This system will address the needs of residents and businesses in parts of six rural northeast Texas counties. The target customers generally live several miles outside of rural population centers. In most cases, even if high speed wired broadband is available in the population centers, the customers exceed the distance in order to obtain it. The planned extension to the existing wireless network is one that is robust and flexible in nature. Wireless equipment will allow the maximum amount of coverage with the least amount of infrastructure plant expense. Utilizing this proven technology will not only address population needs for broadband access in unserved and underserved areas, but will also provide for economic jobs growth in the company’s base operating area as well as economic opportunity and jobs growth in proposed funded service areas. Having access to broadband could benefit the population centers in other ways as well. One fact that has been documented in our current operations model is that when rural people are given exposure to broadband infrastructure, they are presented with greater opportunity to telecommute and work locally. In the proposed funded counties, the majority of the population drives 30 miles or more to other population centers to work. This causes income to leave their home counties as they spend more of it outside of their residential counties and home-places. Even though we do not anticipate a large increase in the amount of residents who will be able to telecommute given their new access to broadband, that number should increase from present. This will not only bring needed economic stimulus to the proposed funded service areas but will also create additional opportunities for individuals by utilizing the broadband infrastructure for income-producing activities. This proposal, when funded, will provide service and network extension to the areas north and east of the Longview MSA. The service area will be extended into the following counties: Upshur, Marion, Cass, Camp, Titus, and Morris. The coverage area could also extend to Jefferson and surrounding areas. This list is not exhaustive and does not include all minor place names serviced. Further service areas can be seen in the USDA Broadband mapping application as well as the Additional Information Attachment to this proposal. Attachments included herewith this application include screen images captured from Google earth software which show in much greater detail the proposed coverage areas and place names included. Each proposed POP area is included in large detail as well as snapshots of proposed funded area as well as the current service area as it now exists. As proposed, the network should pass roughly 40,000 homes and businesses with coverage. Due to geographic concerns such as line of sight needs, as well as elevation, not every household and business that is in the coverage area will be able to take advantage of the service. Where equipment cannot be directly roof mounted, it may be possible to place additional installation hardware such as poles or short towers at the customer’s site to improve reception. As the communities are quite rural, and our coverage areas are focused more on
rural areas outside of population centers, there are not as many community anchor institutions passed. Rough estimates include the following: Churches (47), Schools: (17), Hospitals/Clinics (4), Fire/EMS (8), Airfields (6), School Districts (any major part being covered) (18), Other (15). These numbers were estimated based on interviews, informal yellow page and white pages searches as well as publicly available indexes. This is not an exhaustive list of anchor institutions and may not include city services in any particular named population place, however is a best guess estimate as can be determined by research. Economic census data, while present, was not granular enough in order to divide by coverage area. The other category listed here may include services such as water boards, employment agencies, city halls, town councils, and chambers of commerce or other community organizations not fitting within the broad categories above. The current proposal, as funded, would allow for the build-out of the network to provide for Internet connectivity up to 1.5 Mbps downstream and up to 512 kbps upstream. The current hardware is rated at 4 Mbps, however as bandwidth is shared among POP users, actual throughput will be less, and 4 Mbps is not an option that we will provide at this time to users. In the future, as more towers are equipped with upgraded Canopy equipment that offers duplex transmission and increased bandwidth, additional services are planned. The company anticipates adding VoIP services to the network offerings that are available to customers who choose the higher speed of service, but this may be some point in the future and is not planned for this funding period. It is the policy of Skynet to allow interconnects and to disallow service discrimination in line with the FCC’s net neutrality policy however we will move to protect our network when the actions of a user threatens devices and network infrastructure. Our Terms & Conditions are standard and fall in line with the policy and are conspicuously displayed on our website. The deployed network and current network will match in type and services offered. Currently it is Motorola Canopy equipment with a maximum download/upload speeds of approximately 2 Mbps combined at the highest tier. Skynet Country, LLC is highly qualified to implement and operate a broadband infrastructure and service network. The company has been involved in the provision of wireless broadband internet service since being acquired from its original owners in February 2007. Skynet has grown from approximately 76 customers in February-March 2007 to approximately 515 customers as of the filing of this proposal, less than two and a half years later. The company has become highly profitable, having no problems covering monthly expenditures with revenue. Even combining the high cost of infrastructure investment, the company is continuing to grow at a steady pace since acquisition. Monthly net customer additions have been continuous on average of 20 customers per month with no seasonal adjustment. If the project is funded as requested, and the proposed build-out proceeds as planned, it is anticipated that by Q2 2010 net monthly customer additions will double from the present value and continue at that rate. Infrastructure costs are by far the largest expense that any service provider may face. Skynet Country is no exception. The infrastructure, while covering a large area is prone to failure due to electrical surge, or lightning strike, and equipment must be replaced to keep the network operational after this has occurred. The network overall has a high ‘touch’ factor, requiring more labor to maintain. Many times it may not be possible to remotely repair the service, and a technician must be dispatched to test equipment and/or reposition it. The subscriber equipment is vulnerable to weather related physical movement, i.e. Wind blowing the radio around, moisture penetration, etc. Any outdoor equipment is, so this is nothing new. It is estimated that the infrastructure cost to expand into the proposed coverage area, including customer premises equipment that must be deployed, will be approximately $550,00. As stated previously, the current
subscriber base has remained steady at an average of 20 net subscribers per month. This growth rate has been atypically low for the industry. It should be noted, however, that the fivefold growth since the company was acquired in 2007 has been done at a steady pace. Rather than seek debt financing in order to grow extremely rapidly in a very short amount of time, management has opted to mark the growth phase with a steadying pace. These milestones, roughly measured in customer additions, allow management to measure and analyze growth metrics in order to properly manage the addition of cost resources such as extra payroll expenditures and large infrastructure investments. Up to the current point, the steady gains have paid off, producing constant growth. In the current economic climate a pattern of constant growth is a commendable achievement. Less than 1% of infrastructure costs over the two year period of operation have been attributed to marketing expenditures. Marketing expenditures are expected to grow once the build-out is complete during Year 2 of the project and the customer base should expand accordingly in higher proportions than marketing expenses are incurred. As funded, the project budget will include funds to employ two full-time equipment installers. Workers will also be needed to assist in tower construction and are expected to be employed on a temporary or subcontract basis during the construction process. It is anticipated that the company may need other installers, a technician, and a network engineer. This positions are expected to be full time staff positions. The only funded positions in this proposal however are the two installers.