

Request for Information

For

Partnership for Deployment of a Broadband Network to Provide Universal Service for the Membership of Central Virginia Electric Cooperative

Issued: July 25, 2016

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I. Introduction

Central Virginia Electric Cooperative (CVEC) issues this Request for Information (RFI) to convey its interest in partnering with a proven, committed entity or consortium of entities to make affordable Gigabit-class broadband available to all CVEC members (homes, businesses, and government facilities) over privately or publicly-constructed infrastructure. CVEC seeks proposed approaches from for-profit and/or nonprofit partners who envision a long-term relationship with CVEC.

Rural Central Virginia is fast approaching a crossroads regarding the ability to offer a viable option as the residence of young families and working adults. Broadband internet service is essential to modern elementary and secondary education, and critical to remote work or starting home based businesses. As retirees begin to expect more options for online connectivity, the area will also be challenged to attract those who have completed their careers and expect to remain engaged, connected and have the option of working part time remotely in retirement. The lack of reliable, economic broadband internet connectivity is affecting the rural areas today like the lack of central station electric power did in the first four decades of the 20th century. The area is becoming a place to visit only for its beauty and isolated nature, an area incapable of supporting the basic needs and expectations of a 21st century American resident.

CVEC was formed by the residents of the area in 1937 to provide electricity in areas that did not offer enough profit to attract investor owned utilities. The CVEC mission statement is “To improve the quality of your life in a quietly impressive way.” In pursuit of that mission, CVEC is committed to enhancing life in the rural areas to foster a sustainable rural lifestyle for those who choose to live outside the urban and suburban clusters. Reliable, economical broadband internet availability is critical to attracting businesses, providing medical care, educating students, providing remote employment options, and many other facets of life in a thriving and prosperous rural area.

CVEC seeks a partner who will collaborate to build and operate the proposed broadband network throughout CVEC service area and offer service to every CVEC member. In return, CVEC offers the financial incentive of waiving all annual pole attachment fees to the partner, whether it’s a single company or a consortium of companies, for the duration of its universal service arrangements. CVEC also intends to contract with the partner for broadband service to each of its electric substations and wholesale delivery points; consideration will also be given to contracting for service at certain downline equipment and data collection points around the CVEC system. In addition, CVEC will provide its full support and facilitation of any necessary processes at the federal, state and local levels, as well support of potential grant opportunities or assistance with accessing the lowest cost of capital available for the project. CVEC is committed to providing any other advantage we may be able to bring to facilitate the success of the partnership.

CVEC envisions a system-wide fiber-to-the-premises (FTTP) deployment with ubiquitous gigabit-class broadband access, which will enhance the broadband connectivity of the CVEC member account from residents to businesses to government entities by expanding the range and quality of available broadband and data transport services. While a full FTTP network is the clear preference, alternative infrastructure may be considered that meets the minimum system requirements should there be no offer of system-wide FTTP deployment.

CVEC has initiated this RFI to identify one or more potential partners or a consortium of partners to enable or directly provide high-capacity broadband services to all CVEC members. Responses to this RFI should state how the respondent’s approach will result in a financially sustainable business model

that furthers the project goal of ensuring that all members have access to affordable broadband services that can easily and inexpensively scale to provide higher-speed services as demand for bandwidth increases.

CVEC seeks input from potential partners regarding the terms and conditions under which they would participate in such a project. We seek partners who will consider a variety of business models that utilize innovative technological, operational, and financial risk management to provide the rural communities the broadband necessary to provide a viable modern lifestyle in the CVEC territory.

We encourage respondents to share their expertise, which may be used to shape the direction and form of the network. Respondents may work together to respond to this RFI. CVEC is open to creative solutions that optimize use of existing public and private fiber backbone facilities as well as leverage new infrastructure investment to provide reliable economic broadband service to each member.

We welcome the responses of all prospective partners, including incumbent service providers, as well as competitive providers, nonprofit organizations, public telephone cooperatives, and entities that are not traditional Internet service providers (ISP) but are interested in acting as a partner in offering service under innovative business models. Nontraditional providers may respond as part of a partnership with an ISP, or may provide separate responses outlining their approaches.

CVEC will review responses based on the respondents' experience, how well the responses address the project objectives, the potential for success of the business model proposed, and other factors.

Following the evaluation of responses, CVEC may begin negotiations with preferred RFI respondent(s), issue a more detailed Request for Proposal (RFP) relating to the broadband project, issue an RFP to selected RFI respondents, cancel or delay plans to partner to deploy a broadband delivery network, or choose another direction that is deemed in the best interest of the cooperative membership.

Responding to the RFI is not a guarantee of a contract award. Further, there is no guarantee an RFP will be developed as a result of this RFI. CVEC reserves the right to withdraw the RFI or any subsequent RFP, or to decline to award a contract for facilities extensions without annual pole attachment charges.

All respondents must follow the instructions and provide all requested material. Failure to follow instructions is grounds for rejection of the response. All respondents must complete the attached responsibility matrix (Appendix A) and financial responsibilities questions (Appendix B), and submit each in the format (structure and page limitations) specified in the RFI instructions in Section VII.

