



Dear Sirs,

SiFi Networks is a fast growing developer, owner and operator of last mile fiber optic networks, Whilst we work throughout the US we have a large focus in California, where we have two offices and one network currently under construction. We now have agreements in place with 2 more cities in California (Placentia and Pittsburg) and expect to have several more announced over the coming year.

Our philosophy and business model is somewhat unconventional in the USA – instead of building a network which we then utilize ourselves to serve residents, businesses and other applications directly with internet access, we wholesale that access as an independent operator of the network. This key differentiation is what we call the three layer model. Separating infrastructure, operations and most importantly services creates a platform enabling competition as well as the greater specialisation of skills and ultimately respective risk appetites.

The biggest barrier to investment in fiber infrastructure on a large scale in cities has been the capital expenditure. Among other factors, the cost does not meet the return profiles of the publicly traded ISPs and thus a lack of investment in California has been the result. Where SiFi is different is that we have a far longer payback period – we structure our deals so as to be institutionally friendly and attract long term, low cost capital into a sector that has traditionally required the opposite. The characteristics of our structure mean that we are able to invest billions of dollars of private capital into California to build these networks.

Our limiting factors going forward are:

- Availability and training of labour to build the networks and the specific permitting process with municipalities
- Power companies such as SCE expediting power design and energization of equipment in the field
- Density – whilst we can serve a large percentage of California (outside of the tier 1 cities) there are a number of cities that the economics do not work for on the basis of them being too low density or there already being partially built fiber networks making investment detrimental.
- Scalability of ISPs that are willing to participate currently in the market

SiFi Networks has evaluated that under our current model we can serve close to 2m homes in California over the next 4-5 years. With a small amount of financial support (10-20%) capital contribution from grants for the lower density parts of the state that could be doubled to 4m homes across a further 50 cities. SiFi would always remain independent and never compete against service providers on the network, the lack of a conflict of interest between infrastructure owner and service provider removes many of the prior barriers to entry and regulatory difficulties with local loop unbundling or DSL reselling. We would suggest that very rural areas with typical density profiles of approximately less than 700 units per square mile may warrant further support or an alternative model.

SiFi Networks America LLC  
55 Madison Ave | Morristown | NJ 07960 | Tel: +1 (973)-285-3386



Another means of accelerating growth and enabling some of the more challenging areas of California to be built would be to offer support to qualifying ISPs to utilize a common infrastructure such as SiFi's, whether through grant, underwriting some of their risk or tax breaks. The reward for ISPs willing to compete on fiber to the home networks would enable not just smaller ISPs to join the framework but would act as a catalyst to get incumbents to consider shifting their stances also.

SiFi Networks welcome any questions and open discussion desired by the CPUC and look forward to working more closely over the coming years as we expand our networks through California.

Sincerely

A handwritten signature in black ink, appearing to read "Ben Bawtree-Jobson".

Ben Bawtree-Jobson

CEO

SiFi Networks America LLC  
55 Madison Ave | Morristown | NJ 07960 | Tel: +1 (973)-285-3386

[www.SiFiNetworks.com](http://www.SiFiNetworks.com)