



## Request for Proposals for the Operation of the MassBroadband123 Network

(RFP No. 2023-MBI-01)

### Bidders' Conference Questions

July 27, 2022

Initial Questions Due: August 1, 2022

	Question	Answers
1.	<p>The RFP asks respondents to demonstrate their experience in operating a large fiber network providing wholesale services to retail service providers serving businesses, residential customers, and governmental institutions, and specifically says: "The description shall include client name; name and type of customers; number of years that the company has provided such operational services; services provided, including dark and lit fiber, and wholesale and retail services; miles of fiber; and current project status and performance."</p> <p>Are Respondents expected to list all client names, or is it sufficient to provide examples?</p>	<p>Respondents should provide a list of clients for which they manage networks similar in size and scope to the MassTech Network and the associated descriptive information requested in Section 4.1.1(d) of the RFP.</p>
	<p>Are Respondents expected to supply the name and type of customers that the retail service providers using MassTech Network wholesale services serve?</p>	<p>Respondents are not required to provide all of the names of their direct customers. Respondents should provide a representative list of types of their direct customers (e.g. ISPs, state, federal) and the names of a few large customers if this information is not deemed confidential.</p>
	<p>What are Respondents expected to address for the category "current project status and performance"?</p>	<p>Respondent should explain if they are currently operating each network referenced in the response, and if not how recently each operating agreement ended and the circumstances associated with termination of the agreement. Respondents should explain their history of sales performance and technical network performance for networks that they currently operate or have operated in the past.</p>

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2.	Section 4.1.1(h) of the RFP directs Respondents to submit three years of audited financials. Please confirm that entities that have engaged in a corporate transaction within the prior three years may submit the audited financials of the predecessor company that was acquired via a stock purchase.	Respondents that do not have three years of audited financials due to a corporate transaction should provide audited financials of the predecessor company that was acquired via a stock purchase along with an explanation of the transaction and any other relevant information to provide sufficient understanding to the RFP evaluation team.
3.	What financial information, if any, should be submitted for a holding company, if the Network Operator is owned by a holding company?	Per the RFP in Section 4.1.1.h., “Respondent shall provide an explanation and submit three years of the most recent set of audited financial statements of its direct or indirect parent company, together with a description of Respondent’s corporate structure that clearly demonstrates the relationship between the Respondent and its parent. All Respondents shall provide access to three years of audited financial statements of all entities holding greater than a 15% interest in the Respondent.”
4.	Does MassTech expect Respondents to submit any form of narrative statement regarding their financial capability, in addition to the required three years of audited financials?	To the extent the audited financial statements do not provide a complete picture of the Respondent’s financial capacity, respondents may provide additional narrative that MassTech may consider in its evaluation at its sole discretion.
5.	Section 4.1.1(l) of the RFP directs Respondents to provide a description of its compliance policies and practices to ensure compliance with state and federal regulatory requirements, and then specifically refers to several FCC requirements. Does MassTech expect Respondents to address only FCC regulatory requirements, or is it expecting respondents to address a broader array of federal regulatory requirements such as labor laws, occupational safety, environmental protection, taxation, etc.?	MassTech expects that all respondents will attest to their ability to ensure compliance with all applicable federal and state laws. The description of its compliance policies and practices should focus on federal (such as FCC and FTC), state, and local laws, and state regulatory (state telecommunications commissions) filing and other requirements relevant to maintaining and operating a network.
6.	In section 4.1.2(a) of the RFP, Respondents are asked to describe the “methods” used to market and sale services. It is not entirely clear what is a “method.” Please provide several examples of what MassTech considers to be a “method” of selling or marketing.	Respondents are asked to explain the method they have used to market the services that they provide for the networks that they have operated such as maintaining a website, sending direct mailers, purchasing paid advertisements, conducting cold calls, etc.
7.	Per Exhibit I of the Network Operator Agreement - if the network operator fails to meet a KPI for four months, it	Per the Network Operator Agreement Exhibit I Section 3, “Such payment shall be paid by the end of the month following the fourth

