



## **Broadband Chesterfield Year - End Report – FY 2022**

It is a real pleasure to write this annual report and to be able to state that our Broadband Chesterfield network is complete! It has been a long road and the combined efforts of many people, and the patience of our citizens, have combined to bring it to fruition. A lot has happened this year. For one thing, it is the first full year of our operation as an MLP using Enterprise Fund accounting. Also, we welcomed Jack Henry as Associate MLP Manager. Jack has proven to be an invaluable asset to the MLP, bringing not only a level head for business, but years of managerial experience in the private sector. As this is the first year-end report of the MLP, let us give some background information.

### **Broadband Chesterfield**

The physical infrastructure (fiber optic lines, drops to the home, the fiber optic network hub, electronic equipment, etc.) is owned by the Town of Chesterfield (we the citizens) and is administered by the Broadband Chesterfield Municipal Light Plant (MLP), an Enterprise Fund Accounting Entity, overseen by a MLP Board of five appointed members (a member of the Select Board, a member of the Finance Committee, and three at-large members) and a MLP Manager and Associate Manager. The MLP Budget each year is created by the managers, approved by the board, and approved by the Annual Town Meeting. The MLP is an operational entity governed by MGL Chapter 164. The Enterprise Fund is an accounting entity that handles the financial side of the MLP and is governed by MGL Chapter 44.

### **Network Construction**

Work began on the Broadband Chesterfield project in 2015 and the network was completed in January 2022. The total project capital costs for the network as of December 31, 2021 are: \$2 million for network construction and \$725,500 for drops to the home. Funding sources for the project include: Town borrowing of up to \$1.51 million; state grant funds of \$890,000; MLP contribution of \$50,000, State true-up of make-ready of \$226,317, and reimbursement by the State for drops of \$225,500.

- State of Massachusetts - \$1.34 million
- MLP - \$50,000
- Town of Chesterfield - \$1.51 million (not all of which may be unitized)

Chesterfield also secured a \$584,457 federal grant that will be remitted to the town in installments over 10 years, beginning in FY 2023, and which will be used to pay down the town's broadband-related loan, thereby reducing the overall debt service costs.

Chesterfield's fiber optic network includes a state-of-the-art fiberoptic network hub, 48.54 miles of fiber optic cables attached to 1385 utility poles and is capable of serving 100% of the 644 premises in town. Included in our project is a municipal network that connects all 6 town buildings (Fire Department, Highway Department, Town Offices, Library, Community Center, and West Chesterfield Old Post Office).

## **Operations**

We have partnered with Whip City Fiber, a subsidiary of Westfield Gas + Electric, to operate our network and provide internet services. We offer residential gigabit internet service for \$85/month with optional VOIP phone for an additional \$14.95/month (plus applicable taxes and fees).

Of the 644 potential premises in Chesterfield, 522 are either currently connected to the network or will be, as follows:

- Residential Subscribers: 508
- Municipal Departments: 6
- Business Subscribers: 8
- Total current subscription rate = 81%

During the past year we have worked hard to leverage additional funding to help ensure access to and affordability of our services. The Town was able to get \$373,335 of COVID-19 CARES ACT funding to help pay for construction and reduce the amount needed to borrow. We rolled out the federal "Lifeline" program which provides a \$9.25 monthly credit to income-eligible households, and 4 households are currently participating. We also participate in a federal program (ACP) which will provide a monthly credit to households who have been negatively impacted by the pandemic. Nineteen households currently participate in this program.

We have added security and equipment monitoring equipment in the hut to alert us to any problem that might arise. These include monitoring of the back-up generator, the fuel level, 24-hour recorded video surveillance, police and fire, humidity, flood, temperature, and equipment operation.

We have increased our backhaul (the connection from Chesterfield to the outside world) from 1 gigabit to 2 gigabits to prevent slow-down during peak periods (such as evening). In addition, we doubled our lines to the outside world to ensure that the network does

not go down if a line is down in one direction. We continue to work with our neighboring towns and with Whip City Fiber and with the Massachusetts Broadband Institute (MBI) to ensure the future resiliency of our network and to obtain the best price possible for our backhaul. To this end, we have partnered with five other Hilltowns (Goshen, Windsor, Plainfield, Cummington, and Ashfield) to form a Geocluster that will provide greater resiliency and redundancy for our network by connecting the ring of towns to three points of interconnect (POI). In addition, as a group of six towns, we can obtain a much better price for backhaul that we currently pay.

