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Committee gives reprieve to UTOPIA negotiations

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SALT LAKE CITY — At least one key legislative obstacle has been removed from ongoing negotiations between an Australian company and UTOPIA.

A Senate committee amended legislation Monday that would allow negotiations between cities involved in the Utah Telecommunications Open Infrastructure Agency and Macquarie Capitol Group to move forward. The committee gave a favorable recommendation to an amended version of SB 190, which would allow UTOPIA cities to impose a utility franchise on every household in their network going forward.

The original bill would have allowed UTOPIA's 11 participating cities to impose the fee for past debt, but not for any new debt going forward.

Bill sponsor Sen. John Valentine, R-Orem, allowed discussion on both the original bill and the amended bill, saying it is up to committee members to decide which direction to go.

Layton City Attorney Gary Crane made it plain the original bill would kill the Macquarie deal.

"Please, we're asking on behalf of the cities, please do not ruin negotiations before they have actually begun. It doesn't mean ultimately they will succeed, but it takes away at least an opportunity for an option to the cities," he said.

Valentine met with mayors from nine of the 11 UTOPIA cities on Thursday, and Crane said there was a consensus among the mayors that they would support the amended legislation. A representative from Brigham City did not attend the meeting.

A representative for Macquarie, Spencer Stokes, said the company is supportive of the legislation as amended. He did not elaborate on negotiations with UTOPIA.

Committee chairman Sen. Curtis Bramble, R-Provo, voted to forward the bill but expressed doubts UTOPIA's business model will succeed.

He noted Provo racked up \$40 million in debt before selling its telecommunications company to Google for \$1. Provo utility customers pay for the old debt from iProvo on their monthly utility bills.

Crane said the iProvo example is different from UTOPIA. He said Macquarie could take over the existing network, continue the buildout process without any new debt to UTOPIA cities, then return ownership of the network to participating cities after 20 or 30 years.

Should the bill clear both Senate and House review and be signed by the governor, Crane said, it's possible a deal with Macquarie could be in place in a matter of months.

Proponents of UTOPIA

claim the new fiber highway invites all providers and engenders competition, which drives down the cost of telecommunications services.

Bramble, who admits he still isn't sold on the idea that moving the bill forward is a good thing, said he reluctantly supported passing the bill.

"I'm not persuaded with the argument to build the pipeline and the highway, and people come on. We have a dilemma. We've spent hundreds of millions on UTOPIA," he said.

UTOPIA cities include Tremonton, Brigham City, Layton and Centerville.

Valentine said he initiated his bill last year based on input from several mayors. He said it's difficult to impose a bill on people for a service they've never used. He wants discussion of how UTOPIA will be financed to be out in the open.



Valentine
