

## Broadband USA Applications Database

**Applicant Name:** Hood Canal Telephone Co., Inc.

**Project Title:** Pioneer Broadband Area

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

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### Executive Summary

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Hood Canal Communications is a Local Exchange Company located in rural Mason County, Washington. HCC is asking for \$1,593,700 under the Broadband Infrastructure category of Last Mile Remote Area to extend 13.5 miles of our facilities to provide broadband to an unserved area within the County. We would use these funds to expand our existing cable broadband facilities into the Pioneer Area, located in census tract 9611. HCC would construct the Pioneer area using a Hybrid Fiber Coax (HFC) infrastructure. This build will pass 261 homes (including approximately 10 in-home businesses) as well as Pioneer School and Mason County Fire District #6. HCC would offer cable modem service to deliver broadband to the customers in this area. Our current cable modem termination system complies with DOCSIS 1.X (Data Over Cable System Interface Specifications 1.1), which was the original standard, created in 2000. This system has reached its end of life and needs to be replaced in order to accommodate these additional broadband subscribers. The upgrade to DOCSIS 3.0 is also included in this proposal, and would not only allow for the additional customers in the Pioneer Area, but would also increase cable modem speeds to our 3,000 existing customers. A significant amount of money would be required for capacity to serve the new customers. It is a much better stewardship of scarce company resources to replace the existing obsolete system with a current industry best practice system to serve the new customers. With respect to nondiscrimination and interconnection, HCC adheres to the principles contained in the FCC's Internet Policy Statement FFF 05-151. HCC has developed terms and conditions that do not differentiate between or discriminates against applications providers or sources. Although HCC has deployed broadband in many forms including Fiber to the Home, DSL, Wireless and HFC, the remoteness and terrain of this project makes the use of HFC the most practical. Using Motorola's Cable Modem Terminations System (CMTS) and a mixture of fiber and coax proves to be the most reliable and economical in delivering broadband to this area. HCC has a long history in telecommunications and has been deploying broadband in Mason County for many years. In 2002, HCC was awarded a \$760,000 Rural Utilities Service (RUS) grant to deploy broadband to the Squaxin Island Tribe. This project brought broadband, Cable TV and telephone service to the Squaxin Indian Reservation. In 2004, HCC received a broadband loan for \$1.7 million from RUS to expand its broadband service further into rural Mason County. Both of these projects were highly successful and fully audited for compliance by RUS. While HCC continues to extend its facilities into rural Mason County, limited resources and a tight financial market prevent deployment on a larger scale. The total cost of the proposed system is \$1,593,700. A portion of the total cost is for upgrading the company's Motorola CMTS and transport facilities. This will greatly increase the speeds available to HCC's 3000 broadband customers and allow for future expansion beyond the proposed census tract into additional unserved census tracts. HCC has identified

and mapped unserved areas contiguous to its existing plant that would cost approximately twelve million to construct. However, due to the matching loan requirements, HCC can only afford to propose the Pioneer Area at this time. The rural nature of this area and the difficult construction conditions make deploying broadband economically unfeasible without grant funds. The hilly terrain block wireless coverage to the point that cellular service is not available to many parts of the service area. For that reason, wireless technologies are not considered a viable alternative for provision of service. Not only will this project create jobs during construction it will create permanent jobs for accounting and service technicians within our company. It will also create the opportunity for people in this area to telecommute, operate home businesses, and attend online courses. The economy of Mason County is heavily dependent on the logging industry, and due to the economic downturn in that industry, many workers are now going back to school or starting new careers. With only a single community college in our County and one incorporated city, the availability of broadband would give many more people an opportunity to earn their degrees online. The latest census reports that only 15% of the population of Mason County has a Bachelors Degree or better, 12.1% of the population is below the poverty level, and 11.2% are unemployed. Expansion of broadband is critical in this area to promote economic growth through the educational and occupational opportunities that it would provide.