

Broadband USA Applications Database

Applicant Name: AUDEAMUS

Project Title: Westside Broadband Project for Rural Central California-San Joaquin, Tranquillity, and West Fresno

Project Type: Last Mile Non-Remote

Executive Summary

Thank you for considering our application to extend broadband to un-served and under-served rural areas in central California. Audeamus is a wholly owned subsidiary of Sebastian Enterprises, Inc. Sebastian Enterprises Inc. is the parent company of two local exchange carriers, with one (Kerman Telephone Company) that has been serving the people of rural Fresno County in central California for almost 100 years. (The other owned local exchange carrier is Foresthill Telephone Company of Foresthill, CA.) Audeamus is filing with RUS under the BIP rules because the areas we propose to serve are all considered rural. Because of the economics of serving the areas we propose to serve in this application are difficult, Audeamus believes that the financial results under an RUS funding scenario of 50% loan and 50% grant would be unacceptable. We therefore have complied herein with the filing requirements for Round 1 BIP, but it is only with the BTOP funding opportunity that this project can pass economic hurdles on its own merits. Opportunities the proposed system seeks to address Audeamus seeks funding to serve consumers, businesses, and community anchor institutions in rural areas close to the parent company's local exchange areas that are currently un-served and under-served with broadband services that significantly exceed the definition of broadband services. This project will help with Recovery Act job preservation and creation objectives and other objectives of the Recovery Act and Broadband initiatives. This project will help this area of 40% plus unemployment and will provide the economic, medical and telemedicine, and educational opportunities that quality broadband access makes possible. Reduced travel requirements to and from the city of Fresno will also help improve air quality in the 2nd worst ozone air polluted metropolitan area in the United States (as ranked by the American Lung Association.) This area has been hit extremely hard by drought and the area is having problems even providing enough food for the area families in need of assistance. The county and city of Fresno are stepping up efforts for meal assistance. They state "This year, the need for meal assistance among families is far above average and the current supply is extremely low; therefore, the Community Food Bank and The Salvation Army are asking the public, groups and businesses for help with food donations for drought impacted families on the Westside". This fiber network would provide customers with high-speed Internet access capable of download/upload speeds between 3 and 100 Mbps, speeds typically only available in urban areas. Access to the World Wide Web will be via Audeamus' network which is carrier grade, meaning the reliability of the network is available 99.999% of the time. The network is redundant and diverse meaning the chances of a catastrophic event (complete out of service) ever occurring are slim. General description of the proposed funded service areas There are three areas in rural Fresno county in central California that will be served by this project: The communities of San

Joaquin and Tranquillity California and an area just north and east of Kerman California (We call this area "West Fresno"). These are largely farming communities comprised of mostly residential and supporting infrastructure (schools, libraries, health clinics, law enforcement, etc.) Number of households and businesses passed This project will pass 1,368 unserved and underserved households and 125 businesses in the Tranquillity, San Joaquin, and west Fresno areas we propose to serve (based on 2008 estimates.) Number of community anchor institutions, public safety entities, and critical community organizations passed and/or involved with project This project will make service available to 24 entities and organizations that would be considered community anchor institutions, public safety entities, and critical community organizations in the San Joaquin, Tranquillity, and west Fresno areas we propose to serve. Proposed services and applications for the proposed funded service areas and users Audeamus will initially provide broadband fiber to the premise service to these areas from 3 to 100 Mbps (combined up and down) with affordable service tiers. Audeamus will provide discounted pricing to community anchor institutions and will be in a position in the future to provide video services. Approach to addressing the non-discrimination and interconnection obligations Audeamus intends to negotiate in good faith with potential service providers that would use our facilities to provide additional choice of service providers. Audeamus will comply with all non-discrimination and interconnection requirements outlined in the first NOFA. Type of broadband system that will be deployed (network type and technology standard) The type of proposed broadband system is underground single mode fiber optic cable and conduit supported with OCCAM remote electronics used for distribution and OCCAM Optical Network Termination (ONT) devices at each residential and business location. This Active Ethernet over Fiber technology is based on IEEE 802.3 standards and provides the largest bandwidth connection to subscribers currently available. The fiber and electronic installation will follow industry standards and or best practices as well as follow local and state government installation guidelines. Qualifications of the applicant that demonstrate the ability to implement and operate a broadband infrastructure, and/or be a sustainable broadband services provider Audeamus management and personnel have over nine years of broadband service experience and over 25 years of telecommunications related experience making them well prepared to provide shovel-ready broadband access to these communities. Recent broadband success was achieved at another Audeamus location where 99% of the homes in a previously unserved area (3,500 lines acquired through acquisition in August, 2005) can now access broadband services. We are providing service to 58% of the homes passed in less than four years. Audeamus has the financial wherewithal and business support systems such as billing and customer service to make this project a sustainable broadband service. Overall infrastructure cost of the broadband system We estimate the overall infrastructure cost of this broadband system to serve these areas to be \$5,483,010. Overall expected subscriber projections for the project We estimate by the end of year 3, this project will serve approximately 700 households, 55 businesses, and 14 critical community organizations. Number of jobs estimated to be created or saved as a result of this project We estimate Audeamus will create 78 jobs that will support this project. This includes 64 construction support jobs (laborers, supply personnel, engineers, and management). Immediately following construction an additional 14 positions will be created to perform customer service, installation, and networking functions. Additionally, as the operations associated with this project grow from initial levels, we believe we will be able to retain up to 15 jobs from other areas of our operations that are experiencing slowdowns due to the weak economy. Broadband facilities should both stimulate and retain jobs in other market sectors. A conservative

estimate would be that 46 jobs in other sectors would be created. In addition, another employment benefit of the project to the proposed service areas will be the ability to retain jobs that would otherwise be centralized because quality broadband would be available if this project is funded. Audeamus appreciates this opportunity to be considered for a grant.