



7840 Morgan County Hwy.  
PO. Box 119  
Sunbright, TN 37872

EMAIL  
HIGHLAND@HIGHLAND.NET

voice 423/628 2121  
423/663 3939  
606/376 5311

Fax 423/628 2409

Jeff R. Derouen, Executive Director  
KY Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

RECEIVED

AUG 23 2010

PUBLIC SERVICE  
COMMISSION

August 19, 2010

F. L. Terry  
MANAGER

Re: Highland CPCN Application

Dear Director Derouen,

2010-00341

Attached for your review is an Application for a Certificate of Public Convenience and Necessity for the construction of fiber-to-the-home (FTTH) in the current operating areas of Highland Telephone Cooperative Corporation, Inc. (Highland).

On August 4, 2010 Highland was notified that the USDA Rural Utilities Service (RUS) had accepted an application filed by the Company on March 29, 2010 for a grant/loan award of \$66.5 million. The application was filed in response to the 2009 American Recovery and Reinvestment Act, signed into law by President Obama in February 2009. With this funding, Highland will bring FTTH throughout its entire service area. It will create new opportunities in employment, education, and entrepreneurship by wiring homes and businesses with facilities to transmit data at 10-100x greater speeds that could be possible with the latent copper-based network.

Please find one original application, 2 additional original maps, and 10 copies.

Under the RUS guidelines the Company is required to have all certifications in place before funds can be appropriated, and construction can commence. We thus request expedited consideration for approval. Thank you.

Sincerely,

  
F. L. Terry  
General Manager

Ernest A. Petroff  
ATTORNEY

DIRECTORS

Sam Strunk  
PRESIDENT

JoAn Haynes  
VICE PRESIDENT

Clara Terry  
SECRETARY-TREASURER

Mickey Bingham

Jan Byrd

Loma Denney

David Freytag

Shelva Jo Jones

John Tate

James E. Terry

Jerry Williams

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**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

RECEIVED

AUG 23 2010

**In the Matter of:**

PUBLIC SERVICE  
COMMISSION

**THE APPLICATION OF HIGHLAND TELEPHONE  
COOPERATIVE, INC. FOR A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND NECESSITY ) Case No. \_  
FOR THE CONSTRUCTION OF FIBER-TO- )  
THE-HOME IN MCCREARY COUNTY, KENTUCKY )**

**APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND  
NECESSITY FOR CONSTRUCTION OF FIBER-TO-THE HOME**

Highland Telephone Cooperative, Inc. (Highland) pursuant to KRS 278.020 AND 807 KAR 5:001, Sections 8 and 9, hereby submits this application for a certificate of public convenience and necessity (CPCN) for the construction of Fiber-to-the-Home (FTTH) in McCreary County, Kentucky.

1. The full name and address of Highland is Highland Telephone Cooperative, Inc. 7840 Morgan County Highway, P O Box 119, Sunbright, TN 37872.
2. A copy of Highland Articles of Incorporation is attached as Exhibit A. The Company was incorporated in 1954.
3. Highland provides telephone service in 2 exchanges in the aforementioned counties in Kentucky. Those exchanges are: 354 & 376. The Company provides telephone service to 6232 lines.
4. On February 13, 2009 the American Recovery and Reinvestment Act (Stimulus Act) was signed into law, providing for federal funds to enable broadband services in rural

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areas. The Rural Utilities Service (RUS) was instructed to administer a portion of those funds. RUS published the application instructions in a “Notice of Funds Availability” (NOFA) on January 22, 2010. On March 29, 2010 Highland submitted a Broadband Initiatives Program (BIP) application for a combination of a grant and loan with the RUS under those directives. The application proposed to construct a fiber optic network (FTTH) throughout the current Highland operating territories in Kentucky and Southeast Tennessee. The network would pass 52,000 people, 1,800 businesses, and 100 critical community institutions.

5. The Highland application requested funding in the amount of \$66.5 million, split between loan (\$16.6 m) and grant (\$49.9). \$19.3m of that amount is for FTTH construction in Kentucky. The FTTH construction in Kentucky will be encompass 489.66 route miles. By RUS award standards, the project has to be “substantially complete” in two years and “complete” within three years.
6. The FTTH construction will enable Highland to provide enhanced broadband services (additional capacity and faster speeds). Highland will offer broadband at 20mbps. The Company projects that its broadband customers will increase from 1743 today to 2179 over the next five years.
7. The proposed project will provide the citizens of McCreary County, Kentucky with the most advanced broadband infrastructure technically feasible. Fiber optics will be the economic engine for long term economic growth; it will create new opportunities in employment, education, and entrepreneurship by wiring homes and businesses with facilities to transmit data at 10-100x greater speeds that could be possible with the latent copper-based network. Additional summary information, construction plans, cost detail, along with all other financial information is provided in its application, which is attached hereto, as Exhibit D. The engineering attestation by Engineering Associates, Inc., professional engineer, is shown in Exhibit E.



8. On August 13, 2010 Highland received a letter from RUS announcing that it had approved Highland's application. On August 16, 2010 Highland replied to RUS that it had accepted its offer. The loan portion of the award will be funded at a "Cost of Money" interest rate over a 26 year term. Highland anticipates starting construction on this project within 180 days.
9. Pursuant to 807 KAR 5:001, section 9(2)(b), Highland does not require franchise approval from any public authority to deploy the facilities described herein.
10. Although landline telephone service is available in approximately 25 of premises in the service area from lines provided by competitive carriers, none of those facilities are fiber-optic. There will be no duplication of fiber-optic facilities in the proposed service area.
11. At this time, the Company does not anticipate any local telephone service rate adjustments associated with the project.
12. A map showing the route of the FTTH construction is included in Exhibit C.
13. The Company requests expedited treatment of this application in order to meet its commitments with RUS.
14. Based on the foregoing, and in accordance with KRS 278.020 and 807 KAR 5:001, sections 8 & 9, Highland respectfully requests that the Commission issue a CPCN to deploy a fiber optic transmission network across all of its operating areas in Kentucky.

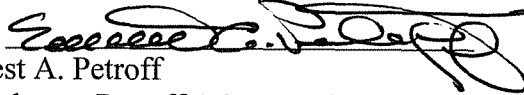
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Respectively submitted,

Highland Telephone Cooperative, Inc.

By: 

Ernest A. Petroff

Stansberry, Petroff, Marcum &  
Blakley, P.C.

3 Courthouse Square  
Huntsville, TN 37756  
423/663-2321  
Legal Counsel



Exhibit A

ARTICLES OF CONVERSION  
OF  
HIGHLAND TELEPHONE COOPERATIVE, INC.

Executed Pursuant to Chapter 29, Title 65,  
TENNESSEE CODE ANNOTATED, as amended.

Highland Telephone Cooperative, Inc., for the purpose of becoming converted into a cooperative, non-profit membership corporation pursuant to the "Telephone Cooperative Act", Tennessee Public Acts of 1961, Chapter 330, Tennessee Code Annotated 65-2901 through 65-2932, hereby certifies and states as follows:

1. The name of the corporation prior to this conversion into a cooperative under Chapter 29, Title 65, of Tennessee Code Annotated, as amended, is HIGHLAND TELEPHONE COOPERATIVE, INC.
2. The address of the principal office of the corporation is SUNBRIGHT, TENNESSEE.
3. The date of the filing of the Articles of Incorporation of Highland Telephone Cooperative, Inc. in the office of the Secretary of State was June 14, 1954.
4. The corporation was organized pursuant to Chapter 11, of Title 48 of Tennessee Code Annotated.
5. The name assumed by the corporation is HIGHLAND TELEPHONE COOPERATIVE, INC.
6. The corporation elects to become a cooperative, non-profit, general welfare, membership corporation subject to and operate under the Telephone Cooperative Act, Tennessee Code Annotated 65-2901 and 65-2932 inclusive, and any and all amendments thereto.

Received for record the 11<sup>th</sup> day of Oct., 1954 at 2:20 o'clock P.M.  
JAMES W. JONES, Register  
MORGAN COUNTY

7. The manner and basis of converting membership and/or memberships of the corporation into membership and/or memberships in the converted corporation is that each member of the corporation shall be and become a member of the converted corporation, whether individually held, jointly held, or held by a partnership, corporation, or association, without the necessity of any affirmative action upon the part of such member, or upon written application by an individual member or an individual member's spouse, such member and such member's spouse shall jointly become a member therein and a certificate evidencing such individual or joint membership in the converted corporation shall be issued to such member or to such member and such member's spouse as the case may be.

8. (a) The Cooperativa, upon conversion, shall be governed by a board of eleven directors, which Board of Directors shall be divided into classes serving staggered terms of from one to three years, as permitted by the current By-Laws of the Cooperativa being converted. Additionally, the Directors shall be apportioned among the geographic areas served by the Cooperativa by exchanges. The Class A Directors shall be as follows: (1) One director who shall reside either in the Deer Lodge or Sunbright Exchange; (2) One director who shall reside in the Whitley City portion of the Stearns-Whitley City Exchange, which portion is defined to be the area North of the line created by the junction of U. S. Highway 27 and Kentucky State Highway 478, continuing Westerly along Highway 478 to its junction with Kentucky State Highway 92 and then continuing Westerly to the McCreary-Wayne County line and a point on U. S. Highway 27, at approximately the same location as the junction of U. S. Highway 27 and Kentucky State Highway 478 and continuing Eastwardly along the most Westwardly branch of Bridge Fork Creek; (3) One director who shall

CERTIFIED COPY

STATE OF TENNESSEE

SCOTT COUNTY

REGISTER'S OFFICE JUNE 17th, 1954.

