet peering locations. This redundancy would provide for network survivability if the backbone network is severed for both FTTP served locations and hybrid fiber/copper served locations.

No. 3- Frontier’s proposal would expand availability of 25/3 Mbps service offering to include every current residential, business and institutional location in the City.

No. 4- Frontier would have the ability to place additional facilities to provide speeds in excess of 25/3 Mbps to *any* homes, businesses or institutions in the City but does not propose to provide it to *all* homes, businesses or institutions in the City unless there is a specific request for speeds exceeding 25/3 Mbps. Customers close to fiber nodes could be offered speeds exceeding 25/3 Mbps without additional network augmentation using existing hybrid/copper infrastructure while some locations and some speeds may require fiber to the premises.

### 4. Attachment B- RACI Matrix

Attachment B provides the proposed responsibilities associated with the functions required to expand and to operate the provision of a minimum of 25/3 Mbps broadband service throughout the City. Other than funding, Frontier would have the primary, overall responsibility for the project, including construction and provisioning of service. Frontier is flexible in modifying these responsibilities.

Completed Attachment B provides the matrix showing proposed assignment of responsibility.

### 5. Attachment C- Service Level Responses

Frontier and its affiliates will assume the operations and maintenance functions of and delivery of services to the residents and businesses as described in Attachment C.

Attachment C provides an overview of the proposed service levels and the operational support for Frontier’s on-going provision of broadband service in the City.

### 6. Funding Plan

Frontier's proposal relies heavily on its existing infrastructure and redundant fiber transport for the transport of Internet traffic into and out of the City. The proposed capital costs addressed in the funding plan only include the capital expenditures required to augment existing infrastructure to provide a minimum of 25/3 Mbps broadband service ubiquitously throughout the City. Frontier does not propose any grant funding for existing infrastructure or on-going operational costs or network upgrades.

The City or its representative, along with the support of Frontier, would be responsible for the preparation and application of a Minnesota Border to Border Broadband Development grant requesting 48% funding for the capital costs associated with augmenting infrastructure within the City. Frontier proposes that the City fund 33% or \$352,500 with Frontier funding 19% or \$200,000 of the initial, incremental infrastructure investment cost. Internally generated funds would be the source of Frontier's project funding, with no need secure external financing for the project.

Frontier would be responsible for the all of the on-going operational costs, including network upgrades, associated with maintaining the network, marketing and provisioning of service; costs which are estimated to exceed \$200,000 annually.

#### 7. Past two fiscal years of audited financial statements

Citizens Telecommunications Company of Minnesota LLC is a wholly owned subsidiary of Frontier Communications Corporation. Frontier Communications Corporation's most recent 10-K audited financial statements are available at:

<https://investor.frontier.com/Cache/396933835.pdf>

<https://investor.frontier.com/Cache/392397115.pdf>

#### 8. Attachment D- Cost Proposal

Attachment D is included and, because it could not be modified, requires additional explanation.

While the attachment refers to a fiber to the premises (FTTP) proposal, Frontier's proposal is for a hybrid fiber/copper network augmentation. All costs included in the Cost Proposal Form ("CPF") are for a hybrid fiber/copper network.

The CPF was formatted for only two providers, the partner and the city. Frontier proposes a third source of funding through the Minnesota Border to Border Broadband Development fund. Frontier's estimated capital cost for the network augmentation is \$1,062,500 with 48% of that funding (or \$510,000) coming from a state grant. Only partner and City funding amounts are included in the CPF.

Frontier does not offer a 100/20Mbps service but does offer 90/5 Mbps and 115/7 Mbps. For this reason, no price was shown in the CPF for 100/20 Mbps service.

The "total monthly cost to the fiber internet subscriber" is set up in the spreadsheet as a sum of the three rates requested earlier in the form and not the rate an individual customer would pay for service.

9. Name, email and daytime telephone number for primary contact

Frontier's primary contact for its proposal is:

Jack Phillips, Director- Gov't Affairs  
14450 Burnhaven Drive, Burnsville, MN 55306  
[jack.phillips@ftr.com](mailto:jack.phillips@ftr.com)  
Day telephone number: 952-435-1373  
Mobile telephone number: 952-210-0722

10. Name, address, email and daytime telephone number for the individual authorized to enter into a contract with the City.

