Executive Summary:

Open Range’s mission is to connect rural Americans to the broadband superhighway. The Company’s vision is to eliminate the speed and technology gap that separates rural and urban America. Creating a high-speed broadband network for rural America is the sole focus of the Open Range team.

Open Range is a Delaware corporation, headquartered in Greenwood Village, Colorado. Open Range team members are experienced telecommunications professionals with successful track records of meeting budgets, delivering customer service and operating large subscriber networks. Because Open Range is a large RUS borrower, the team is familiar with the RUS loan process. (See resumes included in response to item 37.)

Open Range has already been approved by the RUS for a broadband loan to construct facilities in 518 communities. Open Range will construct an additional 28 communities with its own funds extending its reach to 546 markets. In this proposal Open Range seeks funding under the RUS Broadband Infrastructure Program to serve 167 additional rural communities comprising 120 unique service areas in this application. Open Range will use its own money to extend service to another 9 communities which do not qualify for BIP funding. The 176 extension communities are concentrated in 10 states where Open Range will provide service under its original plan. By leveraging its original 546 markets in 17 states and extending the reach of its network to adjacent communities, Open Range will maximize the effectiveness of American Reinvestment and Recovery Act (ARRA) funding.

Under this proposal 167 remote, un-served, and underserved communities, in close proximity to the current Open Range planned markets, will be built relying exclusively on loan and equity funding. No grants are requested for this project. Using thorough strategic, financial and competitive analysis Open Range identified communities whose economics qualify for the BIP program. All loan-funded communities in this extension application are rural. All are un-served or underserved. In excess of 18,000 people to be served have no broadband service at all; another 52,000 to be served live in communities where broadband is available but it is not available to them. Five communities are in hard to reach remote areas. This project is effectively an extension of the previously approved project supported by a $267M loan and $109M Open Range investment which closed January 9, 2009. Importantly, Open Range will substantially complete and offer service to 90% of the 6 million people in its original plan by the end of 2012. This dovetails with the requirement to complete this extension project within 36 months. By extending the availability of wireless broadband to additional un-served and underserved areas this project will accomplish the goals of the Recovery Act program while extending the scope, reach and viability of the Open Range project previously approved by RUS.
An intangible in the Open Range model is Open Range’s “hometown” approach. From technicians to at-home customer service agents, the people Open Range hires will be local. Never will an Open Range subscriber talk to someone in an offshore call center. Within the first 5 years of operation, the combined Open Range project will employ an estimated 915 people, including contractors. These jobs will contribute to the economic development of these communities.

Open Range’s “hometown” approach will also mean positive changes for local residents. Rural Americans will gain access to new telecommuting jobs, opportunities to attend a university from their living rooms and receive the benefits of modern telemedicine and healthcare inside the privacy of their homes.

Open Range will deploy standards-based WiMAX 802.16e using licensed S-band spectrum to cover all potential subscribers. The planned wireless 4G deployment is the most cost efficient technology for delivering broadband covering the most homes with the lowest capital cost per home passed. To reach these communities Open Range will add microwave backhaul capacity to support BIP market traffic and offer dedicated broadband backhaul service in the outlying communities to parties needing high capacity services. This will have the added benefit of allowing cellular operators to expand their reach in these communities with advanced cellular solutions. The Open Range architecture has the capability to provide mobility across Open Range’s expanding network. As an open standard technology, the Open Range network will be interoperable with other urban networks being built to WiMAX standards.

The original Open Range plan will provide high speed wireless broadband coverage to more than 6 million people. With the BIP loan, Open Range will extend wireless coverage to another 2 million people. This request proposes to concurrently add 176 communities over a 36 month period. The capital cost in this extension is not merely an estimate. Open Range recently awarded contracts to develop the network to serve the original 546 communities at these costs and the additional facilities proposed in this application can be built under those contracts. Thus Open Range is truly “shovel-ready”.

Using its own money, Open Range will build networks across its geographic clusters using larger hub or anchor communities within each cluster to improve operational efficiencies.
BIP funding will be used to add service to 167 additional communities; all are within the targeted states in the original Open Range plan. In these communities, broadband service is less mature or non-existent and demand for broadband services is strong. A common interoperable wireless technology, platform and customer experience will provide utility to rural citizens by enabling them to use their portable service throughout the Open Range network.

In most un-served and underserved communities, broadband options are either slow, capacity or coverage limited and/or expensive. The Open Range offering is presented at an affordable and compelling price. Open Range will offer a 1.5 Mbps downstream and 512 Kbps upstream Internet service for less than $40 a month. Open Range will offer VoIP service at a cost of $24.95 per month.

The Open Range network will employ generally accepted technical measures to provide acceptable service levels to all customers and will be fully compliant with the Nondiscrimination and Interconnection Obligations in the NOFA.

The principal features of the Open Range business plan are:

- This extension project is a continuation of Open Range’s strategy to deliver advanced, affordable, portable and mobile broadband services to un-served or underserved communities; 5 of these are in remote areas. An estimated 70,000 to be served have no broadband service at all.
- The development of 176 extension communities dovetails with development of the initial 546 communities; 90% of the combined 8.0 million people covered in those communities will have access to service in the same time frame.
- Signed equipment and services contracts mean predictable capital costs and the ability to start immediately.
- Rapid deployment to additional communities will create an estimated 215 additional jobs to build and operate the network in approved target geographies.
- The combined original project and this extension plan produce additional scale which results in lower per subscriber costs to operate the network adding to business sustainability.
- Construction of Company-owned backhaul and microwave access networks will enable delivery of high capacity service to healthcare, public safety and educational facilities.
Open Range is today the most “shovel ready” and largest rural broadband project in an existing public/private partnership. The USDA’s expertise, an experienced Open Range management team which knows the RUS process, and JPMorgan equity, positions the Company to hit the ground at full speed and deliver fully on its plans. The original plan, to serve the 546 communities, is being executed now, is on schedule and ahead of budget. This extension plan is simply a continuation of the original project. It addresses goals and objectives of the ARRA and the intent of the President’s rural broadband vision by providing a sustainable, advanced technology solution for rural consumers. Finally, the combined original plan with this extension offers additional security for the existing RUS loan and will ensure the implementation of a larger, successful rural broadband access project.