I, Chester Reed, Register for said County do certify that the foregoing Charter and Certificates are registered in said Office in Miss. Book No. 10, page 588; that they were received June 17, 1954, at 11:00 A.M. and entered in Note Book "a" page 203.

*Chester Reed*  
Register

State of Tennessee

Scott County

I, *Gaston B. Gentry*, Register, do certify that this is a true and correct copy of an instrument recorded in

Miss. Book 10 page 588. This

22nd day June 2004.

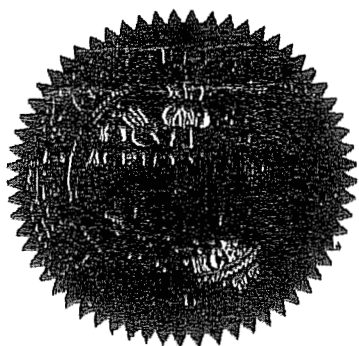
*Gaston B. Gentry*  
Register



CERTIFICATE

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of HIGHLAND TELEPHONE COOPERATIVE, INC.  
(Name of Corporation) Code Annotated 65-2901 through 65-2932  
 was duly executed in accordance with the Tennessee General Corporation Act, and was found to conform to law and was filed by the undersigned, as Secretary of State, on the date noted on the document.

THEREFORE, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on June Fourteenth, 1973.



  
 Secretary of State

STATE OF TENNESSEE  
DEPARTMENT OF STATE

I, G. Edward Frier, Secretary of State of the State of Tennessee, do hereby certify that the annexed Instrument with Certificate of Acknowledgment was filed in my office and recorded on the 14th day of June 1954 in Corporation Record Book Miscellaneous A-25 page 55.

IN TESTIMONY WHEREOF, I have subscribed my Official Signature and by order of the Governor affixed the Great Seal of the State of Tennessee at the Department in the City of Nashville, this 14th day of June A.D. 1954.

(State Seal)  
(Seal)

G. Edward Frier  
Secretary of State.

CHARTER OF INCORPORATION

BE IT KNOWN, That W.H. Swain, Milford Thompson, Maynard Terry, Charles Byrd and Teasel Welch are hereby constituted a body politic and corporate, by the name of and style of Highland Telephone Cooperative, Inc. for the purpose of furnishing, improving and expanding telephone service to its members and other persons. The Corporation shall be a nonprofit cooperative association within the purview of paragraph 10 of Section 4446 Williams Tennessee Code Ann. (1934), which provides that "nonprofit cooperative associations may be incorporated and organized." It shall have and may exercise all powers, rights and privileges granted by law to corporations organized for this purpose, including specifically, but not to the exclusion of other powers and purposes granted by statute the following:

To sue and be sued by the corporate name, to have and use a common seal, which it may alter at pleasure, to receive property, real personal and mixed, by purchase, gift, demise or bequest, and to hold said property in its own name, to sell the same and apply the proceeds toward the promotion of the objects for which it is created, or to hold any such property and apply the income and profits toward such objects.

To establish by-laws and make all rules and regulations not inconsistent with the laws and constitution deemed expedient for the management of corporate affairs. To appoint such subordinate officers and agents, in addition to a President and Secretary or Treasurer, as the business of the corporation may require.

To borrow money to be used in payment for property bought by it and for erecting buildings, making improvements and for other purposes germane to the objects of its creation and to secure the repayment of the money thus borrowed by mortgage, pledge or deed of trust upon such property, real, personal or mixed, as may be owned by it, and in like manner to secure by mortgage, pledge or deed of trust any existing indebtedness which it may have lawfully contracted.

The time of existence of this corporation shall be perpetual.

The private property of the members and membership shall not be subject to the payment of corporate debts to any extent whatever.

The property and business of this corporation shall be managed by its Board of Directors of not less than five (5) nor more than nine (9) in number.

WE, THE UNDERSIGNED, THE INCORPORATORS ABOVE MENTIONED, HEREBY APPEAL TO THE STATE OF TENNESSEE FOR A CHARTER OF INCORPORATION FOR THE PURPOSES DECLARED IN THE FOREGOING INSTRUMENT.

Witness our hands this 3rd day of June, 1954.

Teasel Welch

SECRETARY

Maynard Terry  
W.H. Swain  
Milford Thompson

STATE OF TENNESSEE  
SCOTT COUNTY.

Personally appeared before me, Taskel W. Welch, a Notary Public in and for said County and State, the within-named incorporator, W.H. SWAIN, with whom I am personally acquainted and who acknowledged that he executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office this 3rd day of June, 1954.  
(Seal) My Commission Expires Jan. 14, 1958. Taskel W. Welch  
Notary Public

STATE OF TENNESSEE  
SCOTT COUNTY

Personally appeared before me, Taskel W. Welch, a Notary Public in and for said County and State, the within-named incorporator, Milford Thompson, with whom I am personally acquainted and who acknowledged that he executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office this 3rd day of June, 1954.  
(Seal) My Commission expires Jan. 14, 1958. Taskel W. Welch  
Notary Public

STATE OF TENNESSEE  
SCOTT COUNTY

Personally appeared before me, Taskel W. Welch, a Notary Public in and for said County and State, the within-named incorporator, MAYNARD TERRY, with whom I am personally acquainted, and who acknowledged that he executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office this 3rd day of June, 1954.  
(Seal) My Commission expires Jan. 14, 1958. Taskel W. Welch  
Notary Public

STATE OF TENNESSEE,  
SCOTT COUNTY

Personally appeared before me, Taskel W. Welch, a Notary Public in and for said County and State, the within-named incorporator, CHARLES BYRD, with whom I am personally acquainted and who acknowledged that he executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office this 3rd day of June, 1954.  
(Seal) My Commission expires Jan. 14, 1958. Taskel W. Welch  
Notary Public

STATE OF TENNESSEE  
SCOTT COUNTY

Personally appeared before me, Howard H. Baker, Jr., a Notary Public in and for said County and State, the within-named incorporator, TASKEL WELCH, with whom I am personally acquainted, and who acknowledged that he executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office this 3rd day of June, 1954.  
(Seal) My Commission expires Dec. 16, 1957. Howard H. Baker, Jr.  
Notary Public



reside inside the city limits of the Town of Oneida; (4) One director who shall reside in the Oakdale Exchange. The Class B Directors shall be as follows: (1) One director who shall reside in the Pine Knot Exchange; (2) One director who shall reside in the Huntsville Exchange; (3) One director who shall reside in the Robbins Exchange; (4) One director who shall reside in the Petros Exchange. The Class C Directors shall be as follows: (1) One director who shall reside in the Wartburg Exchange; (2) One director who shall reside in the Oneida Exchange, outside the city limits; (3) One director who must reside in the Stearns portion of the Stearns-Whitley City Exchange, south of the above described line separating the Whitley City Exchange from the Stearns portion. The Class A Directors, as hereinafter designated, shall serve a three year term, or until their successors are duly elected and qualified. The Class B Directors shall serve a two year term, or until their successors are duly elected and qualified. The Class C Directors shall serve a one year term, or until their successors are duly elected and qualified. The following are hereby named and designated as the First Board of Directors of the Cooperative as converted: The Class A Directors shall be: Deer Lodge and Sunbright Exchange - O. C. Duncan; Whitley City or northern portion of the Stearns-Whitley City Exchange as above defined - Clifford Sutton; Oneida Exchange, residing inside the Town of Oneida - Fred H. Duncan; Oakdale Exchange - Wiley Summers. The Class B Directors shall be: Pine Knot Exchange - Herbert Gilreath; Huntsville Exchange - C. E. Byrd; Robbins Exchange - Taskel W. Welch; Petros Exchange - G. A. Haynes. The Class C Directors shall be: Wartburg Exchange - Gene Buxton; Oneida Exchange, residing outside the Town of Oneida - Clendon Blakley; Stearns portion of the Stearns-Whitley City Exchange as above defined - Bennie Chestnut.

8. (b) The Board of Directors shall adopt the first By-Laws after conversion. Thereafter, By-Laws shall be adopted,

amended or repealed by the members, as provided by the Telephone Cooperative Act.

8. (c) At the time of conversion, all assets of the corporation shall become the assets of the converted corporation and all liabilities and indebtedness of the current corporation shall become the liabilities and indebtedness of the converted corporation, the policies of the current corporation shall become the policies of the converted corporation, the rules, regulations, tariffs of the current corporation shall become those of the converted corporation, all contractual, employee, management, or other obligations shall become the obligations of the converted corporation and all property of the current corporation shall become the property of the converted corporation. The patronage capital of the corporation shall be and become patronage capital of the converted corporation, subject to all the rules and regulations and provisions of the converted corporation relating to patronage capital.

IN WITNESS WHEREOF, Highland Telephone Cooperative, Inc. has caused these Articles of Conversion to be executed in its name by its President, and its corporate seal to be hereto affixed and attested by its Secretary, this the 11th day of June, 1973.