### **FY 2022 Budget**

*Please see attached.*

### **Operating Budget:**

All direct network operating expenses are covered by subscriber revenues. Direct expenses include stipends for the manager and assistant manager; costs to serve each customer, backhaul, pole bonds, insurance, maintenance/repairs, and an allowance for unforeseen costs. The total estimated costs for FY 2023 of \$556,941 are included in the Enterprise Fund Budget recommendation. We also have enough in projected retained earnings to repay the Town for the start-up loan and pay the \$99 activation fees collected during the initial build toward the drop costs.

### **Broadband Enterprise Fund Stabilization:**

Our community is running a \$500,000 annual business providing essential infrastructure that utilizes \$2.8 million in physical assets. We want to set aside up to \$22,380 per year in a special broadband-related stabilization fund to allow the MLP to replace equipment as required in the future.

### **Objectives Completed in FY 2022:**

- Created a workflow and protocol for billing, revenue, and warrants
- Installation of hut monitoring, alarm system, and generator fuel monitoring
- Worked with the Town to include a muni network server in the system
- Updated insurance policies
- Geocluster Initiative
- Developed a financial records protocol utilizing Quickbooks
- Began designing a broadband-specific record keeping Excel spreadsheet
- Helped Westfield Gas and Electric implement the Lifeline and ACP federal relief programs
- Upgraded our backhaul from 1GB to 2GB
- Implemented a second backhaul circuit for redundancy.
- Repaid the start-up loan from the Town

- Engaged Westfield Gas and Electric for a semi-annual “rideout” for the fiber system
- Created and administered a system-wide survey of customer opinions
- Created a broadband page for the Town website
- Completed on-boarding of 18 and 20 Antin road for Town of Goshen
- Updated the MLP website
- Mailed a postcard reminder to non-subscribers to alert them that the subsidy will expire
- Developed a Broadband Chesterfield Operating Policy
- Reviewed and updated our insurance coverage

**Objectives for FY 2023:**

- Completion of the Geocluster
  - Completion of the Cummington Connection
- Educational programming for subscribers
- Action steps relating to the survey completed in FY22
- Possibly include broadband in the Emergency management Plan
- Work on alarm monitoring protocols
- Implement stabilization fund
- Monitor ride-out results
- Finalize MLP accounting program in Excel

Respectfully submitted,

*Justin West*  
MLP Manager

*Jack Henry*  
Associate MLP Manager

## MLP Activity Report August 2022

	4/1/22	8/1/22	Difference
Activated	505	513	8
Pending/ Scheduled	3	3	0
On Hold	7	4	-3
New	4	4	0
Total Accounts	519	524	5
Total Locations	517	522	5

Locations Chesterfield	644	644	
Total Internet Locations	517	522	
No Service	127	122	
Percent Penetration	80.28%	81.06%	

			Difference
Lifeline	4	4	0
EBBP/ ACP	27	28	1

	4/1/22	8/1/22	Difference
Payment Type			
Auto Pay (BA)	136	139	3
Auto Pay (CC)	210	213	3
Bank Accounts	73	71	-2
Credit Cards	83	82	-1
Total Auto Pay	346	352	6
Total Credit Cards	293	295	2

Delinquencies in 2022	\$600.00
Total Revenue in 2022	\$555,024.00
Percentage	0.11%

	4/1/22	8/1/22	Difference
Active Accounts			
Internet Only	267	271	4
Internet/Phone	228	231	3
Commerical Internet	7	8	1
Commerical Phone	0	0	0
Phone Only	3	3	0

Hilltown Customers	7714	8566	852
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Broadband Chesterfield