Michael Golob, SVP Engineering  
2407 NE 3<sup>rd</sup> Avenue  
Camas, WA 98607  
[michael.golob@ftr.com](mailto:michael.golob@ftr.com)  
Day telephone number: 585-413-9431

## Attachment A - Minimum mandatory Requirements

Vendor: Frontier Communications

Date: March 11, 2019

**Instructions:** Vendors should respond to the following questions by marking an "x" in either the yes or no column.

No	Question	Yes	No
1	Can you or you affiliated partners provide Fiber to the Premises (FTTP) solution to all residents, businesses and anchor locations in Scandia, Minnesota?		X
2	Can you or your affiliated partners provide Fiber to the Premises (FTTP) in Scandia, Minnesota using existing fiber backbone infrastructure?	X	
3	Can you or your affiliated partners provide no later than 2022, provide all businesses and homes in Scandia access to high-speed broadband that meets the minimum download speeds of at least 25 megabits per second and minimum upload speeds of at least 3 megabits per second?	X	
4	Can you or your affiliated partners provide no later than 2026, provide all businesses and homes in Scandia access to high-speed broadband that meets the minimum download speeds of at least 100 megabits per second and minimum upload speeds of at least 20 megabits per second?		X

## Attachment B - Responsibility Assignment Matrix

Vendor: Frontier Communications

Date: March 11, 2019

**Instructions:** Vendors should indicate the expected roles in the partnership with the City of Scandia using the RACI model.

**R** = Responsible. **A** = Accountable. **C** = Consulted. **I** = Informed.

Vendors should indicate exactly one **A** (Accountable) for each role. In this Responsibility Assignment Matrix, unless otherwise

Function or Role	Partner	Partner's Affiliates	Scandia	City's Representative
Funding	R		A	C
Project Management	A		I	I
MN Deed Grant Application	C		A	C
Permitting & ROW	A		C	I
Design/Engineering	A		I	I
QA/QC on Design/Engineering	A		I	I
Warranties on Design/Engineering	A			
Construction	A		I	I
QA/QC on Construction	A		I	I
Warranties on Construction	A			
Network Operations & Upgrades	A		I	I
Customer Service	A		I	I
Internet Service Provider (ISP)	A		N/A	I
Billing & Provisioning	A		I	I

Vendors should indicate the expected roles in the partnership with the City using the RACI model. R = Responsible. A = Accountable. C = Consulted. I = Informed. Vendors should indicate exactly one A (Accountable) for each role. In the Responsibility Assignment Matrix, unless otherwise noted with an R (Responsible), the Accountable party will also be the Responsible party.

## Attachment C – Service Level Responses

1. Provide the speed tiers (download and upload) and pricing structure that will be offered over the initial five years of the project.

Response: Frontier offers a wide range of broadband pricing options. Frontier offers voice, broadband, and video services with month-to-month pricing as well as various term, discounted plans. Stand-alone broadband pricing for new customers is shown in response to #2, below. The pricing shown below is for new customers and a modem/router fee may apply depending on the length of term. Additionally, installation fees may apply depending on the term and other services which the customer may be purchasing from Frontier. Construction charges may apply for extending facilities for services exceeding 25/3 Mbps.

2. Please include proposed pricing information the specific un-discounted/rack rate pricing of unbundled internet-only service of 25 Mbps down and 3 Mbps upload and if offered, for service of 100 Mbps down and 20 Mbps upload, and 1G/1G.

Response:

Rates will vary depending on speed, term of agreement and whether the broadband service is bundled with other services.

An example of rates for stand-alone broadband (broadband with no other Frontier services) would be:

Download 25 Mbps: \$34.99/month  
Download 45-115 Mbps (as available): \$44.99/month  
Router fee: \$10.00/month, depending on term  
Full install fee (tech visits premises for set-up): \$75.00

3. Please describe the expected recovery time to a service level disruption to most common outages. Please describe the expected support level the City can expect from your service to the home and business owner.

Response: There are various causes of customer outages. One of the most common sources of outages or customer problem is wi-fi connected devices being dropped from their Internet connection. Recovery time is typically very minimal (a matter of minutes), through a reset of the customer premise router customer which may be initiated either by the customer or our Internet helpdesk. The Internet help desk can resolve many software issues (both customer and network) remotely with the customer on the line. Frontier has redundant, fiber transport facilities from its Scandia wire center to Internet peering sites so cable cuts of these inter-office transport routes are typically repaired without customer outages. Our network is monitored on a 24/7 basis by our Network Operations Centers which can detect fiber cuts, electronic

equipment failures, and power outages. For localized facility problems, Frontier has a local technical supervisor, local field supervisors and central office technicians.