HIGHLAND TELEPHONE COOPERATIVE, INC.

By *[Signature]*  
President

ATTEST

*[Signature]*  
Secretary



STATE OF TENNESSEE }  
COUNTY OF MORLAN }

Before me, Marilyn Hough, a Notary Public in and for said County and State, appeared O. C. DUNCAN, with whom I am personally acquainted and who upon oath acknowledged himself to be the President of HIGHLAND TELEPHONE COOPERATIVE, INC., a corporation, the within named bargainor, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

WITNESS my hand and official seal this 11<sup>th</sup> day of June, 1973.

Marilyn Hough  
Notary Public

My Commission expires: 3-18-'77

STATE OF TENNESSEE }  
COUNTY OF MORGAN }

Before me, Marilyn Hough, a Notary Public in and for said County and State, appeared TASKEL W. WELCH, with whom I am personally acquainted and who upon his oath acknowledged himself to be the Secretary of HIGHLAND TELEPHONE COOPERATIVE, INC. and that he as such Secretary, being authorized to do so, attested the execution of the foregoing Articles of Conversion as such Secretary for the purposes therein contained.

WITNESS my hand and official seal this 11<sup>th</sup> day of June, 1973.

Marilyn Hough  
Notary Public

My Commission expires: 3-18-'77



STATE OF TENNESSEE }  
COUNTY OF MORGAN }

I, O. C. DUNCAN, make oath in due form of law that I am the President of Highland Telephone Cooperative, Inc. and that I acknowledged the execution of the Articles of Conversion hereinabove set out; that said execution and acknowledgment were made after the provisions of Section 65-2917 with respect to the approval of Highland Telephone Cooperative, Inc.'s directors and its members of the proposition for the conversion of such corporation into a cooperative and such Articles of Conversion were duly complied with; that the approval of the Board of Directors of Highland Telephone Cooperative, Inc. of the Articles of Conversion was duly adopted by resolution at a special meeting held May 21, 1973, and after the affirmative action of the members approving the Articles of Conversion at a special meeting held on the 4th day of June, 1973.

  
O. C. Duncan, President


Sworn to and subscribed before me  
this 11<sup>th</sup> day of June, 1973.

  
Marilyn Hough  
Notary Public

My Commission expires: 3-18-77

STATE OF TENNESSEE, MORGAN COUNTY

The foregoing instrument and certificate were noted in  
Date Filed 6 Page 199 At 11:00 O'clock AM 11/16/73  
and recorded in 11/16/73 Book # Series 30 Page 220  
County Tax Paid \$ 1.00 Fee = Recording Fee \$ 2.00 Total \$ 3.00  
Witness My Hand  
Receipt No. 21678

JAMES W. JONES  


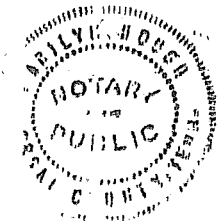


Exhibit B



United States Department of Agriculture  
Rural Development

AUG 11 2010

Mr. F.L. Terry  
Manager  
Highland Telephone Cooperative, Inc.  
7840 Morgan County Highway  
Sunbright, Tennessee 37872

Dear Mr. Terry:

We are pleased to inform you that the Rural Utilities Service (RUS) has approved a loan/grant combination to your organization under the Broadband Initiatives Program. We are offering you a grant in the amount of \$49,866,871 and a loan in the amount of \$16,622,291. The loan portion will be at the Cost of Money interest rate for a term of 25 years. This award is subject to the terms of the enclosed Loan/Grant and Security Agreement and Promissory Note. The RUS designation for this project is Tennessee 1104-B40. This designation should be referenced in all future correspondence concerning this award.

Please review the enclosed documents and indicate your acceptance of this offer by having the President sign the second copy of this letter and, within 7 calendar days, return it to:

Mr. Kenneth Kuchno  
Rural Utilities Service/USDA  
Stop 1599, Room 2868, South Building  
1400 Independence Avenue, SW  
Washington, DC 20250-1599  
Fax: (202) 690-4389

Upon receipt of the signed offer letter, RUS will then send executed versions of the legal documents.

Sincerely,

JONATHAN ADELSTEIN  
Administrator  
Rural Utilities Service

CONCURRENCE:

Highland Telephone Cooperative, Inc.

By: Sam L. Strunk  
Name: Sam L. Strunk  
Title: President  
Date: August 16, 2010

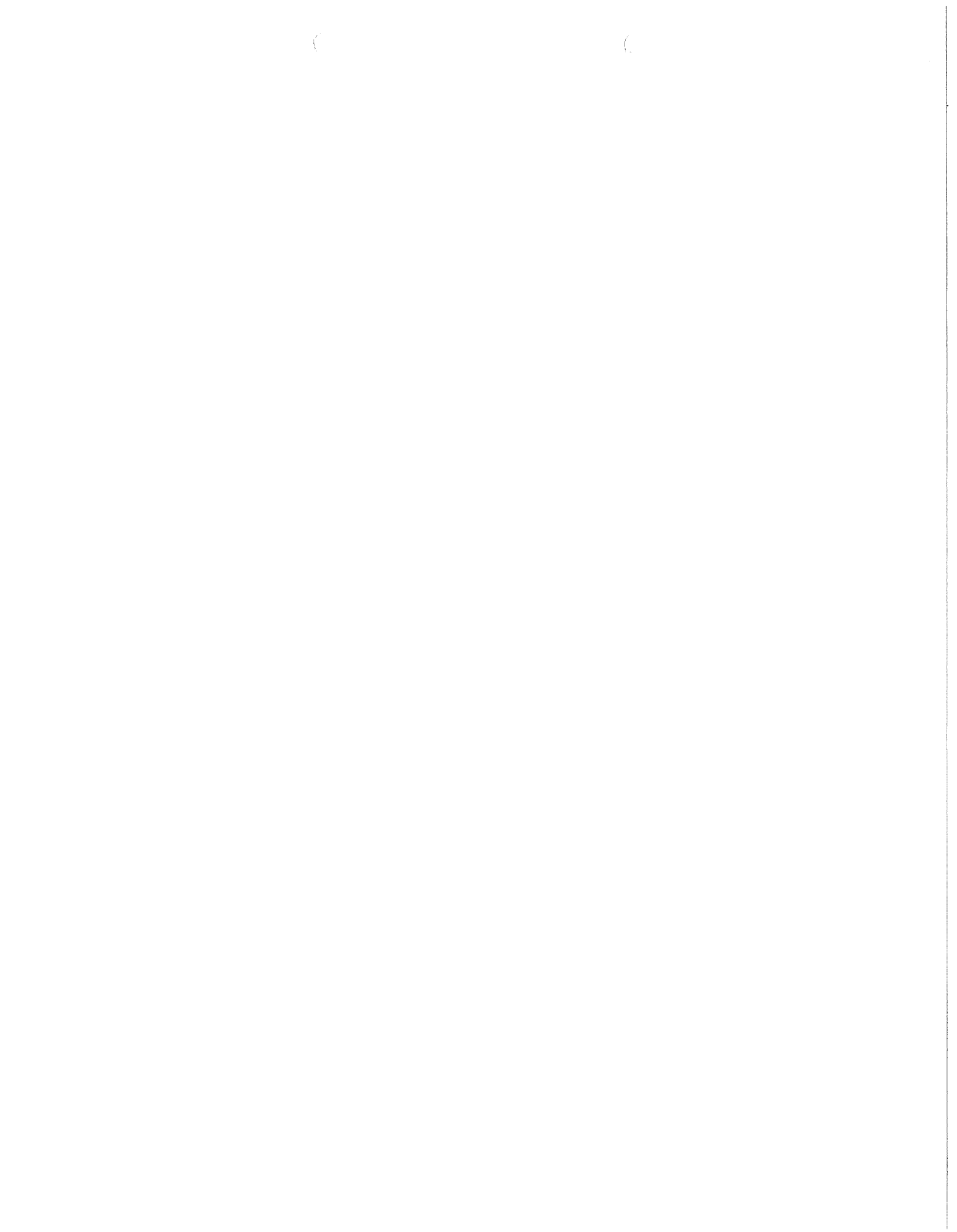
Enclosures

AA# BB491

1400 Independence Ave, S.W. · Washington DC 20250-0700  
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination, write USDA, Director, Office of Civil Rights,  
1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

