

Broadband USA Applications Database

Applicant Name: FTC Diversified Services, Inc.

Project Title: Next Generation Broadband - 3 Communities

Project Type: Last Mile Non-Remote

Executive Summary

FTC Diversified Services (FTC-DSI) is a Competitive Local Exchange Carrier (CLEC) certified by the South Carolina Public Service Commission, operating within and near the service area of Farmers Telephone Cooperative, Inc. FTC-DSI is currently providing telephone and DSL broadband service (at speeds of 1.5 Mbps or higher) to portions of the Town of Kingstree, City of Lake City, Town of Olanta, City of Manning, and Town of Bishopville as well as portions of the City of Sumter and Town of Summerton. FTC-DSI is actively expanding its network in Sumter as prudently as business practices will allow. FTC-DSI seeks funding under both the USDA/RUS BIP and the US Department of Commerce/NTIA BTOP initiatives for broadband service to 3 rural communities that are currently underserved with broadband access. This application, Next Generation Broadband – 3 Communities, is one of four filed by FTC-DSI that will provide “next generation” fiber network service, fiber to the premises (FTTx), to 14 communities in our service area. The 3 Communities covered by this application all together include 3,167 households and 412 businesses. Together these communities have 11 healthcare delivery providers, 9 public schools, 1 independent school, 3 public library branches, 6 community centers, and at least 53 churches. The 3 Communities are the Town of Santee, Town of Lamar, and Town of Andrews. The other 11 communities addressed by additional BIP and BTOP applications are the City of Sumter, Town of Kingstree, City of Lake City, Town of Olanta, City of Manning, Town of Bishopville, Town of Summerton, Town of Hemingway, City of Johnsonville, Town of Pamplico, and Town of Stuckey. FTC-DSI is an affiliated company under the umbrella of Farmers Telephone Cooperative, Inc. of Kingstree, South Carolina. Farmers Telephone Cooperative, founded in 1951, is a local, multi-faceted telecommunications company serving over 60,000 customers within a coverage area of 3,000 miles. Farmers Telephone provides cutting-edge technology to businesses and residents in Williamsburg, Lee, Sumter, Clarendon, and Florence counties, the southwestern Pee Dee and eastern Midlands of South Carolina. Farmers Telephone is the third largest rural telephone cooperative in the United States. From a humble beginning utilizing a crank type switchboard to serve 52 homes, Farmers Telephone has evolved into a state-of-the-art organization offering local, long distance, paging, digital wireless, Internet access, DSL services, and IPTV (digital television service) through seven conveniently located full-service business offices. The roots of Farmers Telephone are planted in the spirit of a community coming together to provide telephone service to rural areas that larger commercial companies chose not to serve. With the help of the USDA/RUS program, Farmers’ mission has been accomplished. Just as our parent company has done within its service area, FTC-DSI seeks to expand its service to more communities and to improve its service to the communities it presently serves. In all of the 14 communities covered by our BIP and BTOP applications, the incumbent provider has chosen not to provide adequate service to the

