

Ammon Model – City of Ammon Fiber to the Home (FTTH) Financial Model



The City of Ammon Idaho has deployed the first fully automated Open Access, SDN based, Virtualized Municipal Fiber Network in North America (perhaps worldwide). The financial model developed by Ammon to fund its fiber buildout is as unique and innovative as the technology behind the network.

Key Concepts in Ammon’s Financial Model Include: *[Note: Items in bold are distinguishing features of the Ammon model.]*

1. Network infrastructure funding is structured in a Local Improvement District (LID).
[The name for this structure varies by State i.e. Special Improvement District, Business Improvement District, Special Service Area, Local Improvement District, or Broadband Improvement District.]
2. **The Lit Fiber Network infrastructure is organized as a Utility.**
3. **Services are not part of the Utility.**
4. The municipality owns, manages, maintains and provides customer support for Utility infrastructure.
5. **The Model reinforces separation of infrastructure and services.**
6. The municipality supports the cloud environment hosting services.
7. Service Providers have a direct relationship with Subscribers.
8. This model is “Opt-in” – this means Property Owners voluntarily sign up to participate in the LID.
9. **Legal responsibility for LID funding comes from the property owners who sign up.**
10. **The model is low risk (financially) for the Municipality.**
11. **Property owners who choose not to participate are not financially responsible for LID debt or obligations.**
12. Total LID infrastructure cost divided by number of subscribers = financial obligation of each property owner.
13. **There are Three Cost Categories:**
 - a. **Infrastructure Cost** – paid through property taxes *(can be paid up front or spread over 20 years)*.
 - b. **Monthly Maintenance & Operations (M&O) Cost** – paid through City Utility invoice.
 - c. **Cost for Subscribed Services** – paid directly to the Service Provider(s).
14. Infrastructure deployment is broken up into phases and each phase is a separate LID.
15. **The model is sustainable because it is not dependent on take rates beyond the initial take rate.**
16. **The model is sustainable because customer stickiness is very strong.**
17. **This model is sustainable because the method of funding protects the network operator from changes in the prices of services.**
18. **Monthly maintenance & operations (M&O) expenses can be suspended by subscribers.**
19. **Services can be suspended by subscribers.**
20. Infrastructure expenses cannot be suspended until the property owner LID debt is retired.
21. Equipment replacement is built into maintenance & operations (M&O) expense.
22. Late-comers pay full amount up front.
23. Actual LID assessment amount per household depends on take-rate.
24. **To address Digital Divide concerns under the LID structure, Ammon provides a free Lifeline ISP which allows users experiencing a financial hardship to use the network in 60 minute increments to access essential services (school district network, job search, other educational resources, government resources, etc).**

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Ammon FTTH Deployment Data – Phase 1

Residential Take Rate	67%-70%
Number of ISP's Signed Up to Provide Services	4
Infrastructure Allocation Per Home Owner	\$3,000
Infrastructure Finance Term	20 Years
Monthly Infrastructure Expense (Fiber Optic Connection)	\$17.00
Monthly Maintenance & Operations Expense (1 Gig Connection)	\$17.00
Best Monthly ISP Best Value Currently (75/75 Mbps)	\$19.99
Total Monthly Cost	\$53.99

Questions?

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