



Kentucky Launches Biggest Public-Private Partnership for Open-Access State Broadband Network

Macquarie, First Solutions to manage wholesale service provider network for KentuckyWired

HAZARD, Ky. (Aug. 31, 2015) – Kentucky is blazing a new trail for municipal broadband networks with the launch of KentuckyWired, the largest public-private partnership ever for such a project. The Bluegrass State chose Macquarie and First Solutions as its partners for this innovative open-network plan, which will complete its first portion of fiber construction by mid-2016.

Upon completion, Macquarie and First Solutions will manage the wholesale service provider network on behalf of the state.

Supporters agree that this broadband project will be the key catalyst for profound and sweeping growth in job creation, health access and education in Kentucky. KentuckyWired will build the state's middle-mile fiber network and will provide wholesale access to local Internet service providers, which can extend fiber to homes and businesses.

“We have worked with Kentucky officials to devise a new model for government-driven broadband, one that allows an unlimited number of Internet service providers to get access to the fiber,” said Ed Crowston, CEO of First Solutions. “That means increased competition among providers, which should drive down costs to consumers and encourage more people to use broadband. It’s a smart solution that benefits everyone.”

To celebrate the construction of the statewide KentuckyWired broadband network, Gov. Steve Beshear, Congressman Hal Rogers, state and local officials and more than 500 citizens gathered at Hazard Community and Technical College to learn more about the project and how Kentucky’s future will benefit from broadband.

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 KentuckyWired model is an exciting innovation for state and municipalities, as the P3 partnership and management helps governments unleash the power of the private sector for both financial support and management. That greatly accelerates the speed at which the project can be completed,” said Mike Lee, chief operating officer and chief technology officer for First Solutions. “As broadband speeds get faster, unconnected communities fall further and further behind. We’re very pleased to be part of the solution to get broadband into underserved communities through a fast-track project like KentuckyWired, and we’re looking forward to managing this transformative network for Kentucky.”

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.

Project leverages 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 of hiring at least 60 percent Kentucky workforce for the project.

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.

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