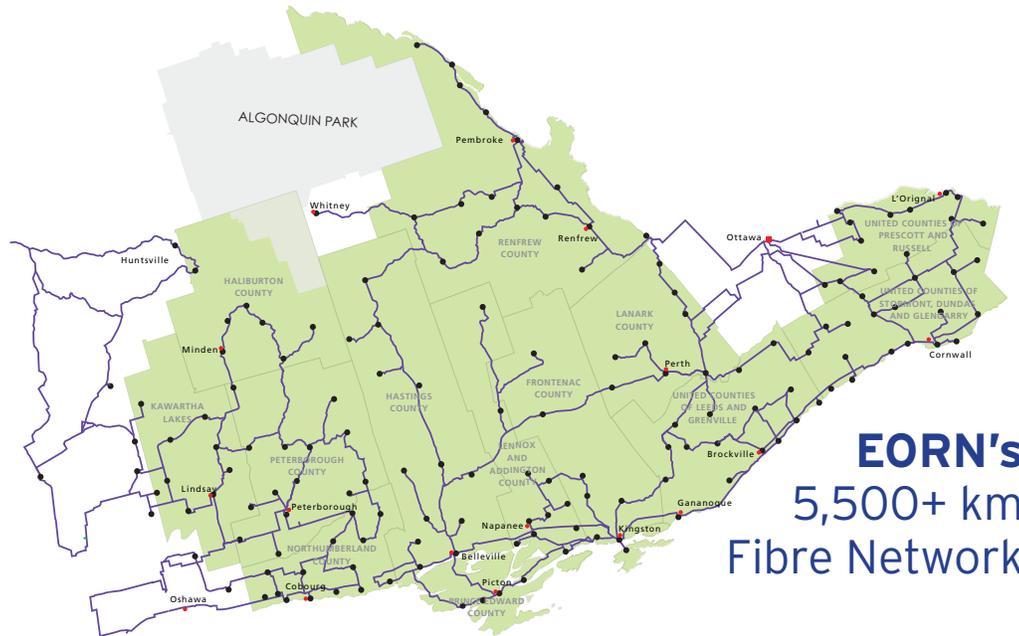


Connecting Eastern Ontario: The EORN Model

Enhance. Expand. Empower.



The Eastern Ontario Regional Network (EORN) is a not-for-profit organization which aims to enhance economic opportunity and quality of life through improved broadband access in rural areas. EORN was created by the Eastern Ontario Warden's Caucus (EOWC), representing 13 municipal governments. EORN was responsible for the design and build of the network, which was successfully completed in 2014, and now provides ongoing management.

EORN's approach to expanding broadband infrastructure can be a model for other Canadian communities looking to improve high-speed internet access in rural areas. EORN has expanded broadband access to more than 90% of rural Eastern Ontario:

- A 5,500-kilometre fibre optic backhaul network that forms the backbone of the entire regional network, with capacity to support future needs.
- 160 new or improved hubs that provide wholesale internet access to ISPs.
- 22 local access networks that connect homes and businesses to the backbone using a combination of wired (DSL) and wireless services.
- Improved satellite services and packages to reach those that the network could not connect due to terrain or sparse population.
- New high-speed fibre connections to more than 60 additional business parks and commercial areas across the region, to help attract and retain businesses.

The EORN Model

EORN created an exceptional partnership that brought together federal, provincial and multiple local governments with private sector partners to deliver improved broadband across the region. EORN's success is attributed to four main components:

1

Regional Leadership

- Rural municipalities recognized a shared need for improved broadband access as a critical economic development tool.
- Created sufficient critical mass to implement a solution.
- Developed a shared, strategic vision reflecting local needs.
- Addressed both supply and demand through a 10-year digital strategy that ensures the network delivers on economic development and keeps pace with changing demands.
- Worked closely with First Nation communities to develop local improvements, in addition to the enhanced regional coverage.

2

Evidence-Based

- Detailed mapping and economic analysis to quantify the problem.
- Request for Information process ensured sound approach.
- Broke region down in to smaller zones, allowing local carriers to bid within their markets and improved opportunity and competition.
- Only intervened where clear evidence of market failure.
- Addressed needs in both easy and hard to serve areas.

3

Efficient and Effective Oversight

- Created EORN as a not-for-profit corporation controlled by 13 municipalities that make up the EOWC.
- Consistent team of staff and consultants from project inception to completion.
- Request for Qualification to ensure partners could fulfill commitments.
- Long-term, binding contracts with government and private sector providers.
- Service Levels agreements at the network level to ensure ongoing investment and network performance, including:
 - o 10-years of monitoring by EORN.
 - o Tracking subscriber data, oversubscriptions, outages and customer complaints.
 - o Requiring participating providers to upgrade capacity, at their cost, and to provide rebates for oversubscriptions.

4

Public-Private Partnership

- Leveraged volume based contracts with private sector providers for economies of scale.
- Supported qualified local ISPs to provide service in their communities.
- Supported local job creation and inspired competition.
- Created win-win relationships for project partners.
- A flexible funding model allowed for the government's share of funding to vary based on local needs.

Governance and Structure

EORN created an efficient organizational structure comprised of a full-time CEO, seconded municipal staff and a diverse team of external experts.

EOWC

The EOWC has final responsibility for meeting strategic goals and accountability for the use of public funds:

- Receives and flows government funding to EORN
- Provides high-level approval of strategic plans and receives regular updates on progress and financial matters
- Appoints all nine EORN board members



EORN Board

The Board is comprised of elected EOWC officials, three members of the public with telecom, legal and/or management expertise and one representative from the contributing separated cities.

Responsibilities include:

- Hire and evaluate CEO
- Set the strategic direction of EORN Inc.
- Work with management to develop the strategic plan and oversee implementation
- Approve the budget and monitor the achievement of strategic objectives



EORN

- Ensure that the network is built and working according to the project's requirements
- Negotiates and manages the contracts for the ownership/maintenance of the network once it is operational
- Ensure that the project achieves the envisioned economic and social outcomes
- Owns 51% of the assets purchased with public funds for seven years



Encouraging Competition

Open Competitive Bidding Process

Pre-qualified providers could compete for local access contracts based on the following key criteria:

- the geographic reach/number of households;
- the speeds and bandwidth achieved;
- competitive consumer pricing;
- the financial investment by EORN; and,
- the investment to be made by the company.

Open Access Policy

Allows any registered internet service provider to:

- buy wholesale bandwidth from the fibre optic backhaul network;
- co-locate equipment on EORN-funded sites; or,
- re-sell access services.



EORN

EASTERN ONTARIO
REGIONAL NETWORK

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