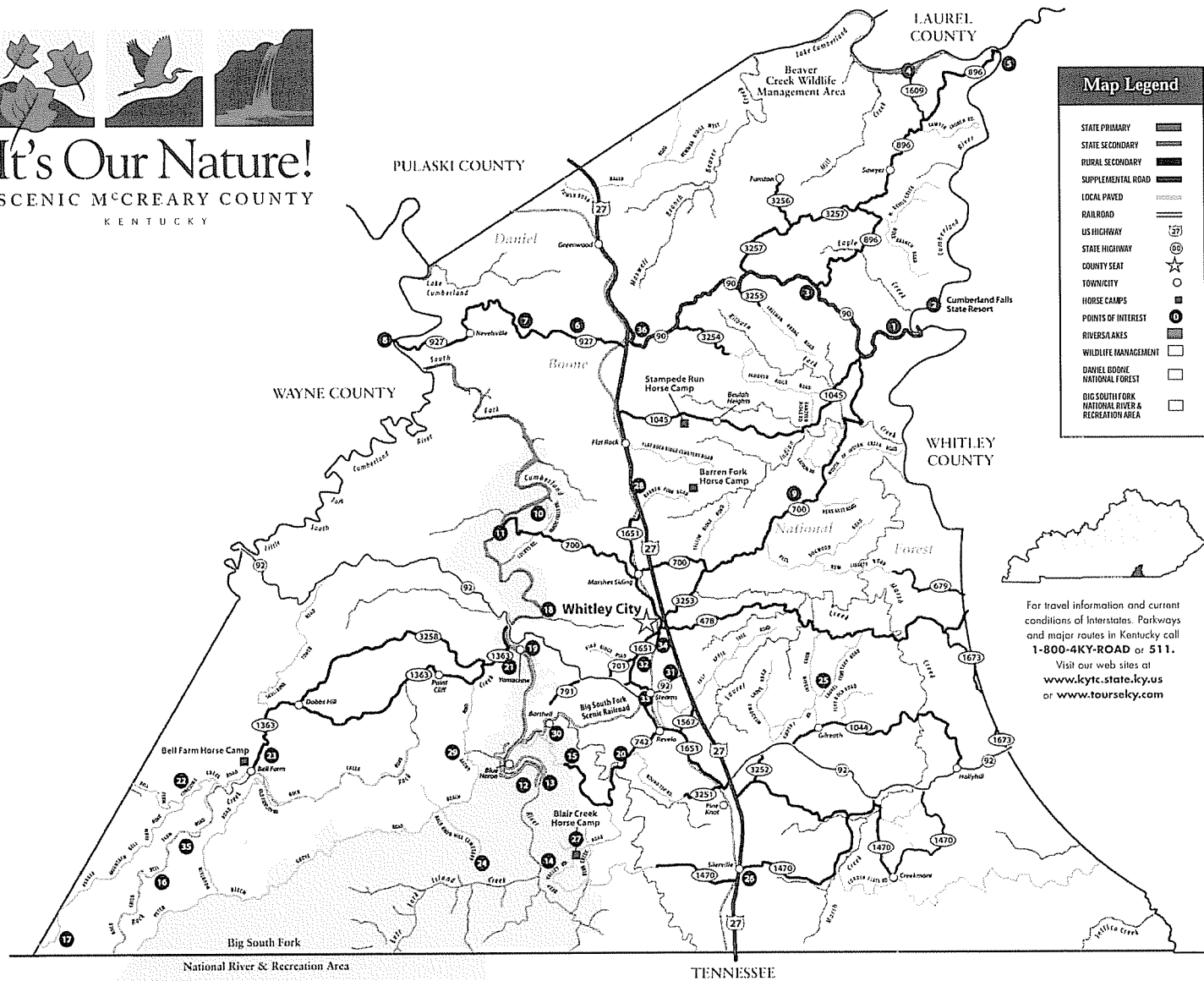




# It's Our Nature!

## SCENIC McCREERY COUNTY

KENTUCKY



Map Legend	
STATE PRIMARY	
STATE SECONDARY	
RURAL SECONDARY	
SUPPLEMENTAL ROAD	
LOCAL PAVED	
RAILROAD	
US HIGHWAY	
STATE HIGHWAY	
COUNTY SEAT	
TOWN/CITY	
HORSE CAMPS	
POINTS OF INTEREST	
RIVERS/ARMS	
WILDLIFE MANAGEMENT	
DANIEL BOONE NATIONAL FOREST	
BIG SOUTH FORK NATIONAL RIVER & RECREATION AREA	

For travel information and current conditions of Interstates, Parkways and major routes in Kentucky call **1-800-4KY-ROAD** or **511**. Visit our web sites at [www.kytc.state.ky.us](http://www.kytc.state.ky.us) or [www.toursky.com](http://www.toursky.com)

### Points of Interest

- Eagle Falls** On a tributary to the Cumberland River
- Cumberland Falls & Cumberland Falls State Park** On the Cumberland River Hwy. 90 at McCreery/Whitley County Line
- 4-H Craft Center** Hwy. 90/HC B3, Box 283, Parkers Lake
- Sawyer Boat Launch Ramp** Off Hwy. 90 Mill Creek Rd. on the Cumberland River
- Nae's Boat Dock** Off Hwy. 90 off Mill Creek Rd.
- Natural Arch** Hwy. 927, Parkers Lake
- Great Gulf Overlook** Hwy. 927, Parkers Lake
- Turkey Creek Boat Launch Ramp** End of Hwy. 927 on the Big South Fork of the Cumberland River
- Sand Hill Camp** RV and Tent Camping Hwy. 700 E. Whitley City
- Yahoo Falls** Restrooms in Parking Lot. Off Hwy. 700 W. Marshes Siding KY
- Alum Fork Boat Ramp & Campsite** End of Hwy. 700 W. Big South Fork of Cumberland River
- Blue Heron Mining Camp** Food, bathtubs, canoe put-in, hiking & horse trails, outdoor interpretive museum. End of KY 742 on Big South Fork of Cumberland River
- Devil's Jump** Big South Fork of Cumberland River
- Bear Creek Overlook** No Facilities. Gauging Station Road at Big South Fork.
- Blue Heron Campground** Tent or RV Campsites with electricity, water & bathhouse. Hwy. 742 in Blue Heron Recreation
- Great Meadows Campsites** Tent camping, restrooms & water
- Buffalo Arch** Parker's Mountain Rd
- Princess Falls** Access Trails at Yamacraw Bridge Hwy. 92
- Lick Creek Falls** Access Trails at Yamacraw Bridge, Hwy. 92
- Wagon Wheel Arch** Hwy. 742 (BSFNRA)
- Koger Arch** State Rt. 1363 at Yamacraw
- Hollow Lock Arch** Off Lanesome Creek Rd. off Rt. 1363
- Hickory Knob Arch** Foster Rd. near Bull Farm
- First Oil Well** Bald Knob Hill Cemetery Rd. at the Big South Fork of the Cumberland River
- McCreery County Airport** Laurel Cemetery Rd. off Indian Knob Rd. & Hwy. 92 E.
- Bobby Duncan's General Store** Grocery, gas, farm supplies, old time general store. Hwy. 1470, Steam.
- Blair Creek Horse Camp & Resort** 15 minutes off Hwy. 27 adjacent to the BSFNRA horse trail
- Stearns District Ranger Station & Information Center** U.S. Forest Service. Hwy. 27 at Hwy. 1651, Whitley City
- Dick's Gap Overlook Trail** follows a wide gravelled path from the end of Dick Gap Road to the BSFNRA newest overlook
- Barthell Mining Camp** Cabins, shopping & food. Barthell Rd. off Hwy. 742, Stearns
- BSFNRA Stearns Visitor & Information Center** Hwy. 27, 500 yards off Hwy. 92, Stearns National Historic District
- McCreery County Museum at Stearns** Local History Museum Henderson St., Stearns
- Big South Fork Scenic Railway** Food, shopping, antiques & crafts. Hwy. 92 at 1651, Stearns
- Stearns Golf Course** Butler Dr. & Golf Course Rd., Stearns
- Hemlock Grove Picnic Area** Picnic shelter with restrooms, S.W. McCreery County
- Junkyard Pottery** Junction Hwy. 27 and E. 90, Parkers Lake







**Broadband Infrastructure Application  
Submission to RUS – Broadband Infrastructure Program**

<b>Submitted Date:</b> 3/29/2010 6:09:10 PM	<b>Easygrants ID:</b> 5342
<b>Funding Opportunity:</b> Broadband Initiatives Program	<b>Applicant Organization:</b> HIGHLAND TELEPHONE COOPERATIVE, INC.
<b>Task:</b> Submit Application - BIP	<b>Applicant Name:</b> Mr. Roger Galloway

## Table of Contents

- A. General Application Information
- B. Co-Applicant or Consortium
- C. Community Anchor Summary
- D. Project Map
- E. Service Area Details
- F. Technology Detail
- G. Project Budget
- H. Self Scoring
- I. Uploads



**Broadband Infrastructure Application  
Submission to RUS – Broadband Infrastructure Program**

<b>Submitted Date:</b> 3/29/2010 6:09:10 PM	<b>Easygrants ID:</b> 5342
<b>Funding Opportunity:</b> Broadband Initiatives Program	<b>Applicant Organization:</b> HIGHLAND TELEPHONE COOPERATIVE, INC.
<b>Task:</b> Submit Application - BIP	<b>Applicant Name:</b> Mr. Roger Galloway

**A. General Application Information**

<b>Applicant Information</b>	
<b>Name and Federal ID for Applicant</b>	
<b>DUNS Number</b>	066711003
<b>CCR # (CAGE)</b>	1F4L2
<b>Legal Business Name</b>	HIGHLAND TELEPHONE COOPERATIVE, INC.
<b>Point of Contact (POC)</b>	STEVE ARMES 4236282121 Ext. 279 Steve@highlandtel.net
<b>Alternate POC</b>	JAMES HAMB Y 4236282121 Ext. 232 James@highlandtel.net
<b>Electronic Business POC</b>	STEVE ARMES 4236282121 Ext. 279 steve@highlandtel.net
<b>Alternate Electronic Business POC</b>	JAMES HAMB Y 4236282121 Ext. 232 James@highlandtel.net

