



Opelika Puts Itself on the Main Line

Opelika taxpayers built their own 100 percent fiber-to-home broadband network. At \$43 million, it's the most ambitious municipal network in the state, and they're not sweating the payback.

BY JESSICA ARMSTRONG // PHOTO BY JOSEPH DE SCIOSE

When the city of Opelika bought a privately owned electric plant more than 100 years ago, many Americans were still without electricity — cooking on wood-burning stoves and reading by the flickering, smoky light of kerosene lanterns.

Citizens were literally transported out of the dark ages in 1911, when the city turned that newly purchased small utility into the municipally owned Opelika Power Services (OPS).

Now OPS is propelling the city's residents forward in another giant step, adding a smart grid system that includes video for cable TV, ultra-high speed internet and telephone service.

Residents long complained about the high prices and poor service of their former cable/Internet provider. The city tried,

but failed, to attract other providers and then decided to fill the gap themselves.

June Owens, manager of marketing and communication for OPS, says Opelika is Alabama's first municipality offering a broadband fiber-optic system that spans the entire city with fiber-to-the-home services capable of reaching 100 percent of its citizens.

"Every Opelika resident and business will have the opportunity to subscribe to our services. We are not just a fiber-rich network. We are a 100 percent fiber network."

After a public hearing and citywide referendum, voters approved the plan to construct the network. Construction began in 2012 on the project, which includes 425 miles of fiber throughout the

city and a hub to house all OPS offices.

Along with offering customers "triple play" (telephone, television and Internet), the smart grid portion of the project allows OPS to detect and fix problems and control energy consumption. Residents and companies can monitor use in real time to manage the flow of electricity and reduce repair time in outages.

Opelika invested about \$43 million in the network, financed with a bond issue backed up by the revenue of Opelika Power Services.

Leadership for Opelika's new fiber optic network visit the system's operations center. From left: Director David Horton, Marketing Manager June Owens and Opelika Mayor Gary Fuller.

“It takes quite a bit of courage to take a \$43 million bite out of that apple,” admits Opelika Mayor Gary Fuller, who thinks the city will break even in the next four years, a year earlier than the projected timeframe. Once that happens, profits will be returned to the general fund to benefit Opelika City Schools, public safety, the library and other community needs.

Fuller says electricity rates are about 25 percent lower through Opelika Power Services than in neighboring Auburn, which is served by Alabama Power. Rates for the new video, voice and data services are very competitive, he says, and include 24/7 customer service that puts callers in immediate touch with local representatives. Service became available to residents and small businesses in late 2013 and to larger businesses with many phone lines in July 2014.

One of its first customers is V3 Media Group, a local company specializing in web design and hosting, along with web app development and digital marketing. Because 99 percent of its work is online, V3 Managing Director Dale Vaughn says the company can't function without reli-

able Internet and depends on the power and reliability of Opelika's new fiber optic network.

“Our web apps and websites require the highest levels of speed, and without OPS' fiber internet piping a full GIG (1000 uploading and downloading) into our office, our projects wouldn't be able to function the way they are designed.”

Attracting new industry and businesses was a major factor in creating the network. Accessibility is critical to companies depending on high-speed connections to the Internet, and recent studies indicate that communities with fast and reliable networks attract jobs. Opelika Economic Development Director Lori Huguley says an advantage to deploying fiber throughout Opelika is the ability to offer ultra high speed and reliable data services to residents and businesses within the city.

“We all know that many industries look for a location close to a major highway, and the accessibility to that highway is very important. The new offering by Opelika Power Services provides extremely reliable and high-speed

accessibility to the information super highway. Many times a project location decision is made where needs and assets complement. We now have a huge asset to market to companies that have a need for high-speed, reliable services.”

Opelika just might evolve into a mini Chattanooga, a city now known for its globally competitive broadband network. Some entrepreneurs and tech wunderkinds are even choosing “Gig City,” Chattanooga's new moniker, over Silicon Valley.

Community Broadband Networks (part of the Washington, D.C.-based Institute for Local Self-Reliance) is tracking more than 400 local governments that have made investments in wired networks. Yet fewer than 150 of those municipalities offer citywide networks. According to Director Christopher Mitchell, other Alabama cities operating their own network include Sylacauga, Scottsboro, Opp and Foley, which does not offer Internet.

Mitchell says the majority of municipalities in the network business have populations under 12,000. One of

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Alabama's biggest cities might join in. Huntsville recently approved hiring a consultant to investigate getting into the high-speed Internet business. In addition, Fuller says Dothan and several other Alabama municipalities have expressed interest in following in Opelika's footsteps.

Mitchell says nearly every city that has started a municipal broadband had municipal electricity, but that's changing. Municipalities without an electric utility to build the network on often develop the network in increments to reduce risk, first supplying public institutions, followed by businesses and residences. While interest in municipal broadband networks is increasing, about 70 percent of the country's homes remain powered through private rather than government-owned utilities.

Although citizens green-lighted Opelika's project, it hasn't been without its naysayers. A loosely based group, the Concerned Citizens of Opelika, have expressed an Orwellian fear of government control and lack of privacy.

"Some folks thought we wanted to see into their bedroom, which we have no interest in," says Fuller. "Our smart meters will do what all meters have done for over 100 years — measure the amount of energy or power consumed by the customers so we can send them a bill."

Jim Lakely, co-director of the Center on the Digital Economy at the Chicago-based think tank Heartland Institute, is more concerned about taxpayer dollars than privacy. He believes city-run broadband networks are doomed to fail, which discourages broadband companies from investing in the infrastructure of the community — thus leaving it underserved.

"Broadband is a very competitive industry, requiring enormous amounts of capital, staff, institutional knowledge, technical expertise, flexibility and a high level of business acumen. Municipalities possess none of these things, but public officials imagine they do, chiefly because they figure they have an endless supply of capital in the form of taxpayer money."

Mitchell, however, says the claim of losses to taxpayers and ratepayers are limited to a very small number of public networks. He cites Thomasville, Georgia and Spanish Fork, Utah, as cities returning millions of dollars to their general fund. Chattanooga's telecom services are so successful that the city has avoided

electricity rate increases.

When deciding whether to build their own network, cities must weigh the risk of action against the risk of inaction and the benefits of success, Mitchell adds. "There's risk in engaging in this business, but there's risk in continuing to rely on slow, overpriced and unreliable cable services. And we've seen what happens to towns bypassed by railroads and electrification — they disappear off the map."

Fuller believes the new broadband net-

work will indeed put Opelika on the map, allowing the city to more fully participate in the worldwide digital economy. "The biggest bang for our buck will be five to 10 years down the road. This is the most important action I've done and the Council has done or will do during our time in office."

Jessica Armstrong is a freelance writer for Business Alabama. She lives in Auburn.

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