

South Central Telephone Association, Inc.

KS551 Lake City & Sun City Rural FTTH

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Executive Summary

South Central Telephone Association, Inc. is a telecommunications company that has been in operation since 1953. The company offers voice and broadband services to nine exchanges in Kansas and Oklahoma.

South Central plans to extend our fiber-to-the-home (FTTH) broadband network to the un-served areas of our Lake City and Sun City exchanges. This would provide the people of this rural area with all the benefits of high speed internet services ranging from [REDACTED] by running a fiber directly to the establishment. The proposed funded service area for this project consists of the rural areas of the Sun City and Lake City exchanges. The communities of Lake City and Sun City are already covered by FTTH and broadband services up to and [REDACTED]. South Central will also offer reduced cost broadband services to the rural fire department chief, free Internet to the library/community center, reduced cost service to critical care patients, and meet broadband service needs of home school families. South Central also intends, via this application, to purchase a new accounting/billing/records management system and a new geographic information system. Once these two systems are operational they will be integrated to allow seamless customer management between the accounting, customer service, technician and mapping departments – thus creating an even more efficient organization to help further improve customer service.

The exchange areas of Sun City and Lake City cover most of western Barber County and parts of Comanche and Kiowa counties in Kansas. The terrain in the exchanges of Lake City and Sun City is characterized by plateaus, canyons, and generally hilly rangeland. Lake City and Sun City are the major communities in these exchange areas. The subscriber density of these rural areas is less [REDACTED] per cable route mile. There are over [REDACTED] of territory, a population of [REDACTED] in these rural areas of the exchanges.

According to our physical Area Coverage Survey (ACS) there are [REDACTED] [REDACTED] the rural fire department in the Lake City exchange.

South Central's proposal for FTTH in these rural exchange areas would allow customers to have the option of high speed internet that include broadband speeds that range [REDACTED] [REDACTED]. South Central's FTTH system will be capable of offering [REDACTED] to each customer should demand require it. This system will allow customers to stay up to date on current events, help farmers stay alert on the latest weather conditions, and would open the doors for many small businesses to grow and expand their sales to a wider range of customers. South Central has customers in these areas that home school their Children since the area in which they live is so remote to the nearest local schools. South Central is working with the Chief of the

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rural fire department to provide free service. The Mayor of Sun City is coordinating with South Central to establish a free Internet center at the library/community building. South Central will also provide free Internet, computer, and software application training at the library. The two regional hospitals have agreed to create a program that will allow South Central to provide reduced costs services to home bound patients with critical health needs.

South Central is in compliance with the non-discrimination and interconnection obligations as specified by regulation. The non-discrimination and interconnection policies are posted on the company website. South Central can allow any interconnecting company VLAN access to the customers of this network via Ethernet connections at the Medicine Lodge central office. If required, South Central can provide the local loop to a mutually convenient point of connection.

The technology chosen for this project is Gigabit Ethernet passive optical network (GPON) fiber-to-the-home (FTTH). Every customer will be connected to the network via fiber optic cables. This will allow our company to offer all the benefits of the most up to date technology such as high definition video and audio. The fiber will be deployed from South Central's equipment office in each community to the customer premise. The GPON 2.4 system will enable our customers with up to [REDACTED] bandwidth. Initially, however, South Central is only offering data rates up [REDACTED]. Calix C7 is the GPON 2.4 access platform that is currently installed and offering FTTH services to the customers in the communities of Lake City and Sun City. This platform will accommodate the new rural FTTH customers with the addition of a few electronic components.

In 2003 the company started deploying FTTH, and by 2007 the FTTH network was complete in all nine of the ILEC exchange town areas. By the end of 2008 the company had successfully placed [REDACTED] miles of fiber. [REDACTED] of our customers are served by FTTH. Our ability to sustain broadband communication is unequivocally solid. The management team has been substantially consistent since 2004 when Steve Davis, the General Manager, joined the company. His prior management experience is extensive and consists of executive positions with FairPoint, MJD, and Contel/GTE. Under his leadership the company developed 24x7 call center capabilities specifically for our data and voice customers. We created a specialized Business Customer Sales/Service unit. We consolidated all engineering and infrastructure expansion functions by bringing them in-house. In this capacity we successfully completed all purposes of the USDA/RUS Infrastructure Program "H" Loan and with RUS approval used some of the remaining funds to expand Fiber-to-the-Home substantially into some of the rural areas of our regulated territory.

The total projected cost for the entire project is estimated to be \$4,422,000. These costs include labor and equipment.

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Among the [REDACTED] to some form of Internet service. These include dial-up, fixed broadband wireless up to 384/kbps and three (3) customers that have [REDACTED]. Upon installation of the system all [REDACTED] will be converted to an existing package via the FTTH system, starting with no lower than the [REDACTED]. We anticipate [REDACTED] per year for the next five years to [REDACTED]. South Central used industry research data to trend out the broadband growth rate. During year three we projected [REDACTED] additional customers resulting from planned incentives for renewals and additions of expiring broadband contracts. One business customer was added to the voice projection due to a potential business opportunity expressed by a couple of current customers during surveys. However voice projections remain consistent over the next five years because the rural areas are not experiencing population growth or any influx of new major industry.

South Central knows that a team of approximately 6-8 fiber construction employees and fiber splicers will be employed for the duration of the outside plant project (approximately 6 months). Since the [REDACTED] are already South Central's, there are no additional employees required within the company structure.