4. Please list the Internet Service Providers you can provide to the consumer of fiber internet.

Response: Citizens Telecommunications Company of Minnesota, LLC

5. Please list the locations of customer service call centers and support locations that would be leveraged for end users support.

Response: Frontier has redundant customer service centers located across the country to support our customers. The following list is by customer service function.

Residential: Charleston, WV; Deland, FL; Fort Wayne, IN; Thousand Oaks, CA; Tampa, FL; Everett, WA; Irving, TX; New Haven, CT; New London, CT; Dallas, PA; Rochester, NY; Powell, TX; Gloversville, NY; Victorville, CA; Long Beach, CA (Spanish and Korean); and a third party center is used for other languages

Commercial: Burnsville, MN; Charleston, WV; Pomona, CA; Kingman, AZ; Tampa, FL; Fort Wayne, IN; Irving, TX; and Dallas, PA

Repair: New Haven, CT, New London, CT; Pomona, CA; Rochester, NY and Tampa, FL

Tech Support: Allen, TX; Irving, TX; Rochester, NY and Tampa, FL

Social Media: Irving, TX and Deland, FL

6. Plan to identify potential customer base prior to implementation. What mechanism for take-rate estimates would the provider like to see for customer interest/potential customer base and engagement support from the City of Scandia, including the established Internet Focus Group in conjunction with the Economic Development Authority?

Response: Frontier anticipates take-rates will vary between unserved, underserved, and currently served areas with the take-rates progressively higher for currently served, underserved, and unserved areas of the City. Input from the Internet Focus Group and Economic Development Authority in identifying specific individual residential, business and institutional customers with needs exceeding 25/3 Mbps would improve engineering efficiency and timely delivery of services to those with higher speed needs.

**Attachment D - Cost Proposal Form**  
**Fiber to the Premises (FTTP) in Scandia, MN**

Vendor: Frontier Communications  
 Date: March 11, 2019

**Instructions:** Vendors are to fill out each tab according to their selected solution(s). Do NOT alter cost form!!! Please enter cost in Highlighted fields only. **Supplier must provide a single quote or financial proposal for the following:**

		Partner	City	
Total proposed FTTP Capital project cost to be funded by the Partner and City*	All inclusive Initial Cost**	\$ 200,000.00	\$ 352,500.00	
Annual proposed FTTP Operating cost to be funded by the Partner and City, both during the project and after completion	Annual all inclusive Cost**	\$ 209,729.00	\$ -	
		25 Mbps / 3 Mbps	100 Mbps/20 Mbps	1 Gbps/1 Gbps
Monthly proposed cost to the fiber internet subscriber by internet speed, to include the combined fiber line and ISP cost	Monthly all inclusive Cost**	\$ 34.99	\$ -	\$ -
<b>Total Capital Investment by the partner into Scandia</b>		\$ 200,000.00		
<b>Total Operating Cost by the partner</b>		\$ 209,729.00		
<b>Total Capital and Operating Cost to Scandia</b>		\$ 352,500.00		
<b>Total monthly cost to the fiber internet subscriber</b>		\$ 34.99		

\*Partner must be able to breakdown project costs across customers that are considered "served" by the MN Deed Broadband definitions as they will be excluded from state funding request.

\*\*All Inclusive Cost: Including, but not limited to, travel, hotel, car rental and other accommodations.

**Do NOT alter Score Sheet**

Cost Proposals will be scored as follows: The points assigned to each offerors cost proposal will be based on the Lowest Proposal Cost or Highest Capital Investment. The offeror with the Lowest Proposed Cost or Highest Capital Investment will receive 100% of the cost points. All other offerors will receive a portion of the total cost points based on what percentage higher their Proposed Cost is than the Lowest Proposed Cost. An offeror who's Proposed Cost is more than double (200%) the Lowest Proposed Cost will receive no points. The formula to compute the Cost points is: Cost Points x (2 - (Proposed Cost/Lowest Proposed Cost)). The formula to compute the Investment points is: Investment Points x (Proposed Cost/Lowest Proposed Cost).