Executive Summary of Project for BIP:

Accipiter Communications, Inc. d/b/a Zona Communications (Zona) submits this application for Broadband Initiatives Program funding to extend fiber-to-the-home (FTTH) and wireless broadband infrastructure into two Proposed Funded Services Areas in central Arizona. Zona’s “Wittmann-Skull Valley Corridor” Proposed Funded Service Area is 100% rural and underserved and contains the Town of Wickenburg as well as the unincorporated communities of Wittmann, Circle City, Morristown, Congress, Yarnell, Peeples Valley, Wilhoit, Kirkland, and Skull Valley. The “Tonopah” Proposed Funded Service Area is also 100% rural and underserved and contains the unincorporated communities of Tonopah, Arlington, and Wintersburg.

This application proposes a venture which will accomplish the following purposes of the American Recovery and Reinvestment Act of 2009:

- Preserving and creating jobs through the funding of construction-intensive fiber-optic network construction in an area covering almost 400 square miles.
- Assisting those most impacted by the recession by bringing the benefits of broadband internet to residents and businesses that are currently limited in their ability to participate in the global internet economy.
- Investing in infrastructure that will provide long-term economic benefits by establishing technologically robust fiber-optic infrastructure into communities being now served by aging telecommunications plant and outdated technologies.
- Stabilizing state and local government budgets by providing discounts to critical community facilities in great need of quality broadband services.

Zona is uniquely qualified to complete the venture proposed in this application. We recognize the following key synergies between our company and the BIP-funding opportunity:

- Zona has spent the last 30 months constructing ☐ of FTTH telecommunications plant to expand our ILEC footprint into previously unserved areas, proving that the Zona team is equipped and capable of managing significant FTTH construction projects.
- Over the same 30 month period Zona has added ☐ new broadband customers and added ☐ new telephone access lines. ☐ of the new establishments served did not have access to basic telephone or internet services before Zona’s network. This highlights the Zona team’s experience and understanding of the costs and commitments involved with reaching unserved communities and expanding the subscriber base.
- Zona’s Proposed Funded Service Areas are adjacent to our existing ILEC service area. Zona can immediately begin incremental expansion of our network to facilitate “shovel-ready” network construction and deployment of broadband services in the PFSAs.
• Zona’s local market presence and focus on rural communities has already fostered ideas with community leaders of how Zona’s BIP-funded project can facilitate the community’s economic development efforts and potential future ARRA-funded projects.

• An expand network footprint will allow Zona access to larger economies of scale which will help Zona’s ILEC operations lower certain per-subscriber operating costs and provide opportunities for deployment of new services – most notably IPTV video services.

• The ILEC’s existing cash resources are adequate to handle the startup cash required for the BIP-funded venture.

Contained within this application is Zona’s detailed proposal that is achievable, sustainable, well-supported, and of great benefit to rural Arizona. A few summary characteristics of the Zona proposal are:

• At the end of the three-year BIP funding period, the new network passes approximately 9,800 households. 85% of these households will be passed with Zona’s FTTH facilities. The remaining 15% of very sparsely populated households will be served with wireless broadband technologies.

• At the end of the third year BIP-funded facilities will pass 430 business establishments and 65 critical community facilities.

• The total customer count at the end of the BIP-funding period is 5,382.

• Zona’s product offering in the BIP funded area will include broadband internet, telephone, and IPTV video services with bundle discounts for multiple service subscribers. Zona will offer up to 20Mbps downstream/5Mbps upstream broadband internet service on FTTH facilities and up to 5Mbps downstream/1Mbps upstream on wireless broadband facilities.

• The BIP-funded network will be standards based and will be available for interconnection to third parties where feasible. Zona will adhere to the principles contained in the FCC’s Internet Policy Statement.

• Total BIP provided funding is $39,240,729, $19,227,957 (49%) of which will be grant and $20,012,772 (51%) of which will be loan funds.

• An estimated 20 jobs will be sustained throughout the three-year buildout of the BIP-funded project. Approximately 10 new jobs will be sustained long-term beyond the BIP-funded buildout.

Given the benefits of funding Zona’s proposal as well as the support received from entities such as the Arizona Corporation Commission, the Town of Wickenburg, the Wickenburg Regional Economic Development Partnership, Wickenburg Unified School District, Yarnell Elementary School District, and Peeples Valley Fire District, we believe this project should be funded.