

Broadband USA Applications Database

Applicant Name: 360networks (USA) inc.

Project Title: Chicago to New Orleans Middle Mile Project

Project Type: Middle Mile

Executive Summary

360networks (USA) inc. ("360," "360networks," or, the "Company") is submitting a robust middle mile project that will access seventeen underserved markets along a 1,011 mile fiber optic route extending from Chicago, IL to New Orleans, LA. 360 designed and installed the route in 2000, at a cost of approximately \$100 million and continues to own, operate and maintain the route. Nevertheless, since 2000, market conditions have never justified a 360 business case for providing broadband services to the rural, underserved markets along this route. To provide such broadband services, 360 is proposing to create Points of Presence ("POPs") in each of the seventeen proposed service areas by purchasing and deploying optronics equipment and wireless towers in 360's existing amplification and regeneration ("Amp and Regen") sites. The total budget for this project is 20.5 million dollars. 360 is seeking 14.5 million dollars in this Application. The balance of the project's budget will come directly from 360 in the form of a two million dollar cash contribution and a four million dollar "in kind" contribution consisting of four dark fiber strands along the entire 1,011 mile route. The Broadband Initiatives Program ("BIP") and the Broadband Technology Opportunities Program ("BTOP") offer a unique opportunity to support the capital requirement needed to gain access to these underserved communities while leveraging 360's substantial investment in this fiber backbone. The route is diverse to many national carriers' networks and 360's ownership of the fiber route gives the Company unique abilities to access these underserved markets. In particular, 360's ownership of the Amp and Regen sites along the route make this project feasible. With this funding, 360 can offer the communities identified in this Application access to an affordable, multiple 10Gbps backbone that will allow these communities to access advanced services that heretofore have been restricted by the middle mile. This project is highly cost efficient because 360 will be contributing fixed assets in the amount of six million dollars that account for nearly 30% of the project's 20.5 million dollar cost. The project will realize additional savings by utilizing 360's existing Amp and Regen sites. In the Amp and Regen sites, 360 will introduce fiber splice points to secure rural POPs that will offer open access to all carriers, governmental agencies and enterprises that desire to interconnect. Included in 360's proposal is a wireless backhaul node that provides last mile providers within a ten mile radius, the ability to interconnect to the rural POP through microwave facilities. Without BIP or BTOP support, it would not be economically feasible for 360 to create POPs at these rural Amp and Regen sites. 360 can deploy this planned system rapidly (within 12 months of funding) because it has the personnel, fiber assets, franchises, permits, licenses and contractors ready to commence this project upon approval. The Company has over 10 years' experience in building fiber networks and currently operates a 17,200 route mile network in the western United States. 360 is a robust, facilities-based telecommunications provider in the United States and currently offers leading-edge IP services

with delivery speeds of 1.544 mbps to 10Gbps throughout seventeen western states and across 1,300 western rate centers. The Company has previously delivered projects comparable to this proposal and is fully prepared to implement this proposed plan. The seventeen Amp and Regen sites involved in this project are located with direct access to rural and underserved areas as defined by BIP/BTOP. These rural, underserved areas are located in Illinois (7), Kentucky (1), Tennessee (2), Mississippi (6) and Louisiana (1). A statistical average of the seventeen service areas is as follows: 27,823 population; 11,294 households; and broadband penetration of 28%. In response to Question No. 12, 360 not only drew and attached the maps using the BroadbandUSA mapping tool, but we attach maps as additional exhibits that more specifically depict such areas. We affix the additional maps because they clearly outline the actual proposed service areas whereas the mapping tool would only allow the depiction of generalized service areas, which are larger than the areas proposed. When combining the seventeen service areas, a total 192,192 households and 37,040 businesses will be accessed by this middle mile project. This proposal is an extremely cost efficient means to bring broadband availability to these markets. With 14.5 million dollars in either BIP or BTOP support, 360 will offer middle mile access to an area covering a total of 229,232 underserved households and businesses, including anchor institutions, for approximately \$63 per potential subscriber. Very few middle mile projects can offer similar coverage at this cost. 360's proposed middle mile project will enable access to 279 anchor institution and 8 public safety entities. 360 is working in partnership with last mile providers to affordably and in some cases on a subsidized basis, provide access to community anchor and public safety institutions. 360's services as a middle mile provider include private line backhaul ranging in speeds from 45Mbps to 2.44Gbps plus IP transit in increments of 10Mg. These backhaul products would service the majority of any last mile provider's backhaul requirements to the major Internet backbones. These are the same backhaul speeds 360 offers in other rural markets across its network. 360 will also be offering voice over Internet protocol ("VoIP") applications on a wholesale basis to any last mile provider that desires a turnkey voice product to complement its service. In a number of the proposed rural service areas, 360 will be partnering with last mile providers to deliver these services. One such partnership is with Digital Bridge Communications Corp, an emerging last mile broadband supplier to rural communities (a letter of recommendation has been provided from them with this Application). However, 360 believes the availability and affordability of 360's middle mile backhaul and wholesale services will support all existing incumbent and competitive service providers along our proposed middle mile project route. 360networks' existing business currently addresses the non discrimination and interconnection obligations imposed on grantees. With regard to facilities funded with BIP or BTOP money, 360 further intends to adhere to the FCC's Internet Policy Statement. Moreover, 360 plans not to favor any particular Internet applications or content over others, it will display network management policies on its website, connect to the public Internet and offer technically feasible interconnection on reasonable rates and terms. Beyond the minimum requirements specified in the NOFA, 360 plans to display its network interconnection and non discrimination policies on its website, provide notice to customers of changes to these policies, commit to offering wholesale access at reasonable rates and terms, commit to binding arbitration of disputes concerning interconnection obligations related to this project and allow more than one provider to serve end users in the proposed funded service areas. 360 will be installing a leading edge multi-channel 10Gbps optical system manufactured by Infinera across the fiber backbone. Network interconnection or access points will be located at each of the 17 rural POPs. Wireless nodes

will offer last mile providers access speeds from 45Mbps to 2.44Gbps to each rural POP. The Company has a long history of building and operating fiber optic networks across the United States. Incorporated in 1998, 360networks (USA) inc. has operated carrier grade fiber optic systems for over ten years. The Company's current 17,200 route mile network supports many of the leading wireline and wireless carriers in the nation. The Company has a fully operational network operations center in Butte, MT operating 24 hours per day and 7 days per week and existing route operations and maintenance support across its fiber network. In the past year, 360 installed optronics and upgraded its network across routes longer than those proposed in this Application. The Company's audited financials have been provided to demonstrate financial capacity to support this project going forward. As a middle mile access provider, 360 anticipates that over a five-year absorption period, our last mile partners/customers will provide broadband access to 28,800 households (15% of addressable market) and 2,800 businesses (7.5% of addressable market). These estimates are conservative in light of the improved and affordable backhaul solution proposed and the policy of open access to all last mile providers. Directly, 360 will employ up to 26 full-time employees for support of this middle mile system. Jobs will also be created directly with the contractors and vendors that will assist 360 to complete this project. Indirectly, based on the Brookings Institute estimates that for every 1% increase in the broadband absorption, there will be a .2%-3% increase in non farm payroll, it is estimated this middle mile project will stimulate the creation of roughly 6,000 jobs in the areas of call centers, home based business, and general business expansion over time. Based on the criteria listed above, this is an efficient, cost effective solution to the middle mile bottleneck of these seventeen underserved communities and 360 is well positioned and experienced to meet the BIP/BTOP goal successfully to remove the barrier to broadband penetration in these markets.