

Broadband USA Applications Database

Applicant Name: Brainstorm Internet, Inc.

Project Title: Southwest Colorado Community Connect

Project Type: Last Mile Remote

Executive Summary

Durango, Colorado-based Brainstorm Internet, Inc. proposes to extend 1.5 – 10 Mbps of Last Mile broadband service to more than 26,000 households and 9,500 businesses and firms throughout rural, remote La Plata and Montezuma counties, Colorado. The proposed funded service area encompasses approx. 3700 sq. miles of remote, mountainous terrain, seven incorporated cities and towns and two Native American Indian reservations – home to the Southern Ute and Ute Mountain Ute Indian Tribes. More than 100 critical community organizations, anchor institutions and public safety entities exist within the proposed funded service area. At present, 62% of the households within the proposed funded service area lack access to broadband service at minimum transmission speeds as defined in the July 1, 2009 NOFA. Historically, economic development in this southern Rocky Mountain region has been hampered by transportation challenges and a lack of skilled labor. Access to a reliable telecommunications network has long been identified by regional government and economic development officials as a critical component in attracting sustainable new business/industries and much-needed jobs to the area (2009 Region 9 Comprehensive Economic Development Strategy.) In addition, many critical community services such as police, fire, hospitals and search/rescue are dependent on high speed broadband for communications, and the area's mountainous terrain and sparse population render a complete fiber network to be financially infeasible. This is a rare opportunity to bring broadband to an entire rural region within two years' time. The Southwest Colorado Community Connect project represents a network expansion that has long been planned by Brainstorm Internet, which to date has lacked the capital to build out its network to support the remote, rural population. The Southwest Colorado Community Connect project will provide a much-welcomed, reliable wireless telecommunications network on 12 leased towers with 300 Mbps licensed microwave backhaul radios that will terminate to existing fiber which has redundant, north/south paths out of the area. The project will provide last mile service to rural residents that are currently either unserved or substantially underserved, and will provide reliable broadband service at constant speeds to end users throughout the proposed funded service area. Building upon its existing core network, Brainstorm will install additional capacity Cisco routers and switches to support the expanded network, which will increase reliability and performance. Dragonwave microwave backhaul radios are specified because they are very reliable, and leading edge Redline WiMax 3.65 MHz radios will be used to deliver high performance broadband to the rural end user. Because of the size and scope of this project, all manufacturers are offering excellent discount pricing. The Southwest Colorado Community Connect proposed funded service area includes two remote Indian reservations, where high unemployment and a dearth of competitive educational opportunities combine to keep a majority of residents at or below

the federal poverty level (Region 9 Economic Development District of Southwest Colorado, Inc. 2009 Community Profile.) The Southern Ute and Ute Mountain Ute Indian tribes will benefit greatly from this deployment, as the Southwest Colorado Community Connect project will extend broadband to more than 80% of the Southern Ute Reservation and 70 % of the Ute Mountain Ute Reservation. Brainstorm Internet has agreed to provide free or deeply discounted services to tribal members as part of this project. As of August 1, 2009, adjacent Dolores County reported the highest unemployment rate in the state of Colorado (14.6% -- U.S. Dept. of Labor) and Montezuma County's unemployment rate exceeded the state average at 8%. Sales tax revenues in the City of Durango -- the La Plata County seat -- are projected to be down y/o/y by nearly 12% in 2009, and these revenues represent nearly 60% of the City's total revenue. The oil and gas industry accounts for nearly 56% of property tax revenues throughout La Plata County, and sudden widespread employee layoffs, declining commodity prices and no-growth extraction estimates are expected to have a severe negative impact on the industry's tax contributions to county coffers in 2009 and 2010. In addition, thousands of people previously employed in the construction, real estate and home improvement sectors in both La Plata and Montezuma counties are currently unemployed as jobs in Colorado's construction sector declined more than 25% y/o/y in 2009 (U.S. Department of Labor.). The \$3.4 million Southwest Colorado Community Connect project will create an estimated 12 jobs (in-house and contract) during the grant cycle, and will create at least 14 permanent, fulltime jobs after project completion. Overall expected subscriber projections total 9,361 throughout the proposed funded service area based on 1% per month take rate. A very similar sister project, the Northwest New Mexico Community Connect project, will employ the same technologies to provide services to residents and businesses in rural northwest New Mexico. The two project service areas are contiguous, but were separated because the Colorado project is defined as "remote", while the New Mexico project is "non-remote". Because these are two contiguous projects, budgets have been completed for the individual projects as well as for a combined project if both are awarded. Brainstorm Internet, Inc. is best qualified to build this project as it is the largest Internet Services Provider on the Western Slope of Colorado, with annual revenues of more than \$2.7 million. Brainstorm's technology deployments have allowed it to be the first to market in many rural areas by developing one of the largest rural broadband backbones on the Western Slope -- second only to Qwest. The region's leading ISP since 2001, Brainstorm has delivered all types of wireless to a wide variety of customers, including projects that have connected Mercy Medical Center & San Juan Regional Hospital to some of their rural, remote offices and clinics. In early 2009, Brainstorm Internet completed a project very similar to the proposed Southwest Colorado Community Connect project for Red Cedar Gathering Company, a large oil and gas company. This highly successful project involved designing, engineering and deploying a microwave backhaul network between 10 towers and a 900MHz point to multi point network that delivered two way data service to over 3500 well sites. The technology used is nearly identical to that of the proposed Southwest Colorado Community Connect project. Brainstorm Internet will meet or exceed federal non-discrimination and interconnection obligations by strictly adhering to its corporate Fair and Acceptable Use Policy, which includes the Network Management Policy. These policies, crafted in accordance with FCC's Internet Policy Statement, state in part that Brainstorm Internet, Inc. services "...are delivered via a direct and open connection to the public Internet without prohibiting, restricting or prioritizing any customer's ability to access and utilize any lawful applications,

services, devices and/or providers of their choice.” Brainstorm’s Network Management Policy and its Terms and Conditions can be viewed in their entirety at: www.gobrainstorm.net.