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	<p>pays Mass Tech a fee equal to one month of the service fees charged to that customer. Does MassTech, in turn, pass that fee along to the customer?</p>	<p>month of such failure into a MassTech controlled fund (“MassTech Fund”) for support of MassTech public policy objectives or for such other purposes determined by MassTech.”</p>
8.	<p>The RFP distinguishes between MassTech Network Capital Improvements (funded by Network Operator but owned by MassTech) and Network Operator Fiber (funded and owned by Network Operator).</p> <p>Does MassTech contemplate that any revenues derived from customers on Network Operator Fiber would be addressed in the Pricing Proposal?</p>	<p>Yes that is correct.</p> <p>Revenue in the Payment Proposal is Network Revenue which is defined in the Draft NOA as “all revenue from the sale of Services recognized by the Network Operator during the Term of this Agreement, calculated on a cash basis, gross, without deductions or allowances, including but not limited to all: (a) Wholesale Services; (b) Dark Fiber Services; (c) Commonwealth Services, (d) all Network Operator Fiber Fees; (e) Retail Services, and (f) any other revenues earned by Network Operator related to the MassTech Network or Network Operator Fiber.”</p> <p>Furthermore, Operating Costs in the Payment Proposal must include operating costs from the MassTech Network and Network Operator Fiber. (See Draft NOA Section 1.99 for the definition of “Operating Costs”)</p> <p>Lastly, Capital Improvements in the Payment Proposal (Labelled “Network Operator Funded Capital Improvements Forecast” in the Excel Attachment C – Bid Sheet) must include Capital Improvements in the MassTech Network and Network Operator Fiber, but shall not include Capital Improvements funded by MassTech. (See Draft NOA Section 1.16 for the definition of “Capital Improvements”)</p>

	<b>Question</b>	<b>Answers</b>
	<p>To the extent a Respondent proposes a revenue sharing arrangement, would that include revenues from customers on Network Operator Fiber, or just revenues from customers on the network owned by MassTech)?</p>	<p>It would include revenues from customers on Network Operator Fiber as well as revenues from customers on the MassTech Network. “Network Operator Fiber Fees” and “Retail Services” are included in the definition of “Network Revenue” as defined in the Draft Network Operating Agreement, and therefore would be addressed in the Pricing Proposal.</p> <p>“Network Revenue” refers to all revenue from the sale of Services recognized by the Network Operator during the Term of this Agreement, calculated on a cash basis, gross, without deductions or allowances, including but not limited to all: (a) Wholesale Services; (b) Dark Fiber Services; (c) Commonwealth Services, (d) all Network Operator Fiber Fees; (e) Retail Services, and (f) any other revenues earned by Network Operator related to the MassTech Network or Network Operator Fiber.</p>
9.	<p>According to the section 5.2.2 of the RFP, the Respondent’s proposed Service Offerings and Customer Rate Strategy represents 10 points. Five items are listed underneath that heading. Is each item listed on pp. 22-23 worth 2 points?</p>	<p>No, the point score is determined for each evaluation criterion by the RFP evaluation team in an overall fashion, rather than assigning points to each sub criterion item.</p>
10.	<p>According to the section 5.2.2 of the RFP, the Respondent’s proposed Business Qualifications and Experience represent 30 points. There are eleven items listed on p. 23, with the last being the outcome of reference checks. Is each item listed (exclusive of references) worth 3 points?</p>	<p>No, the point score is determined for each evaluation criterion by the evaluation team in an overall fashion, rather than assigning points to each sub criterion item.</p>
11.	<p>According to the section 5.2.2 of the RFP, the Respondent’s proposed Transition Plan represents 10 points. Five items are listed underneath that heading. Is each item listed on pp. 23-24 worth 2 points?</p>	<p>No, the point score is determined for each evaluation criterion by the evaluation team in an overall fashion, rather than assigning points to each sub criterion item.</p>
12.	<p>The RFP indicates on p. 26 that if a Response fails to meet any material terms, conditions or requirements it may be deemed non-responsive and disqualified. Would the Respondent be notified and provided any opportunity to clarify its Response before disqualification?</p>	<p>Respondents will not be given the opportunity to cure if there are substantial material non-conformity(ies).</p>

