
iProvo Sold to Private Company

By Ryan Merriman - 7 May 2008

After nine months of private negotiations, Provo Mayor Lewis K. Billings announced Thursday the city's intention to sell the iProvo fiber-optic network for \$40.6 million to Broadweave Networks, a telecommunications company that currently delivers telephone, television and Internet services to about 1,000 customers in southern Utah.

The sales price covers the majority of outstanding bonds Provo incurred building the network and allows the city to continue using the fiber-optic system for utility services as well as maintain connections to Provo schools and government buildings for \$300,000 a year.

"This is a good deal for Provo and a good deal for Broadweave Networks," Billings said in a press conference. "We've maintained all along that if the private sector is willing and able to do something, the government should stand aside and let them."

Broadweave CEO Steve Christensen praised Billings and iProvo for being one of the first municipalities in the country to construct an active Ethernet network connecting over 36,000 homes. His company is excited to improve the network and business model to offer even better services, he said.

"They built a network that is future proof - the technology supports multiple manufacturers so residents are never stuck with one provider," Christensen said. "But the one thing the city could not do is be the network provider and the service provider, and there are inefficiencies and challenges with that model."

With the financial backing of Sorenson Capital, Broadweave plans to make substantial investments into the network and will also lease the iProvo Network Operations Center from Provo for an amount in addition to the network's sale price.

Broadweave will announce sometime next week, which, if any, current providers will be able to use the network. The transition should be smooth and result in better services for current iProvo subscribers, Christensen said.

"We've become really good at managing and owning the same type of network as iProvo," Christensen said. "We own all the pieces that are involved in this puzzle, and customers should expect a smooth transition. Network reliability, performance, and customer service will all improve. We're not only going to invest

in the network to make services better, we're also going to keep prices very competitive."

Not everyone is happy with the proposal. Last April, the city issued a request for proposals from private companies that wanted to use the network to provide additional services on the network. Late last year Provo entered a non-disclosure agreement with Broadweave which offered to buy the network. Pete Ashdown, president of Xmission, said his company received a favorable response from the city after submitting a proposal to sign on as an additional Internet provider, but wasn't even invited to the city's press conference.

"It's a public asset that's not being sold through a public process," Ashdown said. "I believe when it comes to municipalities and government the more transparency the better. When people want to do something behind closed doors it's because they have something to hide. The [city's request for proposals] was about providers and said nothing about purchasing the network."

Billings said the wording of the city's request was broad enough to include privatizing the network, not just adding additional providers.

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