

## Broadband USA Applications Database

**Applicant Name:** GTC, Inc.

**Project Title:** Broadband Access Extended to Unserved Rural Communities in NW Florida

**Project Type:** Last Mile Non-Remote

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### Executive Summary

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a) Opportunity the Proposed System Seeks to Address. This application seeks funding in order to deploy broadband facilities in six proposed funded service areas which are truly rural and unserved and which comprise rural areas of four counties in the Florida panhandle: Franklin County, Gulf County, Liberty County and Calhoun County. As described in this application, the applicant, GTC, Inc. d/b/a FairPoint Communications ("GTC") and the co-applicant, GTC's parent company, FairPoint Communications, Inc. ("FairPoint") propose to extend to the proposed funded service areas the same reliable, high-quality services to our other customers in our existing service territories which are also located in rural and less densely populated areas of the country. GTC's core business is planning, designing, building, managing and operating broadband networks. In addition to broadband, GTC offers local and long distance voice service, special access service, Internet and video. By extending GTC's high-speed broadband services into the proposed funded areas and marketing those services as proposed in this application, not only will access to broadband services be provided to currently unserved areas, but demand for broadband services will also be stimulated in the target area. As demonstrated elsewhere in this application, GTC could not expand their network to these areas as this project proposes without the financial support being provided by the ARRA. If these funds were to be provided in a manner other than through a grant, such as a loan, the project would not be feasible for two reasons. First, for GTC and its parent company FairPoint, the financing cannot be in the form of a loan because of the existing covenants that are already in place. Second, even if the covenants did not prevent GTC from obtaining financing in a form other than a grant, the project would not be economically feasible because the number of subscribers in the sparsely populated areas would not be able to generate the revenue needed to repay the loan or replenish any other source of funding. If rates were raised to make up for this revenue shortfall, the rates would be excessively high and unaffordable. GTC will be providing a 20% cash/equity match for this project. Also, as demonstrated in the application, deployment of high-speed broadband to these rural and unserved areas as proposed will spur economic development and provide benefits for education, health care, and public safety. Upon grant, GTC will be able to promptly commence construction on the project and fully complete the project within one year. Accordingly, grant of this application will fulfill the major goals of the ARRA by providing funding to a "shovel ready" project which will deploy affordable high-speed broadband in truly rural and unserved areas in a way that stimulates economic growth. b) Description of the Proposed Funded Service Areas The six proposed funded service areas are comprised of rural and unserved areas of four counties in the Florida panhandle: Franklin County, Gulf County, Liberty County and Calhoun County. The proposed funded service areas are some of the most rural within these counties with very low density of households therefore making the areas

a very high cost part of GTC's serving area. The average population of the four counties is 11,104. According to 2000 census data, the median household income was \$28,112 compared to \$38,819 for the state of Florida. The per capita income for the counties was \$15,048 compared to \$21,557 for Florida. The total population of all six proposed service areas combined is 1,206. These six separate proposed funded service areas are comprised of contiguous census blocks and are named: Wilson Cottages, White Springs Rd, Kinard, Lake Grove Rd, River Rd, and Turkey Creek. c) Number of Households and Businesses Passed. Households Passed: 485; Businesses Passed: 60 d) Number of Community Anchor Institutions, Public Safety Entities, and Critical Community Organizations Passed and/or Involved with Project. Critical Community Organizations Passed in the project: 4. e) Proposed Services and Applications for the Proposed Funded Service Areas and Users. GTC and its parent, FairPoint, both have as their core business delivering reliable, high-quality telecommunications and broadband services to rural and less densely populated areas of the country. In this application, GTC proposes to extend to the funded service areas the same services offered to our other customers, namely: High-speed Internet (DSL) for residential and business customers; Voice (local, long distance, and international calling) for residential and business customers; and Video (IPTV). f) Approach to Addressing the Nondiscrimination and Interconnection Obligations. As further explained in response to Question number 22, GTC herein commits to complying with the Non-discrimination and Interconnection Obligations in the NOFA. g) Type of Broadband System to be Deployed. The project will deploy xDSL and fiber-optic cable. h) Qualifications of the Applicant that Demonstrate the Ability to Implement and Operate a Broadband Infrastructure, and/or be a Sustainable Broadband Services Provider. The applicant, GTC, is a telecommunications and broadband provider that serves several rural communities in northwest Florida including Tyndall Air Force Base, Mexico Beach, St. Joe Beach, Port St. Joe, Wewahitchka, Blountstown, Bristol, Altha, Apalachicola, Eastpoint, Carrabelle, St. George Island, and Perry. In providing its services to these rural communities, GTC has become very proficient in deploying, marketing and operating broadband services at affordable rates. Similarly, the parent company of GTC and co-applicant, FairPoint, has made providing widely available, affordable broadband services a core part of its business strategy. FairPoint is an industry leading provider of communications services to rural and small urban communities across the country. Today, FairPoint owns and operates local exchange companies in 18 states offering an array of services, including local and long distance voice, data, Internet, video and broadband product offerings. In providing these services, FairPoint specializes in serving rural markets, many having similar characteristics to those of the rural communities served by GTC, where other carriers do not operate or where other carriers pick "low hanging fruit" of customers in more densely populated communities. The high level of proficiency that GTC and FairPoint have gained in providing affordable broadband services to rural communities will be utilized to provide affordable, sustainable broadband services to the six proposed service areas in the Florida Panhandle. Additionally, as a full service communications company and part of FairPoint, the seventh largest telecommunications company in the nation, GTC is well equipped to implement and operate a broadband infrastructure and provide sustainable broadband service. As demonstrated in this application, GTC and FairPoint have the requisite existing fiber optic, central office, network access infrastructure, management team resources, and financial and marketing employee skill-set in place to begin implementing the project as soon as it is awarded. This will ensure completion within one year and ensure continuance of affordable broadband service to each of the six funded service areas after the funding period has ended. i) Overall

Infrastructure Cost of the Broadband System. The overall infrastructure cost of the broadband system for this project is \$840,010. j) Overall Expected Subscriber Projections for the Five-Year Project. Households: 193; Businesses: 24; and Community Institutions: 2 k) Number of Jobs Estimated to be Created or Saved. In addressing the topic of Economic Development, GTC uses a term called “Economic retention.” Before a community or unserved area can concentrate on economic development, they have to have the tools in place to keep existing businesses viable. Broadband deployment into areas that are currently unserved serves that purpose well. It creates more business opportunities for local businesses which keeps their employment strong and even increasing employment in some cases due to increased business. Broadband helps preserve these businesses in the area, thereby reducing the threat they will move their business elsewhere. By keeping the business there, it continues to maintain other business as well, i.e.: the local electric utility still has a meter, the local gas company continues to have a meter, the local grocer still has a customer, the local newspaper still has a customer. All of these ancillary businesses benefit as well keeping the other businesses in the local area. Absolute direct job creation is hard to estimate, but GTC believes there will be direct jobs created over time as more customers take broadband services and as GTC supports a robust and evolving network. New job creation will also come as a result of expanded broadband. New home business could be generated; existing home businesses could be expanded due to increased awareness and market visibility. With each of these situations, there will be a clear need for increased technical assistance from consultants, etc increasing their business and potentially having them hire additional staff to take care of more customers as well as more technically advanced customers.