C. ECF LLC Executive Summary of Project for BIP

a) <u>Opportunity the proposed system seeks to address.</u>

The EC Fiber communities have recognized that the availability of high-speed broadband is a necessary condition for their future prosperity, their ability to educate their children, to provided needed social services, to maintain and grown vibrant local economies, and indeed their very survival. The 21 rural towns that have banded together to pursue this initiative have in the past attempted to persuade incumbent providers, including local fixed wireless operators, to extend service in the Service Area. While there has been some limited build-out of DSL service in a few of the participating towns, these efforts have, in the view of the ECF member towns, failed to meet the need. Nearly of households and many businesses at present have only dial-up and with little prospect of future improvement. (In Vermont it is estimated that 13% of households have a business in the home).

<u>Wireless</u>: A few very small terrestrial wireless companies have attempted to establish themselves with very little success. The extremely hilly and convoluted terrain plus heavy foliage makes effective coverage by wireless systems either very limited, poor, unreliable or all of the above. Achieving true universal coverage by this means would be almost impossible and, even if achieved, would still provide seriously limited bandwidth.

b) <u>A general description of the proposed funded service areas (location, number of communities, etc.)</u>

The proposed funded service area covers 21 incorporated towns in East Central Vermont – one of the most rural areas in the most rural state in the nation. The area is characterized by wooded, mountainous topography with narrow valleys, not well-suited to a fixed wireless solution. Virtually all households have traditional wire line phone service, but in many areas the physical plant is so degraded that even ordinary telephone communication is compromised.

c) <u>Number of households and businesses passed.</u>

This project will provide 100% universal coverage.

d) <u>Number of community anchor institutions, public safety entities, and critical community organizations passed and/or involved with project (e.g., health care, education, libraries, etc.).</u>

The Service Area includes 150 community anchor institutions including colleges, public and private schools, libraries, town offices, medical facilities and public safety providers.

e) <u>Proposed services and applications for the proposed funded service areas and users.</u>

The project will offer traditional "triple-play" services, i.e: voice telephone, internet and video. In addition, it will offer, either on its own or with partners, additional advanced services such as telemedicine, distance learning, customized business services including back-up storage, security services, "smart metering", and administrative back office/data functions for public schools and other institutions in the Service Area. ECF is actively seeking partners interested in innovative applications suitable for very high capacity fiber-optic delivery.

f) <u>Approach to addressing the non-discrimination and interconnection obligations</u>

As a fiber-optic network, capacity is not a constraint on accessibility of the network to other providers. ECF intends to offer pure connectivity to any service provider on the same basis of its own internal costs. ECF will not control the content of legal video or internet offerings.

ECF has already had extensive discussions with local PEG channel operators

g) Type of broadband system that will be deployed (network type and technology standard).

ECF will build a fiber-to-the-premise network based on the latest GPON technology and utilizing a future proof "modified home run" design for its fiber distribution plant.

h) Qualifications of the applicant that demonstrate the ability to implement and operate a broadband infrastructure, and/or be a sustainable broadband services provider.

ECF in cooperation with its operating partner, ValleyNet, has assembled a highly-experienced management team with a track record of multiple successful FTTH and telecom network implementation and operation. The members of the team are committed, available, and ready to start work. ECF has developed a sustainable business plan that includes conservative projections of ARPU and take rates (verified by reference to existing experience of comparable projects).

This project was virtually ready to launch with complete private sector financing in September, 2008, when financial collapse led to a freeze of credit markets. The project is now a full year into additional development, with much further detailed engineering design work completed, a functioning governance structure, and equity partners identified and ready to commit once RUS funding is secured.

i) Overall infrastructure cost of the broadband system.

ECF's business plan requires $69.4 million in capital expenditures for the first three years' build-out in order to pass every premise in the Service Area, and to connect the targeted number of subscribers.

j) Overall expected subscriber projections for the project.

As mentioned above, the network will pass every single community anchor institution. ECFiber's network and services will far surpass in capability what is currently available, and at significantly lower cost.

k) Number of jobs estimated to be created or saved as result of this project.

The EC Fiber expects to provide new network construction jobs during the first three years build-out phase, plus a permanent operating staff of approximately by the end of Year 3. A significant number of these jobs will be available to persons who may need to work from home either full time or part time (for example as customer service representatives), thereby providing jobs for persons with limited mobility.