

SECTION C EXECUTIVE SUMMARY

BEK Communications is located in rural south central North Dakota. Along with increasing populations in the state's bigger cities, comes declining population in the smaller towns. As populations of the smaller towns decrease, so does the populations of the small town schools, along with the funding that goes towards supplies, extracurricular activities, lunch programs and technology.

With this decrease in funding and limited budgets for technology in our state's smaller rural schools, our students are the ones who suffer. Many of our more rural schools simply don't have the funding to purchase, upgrade, and support enough computers for student learning. With the rising dependency on technology in our ever-changing world, we can't afford to have this gap of students be the ones with the disadvantage.

Limited or out-dated computers also mean limited Internet use. The Internet is an amazing source of information, education, opinions, cultures and tools that students need to learn.

Another issue that comes along with decreasing funds for smaller schools is smaller academia. Students in smaller schools are limited to a smaller curriculum. Funding, staffing and student numbers keep smaller schools from offering the plethora of courses that a larger school can offer. Interactive Television (ITV) classes allow students the courses that simply can't be offered in a small school. However, purchasing and maintaining ITV class equipment often times requires a larger budget than smaller schools can afford.

The overall approach to addressing this need is to work together with local schools. The need of our local schools is clearly great. BEK is partnering with our local schools to help provide much needed current generation technological equipment for greater learning, Internet access, curriculum enhancements, etc. All of which will ultimately help in student development.

The target population for the proposed PCC includes ■ communities. The area to be served and demographic information is detailed in the supplemental attachment.

The progressiveness and ingenuity of BEK exhibits a unique ability to implement the proposed project and achieve the intended results. BEK Business Solutions offers businesses the widest range of communications products and services in the upper Midwest. BEK Business Solutions specializes in custom-tailored comprehensive, integrated communications and computer solutions to fit customers' needs. Their service is backed by a highly experienced customer service team and a 24/7 support center. Its parent company, BEK Communications, has been a leader in providing residential communications services since 1952. Fiber optics, broadband, digital, wireless, digital TV—BEK is at the forefront of emerging technologies, and remains dedicated to innovation. BEK Business Solutions is committed to improving the success of its customers by providing technology and growth through custom communications solutions.

BEK was first in the state to deploy fiber to the home in rural areas and one of the first in the state to offer Digital TV. BEK has the vision to plan for future services such as the acquisition of wireless licenses and by expanding its technological network and digital voice solutions to the business market in the upper Midwest. BEK has demonstrated successful deployment of many advanced services, each with excellent subscriber penetration.

IPTV Service Penetration – BEK offers IPTV almost exclusively with TV penetration exceeding ■ of homes passed. The packages include a limited, expanded basic and premiums with HD. BEK acquired two cable operations in the past 2 years, Steele Cablevision in 2006, ■ in Steele only

and the Wishek Cluster from Midcontinent Communications which offered a full triple play service, in Linton, Wishek, Zeeland, Lehr, Napoleon, and Wilton.

Analog TV Service – As previously mentioned the Cooperative purchased Steele Cablevision which is a [REDACTED], which BEK is now upgrading [REDACTED]. We initially intended to discontinue the analog service as we felt the IPTV service would be more beneficial to our market. We found that about [REDACTED] of our members are financially challenged, ergonomically challenged or not interested in a digital product. For this reason BEK will be upgrading the channel line-up and offering the Analog service via FTTH to those interested members.

Broadband Penetration – BEK's broadband penetration is very good with over [REDACTED] of total BEK Members subscribing to broadband service. The broadband speeds as expected are very good over fiber with the standard offering at [REDACTED]. The speeds decline as we look at the town and rural copper plant.

Phone Service Penetration – BEK offers basic phone service to its members both on a bundled and unbundled basis with full features including unlimited long distance. The phone service penetration is nearly [REDACTED] of occupied homes in the territory, with unlimited long distance bundled to over [REDACTED] of the market.

Jobs to be saved or created - The Internet is an amazing source of information, education, resources, opinions, culture and tools. More importantly in low income areas such as ours, it is also a means of generating income. BEK feels that as additional technologies are made available to our schools and community members, this will give them more choices when it comes to job opportunities. Many may decide to work from home, with home based businesses thus increasing jobs. The implementation and maintenance of the proposed workstations and servers is also expected to save jobs at the respective schools, as well as create additional jobs in some select locations.

The overall estimated cost of the proposed project is \$907,029. Letters from superintendents, as well as specified funding commitments and signed quotes have been provided by each supporting school.