

Item 8 Executive Summary

a) Mountain Rural Telephone Cooperative Corporation (MRTCC), as many traditional telephone companies, is in the throes of transforming their traditional telephone service company into a broadband service company. In 2006, Finley Engineering Company provided a study to determine the costs and benefits of transforming the copper based voice network of today into a fiber-based broadband network of tomorrow. The study indicated that while the benefits were tremendous the costs would require massive debt. MRTCC determined that they could not make this investment based on the projected take rates and revenues.

The ARRA funding affords MRTCC an opportunity to build this Broadband network of tomorrow without the enormous debt. [REDACTED]

[REDACTED] The purposes of the ARRA funding will be accomplished by this project. The first goal of ARRA is job creation and retention. We estimate a minimum of 30 jobs will be created by this project while 10-12 will be retained. These personnel will be employed during construction and will live and work in the four MRTCC counties. This will in turn produce additional employment in providing the food and living quarters for these construction and engineering personnel.

The second purpose of ARRA is to reinforce and replace our aging infrastructure for a strong future America. The copper infrastructure currently providing voice service for MRTCC's subscribers was originally placed in the 1955-1965 time frames. This cable and ancillary equipment has been reinforced over the years but it is now to the point where replacement is required to keep up with technology developments.

b) The proposed service area is MRTCC's ILEC area. This area consists of four counties of Appalachia. All four of these counties are considered "distressed" by the Appalachian Regional Commission. It is the hope and mission of MRTCC that this new network will afford the citizens of these counties the facilities and technology needed to compete in a global market.

The four counties are contiguous and each has one main community of interest. Morgan County contains West Liberty, the home of MRTCC's headquarters. Elliott County contains Sandy Hook; Menifee County Contains Frenchburg, and Wolfe County contains Campton. In addition the ILEC area covers small portions of Bath and Lee Counties, also contiguous to the rest of MRTCC's area. All of these counties are challenged by mountainous terrain and limited highway and rail infrastructure. Industry includes mining and agriculture but not manufacturing on any meaningful scale. The difficulty of transportation in and out of the area is the main cause of this lack of industry. The need for a 21st century communications network is great in

these counties. The proposed network will allow on line training for the workforce. This network will also allow small business to develop out of area markets for goods and services.

c/d) Per the 2000 census the households and businesses in these counties are as follows:

Households: 13,013 Businesses: 2,335 Institutions: 65 TOTAL: 15,413

Connect Kentucky has conducted a technology assessment in each of these four counties. A review of these assessments shows several common themes. Broadband use is 20% less in these counties than the Kentucky average. Broadband use at work is 21% less than the state average. Providing affordable broadband at meaningful speeds will have a significant impact on the economy and education opportunities for these residents and their employers.

e) Proposed services for this network are blazing fast broadband at affordable rates. The broadband speeds envisioned for this network will allow all current Internet applications and ensure a strong base for future applications. The main goals are to allow online training and assist small business to develop their markets. These four counties have a lower than state average rate of high school graduation. One reason for this is high school graduates often leave the area looking for meaningful employment. The same is true of college graduates. [REDACTED]

f) MRTCC is willing to negotiate in good faith with any bona fide request for interconnection agreements. As a regulated telephone company MRTCC is already open for interconnection on the voice and DSL services.

g) [REDACTED]
[REDACTED]
[REDACTED] The diverse routing of the transport network as well as the redundant common control of all the network elements ensures the reliability of this network. [REDACTED]

[REDACTED] The reliability of this network has proven itself in the recent ice storm in Kentucky. While most of Kentucky lost all communication and power services MRTCC lost less than 12 % of their lines and those were restored very quickly.

h) MRTCC has been a telephone cooperative since 1953. They have always been regarded as an industry leader and run a cost effective, well operated company. These strengths will be applied to this new network. Their past track record and depth of management speaks well for their ability to operate this new broadband centric network.

Key employees include General Manager, Network Engineer (a P.E. licensed in KY), Central Office Manager, Outside Plant Manager, Commercial Manager, Marketing Director, Human Resource Director, and Director of Finance. This depth and experience of the management team will ensure success of this new network.

i/j) [REDACTED]

k) The timeline for this deployment will require substantial new jobs. As the project begins in 2010, eight new engineers will be required to perform the field work. Once construction in one area begins several cable crews will be required. Our estimates for job creation are based on the project timeline and include Engineering, construction and operating personnel.

Engineering new jobs:	8 – 10	Engineering retained jobs:	2
Construction new Jobs:	22-30	Construction retained jobs:	10
Operating new jobs:	6-8	Operating Retained jobs:	1

Ancillary employment opportunities will be in the hospitality industry providing housing and food for the construction and engineering personnel. Out of area employment in the material production and delivery sectors will also be enhanced by this project.