

X-Press Net, Inc.  
Broadband Infrastructure Application  
Item 8: Executive Summary (West)

I. The following supplemental detail provides an Executive Summary covering the Project:

a) Opportunity

X-Press Net, Inc.'s proposed system is designed to address unserved and underserved rural areas and small population cities in Oklahoma. The historical broadband infrastructure investment in this part of the country has been inadequate due to low population densities. X-Press Net is submitting three separate applications in the first round of Broadband funding for a total of ten 25-mile radius hubs -- covering an estimated 20,000 square miles in (1) "North Oklahoma", (2) "West Oklahoma", and (3) "South Oklahoma". All three applications are focused on "Last Mile" services. This application is for the area we call "West Oklahoma."

b) General Description

This West Oklahoma application covers an approximate 5,331 square mile area. The hub cities are located in Cookietown, New Cordell, and Stecker, Oklahoma, respectively. These three hubs cover approximately 65 rural cities that are under 20,000 inhabitants. There is one non-rural city in this market area, i.e., Lawton/Fort Sill. In the 2000 census, the Lawton/Fort Sill had 92,757 residents. The total unserved rural population is estimated at 51,070 and the underserved population in the West Market is estimated at 66,864. This area is 98.6% rural based on acreage and 61.79% underserved based on population. These households have limited options (typically dial-up or satellite).

c) Number of Business and Households

Per the 2000 census, there are 10,352 business establishments in this market area. The majority of these businesses have less than 10 total employees. Based on the same data, 104,744 households are covered by the West project. The total 2000 population was 242,749 for the entire 5,331 square mile area.

d) Number of Community Anchor Institutions, Public Safety Entities, and Critical Community Organizations passed or involved with the project (healthcare, education, libraries)

The City of [REDACTED], Oklahoma has made significant commitments to X-Press Net, Inc.— providing certain tax and other financial incentives for this application. [REDACTED]

In addition the following cities and institutions have made written commitments to our program: [REDACTED] A number of other city managers and mayors have expressed excitement about our program.

Our research shows there are 11 regional or county hospitals in this market area and a total of 644 other clinics, physician, dental, and other medical services entities. We have established a joint Operating Agreement with [REDACTED] to provide tele-medicine products and services with operational protocols through public safety agencies and regional or county healthcare facilities. [REDACTED]

We also plan to offer discounted services to schools and educational facilities. Our research shows there are 227 primary and secondary schools in this market area. Free services will be provided to all libraries. There are 58 such facilities in this market area.

e) Proposed Services and Applications

The infrastructure being deployed under this application will support voice, broadband Internet services, and video services. Initially, X-Press Net plans on deploying only voice and broadband Internet services. The following table outlines the service offerings and pricing structures:

Service Offering	Mbps Down	Mbps Up	Target Max. Over Subscription Ratios	Estimated Ratio per Offering	Price per Mo.	Comments
Residential 1	1.5	1.5	25:1	80%	\$34.95	
Residential 2	3.0	1.5	25:1	20%	\$44.95	
Business 1	3.0	3.0	10:1	90%	\$249.95	With 5 Static IP's
Business 2	6.0	3.0	10:1	10%	\$499.95	With 10 Static IP's
Res – VoIP				40% of Total	\$20/line	
Bus – VoIP					\$40/seat	

Detailed market research shows both that the above service levels are higher and that the pricing structures are lower than any current offerings within the coverage area. To date, many areas only have dial-up or satellite options available.

f) Approach to Addressing Non-Discrimination and Interconnection

X-Press Net, Inc. will adhere to all FCC Internet “principles.” The network is being designed to allow alternate providers on the network along with additional traffic. The model is financially sustainable without other providers, but improves if we allow other providers on the network. It is in X-Press Net’s interest to allow other providers on the network.

To accommodate alternate providers on the network, X-Press Net will be following a “Neutral Traffic Routing” principle. Physical interconnections for exchange of traffic will be allowed at the designated network operating center location for the desired end users. It will be up to the alternate company to provide Internet access to the interconnection hub and they will be responsible for services to that point. X-Press Net will be responsible for Layer 2 access and Layer 3 routing from the interconnection hub point to the points of presence. It is assumed that the alternate company will be responsible for Customer Premise Equipment (CPE) and the end-user experience.

g) Type of Broadband System Deployed

X-Press Net, Inc. will be deploying a proven wireless implementation using an overall architecture that improves backhaul capabilities compared to most systems.

Standard off-the-shelf digital radio and communication equipment will be purchased from two primary vendors, [REDACTED]. Details on the architecture and engineering plans are outlined under questions 29 and 30.

h) Qualifications of the Applicant and Demonstrate Abilities to Operate

The Applicant organization, X-Press Net Inc., has over 100 years of combined experience and will be able to implement the planned broadband wireless network as soon as funding is available by using their experience and networking of third party contractors such as [REDACTED] who can bring substantial resources to bear in a short time frame. During the build out phase of the system, the Applicant will add employees and third party contractors to the organization so that the Applicant will be ready to manage and operate the broadband wireless network once it is built. See Question 38 for detail.

i) Overall Infrastructure Cost of the Broadband System

The budgeted overall cost for this application is \$12.395 million (excluding CPE and installation). This translates to approximately \$2,325 per square mile covered by the services, or \$118 per household for this area. Subscriber units will cost approximately \$386 (after volume discounts) per customer with an additional \$220 one-time cost for installation and customer training. The total fully loaded cost per customer is \$1,212.

j) Overall Customer Subscriber Projections for the Project

	Year 1	Year 2	Year 3	Year 4	Year 5
Res. Broadband	0	4,515	19,467	19,467	19,467
Business Broadband	0	357	1,533	1,533	1,533
Res. VoIP	0	1,461	6,300	6,300	6,300

k) Number of Jobs Estimated to Create or Save as a Result of Project

Area	Total New West Jobs
1) Engineering	6
2) Construction	6
3) Marketing	1
4) Distribution / Installation	48
5) Call Center	18
6) Network / Engineering Operations	3
7) Management	5
8) Other (Admin, Leasing, etc.)	2
9) Equipment Manufacturing	77
TOTAL	166