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13.	<p>The RFP indicates on p. 9 that if a Respondent seeks to have any information treated as confidential, the Respondent must submit a request to MassTech's General Counsel no later than 10 business days before the Response is due, and the General Counsel will issue a written determination within 10 business days.</p> <p>Please confirm that, given the revised RFP response deadline of Sept. 9, the deadline for submission of such requests is August 26<sup>th</sup>. In that case, would the response be provided on the day the RFP response is due?</p>	<p>In order to meet the RFP response deadline, the latest date by which to request that information be treated as confidential is August 25. MassTech's General Counsel will issue a written determination within 10 business days. The 10<sup>th</sup> business day would be September 9.</p> <p>Please note that even if a determination is made to treat certain information as confidential, there are very limited and narrow exceptions to disclosure under the Public Records Law, and if requested, confidential information may be disclosed.</p> <p>As provided in the RFP: "As a general rule, the law considers materials submitted in connection with a public bid to be public after the bids are opened. See G.L. c. 4, Section 7, cl. 26(h). Please also note that the Public Records law's trade secret exemption, cl. 26(g) does not apply to 'information submitted as required by law or as a condition of receiving a governmental contract or other benefit.' Finally, Respondents should further note that Section 12(h) of Chapter 40J does not apply to a competitive procurement to provide services as bidders are not 'an applicant for, or recipient of' assistance from MassTech."</p>
	<p>If the request is submitted earlier than this deadline, will a response be provided in 10 business days?</p>	<p>Yes</p>
14.	<p>Do the credits for delayed start include the start-up and transition costs that will be incurred without revenue while the start date is delayed?</p>	<p>Each respondent should propose a Commencement Delay Credit Amount. The proposed amount can include amounts as determined appropriate by the Respondent.</p>
	<p>Are Responses going to be evaluated less favorably if there is/are only one or two forms of payment (not all three: "Guaranteed Upfront Payment", "Annual Guaranteed Revenue Share Payment", and "Annual Speculative Net Revenue Share Payment Proposal")?</p>	<p>The Respondent's Payments Proposal evaluation score will be determined based on the calculations specified in Section 5.2.3(a) of the RFP.</p>

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	<p>If the Respondent chooses to submit one of the Guaranteed Payments (either upfront or annual) and not to utilize the “Annual Speculative Net Revenue Share Payment”, then would audits still be required on network operating revenue or cost? If yes, then why and what would be the requirements of these audits?</p>	<p>The annual examination and attestation to certify the calculation of the Net Revenue Share Payment would not be required but submissions of annual audited financial statements from the Network Operator would still be required.</p>
	<p>Would the MassTech Collaborative accept a Revenue Share payment proposal where the payment amount was speculative (based on Revenue only)? If yes, what would the discount rate be?</p>	<p>The RFP specifies flexible options for the Payments Proposal that Respondents can include in their Price Proposal. Respondents may include any one or combination of the three payment options outlined in the RFP. A revenue share payment based upon revenue only is not one of the flexible options specified in the RFP.</p> <p>The Speculative Net Revenue Share payment proposal would be subject to a 13% discount rate.</p>
15.	<p>Why don't the Network statistics numbers tie out in the data room (folder B.5)? For example, the items in the table of the Description of MassTech Network Fiber don't add up to 1,262.74, and the IRU (Town owned and Crown fiber) don't equal the amounts stated in the RFP.</p>	<p>A correction has been made to the second table in the Description of MassTech Network Fiber section to change the total to 1241.34 miles. The RFP has been amended to incorporate the following corrected statistics:</p> <ul style="list-style-type: none"> <li>• 1045.14 miles of constructed fiber;</li> <li>• 160.5 miles of leased fiber that enables path diverse transport to a second interconnect site in a Boston data center;</li> <li>• 35.7 miles of leased fiber in 4 municipalities;</li> <li>• 5% of fiber installed in existing conduit and approximately 5% of the 1045.14 miles of fiber located in MassDOT conduit along I-91</li> </ul>
16.	<p>Please provide more details regarding the dark fiber lease referred to in #1 of the Potential Reservations for Dark Fiber. What is the term of the lease or IRU? Who is the Lessor for this dark fiber – MassTech or the new network operator?</p>	<p>Pursuant to Section 3.6.1.8 of the current Network Operator Agreement, the term of the lease shall be twenty-five years, commencing upon termination or expiration of the current Network Operator Agreement. The Lessor will be MassTech.</p>
17.	<p>The MBI has granted millions of dollars to service providers that are competing with the MBI Network over the past 10 years. Does the MBI anticipate it will continue to provide funding to companies that plan to</p>	<p>Grants that were previously awarded to private providers were made to support last mile buildouts to provide broadband access in unserved communities. Decisions regarding grant funding for future last mile buildouts will be consistent with the <a href="#">Massachusetts Broadband</a></p>

