

Broadband USA Applications Database

Applicant Name: Keystone Wireless LLC DBA Immix Wireless

Project Title: Keystone Wireless Broadband Initiative

Project Type: Last Mile Non-Remote

Executive Summary

Opportunity Keystone Wireless, LLC (“Keystone”) is uniquely qualified to build, operate and support a broadband network to quickly and efficiently address the needs of the rural and underserved communities of Central Pennsylvania. We have a long history of providing robust wireless telecommunications services to the people who live and work in its nine county areas. These nine counties have a population of just over one million and cover an area of approximately 6500 square miles. The proposed funded service area (“FSA”) in this application encompasses 384 census communities in 27,947 census blocks over nearly 4,025 square miles and includes 358,170 households and 21,457 businesses. More than 75% of our proposed FSA meets the NOFA definition of rural, and thus qualifies our application as a rural project. Additionally the FSA meets the requirements for underserved due to the fact that more than 40% of the residents in our proposed FSA do not have access to high speed internet services. (See methodology question 17). Qualifications and RUS Title II Experience Keystone was founded to acquire the assets of Conestoga Wireless in early 2002, and our management team has a long history of successful experience operating wireless businesses specifically focused on rural America. Keystone has a long term management agreement with PC Management which provides operational and management services and expertise. PC Management has provided management services to many wireless operating companies, including Key Communication LLC in West Virginia. PC Management had requested, was granted and administered RUS loans in behalf of Key Communications with the USDA Rural Utilities Service Dated Nov 1,2003 in the amount of \$22.35 million (ref West Virginia 525-A12 Key) that was fully repaid in 2007. Keystone, Key Communications and PC Management have common owners and interrelated interests. Although Keystone has not claimed to be a prior borrower of RUS in this application (Eligibility), PC Management will administer the loan for Keystone Wireless with the same management team expertise. Since the intent of the credit to former Title II borrowers is to reward those with prior experience with RUS loans and since PC Management is common to both the repaid Key Communications RUS loan and to any Keystone loan under this application, we have taken the appropriate Title II borrower experience credit in the Self Scoring Sheet of the application. Our management team has the required skills and knowledge, and is prepared and committed to immediately launch this broadband endeavor. The combined extensive experience of the Keystone/PC Management team will ensure that this broadband project will be planned, executed and managed professionally, effectively, cost efficiently and in a timely manner. Proposed Broadband System We currently operate our GSM network throughout the service area providing cellular services that utilizes our FCC-licensed PCS (1.9 GHz) spectrum. We plan to upgrade our existing core network infrastructure and 162 base stations with state of the art UMTS 3G technology to bring broadband

services throughout the FSA and service to 1,233 community anchor institutions, public safety entities, and critical community organizations and our business and residential customers. Keystone has also planned for the future- when broadband technology evolves to 4G/LTE, in that the equipment selected can be easily enhanced with a simple software upgrade. Market Drivers Central Pennsylvania lags behind other areas of the country in broadband penetration and is suffering in regard to population, businesses, jobs, economic development opportunities, education and healthcare. Although Keystone's service area is a beautiful place to live with safe and friendly family communities, many communities lack the telecommunications tools and technological skills to access the wealth of educational information and social services available online. These communities have difficulty keeping young people, who often flee to neighboring Philadelphia, New York, Harrisburg and Pittsburgh. The area has a difficult time attracting new business and there is little economic development to fuel and support job growth and local tax bases. Broadband implementation would certainly provide a key element currently lacking in the marketplace and would enable advances in healthcare, education, public safety in addition to business growth and economic development. Community and Government Support Keystone conducted internal surveys and talked to numerous interested state, county and local government officials, public safety experts and other critical community organizations as well as many private sector leaders regarding their needs and interest in Keystone's 3G wireless broadband initiatives. We received an overwhelming response as our communities clearly require broadband services not currently available and have committed their support as evidenced by the many letters of support attached to this application. Central Pennsylvania requires broadband to support economic development in the area including job creation and retention, support for education and medical facilities and programs, improved public safety, better access to healthcare services, and so much more. Products and Services As a long term rural wireless services provider, we understand that customers would like to purchase telecommunications services easily and affordably and our strategy is to provide both residential and business customers with a choice of products and services that meet their needs, at home, on the road or in the office. We will continue to offer customers a range of cellular phones and rate plans that match their lifestyle. Similarly, we will also offer a range of home and business broadband plans that enable subscribers to choose the plan that works best for their broadband use and budget. We believe that one of the factors that have contributed to low broadband penetration in our area is a lack of service providers and the affordability of the service from too few providers. Keystone devises to offer plans for every budget from a fully subsidized offer for low income and other qualified to a range of additional subsidized plans crafted to address a diverse array of circumstances. For example, we plan to provide a subsidized option for those who are pursuing educational opportunities, senior citizens, community organizations and other deserving groups and individuals. Additionally Keystone will offer bundled services that enable customers to combine their home broadband with their cell phone service for a single bill, single point of contract for service and support and for discounted pricing for multiple services. As a trusted member of our central PA community, we intend to seek opportunities to partner with state, county and local public and private organizations to ensure affordable access to broadband. Financial Overview Keystone is seeking \$39 million to fund its 3G wireless broadband project. This funding will permit Keystone to overlay a 3G network into the FCC licensed service areas and provide high speed broadband services to this community. The requested funding is supported with quotes from our primary partner/vendor in this project, Alcatel-Lucent. Funding will be used to purchase equipment

for the network, design and engineer the network, installation of the equipment, and for complementary systems and services. We have also included funding for 2000 CPE devices to be provided to low income or other qualified applicants who would not otherwise afford broadband products/service. We plan to work with the state agency SEDA-COG to address these applicants. Keystone will supplement the funding in the delivery of broadband services with the use of our existing facilities, stores and support services within the proposed funded service area. Summary This high impact project will provide access and improve the lives of over 800,000 people in rural Central Pennsylvania and will make a significant and immediate impact to the economy of our area. Demand and community support is strong and Keystone Wireless has the experience, skilled personnel, commitment and motivation to rapidly build and successfully execute this project.