Eastern Kentucky is first priority for KentuckyWired project

HAZARD, Ky. (Aug. 31, 2015) – Reliable, high-speed Internet is coming to every county of the state, and supporters say the broadband project will be the key catalyst for profound and sweeping growth in job creation, health access and education. To celebrate the construction of the statewide KentuckyWired, I-Way broadband network, Gov. Steve Beshear, Congressman Hal Rogers, state and local officials and hundreds of citizens gathered at Hazard Community and Technical College to learn more about KentuckyWired and how Kentucky's future will benefit from broadband. The broadband project will begin in eastern Kentucky and over the next three years will spread throughout the state. The benefits of broadband will break down geographic and financial barriers to education and economic development by providing access to affordable, high-quality Internet service to connect Kentuckians to the world.

"This is an exciting day," said Gov. Beshear. "The potential for every Kentuckian to tap into the global economy, compete for higher paying jobs, collaborate with researchers across the globe, take classes online, or access increased medical care make KentuckyWired one of the most important infrastructure projects in our state's history. While KentuckyWired is starting in the east, this network will cover approximately 3,400 miles across the state to bring badly needed Internet access closer to all our communities."

The push for reliable, accessible and affordable high-speed broadband is one recommendation that emerged from the SOAR (Shaping Our Appalachian Region) initiative. That recommendation, along with the continuing loss of coal jobs, has been the reason for starting the project in the SOAR region. As a long-time technology leader in the region, The Center for Rural Development partnered with the Commonwealth to guide the eastern Kentucky phase of the project. The leaders also called on communities and local providers to get ready for the project by preparing the "last mile," or the Internet hookups from the broadband "highway" to individual homes and businesses.

The leaders also called on communities and local providers to get ready for the project by preparing the "last mile," or the Internet hookups from the broadband "highway" to individual homes and businesses.

"Thanks to the I-Way, we will essentially have endless capacity and endless connectivity," said Congressman Rogers. "The only limit is our creativity. It's up to us to put this resource to work for economic diversity, job creation and improved opportunities for the people of eastern Kentucky."

Today's event included live demonstrations of broadband's potential for improving economic development and quality of life, including demonstrations of telemedicine, distance learning and entrepreneurial technologies.

Broadband is an 'economic lifeline' Broadband means a wide band of frequencies is available to transmit data, similar to multiple lanes on an interstate highway that allow more cars to travel at the same time. Recently, the Federal Communications Commission (FCC) increased the

broadband standard to 25 mbps, which means even more Kentuckians do not have service at the minimum level.

KentuckyWired will build the state's middle-mile fiber network and will provide wholesale access to local Internet service providers who can extend fiber to homes and businesses. "Consider the KentuckyWired project to be similar to building a highway through the state, and then local communities will build out the roads leading from the highway to neighborhoods and businesses," said Steve Rucker, deputy secretary of the Finance and Administration Cabinet. "We need our communities to make plans now for building those 'last miles' to citizens."

Broadband, like electricity, water and sewer, is an essential service in the 21st century economy, but Kentucky consistently ranks at or near the bottom for broadband access and adoption.

As other states enhance their broadband capacities, Kentucky falls further behind, which is why KentuckyWired is on an aggressive three-year timeframe for substantial completion. "Today's businesses require round-the-clock availability to markets around the world. Every inventory record, product order and accounting system demands strong Internet service in order to communicate with customers, suppliers and headquarters," said Jared Arnett, executive director of SOAR. "Spotty, overpriced Internet service repels new business and stifles entrepreneurship. KentuckyWired is bringing fiber to our communities, and it can't get here fast enough. It's a literal economic lifeline."

Project leverages the power of the private sector The project will be designed, built, operated and maintained through a 30-year public-private-partnership (P3) led by Macquarie Capital and industry partners. These partners have executed community fiber projects across the country, but note that Kentucky's is the largest P3 fiber partnership in the country, and the only one which is fully open-access.

"Macquarie Capital and its industry partners are extremely excited about the opportunity to develop the KentuckyWired broadband network, bringing together true specialists in each of the disciplines necessary to successfully deliver this complex project," said Nick Butcher, head of North American Infrastructure at Macquarie Capital. "A high-speed, open access network positions Kentucky to provide competitive 21st century Internet services to homes and businesses, which will rapidly increase the state's capacity for long-term economic growth and give the users greater choice among service providers and product platforms." The total project is estimated to cost $324 million. The General Assembly allocated $30 million in the 2014 legislative session and $23.5 million in federal funds have been appropriated. Through the P3 approach the remaining funding will come from the consortium partners. The private partners have a target for hiring Kentuckians.

"If we were to rely solely on state government funding to get this project off the ground, it would take years, if not decades. Those kinds of tax dollars just aren't available," said Gov. Beshear. "Today we are celebrating how fast we've been able to put this project together by working with the private sector." "The KentuckyWired project is big news for the Commonwealth and I'm pleased to see it begin here in East Kentucky," Senate President Robert Stivers said. "Increasing Internet access will provide for greater economic, educational and cultural opportunities not just

in this region but for all of Kentucky." "Reliable, fast-speed Internet is absolutely critical in making sure our businesses, schools and homes have the online access they need to thrive today," House Speaker Greg Stumbo said. "This project is on track to be a true game-changer, especially for eastern Kentucky, and it will level the playing field in ways we can only dream about today. I'm proud other legislators and I could play a role in making this possible."

"This broadband project is a federal investment in Kentucky's economic future," said Earl Gohl, federal co-chair of the Appalachian Regional Commission. "It will strengthen Kentucky's rural communities and create opportunities for the next generation of Kentuckians." "Access to high-speed, broadband Internet resources is vital to students, teachers, business people and commerce," said Bob King, president of the Council on Postsecondary Education. "High-speed access eliminates physical, geographic and academic isolation and will open up the SOAR region to the world.

Network Authority to Oversee Project, Protect Taxpayer Interests Since first announced in December of last year, the Finance and Administration Cabinet has been working closely with the Macquarie team on negotiating details and meeting with stakeholders to devise the best plan to bring the project to fruition, including using existing infrastructure when possible. The first beneficiaries of the state's broadband network will include nearly 1,100 government facilities. Communities are expected to then continue the "build-out" of the last mile connecting fiber to individual homes and businesses.

The newly created Kentucky Communications Network Authority and its governing board will manage the KentuckyWired open-access broadband network by overseeing the public-private partnership master agreement with consortium partners. Gov. Beshear created the authority by executive order and attached it to the Office of the Governor.