	Question	Answers
	use private networks for middle mile capacity and/or over build the MBI Network?	<a href="#">Strategic Plan</a> and any applicable state or federal guidelines and requirements.
18.	Please confirm that asking for a reference from MassTech will not violate the non-disclosure clause.	<p>Given that MassTech cannot serve as a reference for its own procurement, MassTech will treat this situation in the same manner that the RFP contemplates for a Respondent that owns the network it operates, and requests that references from three of your largest customers be provided instead.</p> <p>(See RFP Section 4.1.1 n. “Respondents shall provide reference letters from three (3) organizations for which the Respondent has provided network operator functions and services similar to those described in this RFP. If the Respondent owns the network(s) that it operates and would therefore be unable to provide such reference letters, Respondent shall alternately provide references from three (3) of its largest customers.”)</p>
19.	Can you clarify your comment about the amount of fiber buried in conduit vs aerial? What percentage of network is underground vs Aerial?	These percentages can be derived from the information that is available in the data room. Approximately 88% of the MassTech Network is installed aerially, and 12% of the MassTech Network is installed in conduit.
20.	Has MBI invested any new capital on equipment over the last 5 years	MassTech has made capital investments totaling approximately \$560,000 in the MassTech Network and additional investments of state funds associated with the planned 100G upgrade of the MassTech Network are planned through the end of the current fiscal year (which ends June 30, 2023).
21.	Has MBI commissioned a market study to show potential future market growth (public and private facilities)?	No, while MBI has conducted due diligence on market opportunities, MBI has not commissioned a formal market study.
22.	Is MBI open to any other business relationships or is the only option to respond to the RFI as outlined?	MBI is only considering the option to serve as network operator as outlined in the RFP. No other business relationships are being considered.
23.	Can the winning network operator bid also be an ISP affiliate?	The network operator can also provide retail services, but it must be through an affiliate. If the entity responding to the RFP is already an