Quarterly Profit and Loss Summary  
July 2021 - June 2022

	JUL 2021	AUG 2021	SEP 2021	OCT 2021	NOV 2021	DEC 2021	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	TOTAL
Income													
600-429-4210-0000 - MLP User Fees Revenue	43,766.23	48,041.58	47,001.79	43,148.07	44,887.15	43,604.88	49,238.53	45,504.87	48,190.41	46,155.77	48,560.98	46,923.94	\$555,024.20
Total Income	\$43,766.23	\$48,041.58	\$47,001.79	\$43,148.07	\$44,887.15	\$43,604.88	\$49,238.53	\$45,504.87	\$48,190.41	\$46,155.77	\$48,560.98	\$46,923.94	\$555,024.20
GROSS PROFIT	\$43,766.23	\$48,041.58	\$47,001.79	\$43,148.07	\$44,887.15	\$43,604.88	\$49,238.53	\$45,504.87	\$48,190.41	\$46,155.77	\$48,560.98	\$46,923.94	\$555,024.20
Expenses													
600-429-5110-0000 - Administration		97.99	78.36	119.88	119.88	400.80	301.96			1,099.00		69.99	\$2,287.86
600-429-5110-0001 - Salaries	750.00	750.00	750.00	958.33	958.33	958.33	958.33	958.33	958.33	958.33	958.33	1,791.65	\$11,708.29
600-429-5210-0000 - Hut Electricity	441.86	375.49	131.54	77.07		282.48	335.19	341.46	251.91	269.27	280.07	309.45	\$3,095.79
600-429-5210-0001 - Internet Service Provider	15,484.91	14,748.07	17,305.05	17,645.66	17,822.48	18,280.14	18,814.87	19,085.95	19,505.61	19,100.70	19,051.57	19,209.31	\$216,054.32
600-429-5230-0000 - Pole Licensing Recurring Fee	2,032.87					10,515.40		2,032.87					\$14,581.14
600-429-5230-0001 - Backhaul	1,200.00	1,200.00	1,200.00	3,035.00	6,619.36	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	\$38,454.36
600-429-5240-0000 - Maintenance-Hut Plant (Non-Elect)			400.00			193.86	220.00		206.00	1,831.48	46.00	29.48	\$2,926.82
600-429-5240-0001 - Maintenance-Network												3,823.14	\$3,823.14
600-429-5300-0000 - Accounting		50.00	121.20	94.00	94.00	94.00	94.00	94.00	94.00	94.00	94.00	94.00	\$1,017.20
600-429-5300-0001 - Legal									300.00			400.00	\$700.00
600-429-5380-0001 - Lifeline Customer Renewal		120.00	40.00										\$160.00
600-429-5380-0002 - Disaster Crew Retainer							404.50	404.50	404.50	404.50	404.50	404.50	\$2,427.00
600-429-5740-0000 - Insurance		4,639.00											\$4,639.00
600-429-5740-0001 - Pole License Utility Surety Bond				6,000.00									\$6,000.00
600-429-5780-0000 - Credit Card/EFT Fees	944.44	1,117.25	1,087.83	986.19	1,030.17	1,002.63	1,047.64	1,046.50	1,088.86	1,054.43	1,096.13	1,062.97	\$12,565.04
600-429-5780-0004 - Extra/Unforeseen Contingency			379.13					104.19					\$483.32
Total Expenses	\$20,854.08	\$23,097.80	\$21,493.11	\$28,916.13	\$26,644.22	\$35,327.64	\$25,776.49	\$27,667.80	\$26,409.21	\$28,411.71	\$25,530.60	\$30,794.49	\$320,923.28
NET OPERATING INCOME	\$22,912.15	\$24,943.78	\$25,508.68	\$14,231.94	\$18,242.93	\$8,277.24	\$23,462.04	\$17,837.07	\$21,781.20	\$17,744.06	\$23,030.38	\$16,129.45	\$234,100.92
NET INCOME	\$22,912.15	\$24,943.78	\$25,508.68	\$14,231.94	\$18,242.93	\$8,277.24	\$23,462.04	\$17,837.07	\$21,781.20	\$17,744.06	\$23,030.38	\$16,129.45	\$234,100.92