Broadband USA Applications Database

**Applicant Name:** Megapath, Inc.

**Project Title:** MegaPath BTOP Plan

**Project Type:** Last Mile

_______________________ Executive Summary _______________________

Overview. Three hundred thirty seven (337) communities including 9.9 million households and 25 million consumers located along the I-95 highway are underserved. Broadband penetration in these communities was always low due to cost constraints; consumers have been unable to acquire computers and subscribe to broadband at today’s prices. These economic limitations have resulted in limited carrier investment in critical broadband services. MegaPath Inc. (“MegaPath”) has devised a cost-effective solution to address this compelling problem. MegaPath will not only bring broadband to these communities, it also will make broadband access and broadband technology so reasonable, that residents, including low-income and vulnerable populations, will be able to quickly and affordably get online. The entry rate for MegaPath service will be $19.99 for a robust 1.5 Mbps downstream/384 kbps upstream. For just $10 more per month, MegaPath will offer a fully-functional, plug and play, Internet access device (“the Device”). It enables and enhances education initiatives and furthers employment pursuit activities. MegaPath will bring the fastest and most affordable broadband service to the greatest number of people within MegaPath’s reach. This project is shovel-ready. MegaPath is a fully-licensed CLEC in the proposed funded service areas and will be able to deploy the network within 9 months from funding. MegaPath will leverage the infrastructure of its existing 312 central offices, build 25 new central offices, and install ADSL2+ DSLAMs to enable broadband access for 25 million consumers. MegaPath’s world class management team, with 100 collective years of experience in designing, implementing, managing and operating cost effective broadband networks, will ensure that this project is technically feasible, cost effective, and sustainable. MegaPath views this regional project as a blueprint of a scalable opportunity that can be replicated nationwide. MegaPath also will leverage this project for its SmardGrid and Healthcare IT initiatives, including future participation in other government sponsored programs. MegaPath’s DSLAM equipment has a low carbon footprint in furtherance of this Administration’s energy goals. a) Opportunity the proposed system seeks to address. MegaPath’s proposal seeks to address a number of compelling problems identified by the Recovery Act, including: ? MegaPath will improve broadband access to 25 million consumers residing in underserved areas. ? MegaPath will provide broadband access, training and equipment for all of its potential consumers, including community anchor institutions like schools, libraries, medical facilities, public safety organizations, police and fire. ? At $29.99 for 1.5 Mbps broadband service bundled with a broadband Device, MegaPath’s proposed solution will be particularly effective to bring broadband access and equipment to vulnerable and low-income populations. ? MegaPath will provide broadband service to job creating strategic facilities located in five state or federal economic development areas in 3 states, MA, NJ and PA. ? MegaPath’s project offers a coordinated approach to stimulating the demand
for broadband by making broadband service and a broadband Device truly affordable, thereby overcoming two significant hurdles to adoption and sustainability. MegaPath’s project responds to the Recovery Act by creating or saving 200 jobs across the 337 proposed funded service areas. b) A general description of the proposed funded service areas. MegaPath will bring broadband to 337 proposed funded service areas from DC to Boston, in the following 12 states: VT, NH, RI, CT, MA, NY, NJ, DE, VA, PA, MD, and DC. Households in these proposed funded service areas are underserved. The rate of broadband subscription in these communities is under 40%. c) Number of households and businesses passed. In the 337 proposed funded service areas, MegaPath will pass 9.9 million households, 25 million consumers, and 1 million businesses. d) Number of community anchor institutions, public safety entities, and critical community organizations passed and/or involved with project. MegaPath provides service to many anchor institutions today and will extend service to anchor institutions as part of this project. There are 9,880 community anchor institutions within MegaPath’s 337 proposed funded service areas, which MegaPath will target for service. MegaPath believes its affordable and robust broadband offering, with speeds up to 8 Mbps, bundled or not with the Device, will be particularly effective for anchor institutions which MegaPath’s facilities will pass, including local, county and state police, acute care hospitals, community health centers, clinics, VA hospitals, K-12 schools, community