	Question	Answers
		Internet Service Provider, they would have to form an affiliate to serve in the network operator role.
24.	Are any of the existing contracts for wholesale services transferrable and assumable or should the assumption be that there is no contractual guarantee of continuing existing revenue through the transition?	Pursuant to Section 4.7.3, of the current Network Operator Agreement: "The Network Operator hereby assigns to MTC or its designee each contract with a Third Party Service Provider, other than a Third Party Service Provider whose connection is made directly on a Network Operator Network Extension, which assignment shall be effective upon termination of this Agreement."
25.	Will MBI allow the new vendor to have term contracts with customers?	Yes. The network operator will have the option to enter into termed contracts with customers.
26.	Where specifically on your website are you posting the answers to questions and how long between question submission and answer posting?	Answers to questions will be posted on: (1) the MassTech website at <a href="https://masstech.org/request-proposals-operation-massbroadband123-network">https://masstech.org/request-proposals-operation-massbroadband123-network</a> ; and (2) CommBUYS. This initial Q&A document covers questions submitted through August 1. Thereafter, MassTech will answer questions on a rolling basis and will post answers promptly to give potential Respondents time to review answers.
27.	<p>Would MBI be able to provide a more detailed overview of the current network topology, configuration and describe how services are typically delivered from a provider across the network to a typical customer site? For instance:</p> <p>Please describe the technology and topology used to provide services to customer locations and 3<sup>rd</sup> party providers. Is every endpoint single-homed on a pair of non-redundant dark fiber? Are the end points dual-homed to multiple nodes? Does the network utilize vlans, MPLS or fiber (or some mix) to separate and isolate customers and providers?</p>	The providers interconnect with the MassTech Network at specific gateway Points of Interconnection (POIs) using a Network to Network Interconnection (NNI). The majority of endpoints are single homed to the nearest POI, however some endpoints are dual homed to two separate POIs. The endpoints are connected to fiber that is lit by the network equipment in the nearest POI. Each endpoint has a Network Interface Device (NID) installed that is owned by MassTech. The MassTech Network uses MPLS VPNs to provide various services to customer locations. These VPNs ensure that there is a separate and isolated interconnection between the providers' NNIs and the endpoints' NIDs.
	Please describe the fiber splicing plan and approach. Are these fiber access points or splice points serviced and accessed by multiple providers or solely under MBI's responsibility? Are available strand	Splice enclosures and all other aspects of the MassTech Network's outside plant are only serviced by the lineman and splicers under contract with the current network operator. Service providers are not allowed to access or service the network's fiber access points or splice points. Available strand counts are well understood by MassTech.



	Question	Answers
	counts on each segment of the network well understood?	
	Is there a dedicated pair of fiber all the way from each of the listed CAI's to the network nodes that would be under the operator's control, or are there other elements provided by other parties in the end to end path?	All CAIs are connected with either a pair of fibers or a single fiber (in the case of a bi-directional SFP) back to the nearest POI. All elements of the MassTech Network are under the control of the network operator end to end.
28.	Assuming that a new operator would commit to directly or through an affiliate build extensions to the network, would MBI agree to long term IRU access to fibers utilized for interconnection of these extensions in the event the operations contract was concluded in 15 years? IE, would MBI commit to the operator that it could continue to maintain its expansion investments post-contract?	Network Operator Fiber, as detailed in the draft Network Operator Agreement, is owned by the network operator and therefore does not require an IRU. The Network Operator Fiber will interconnect with the MassTech Network with an Alternative Access Point (AAP). Upon termination of the Network Operator Agreement, the Network Operator Fiber would be deemed Interconnected Wholesale Fiber subject to a market-based agreement with the successor network operator at its then current charges applicable to Interconnected Wholesale Fiber through which the network operator would be able to continue to serve its expansion investment customers after termination of the Network Operator Agreement.
29.	In modelling business assumptions, would an affiliate of the operator who built out fiber to the premise networks be required to acquire its backbone from the operator at the same "rates" as other 123 wholesale customers, or does the new authority to offer retail services assume some the more efficient co-operation between the MBI123 operator and its affiliates?	<p>Respondents should refer to the following sections of the Draft Network Operator Agreement:</p> <p>Section 4.11- "The Network Operator may only provide Retail Services through an Affiliate. Network Operator shall not provide Wholesale Services to its Affiliate on terms and conditions that, when taken as a whole, are more favorable than those offered to other Third Party Service Providers and all such Wholesale Services must be offered on terms that are consistent with the Network Policies."</p> <p>Section 1.91 - "Network Operator Fiber Fees" means the amount of fees deemed to be incurred by Network Operator to connect Network Operator Fiber to the MassTech Network and/or to use and maintain such connections to the MassTech Network, which deemed fees shall be equal to the amount(s) as would be paid by Wholesale Customers to the Network Operator for similar services on the MassTech Network pursuant to Network Operator's then current pricing, whether for one-time or recurring fees, as applicable to the particular service."</p>

