

Broadband USA Applications Database

Applicant Name: Socket Telecom, LLC

Project Title: Rural Mid Missouri Hybrid Broadband Network

Project Type: Last Mile Non-Remote

Executive Summary

While the “Digital Divide” has diminished in recent years, a gap still exists today. Since our inception in 1995, Socket’s roots are in connecting rural Missouri communities to the Internet. It’s no secret that in the past, rural Missouri has been overlooked by larger companies. Our belief has always been that small rural communities should not be ignored due to their geographic location. There are numerous examples in Socket’s history of providing a voice or data service in an area previously unserved. It is through this focus that Socket has become a leader in delivering services to rural areas providing dialup and xDSL Internet access to more areas in Missouri than ANY other company. The opportunity our project seeks to address is to provide high-speed broadband access over a fiber optic & wireless network to rural Callaway County. 6,427 homes will be served, with over 92% having fiber optic cable directly to their home. We will also provide access to 43 community anchor institutions, public safety entities, and critical community organizations, and 528 businesses. Customers will obtain speeds up to 20Mbps and experience true 21st century telecommunications. The proposed funded service area consists of 133 square miles, 608 census blocks, and three census communities; Fulton city, New Bloomfield city, and Lake Mykee Town Village. Our service area also includes parts of Callaway County lying outside any census community. The number of households and businesses our proposed network will pass includes 6,427 households and 528 businesses based on the 2000 census and data from InfoUSA.com. This includes 5,943 households (92.5%) reached via the fiber network and 484 households (7.5%) reached via the wireless network. A total of 43 community anchor institutions, public safety entities, and critical community organizations are passed with Socket’s proposed network. Of these, 18 have provided letters of support for our project (see sections 21. Government and Other Key Partnerships & 42 . Recovery Act Other Government Collaboration of this application for copies of letters). Socket’s services and applications for the proposed funded service areas and users are based on fiber to the home broadband Internet as the cornerstone of our network and wireless broadband where fiber is not available. Fiber to the home users will have access to telephone, and video services, including local and national television, and premium content channels (HBO, Showtime, etc.). Additionally, by providing broadband Internet service over a fiber network, users will receive bandwidth speeds capable of delivering telemedicine, telecommuting, and other advanced applications. Telemedicine applications are especially critical for users in rural areas where people may be otherwise required to travel for advanced healthcare services. Providing advanced telecommuting applications allows residents of rural areas to have the potential to compete for jobs virtually anywhere without leaving their rural community. Perhaps the most significant advantage of a fiber-based network is the fact that it is as close to future-proof as current technology allows. As newer and more advanced

applications are developed, bandwidth demand will continue to increase. As this demand increases, the use of Dense Wavelength Division Multiplexing (DWDM) technology will facilitate dramatic bandwidth expansion over the existing outside plant network simply by upgrading the electronics on each end, thereby leveraging the full potential of the plant investment. Socket's approach to addressing the non-discrimination and interconnection obligations will be in line with long held company practices. We have always provided our retail and wholesale customers with open access to the Internet. In doing so, we have always used reasonable network management practices. In keeping with our current practices, we will commit to adhere to the Non-discrimination and Interconnection requirements set forth in the NOFA. Specifically, we commit to follow the principles contained in the FCC's Internet Policy Statement (FCC 05-151, adopted August 5, 2005). Socket will display all network management policies in a prominent location on our webpage and will notify customers via webpage updates and e-mail of any changes to these policies. Socket will offer interconnection, where technically feasible without exceeding current or reasonably anticipated capacity limitations, with reasonable rates and terms to be negotiated with requesting parties. These interconnection arrangements will provide the ability to connect to the public Internet as well as provide for the exchange of traffic. Once Socket receives a bona-fide request, we will negotiate terms with the requesting party. Socket has experience in reaching voluntary service arrangements with wholesale customers. We currently provide wholesale service to 35 providers who in turn provide retail services to 6238 users. Additionally, we currently have collocation facilities available at several network locations and will maintain collocation facilities in order to facilitate interconnection with other providers. The broadband systems that will be deployed include fiber and wireless based systems. Socket's broadband over fiber network will run between 1.2 and 2.5 gigabits per second consisting of a Gigabit Passive Optical Network (GPON) utilizing passive splitters to deliver concurrent signals to multiple users within cable footages of 20 kilometers. Each fiber network subscriber will have an actively powered network interface device (NID) to receive our signal before the signal is split and directed to devices within the home. It is over this broadband Internet connection that any other services will rest. Socket's broadband over wireless service will utilize the existing 900Mhz unlicensed wireless spectrum broadcast from central radio antennas mounted on towers within specific regions of our service area. Subscribers will receive this signal via an externally mounted antenna and in-home CPE. Socket's qualifications that demonstrate our ability to implement and operate a broadband infrastructure, and be a sustainable broadband service provider are demonstrated through our history as a broadband Internet, voice, and data communications company. We have demonstrated that a financially viable business can be built around serving unserved and underserved communities. In an industry dominated by multi-billion dollar companies, Socket has carved out a niche that has enabled us to grow consistently and profitably for the past 14 years. The result is an organization currently supporting over 17,600 residential and business customers. Much of our success can be attributed to our belief that rural areas want the same services urban areas enjoy. However, this vision would be meaningless without a game plan and the people and processes to ensure it is successfully executed. We project the overall infrastructure cost of the broadband system will be \$27,918,340, with overall expected subscriber projections for the project of 2,113. We estimate the number of jobs to be created or saved as a result of this project to be 668. This includes 24 direct Socket jobs and 644 indirect jobs. The direct jobs will be the result of increases in our internal staff to support the building and ongoing maintenance of the network and supporting the customers who will utilize it. Specifically, we estimate

the addition of 19 customer facing personnel including 6 installers/dispatchers, 5 technical support specialists, 4 fulfillment/customer care specialists, and 4 sales agents (2 internal and 2 external). In addition, we estimate the addition of 5 back office systems support and network operations support personnel. To calculate the estimated direct Socket jobs created, we divided our current revenue by our total employee count to get the revenue per employee number and then divided the new revenue added from this project by that number. We then added to this number to account for personnel required for new company functions. In addition to the direct jobs created, we estimate our project will result in the creation of 644 indirect jobs. According to Jeffrey Eisenach, Hal Singer, and Jeffrey West, of Empiris, LLC in their study titled Economic Effects of Tax Incentives for Broadband Infrastructure Deployment, published January, 2009, 20 new construction and engineering jobs are created for every 1M spent in fiber network construction (pp. 8-9). Additionally, they found indirect jobs in all other categories are created at a rate of 1 job for every 10 new subscribers added (pp. 17-18) (see also, Robert Crandall, William Lehr, and Robert Litan; The Effects of Broadband Deployment on Output & Employment: A Cross Sectional Analysis of U.S. Data, 6 Issues in Economic Policy 12-14 (July 2007). Our project includes approximately \$22 million in construction costs and will provide fiber-based service to 1986 users, based on predicted take rates, resulting in the creation of 445 indirect construction and engineering jobs and 199 indirect jobs in all other categories. The plan we have outlined in this application represents the next evolution both for Socket and the communities we will serve. By connecting these users primarily with fiber, we put these communities on par with the largest population centers in the country. While it is understood that the BIP program is technology neutral, it is undeniable that fiber connectivity provides superior performance to any other technology and, in fact, enables applications no other infrastructure can support. In coming years as the need for expansion of broadband access continues to be the topic of discussion for our country, the communities connected with fiber will effectively be "taken off the list" as they will be connected in a way that will serve them for the rest of the century and beyond.