entire community. In order to provide “the greatest broadband speed” and to provide a broadband network that will serve customers both now and well into the future, FTC-DSI proposes to construct a “next generation” GPON/active fiber network in these 14 communities in our immediate service area. Since most of these communities are rural and most have a high percentage of low to moderate median household incomes, this project will not be possible without grant assistance from the RUS BIP and NTIA BTOP under the ARRA of 2009. As was the case 50 years ago with Farmers Telephone serving our rural neighbors, the financial reality of providing service to these communities is that without BIP and BTOP grant assistance these areas may never be adequately served, certainly not within the time frame contemplated by the ARRA. “Next generation” broadband service to these 14 communities is certainly feasible from an engineering and construction standpoint; however, without BIP and BTOP grant assistance, this broadband service project is not feasible from an economic standpoint. We believe that fiber broadband service will improve the quality of life in these communities and will serve to connect these communities via information technology to the entire world for much of the 21st century, if not beyond. All of these communities contain significant numbers of people with low to moderate incomes and significant levels of unemployment, currently in excess of 15% in most of the counties in the service area. This area of South Carolina suffers from years of economic hardship due to its rural character, lack of economic opportunity, and a largely unskilled workforce. The current economic downturn has only exacerbated an already difficult economic climate for these communities. Nearly all of the communities proposed for service have a large percentage of their populations below the poverty line with an inordinate number of children and older adults, the most vulnerable populations in poverty situations. With the understanding that knowledge is the key to economic improvement, the completion of this project will literally be the equivalent of building a state-of-the-art research library at the front door of every home and every business in the communities served. This is particularly important in the heart of the “Corridor of Shame” as much of the Interstate 95 corridor through South Carolina was recently dubbed in a documentary film which received international attention. At the present time, “current generation” broadband is the only service available in these communities and with one of these communities, Town of Stuckey, having no broadband service at all. From our experience, as well as that of Farmers Telephone Cooperative, the largest market penetration achieved in any of our service areas is less than 23%, even in the most affluent of our neighborhoods and even with our most aggressive promotions. Based on this fact, all of these 14 communities are either unserved or underserved. This project will make the greatest broadband speed possible available to the largest number of users, providing coverage to the entire community. The projects will provide “next generation” broadband availability to 29,833 residences and 3312 businesses in these 14 communities. From our market research, the lack of affordability of computers for our citizens compounds this market penetration problem. In order to combat this, Farmers Telephone is submitting an application under the Sustainable Broadband Initiative of BTOP to provide 20,000 computers to citizens in our region. Adopt-A-Laptop will make a huge difference in broadband use in our service areas. Well over 400 “community anchor institutions” consisting of schools, libraries, medical facilities and providers, community colleges, community support organizations (community centers), public safety agencies, and other community anchors will be served with the fastest speeds available in broadband access. In partnership with Farmers Telephone, Williamsburg Technical College and Central Carolina Technical College, FTC-DSI is committed to providing access to the educational tools and the facilities necessary to teach the skills

needed for the community at large to utilize the broadband access afforded by this project. FTC-DSI fully supports Farmers Telephone's BTOPI grant application, Adopt-A-Laptop, under the Sustainable Broadband Initiative and will assist them in the successful implementation of this program to make computers available to the households of the communities we serve. Understanding that one of the primary purposes of the ARRA is job creation, this project will directly create at least 279 jobs that would not be available without the BIP and BTOPI grant funding. In addition to these direct construction-related jobs, a large number of second and third tier jobs will be created as well. From equipment dealers and maintenance personnel, to materials suppliers, to hotels, to restaurants, to the local hardware store, and on throughout the business community, this project will have a major impact on alleviating some of the unemployment misery currently being felt in this region of South Carolina, which ranks third in the nation in unemployment. The total estimated cost of this project is \$8,360,000 as detailed in the grant application. The project cost includes construction of fiber to the premises (FTTx) throughout the 3 communities served as well as the fiber connection interface to the residence or business for an estimated market penetration rate of 35 percent in each of the communities served. The cost of engineering design and construction services as well as a construction contingency of 7.5 percent is also included in the overall project cost budget. Finally, the project schedule includes some 33 months beginning with the award of the BIP BTOPI grant in December 2009 and ending with the last project completed and closed out in September 2012. The schedule anticipates that the grant funding will be available in January 2010, as currently shown on Broadband USA's website, with the first of several construction projects beginning in March 2010. Due to the size of the overall project and the geographic area covered, we anticipate that several separate construction projects will be necessary to complete the overall program. Based upon the stated goals of the BIP and BTOPI programs, this project is certainly worthy of funding and will have a major impact, both short-term and long-term in our service area. We sincerely appreciate the opportunity this program provides for making a difference in the lives of our fellow citizens.