<b>Name and Contact Information of Person to be Contacted on Matters Involving this Application:</b>	
<b>Prefix</b>	Mr.
<b>First Name</b>	Roger
<b>Middle Name</b>	
<b>Last Name</b>	Galloway
<b>Suffix</b>	
<b>Telephone Number</b>	423-628-2750



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<b>Fax Number</b>	
<b>Email</b>	roger@highlandtel.net
<b>Title</b>	Plant Manager
<b>Business Mailing Address of Applicant</b>	Highland Telephone Cooperative, Inc. 7840 Morgan County Hwy PO Box 119 Sunbright, TN 37872-0119

**Additional Contact Information of Person to be Contacted on Matters Involving this Application:**

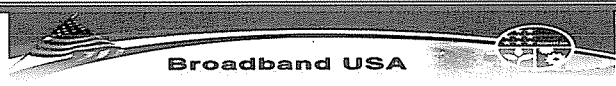
Project Role	Name	Phone	Email
Secondary Point of Contact	Mr. Jerry , Neal	6784558580	jneal@engineeringassociates.com

**Environmental Point of Contact**

Prefix: Mr. Name: Stuber, Mark Suffix: Telephone Number: 6784558558 Title: Project Engineer
---

**Additional Organization Information**

<b>Type of Organization</b>	Cooperative or Mutual
<b>NON-CONFIDENTIAL: Summary of Organization</b>	Highland Telephone Cooperative opened for business in 1955 as a member-owned telephone cooperative. Headquartered in Sunbright, Tennessee, our service area includes Morgan and Scott Counties in Tennessee, and McCreary County, Kentucky. The cooperative has more than 28,000 members. We provide voice, video and data services, with a portion of our network using state-of-the-art fiber-optic technology. Now people and businesses who once couldn't get any phone service have a communications



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	system that meets the highest standards around the world.
<b>Is the organization a small business?</b>	No
<b>Does the organization meet the definition of a socially and economically disadvantaged small business concern as defined under section 8(a) of the SBA?</b>	No
<b>Congressional District of Applicant Headquarters</b>	Tennessee - 4
<b>If the applicant is a subsidiary, provide parent legal name</b>	N/A
<b>If the applicant is a startup, name of entity with controlling interest</b>	N/A

**Is the applicant delinquent on any federal debt?**

- No
- If Yes, justification for delinquency:

**Is the applicant a current or former RUS borrower or Grantee?**

- Yes

**Is the applicant a current or past RUS Title II borrower?**

- Yes

<b>Authorized Organizational Representative</b>	
<b>AOR Name</b>	ARMES, STEVE
<b>AOR Email</b>	Steve@highlandtel.net
<b>Result</b>	Applicant Authorized

**Project Title and Project Description**



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**NON-CONFIDENTIAL: Project Title:** Highland Telephone Cooperative FTTH Build-out

**NON-CONFIDENTIAL: Project Description:** The Highland Telephone Cooperative FTTH Build-Out project will provide state-of-the-art communication services while enhancing broadband communication options to the current and future citizens of Morgan and Scott Counties in Tennessee, and McCreary County, Kentucky. The network will pass approximately 18,000 households and 1830 businesses, providing infrastructure for affordable bandwidth and services, and will integrate economic development, employment, education, public safety, public health, and other government use. Technology deployed will be a Fiber-to-the-Home (FTTH) wireline fiber-optic cable network, configured in Passive Optical Network (PON) architecture, able to support speeds in excess of 20 Gbps.

**NON-CONFIDENTIAL: How many jobs will be created or saved from this project?** 73

**Project Type:** Last Mile

**Other Applications**

Are you or your co-applicants submitting any other applications during this round?

No

Easygrants ID	Project Title

If YES, please explain any synergies and/or dependencies between this project and any other applications.

**Other Project Information**

**Executive Summary of the proposed project**

\* INTRODUCTION \*

Highland Telephone Cooperative, Inc. (HTC) is a full-service local Telephone Cooperative providing voice, video and Internet services to the Counties of Morgan, Scott and McCreary, located in rural Tennessee and Kentucky. HTC currently serves over 19,900 subscribers. HTC desires to provide high-speed broadband services to all subscribers located within the Highland service exchange area and provide high-speed broadband connections to the critical anchor institutions in the area. The Cooperative has a long history of providing state-of-the-art



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communications technology to the community, whenever it is economically possible. Starting in 2008, HTC utilized an RUS loan to deploy a gigabit passive optical network (GPON) that passes approximately 3,300 homes in some of the more dense areas of the community. In this limited deployment, HTC has proven fiber-to-the-home (FTTH) as a viable technology for this rural community and its benefits in supporting high-speed broadband services. It has also demonstrated the ability of the Cooperative to build and manage a FTTH network that supports high-speed broadband services. However, the remainder of the service territory has a much lower density and it will not be economically feasible for the Cooperative to expand this technology to the critical anchor institutions and the subscribers in the remainder of the community without the assistance of a grant.

The area served by HTC is a remote, rural, mountainous area that is devoid of an interstate or major highway infrastructure. These factors have limited the area's ability to attract major industry and employers. The economic downturn has been especially hard for this area with the loss of numerous manufacturers and thousands of jobs. In January 2009, the Tennessee State Department of Labor and Workforce Development reported the Scott County unemployment rate grew to 14.3%. In one year, the economic conditions have continued to worsen and job losses have increased at a devastating pace. In January 11, 2010, The Independent Herald® reported this area "...relies heavily on the manufacturing industry, the expansive flooring mill near downtown has been Scott County's industrial lifeblood for more than a generation." This same week, Armstrong World Industries reported it will "idle" production in April of this year at its Oneida, Tennessee plant, costing 260 hourly and salaried jobs. The current unemployment rate for this area has grown to 18.8%. With the Armstrong workers entering the unemployment pool, the jobless rate is expected to grow to 22%.

HTC and its subsidiaries continue to be a primary employer in the area, providing highly skilled jobs to 83 telephone cooperative employees.

**\* BROADBAND SERVICES – THE FUTURE OF MORGAN, SCOTT AND MCCREARY COUNTIES \***

The expansion of high-speed broadband services throughout the counties located within HTC's serving area will provide new opportunities for education, health care and future economic development. HTC has experienced an outpouring of support from critical community facilities, local governments and business leaders throughout the serving areas. Each has stated that high-speed broadband is instrumental for future economic growth. Service-based companies such as call centers have shown interest in locating within the exchange boundaries, but the lack of a high-speed broadband infrastructure is often a deterrent to attracting new business to the area. Educators and county service agencies stress the need for high-speed broadband services to



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address travel cost reductions and aid in the expansion of distance learning throughout the three major counties served. Medical clinics are requesting high-speed broadband service to allow the clinics and medical service providers to improve health care of the citizens. In some cases the availability of high-speed broadband connections can literally mean the difference between life and death when treating patients in these remote regions for critical conditions such as strokes and heart attacks.

Challenges encountered in HTC's previous efforts to expand high-speed broadband to its customers will prevent it from expanding the FTTH network to the remaining areas that are less dense. As previously mentioned, HTC had a successful deployment of FTTH, but this was directed to more densely-populated serving areas. It will not be economically possible to expand the broadband network to serve these areas without the assistance of a grant. In fact HTC had an RUS Loan to support the implementation of broadband services in these areas and has rescinded the loan due to the fact that these rural areas will not be able to support a broadband network without the support of a grant. If a grant is not obtained, these areas will probably continue to remain underserved and will fall further behind in the areas of employment, health, public safety and education. Even though HTC is a cooperative and does not attempt to make a profit, it has found that it cannot justify building a much-needed broadband network in these areas without the support of a grant. In summary, numerous factors have impeded the expansion the FTTH network including cost of network, a very rural and sparse population, and continued economic deterioration. HTC has identified 106 critical community facilities within its exchange boundaries. Receiving a partial grant to complete this network will revolutionize communications in this rural community. Local schools, community colleges and technical colleges state:

- High-speed broadband is vital to high-school distance learning and obtaining access to state college dual-credit courses. High-speed broadband will enable the school system to provide an instructional program rich in technology and better prepare students for gainful employment in their chosen careers.
- The Scott County Board of Education states a need for faster, reliable and affordable high-speed broadband service for the school system and members of this community. Broadband technology is essential to providing access to education resources, employment and economic development.
- Roane State Community College, a 2008 RUS Distance Learning and Telemedicine (DLT) grant recipient, states distance learning using high-speed broadband will provide access to the Harriman and Oak Ridge campuses expanding classes to this community. The college further states high-speed broadband is instrumental for the expansion of Web-based college



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classes and affordable education. Distance learning also provides a cost-effective delivery method of business work training to small rural businesses.