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30.	<p>Please describe the financial assumptions that MBI is using for the transition period. By example, will the existing operator retain all existing revenue and expense obligations through the last day of their contract?</p> <p>For any annual maintenance contracts that do not line up with the transition date, should the respondent expect to pay the existing operator a ratable share for the remainder of the contract or that it will be prepaid through some date in the next year?</p> <p>Are any of the existing contracts for wholesale services transferrable and assumable or should the assumption be that there is no guarantee of continuing existing revenue?</p>	<p>During the transition period, it is expected that the existing operator will retain all existing revenue and expense obligations for operating the MassTech Network through the end of the current network operator agreement term.</p> <p>Please refer to Section 8.5.1 of the Current Network Operator Agreement that addresses disposition of existing agreements.</p> <p>Please refer to the answer to question 24 regarding assignability of existing wholesale service agreements.</p>
31.	<p>In the transition requirements, there are obligations to transition operational and business support systems and to begin supporting new customer onboarding during the transition. Please describe the existing OSS and BSS systems and what types of data exports or transition support is expected. Please describe what onboarding of new customers would look like pre-transition.</p>	<p>If there is a transition to a new Network Operator, MBI will be receiving transition support from the current network operator to export relevant data from the current network operator's OSS/BSS in an agreed upon format so that it can be incorporated in the new network operator's OSS/BSS.</p> <p>There will only be one entity that is responsible for the Network Operator obligations at a time.</p> <p>Respondents should include a proposed approach to the transition of the OSS/BSS systems and new customer onboarding as part of the Transition Plan, which shall be reviewed by the evaluation team.</p>
32.	<p>Is the obligation to fund depreciation of the fiber and other MBI plant components and equipment ultimately the Operators responsibility or MBI's?</p>	<p>The MassTech Network assets and associated depreciation remain on the books of MassTech.</p> <p>As stated in Section 1.1.2 of the RFP, MassTech intends to fund the initial network equipment refresh up to \$7 million, but the network</p>

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	<p>Does successful financial performance for the Operator include fully funding the lifecycle of the network including the equipment and fiber <i>and</i> making payments to MBI for its ownership of the infrastructure, or does MBI see the payment to MBI as an obligation for it to provide timely capital funds for lifecycle support?</p>	<p>operator would be responsible for any other equipment upgrades and refresh that may be required during the term of the NOA. MassTech will pay for fiber refresh during the term of the agreement, subject to appropriation, as MassTech deems necessary. The Network Operator will be responsible for funding and executing all other capital improvements for the MassTech Network in order to meet the NOA's performance requirements.</p> <p>Successful financial performance for the Operator includes meeting its financial performance as set forth in its Payment Proposal and Financial Model as updated and approved by MassTech as part of the Annual Plan process. Section 4.14 of the Draft Network Operator Agreement sets forth a process for MassTech's review and approval of an Annual Plan submitted by the network operator. Section 4.14.3.4 states that a component of the Annual Plan shall be "Recommendations for updates and upgrades to the MassTech Network, including, capacity expansions, the MassTech Network Equipment Refresh or, fiber refresh as deemed necessary by MassTech, that are planned or proposed to be undertaken for the remainder of the Term, and which shall be consistent with a capital budget, if any, provided by MassTech to the Network Operator."</p> <p>The payment made to MassTech will be used to fund the annual costs of the Infrastructure Access Agreements as well as offset any fiber refresh approved during the term of the Network Operator Agreement.</p>
33.	<p>Would MBI allow, and do the existing pole attachment licenses allow for, any additional overlash without additional make-ready study?</p>	<p>Yes. Additional fiber optic cables that would be owned by MassTech can be over-lashed onto the existing fiber optic cables. The process for over-lashing under some attachment agreements may include, but are not limited to, requirements for pre-surveys, load calculations, and notifications, which in some cases may lead to make-ready costs.</p>