colleges, community centers, libraries, social service agencies and job creation facilities. e) Proposed services and applications for the proposed funded service areas and users. As noted above, MegaPath will offer ADSL2+ broadband at speeds starting at 1.5 Mbps downstream/384 kbps upstream for just $19.99 per month. For $10 more per month ($29.99), MegaPath will offer both the broadband service and a bundled broadband Device. MegaPath believes this unique service and Device bundle, offered at a very affordable price, is essential to reaching the 15% to 20% of residents who are without affordable computers and for whom this hurdle has meant no subscription to broadband. MegaPath’s service and Device bundle will enable and enhance education initiatives and further employment pursuit activities. MegaPath also will offer ADSL2+ broadband at 3 Mbps downstream/768 kbps upstream for $29.99 without the Device, and $39.99 with the device. The most robust service offering will include download speeds of 8 Mbps downstream/1 Mbps upstream for $35.99 a month without the Device, and $45.99 per month with the Device. MegaPath will market this service to those who could not afford such speeds before. f) Approach to addressing the non-discrimination and interconnection obligations. MegaPath is committed to being a good Internet citizen. MegaPath provides Internet access in an open, non-discriminatory fashion and it adheres to the principles in the FCC’s 2005 Internet Policy Statement. MegaPath will comply with all non-discrimination and interconnection requirements associated with the BTOP program, and will preserve and promote an open and interconnected public Internet service that allows consumers to connect directly to the Internet. g) Type of broadband system that will be deployed (network type and technology standard). MegaPath will deploy new Adtran Total Access 5000 DSLAMs (“TA5000”) in 337 central offices to enable ADSL2+ (ITU G.992.5) broadband service. MegaPath also will install the Adtran TA5000 in 9 Core/Superpop locations for network aggregation. The Adtran TA5000 is a carrier class multi-service access and aggregation platform that bridges the gap between existing and next generation networks. With a pure Ethernet core, the TA5000 supports both legacy and emerging service interfaces over both copper and fiber, easily scaling to support even the most bandwidth intensive applications. Each TA5000 will accommodate up to 336 new circuits. When more circuits are needed at a central office, additional TA5000 devices will be added in this scalable architecture.
MegaPath will build out its backbone and IP capacity to support the new platform and the anticipated traffic. MegaPath has state of the art network management and operational support systems today and continually improves them to keep pace with industry. h) Qualifications of the applicant that demonstrate the ability to implement and operate a broadband infrastructure, and/or be a sustainable broadband services provider. MegaPath has the management, legal, regulatory, field operations, sales, and marketing personnel needed to make this project a success. MegaPath is already fully-licensed as a CLEC in the proposed funded service areas. MegaPath primarily serves small to medium businesses and large retail and healthcare chains. MegaPath has annual revenues of $148 million with $6 million in positive EBITDA. MegaPath’s world class management team, and its 100 years of experience in designing, implementing, managing and operating cost effective broadband networks, will ensure that this project is technically feasible, cost effective, and sustainable. MegaPath’s leaders have over the past two decades in executive positions at top technology and communications firms in North America, including AT&T Canada, MetroNet, Brooks Fiber, US WEST, MFS, AmeriTech, SAVVIS and Sprint, and can be trusted to effectively implement this unique broadband solution. MegaPath has acquired and integrated two of the premier CLECs in the U.S. i) Overall infrastructure cost of the broadband system. The total infrastructure costs for this project will be approximately $53.2 million. MegaPath’s cost to provide this service will be just $5.36 per household. This low cost per household is made possible due to MegaPath’s already significant investments in its central offices combined with its existing network management and back office platforms. The very low cost per household ensures that this project is both feasible and sustainable. j) Overall expected subscriber projections for the project. MegaPath forecasts a take rate of .625% for consumers and 2.25% for businesses, and 139,895 new broadband customers. k) Number of jobs estimated to be created or saved as a result of this project. MegaPath expects to create or save approximately 200 jobs as a result of this project. These 200 positions will include jobs in sales, customer service, operations, finance and management.