The medical service providers for this area are also equally supportive of the expansion of broadband services and the need of HTC to obtain grant funds through the Broadband Initiative Program. Medical clinics and medical service providers are supportive of HTC including:

- The Mountains People’s Heath Council is a non-profit health care organization providing primary medical services to uninsured, underserved, and low-income families. The Council has adopted electronic medical records in its five Tennessee and Kentucky clinics. The Council states high-speed broadband services will facilitate faster and efficient care for patients.
- The Children’s Center of the Cumberland directs mental health, medical and advocacy services to victims of child physical and sexual abuse, neglect and drug endangerment. Reliable, high-speed broadband services are required for data collection provided by the National Children’s Alliance, as well as training and video conferences for health assessments.
- The Morgan County Medical Center has a satellite office located in the community of Deer Lodge. Reliable, fast broadband services are needed to transmit medical records and x-rays between offices. The Center states broadband is required to continue to provide care for patients with and without insurance.

Critical community facilities supporting emergency management, public safety and economic development are also supportive of the broadband initiative. As an example:

- The McCreary County, Kentucky Emergency Management Agency states that due to budget cutbacks, high-speed broadband is “very instrumental” in communication with fire-fighters, law enforcement, other emergency management agencies, 911, public works, search and rescue, and other county, state and federal agencies.
- The Scott County Chamber of Commerce states that with area unemployment approaching 20%, high-speed broadband services will place the County on the “cutting edge” of technology enabling Scott County to recruit business and industry and compete with much larger cities.
- The Industrial Development Board of Scott County has expressed its full support of HTC’s high-speed broadband efforts. The Board states that to recruit new industry and create jobs, high-speed broadband is needed to create a package of positive features for this community. This is a small sample of the support from a wide range of critical community facilities that fall within HTC’s serving territory. Without exception, education, public safety, medical and community leaders agree that high-speed broadband services are instrumental to the area’s economic growth, quality of education, support of public safety as well as continuation and expansion of medical services.





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\* BROADBAND SERVICES – COMPETITIVE COST, STATE-OF-THE-ART SERVICE \*  
HTC plans to offer a range of affordable high-speed broadband plans for residential and business customers. The plans will support three speeds 6Mbps, 10Mbps and 20Mbps. There are three new residential rates planned from \$49.95, \$87.95 and \$125.95 with business rates from \$69.96, \$82.46 and \$149.99 respectively. HTC is committed to providing high-quality, cost-effective broadband solutions as well as assist those agencies and businesses who are socially and economically disadvantaged with lower-cost service options. HTC will provide a twenty-five percent reduction in the business rates previously discussed to these disadvantaged small businesses.

High-speed broadband services are far more important than merely providing a method to receive emails or obtain forms of entertainment. High-speed broadband is quickly becoming the new electronic interstate highway, stimulating new forms of commerce, education and critical care services. HTC plans to construct a FTTH network for all subscribers located within its exchange boundaries. This high-speed broadband network design is based on a state-of-the-art GPON solution providing fiber optic cable from the network point-of-service to the subscriber residence or business. Fiber optic cable provides a long-lasting solution to current and future broadband services producing transport speeds with a reliability that surpasses the best of copper-based Internet transport solutions. Capacity in the access network is capable of supporting broadband services speeds in the multiples of one-hundred megabits per second. This non-conducting fiber optic network eliminates many of the weather-related problems and the metallic deterioration that occur with copper-based networks. Reliability is paramount to a successful broadband service launch, and this fiber-based design ensures the network can be maintained in a cost-effective manner that is crucial to managing recurring maintenance expenses and keeping service costs affordable.

HTC's high-speed broadband network design considers one-hundred percent coverage for the 1,709 miles of network remaining to be constructed. Each customer will have the opportunity to subscribe to a best-in-class voice service, modem-less high-speed broadband connection and a competitive video service offering. The transport network to all major network nodes will support redundant paths reducing the possibility of an outage for each service.

HTC is committed to operate a high-speed network that does not discriminate, providing equal access to all service providers and consumers. HTC's current network and proposed expansion do not limit the type of lawful Internet content or service that may be conducted over the public network to its subscribers. HTC will ensure this network continues to meet the Federal Communications Commission's Internet Policy Statement, which states that consumers are



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<b>Task:</b> Submit Application - BIP	<b>Applicant Name:</b> Mr. Roger Galloway

entitled to access lawful Internet content, run applications of their choice, connect devices of their choice, and expect “competition” among network providers and services. HTC currently supports almost 20,000 access lines and has done so since 1955 providing quality communications services to the residents of Morgan, Scott and McCreary Counties. Over the last two years, HTC has demonstrated its ability to successfully launch, operate and maintain a FTTH-based broadband network. HTC is seeking a 75/25 grant/loan Broadband Stimulus Grant totaling \$66,489,162. The Broadband Stimulus Grant will ensure HTC’s ability to continue to operate as a major employer, to provide high-speed broadband services critical to the economic growth of this region, and ensure the communications services for this rural community are both as reliable and competitive as those found in much large cities located in Tennessee and Kentucky.

**Is the applicant cooperating with any other Recovery Act Awards?**

- No

**If the answer to the above question is "Yes," description of Cooperation with other Recovery Act Awards:**

**Is the applicant seeking a waiver of the Buy American provision?**

- No

**If YES, click "Add" to provide your justification for the waiver:**

### **B. Co-Applicant or Consortium**

Are you applying with any other key institutions, organizations, or other entities for this project?

- No

If YES, Co-Applicants are listed below:

### **C. Community Anchor Summary**

**NON-CONFIDENTIAL – Critical Community Facilities and Public Safety Entities**



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<b>Schools (k-12)</b>	22
<b>Libraries</b>	9
<b>Medical and Healthcare Providers</b>	7
<b>Public Safety Entities</b>	27
<b>Public Housing</b>	1
<b>Institutions of Higher Education</b>	3
<b>Community Support Organization</b>	13
<b>Government Facilities</b>	24
<b>Total Critical Community Facilities and Public Safety Entities</b>	<b>106</b>

### D. Project Map

**Project Map (Reference Number):** 0F99-01D6-4C00-A8FF

### E. Service Area Details

<p><b>Service Area Details</b></p> <p><b>PFSA or Non-Funded:</b> Funded</p> <p><b>Name of Service Area:</b> HTC FTTH</p> <p><b>Total Population in Service Area:</b> 49837</p> <p><b>Total Households in Service Area:</b> 21649</p> <p><b>Total Businesses in Service Area:</b> 1833</p> <p><b>Total Critical Community Facilities and Public Safety Entities in Service Area:</b> 106</p> <p><b>Number of Unserved Households to be served in this Service Area:</b> 0</p> <p><b>Premises within the rural portion of the service area, without access to 5 Mb service:</b> 18044</p> <p><b>Total premises within the rural portion of the service area (including without access to 5 Mb service):</b> 23482</p> <p><b>Total square miles within this service area:</b> 1433</p> <p><b>Total rural square miles within this service area:</b> 1433</p>
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**Shortest number of miles from non-rural area: 6**

Methodology used to determine the classifications of the service areas: HTC currently provides voice and limited video and DSL services to its subscribers. The Rural Utilities Service Broadband Initiative Program (BIP) funds will be used to deliver high-speed broadband services to all subscribers located in the two states and ten rural exchanges.

HTC maintains a customer service database that includes a vast amount of information including billing, payment history, service address, services and features. HTC also maintains an extensive CAD system and associated database that contains all roads, buildings, addresses, cables, poles and assignments. The combination of these two systems provides the source of information used to determine subscribers who currently have Internet access and cost of service.

The rural determination of the proposed serving area is based on the NOFA definition of rural "any area...which is not located within a city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or...an urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants."

Of the 23,482 HTC premises passed, approximately 30% have some form of DSL service. Of those who currently have Internet access, over 80% subscribe to a low bandwidth service of less than a megabit per second in speed. This is due to copper distance limitation in the network and the price of high bit-rate services related to the high cost to expand fiber based technologies in this rural environment. HTC's customers constantly expressed the need to gain access to affordable, higher bandwidth services. One private cable provider has attempted to offer higher speeds, but has a very limited offering in portions of Whitely City, KY. Verizon Wireless offers a CDMA data plan, but coverage is limited and the service can be costly due to bandwidth capacity limits.

In addition direct customer interaction, HTC tasked Preston-Osborne to conduct a marketing study for a sample community to determine interest in high-speed broadband services. The study used an area containing 800 household where 163 interviews were conducted. The study determined that 75% of the respondents express a level of interest in purchasing broadband services of 2Mbps or greater at \$49.95 per month.

HTC has extensive knowledge of bandwidth services used by existing customers based on detailed customer database information. HTC is the primary provider of communications services for the proposed funding area. HTC currently cannot offer broadband services above 1.5Mbps. HTC's plans to construct the high-speed broadband plant within 36 months from the release of BIP funding. Existing telephone and Internet subscribers will be contacted as construction is completed notifying of new high-speed broadband services, converting and adding new customers.

## F. Technology Detail

### Technology Feasibility

Indicate the technology that will be used to deliver services. The following items were selected:



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Wireline - Fiber-optic Cable

**Other:**

**Technology Questions**

**Description of Network Openness**

HTC is committed to following the Nondiscrimination and Interconnection Obligations as addressed in Section IV (C) (4) of the NOFA. HTC will adhere to the FCC’s Internet Policy Statement of:

- To encourage broadband deployment and preserve and promote the open and interconnected nature of the public Internet, consumers are entitled to access the lawful Internet content of their choice.
- To encourage broadband deployment and preserve and promote the open and interconnected nature of the public Internet, consumers are entitled to run applications and use services of their choice, subject to the needs of law enforcement.
- To encourage broadband deployment and preserve and promote the open and interconnected nature of the public Internet, consumers are entitled to connect their choice of legal devices that do not harm the network.
- To encourage broadband deployment and preserve and promote the open and interconnected nature of the public Internet, consumers are entitled to competition among network provider’s application providers, and content providers.

HTC will not favor any lawful Internet application and content over another. HTC will insure its Internet network is not an entirely closed network. HTC will offer interconnection to its Internet network, where technically feasible without exceeding current or reasonably anticipated capacity limitations, on reasonable rates and terms to be negotiated with requesting parties. This includes both the ability to connect to the public Internet and physical interconnection from the exchange of traffic.

## G. Project Budget

**Project Budget**



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Budget	Loan Request	Grant Request	Equity	Non-RUS Debt	Bond	Other
Network & Access Equipment	3,215,475	1,071,826				
Outside Plant	37,312,303	12,437,434				
Buildings and Land						
Customer Premise Equipment	1,434,375	478,125				
Billing and Operational Support Systems						
Operating Equipment						
Professional Services	7,904,718	2,634,906				
Testing						
Site Preparation						
Other						
<b>TOTAL</b>	<b>49,866,871</b>	<b>16,622,291</b>				

**Total Capital Project Budget:** \$66,489,162  
**Total Requested Award:** \$66,489,162  
**Grant Percentage of Total Award:** 25.0%

**Is the applicant seeking a waiver of the 75-25 grant-to-loan ratio?** No

**If Yes, justification for the waiver:**

**Premises Passed (from Proposed Funded Service Areas):** 23,588  
**Cost per Premesis Passed:** \$2,819



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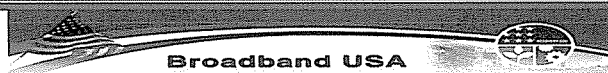
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<b>Task:</b> Submit Application - BIP		<b>Applicant Name:</b> Mr. Roger Galloway	

**Is the applicant seeking a waiver of the \$10,000 per premise passed requirement? (Last Mile only):** No

**If Yes, justification for the waiver:**

**H. Self Scoring**

Criteria	Method	Points	Self Score
Proportion of Rural Residents Served in Unserved Areas	Points will be awarded for serving rural residents located in unserved areas. For every 10 percent of unserved households compared to the total households to be served that will receive broadband service, 1 point will be awarded up to a maximum of 10 points. For Middle Mile projects, this will be based on the location of the interconnection points.	0 - 10	7
Rural Area Targeting	Points will be awarded for exceeding the 75 percent rural area service requirement. For every five percent increase in the total proposed funded service area that is above the 75% rural requirement, 2 points will be awarded up to a maximum of ten points. For MM projects, this will be based on the location of the interconnection points.	0 - 10	10
Distance from Non-Rural Areas	One point will be awarded for each additional 10 miles that at least one proposed funded service area is located away from the closest non-rural area, up to a total of five points. For applicants with multiple service areas, this calculation will be based on the service area closest to the non-rural area. For MM projects, this will be based on the location of the interconnection points.	0 - 5	0
Title II Borrowers	Eight points will be awarded to applications which are submitted by entities which have borrowed under Title II of the RE Act.	0 or 8	8
Other Recovery Act Awards	Five points will be awarded for any cooperation with a Recovery Act award.	0 or 5	0
Performance of the offered service	<u>For Last Mile Projects:</u> For wireline projects that are constructed to deliver a minimum of 5 Mbps service to the premises (upstream and downstream combined), 5 points will be awarded. For wireline projects that are constructed to deliver a minimum of 20 Mbps service to the premises (upstream and downstream combined), 10 points will be awarded. For wireless projects that are constructed to deliver a minimum of 3 Mbps service to the end user (upstream and downstream combined), 8 points will be awarded. For mobile wireless projects that are constructed to deliver a minimum of 3	0, 5, 8, or 10	10



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<b>Task:</b> Submit Application - BIP	<b>Applicant Name:</b> Mr. Roger Galloway

Criteria	Method	Points	Self Score
	Mbps service to the end user (upstream and downstream combined), 10 points will be awarded. Scoring will be based on the predominant technology used for combination systems. <u>For Middle Mile Projects:</u> For middle mile projects that are constructed to deliver 100 Mbps service to all interconnection points in their network, 10 points will be awarded.		
Services to Critical Community Facilities and Small Disadvantaged Businesses	Points will be awarded to applications that are proposing to offer discounted rate packages to all critical community facilities in the proposed funded service area(s) that are at least 25 percent lower than the proposed base rate packages for at least three years, 4 points will be awarded. For Critical Community Facilities. For applications that are proposing to offer discounted rate packages to disadvantaged small businesses under section 8(a) of the SBA, 2 points will be awarded.	0,2, 4, or 6	6
Applicant's organizational capability	Up to ten points will be awarded based on the strength of the project's management team. RUS will evaluate past performance and accomplishments and award points accordingly. Details of these requirements will be in the Application Guide.	0 - 10	10
Small Disadvantaged Businesses	Three points will be awarded to applicants that meet the definition of a socially and economically disadvantaged small business concern under section 8(a) of the SBA.	0 or 3	0
Leverage of outside resources	Up to 10 points will be awarded based on the amount of outside resources contributed to the total financing provided under BIP: a. 10 points if this ratio is greater than 100%. b. 7 points if this ratio is between 99% and 75%. c. 5 points if this ratio is between 74% and 50%. d. 3 points if this ratio is between 49% and 25%. e. 0 points if the ratio is less than 25%. Outside resources are limited to new investments that are proposed to support the project and do not include any existing assets that the Applicant already owns or has rights to or any revenues generating from the operations.	0, 3, 5, 7, and 10	0
Extent of grant funding	Up to 15 points will be awarded based on the amount of grants funds requested in relation to the total amount of the award requested. a. 0 points if requesting a grant greater than 70%.	0, 5, 10, and 15	10

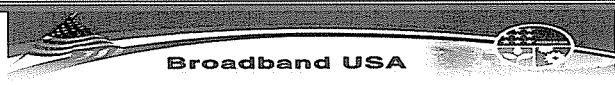




**Broadband Infrastructure Application  
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Criteria	Method	Points	Self Score
	b. 5 point if requesting a grant between 70 and 51%. c. 10 points if requesting a grant between 50 and 16%. d. 15 points if requesting a grant between 15 and 0%.		
Cost Effectiveness	For Last Mile projects only, up to 8 points will be awarded for projects that promote cost effectiveness of federal assistance, based on cost per premise passed. To calculate the cost per premise passed, the applicant shall divide the total award requested in the application by the total number of premises passed. a. 2 points if cost per premise passed is less than \$8,000. b. 4 points if cost per premise passed is less than \$7,000. c. 6 points if cost per premise passed is less than \$6,000. d. 8 points if cost per premise passed is less than \$5,000.	0, 2, 4, 6 and 8	8
Total		100	69



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**Uploads** *NOT INCLUDED - By Request Only*

The following pages contain the following uploads provided by the applicant:

Upload Name	File Name	Uploaded By	Uploaded Date
Legal Opinion	Highland Broadband Initiatives ltr0001.pdf	Galloway, Roger	02/23/2010
Communities in PFSA	2 - Communities in PFSA-HTC 5342.xlsx	Galloway, Roger	03/22/2010
Equal Opportunity and Nondiscrimination	Equal Opportunity and Nondiscrimination Cert.pdf	Galloway, Roger	03/01/2010
Certification Regarding Architectural Barriers	Arch Barriers Cert.pdf	Galloway, Roger	03/01/2010
Uniform Relocation Assistance and Real Property	Uniform Relo Cert.pdf	Galloway, Roger	03/01/2010
Certification Regarding Debarment, Suspension etc	Debarment Cert.pdf	Galloway, Roger	03/01/2010
Certification Regarding Lobbying for Contracts	Lobbying Cert.pdf	Galloway, Roger	03/01/2010
Environmental Questionnaire	9 - Environmental Questionnaire_Highland Telephone Cooperative_ID	Galloway, Roger	03/28/2010



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	5342.pdf		
Competitor Service Offerings	10 - Competitor Service Offerings.doc	Galloway, Roger	03/26/2010
System Design	11 - System Design.pdf	Galloway, Roger	03/22/2010
Network Diagram	12 - Network Diagram_GPON_Highland Telephone Cooperative_5342.pdf	Galloway, Roger	03/26/2010
Subscriber Projections and Service Tiers	13 - Subscriber Projections and Service Tiers.xls	Galloway, Roger	03/26/2010
Service Metrics and Network Management	14 - Service Metrics and Network Management.docx	Galloway, Roger	03/25/2010
Professional Engineer Certification	15 - PE Certification_Completed.docx.pdf	Galloway, Roger	03/25/2010
Licenses and Agreements	Daniel Boone Special Use Permit.pdf	Galloway, Roger	03/18/2010
Licenses and Agreements	ISP access agreement.pdf	Galloway, Roger	03/23/2010
Licenses and Agreements	Oakdale Tower deed.pdf	Galloway, Roger	03/23/2010



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Licenses and Agreements	Wartburg Tower Deed.pdf	Galloway, Roger	03/23/2010
Licenses and Agreements	16 - Licenses and Agreements.xlsx	Galloway, Roger	03/23/2010
Licenses and Agreements	Pole Agreement_Access Cable.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Pole Agreement_Clinton Utilities.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Pole Agreement_Comcast.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Pole Agreement_Comcast.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Pole Agreement_Cumberland Valley.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Pole Agreement_Harriman Utility.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Pole Agreement_Kentucky Utilities.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Pole Agreement_Plateau Electric.pdf	Galloway, Roger	03/01/2010



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Licenses and Agreements	Pole Agreement_Rockwood Electric.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Pole Agreement_South Kentucky RECC.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	FRANCHISE AGREEMENT FOR KENTUCKY.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Scott County Franchise.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Statewide Franchise.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	Town of Oneida Franchise.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	A & E ENTERTAINMENT-CONTRACT.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	ABC FAMILY & NEWS NOW.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	ABC FAMILY, ESPN, SOAPNET.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	ABC NEWS NOW.pdf	Galloway, Roger	03/01/2010



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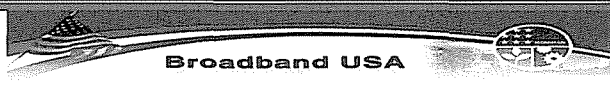
Licenses and Agreements	ANIMAL PLANET.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	BLOOMBERG.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	BOOMERANG.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	CARTOON NETWORK.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	CINEMAX.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	CSPAN.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	CSS.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	D I Y.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	DISCOVERY BBC.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	DISCOVERY CHANNEL.pdf	Galloway, Roger	03/01/2010



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Licenses and Agreements	DISCOVERY FIT.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	DISCOVERY HD.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	DISH NETWORK.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	DISNEY.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	E! ENTERTAINMENT.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	ESPN'S.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	FINE LIVING.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	FOX COLLEGE SPORTS.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	FOX MOVIE CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	FOX NEWS.pdf	Galloway, Roger	03/01/2010



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Licenses and Agreements	FOX SOCCER.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	FSN SOUTH.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	FUEL TV.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	FX NETWORK.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	G4.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	GAC.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	GOSPEL MUSIC CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	GSN.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HALLMARK CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HALLMARK MOVIE.pdf	Galloway, Roger	03/01/2010





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Licenses and Agreements	HBO.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HDNET.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HEADLINE NEWS.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HGTV.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HISTORY CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HISTORY INTER. & BIOGRAPHY.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HSM.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	HSN.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	INDEMAND.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	LIFETIME ENTERTAINMENT.pdf	Galloway, Roger	03/01/2010



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Licenses and Agreements	MTV.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	MUSIC CHOICE.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	NBC UNIVERSAL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	NFL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	NFL2.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	NFL3.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	NGC.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	OVATION.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	OXYGEN.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	QVC.pdf	Galloway, Roger	03/01/2010



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Licenses and Agreements	RFD TV.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	SHOP NBC.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	SHOWTIME.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	SOAPNET.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	SPEED.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	SPROUT PBS.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	STARZ.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	STYLE.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	SUNDANCE.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	TBS.pdf	Galloway, Roger	03/01/2010



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Licenses and Agreements	THE EROTIC NETWORK.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	THE FOOD NETWORK.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	THE GOLF CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	THE LEARNING CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	THE OUTDOOR CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	THE SPORTSMAN CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	THE TENNIS CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	THE WEATHER CHANNEL.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	TOON DISNEY.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	TRAVEL CHANNEL.pdf	Galloway, Roger	03/01/2010



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Licenses and Agreements	TRIBUNE MEDIA.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	TRINITY BROADCAST NETWORK.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	TRU TV.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	TURNER CLASSIC MOVIES.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	TURNER NETWORK PLUS.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	WATE.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	WBIR.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	WBXX.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	WGN.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	WKOP.pdf	Galloway, Roger	03/01/2010



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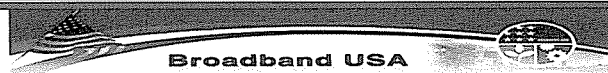
Licenses and Agreements	WMAK.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	WTNZ-RAYCOM Media.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	WVLR.pdf	Galloway, Roger	03/01/2010
Licenses and Agreements	WVLT.pdf	Galloway, Roger	03/01/2010
Historical Financial Statements	Highland 2009 Consolidated FS scanned.pdf	Galloway, Roger	03/22/2010
Historical Financial Statements	HTC FS 08.pdf	Galloway, Roger	03/22/2010
Historical Financial Statements	HMC FS 08.pdf	Galloway, Roger	03/22/2010
Historical Financial Statements	HCC FS 08.pdf	Galloway, Roger	03/22/2010
Historical Financial Statements	HMC Audited FS 9-30-09.pdf	Galloway, Roger	03/22/2010
Historical Financial Statements	HCC FS 2009.pdf	Galloway, Roger	03/22/2010



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Pro-Forma 5-Year Financial Forecast - Single	18-Pro Forma 5 Yr Financial Forecast-Highland Telephone Cooperative_5342(3).xlsx	Galloway, Roger	03/23/2010
Pro-Forma Financial Assumptions	20 - Pro Forma Financial Assumptions_Highland - 5342.xlsx	Galloway, Roger	03/29/2010
Project Capital Investment Workbook	22 - Project Capital Investment Workbook VERSION 2.xls	Galloway, Roger	03/26/2010
Schedule of Debt and Equity Funding	23 - Schedule of Debt.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	Loan N.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	Note N.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	Loan P.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	TN 554-P8.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	Loan R.pdf	Galloway, Roger	03/22/2010



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Funding			
Source Documentation for Debt and Equity Funding	Loan T.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	Note T.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	Note S.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	Note R.pdf	Galloway, Roger	03/22/2010
Source Documentation for Debt and Equity Funding	Note R Supplement.pdf	Galloway, Roger	03/23/2010
Proof of Entity Type	HTC Charter and Articles of Conversion.pdf	Galloway, Roger	03/12/2010
Proof of Entity Type	HTC Bylaws.pdf	Galloway, Roger	03/12/2010
Organization Charts	Org Charts.pdf	Galloway, Roger	03/12/2010
Management Team	Management	Galloway, Roger	03/22/2010

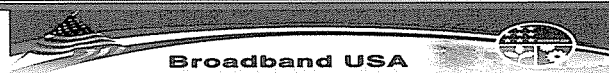




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<b>Task:</b> Submit Application - BIP		<b>Applicant Name:</b> Mr. Roger Galloway	

Resumes	Resume_ARMES.pdf		
Management Team Resumes	Management Resume_DIDEN.pdf	Galloway, Roger	03/22/2010
Management Team Resumes	Management Resume_GALLOWAY.pdf	Galloway, Roger	03/22/2010
Management Team Resumes	Management Resume_TERRY.pdf	Galloway, Roger	03/22/2010
Management Team Resumes	Organizational Readiness.docx	Galloway, Roger	03/29/2010
Management Team Resumes	Management Resume_WILSON.pdf	Galloway, Roger	03/29/2010
Management Team Resumes	Managment Resume_HARTER.pdf	Galloway, Roger	03/29/2010
Management Team Resumes	Managment Resume_NEAL.pdf	Galloway, Roger	03/29/2010
Management Team Resumes	Managment Resume_BREWER.pdf	Galloway, Roger	03/29/2010
Management Team Resumes	Contractual Commitment.pdf	Galloway, Roger	03/29/2010



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Management Team Resumes	28 - Management Team Summary_Highland Telephone Cooperative_5342.xlsx	Galloway, Roger	03/29/2010
Affordability	29 - Statement of Affordability.doc	Galloway, Roger	03/29/2010
Supplemental Document	Highland 09-REPORT DRAFT 073109.pdf	Galloway, Roger	03/26/2010
Supplemental Document	Highland Telephone Cooperative_5342_Letters of Support.pdf	Galloway, Roger	03/29/2010

Exhibit E

Attachment 15 - Professional Engineer Certification

Easygrants ID: 5342

Project Title: Highland Telephone Cooperative FTTH Build-out

Instructions: For projects requesting more than \$1 million in funding, the Network Diagram, System Design, and Project Timeline must be certified by a Professional Engineer registered in at least one state or territory wherein the service will be provided.

Does the Applicant's proposed project fall exclusively within a state or territory without an official Professional Engineer registration system?

Yes

X No

We the undersigned, certify that the proposed broadband system will work as described in the System Design and Network Diagram sections, and can deliver the proposed services outlined in the Service Offerings section and all premises in the proposed funded service area(s) will be offered broadband service. Moreover, the system, as designed, can meet the proposed build-out timeline, milestones, and construction schedule based on the resources designed in the Project Capital Investment Workbook, and will be substantially complete in two years and complete within three years.

3/24/2010

(Date)

[Handwritten Signature]

(Certifying Engineer's Signature 22804)

Thomas C. Harter

Name (Printed)

President, Engineering Associates, Inc.

Title

Registration Number: 22804

State of Registration: TN

3-24-10

(Date)

[Handwritten Signature]

(Authorized Representative's Signature)

Steven S. Armes

Name (Printed)

Accounting Manager

Title