II. The CVEC Vision

We envision modern, cooperative-wide communications infrastructure for CVEC's businesses and residents that will meet the needs of today and provide the necessary communications access for the quality of life expected in the United States in the 21st century. Broadband is critical infrastructure—just like roads, water, sewer, and electricity. Every home, farm, business, nonprofit organization, government entity, and educational institution should have the opportunity to connect. Providing equal and affordable access to communications infrastructure and service is essential to promoting equal opportunity in business, education, employment, healthcare, and all other aspects of day-to-day life.

Universal access to electricity and telephone are standards set to assure all Americans have the basic services necessary for safety and a minimum standard of living. The expansion of internet access, and the exploitation of that resource by business, education, medicine, communication and entertainment have changed the landscape in the United States. Access to broadband internet is now just as important as access to electricity was after the Great Depression. CVEC intends to find a partner who sees the same necessity and is willing to make universal broadband internet access in rural Virginia a reality.

The Central Virginia Electric Cooperative service area is located approximately in the triangular area that begins west of the Richmond suburbs and heads northwest to the area surrounding Charlottesville and then southwest to the area near Lynchburg. Each of those cities have robust broadband offerings for their residents. Some more densely developed subdivisions of the rural counties have options for broadband. Most other residents of the CVEC area have limited internet connectivity and no realistic, cost effective option for broadband.

The CVEC service area has suffered a loss of manufacturing jobs over the past decades similar to other areas of the country. New business have been slow to locate in the rural countryside. The lack of broadband internet access for the businesses and their workers exacerbates the problem of attracting businesses to rural areas. The CVEC area has been transformed towards bedroom communities for workers living remotely from their urban and suburban jobs.

Access to reliable broadband connectivity across the CVEC service area is patchy; some CVEC members who do have access to internet by satellite or cell service must settle for minimal speeds and/or monthly data caps that generate exorbitant charges. Growth became stagnant after the economic turmoil of 2008 but it remains stagnant due to a lack of adequate internet access. New services growth is under ½% as those seeking homeownership or rental property often ask about broadband availability as a minimum service before considering relocating to a rural area. CVEC intends is taking decisive steps toward offering an incentive to bring universal broadband service and allow the service area residents and businesses to keep pace with a changing economy as well as to open the doors to new growth in the area.

In rural Central Virginia, broadband is a critical component to raising the standard of living. High speed, modern internet connectivity will help lower business costs, provide opportunities to keep young graduates in the area, attract new highly skilled residents, and provide an environment that allows entrepreneurship and the development of sustainable new jobs. Many local students in K–12 who live in the rural areas have access to laptops and tablets from their schools but no connectivity at home to extend the learning beyond the classroom. Internet availability will allow them to develop at the same rate and with the same tools as their urban and suburban peers. Local healthcare providers

will have access to better telemedicine with high definition streaming video. Ubiquitous internet will allow churches to stream services, students to access online classes and government entities to provide video of their meetings to citizens.

We intend to encourage the communications industry to provide our residential members access to the world wide web or information and data services, and to provide them with the opportunity to work, handle personal business needs and transactions, and access education and entertainment sites available to most Americans. Further, we intend to provide our business members with the broadband capacity they need to compete successfully in the global marketplace.

CVEC's broadband initiative is intended to alter the quality of life in rural Virginia. The Cooperative seeks a partner(s) to operate fast, affordable broadband Internet and data services over publicly or privately constructed fiber optics to provide universal service to CVEC members. The priorities for the project are:

1. Universal service via a system-wide FTTP network—connecting every home and business throughout the CVEC territory with Gigabit-class bandwidth and leaving no part of the rural Virginia system behind.
2. A long term financially sustainable business model. The members of CVEC are willing to jointly subsidize the infrastructure expansion through the waiving of pole attachment fees, but the business model must not require any further cross subsidization from electric revenues of CVEC. The model must assure that the partnership will be capable of meeting project requirements for universal service and assure ongoing highly reliable, economic service.
3. An affordable basic level service that enables all members to access broadband connectivity. The business plan and partnership might seek support from government, not-for-profit entities or other organizations to provide support to assure that those below the poverty line have access to the basic level of service and help support the overall business model. Another option is to have the partner or partners reinvest a portion of the substantial incentive offered through the waiver of annual pole attachment fees to “buy down” the cost of basic service for members with household incomes below the federal poverty line.
4. Reliable, cost effective high-capacity communications bandwidth for CVEC between its three offices in Arrington, Palmyra and Appomattox as well as to each of its 36 electric substations and wholesale energy delivery points. In the future, CVEC will look to the system to connect downline equipment and data collection points. Also for future considerations the system must be capable of connecting advanced metering technology at each account on the CVEC system.
5. An open access network that provides access and opportunity for companies that bundle and market broadband services such that members are not subject solely to the commercial priorities of one or more private ISPs; the business model should accept, accelerate, and encourage competition among service providers.

The foundation of the project and the fundamental priority is that all members of the community have access to robust, affordable broadband service. The FTTP network should be built everywhere; a proposal is unacceptable that projects building only to the more dense or affluent areas of the CVEC system where there is a higher likelihood of obtaining subscribers in seeking a quicker return on capital investment. Members in low-income areas are particularly vulnerable, and broadband is

critical to help level the playing field. As the world becomes increasingly connected, broadband access is key to education, job training, banking, business, and even one's own medical records. All members must have broadband access.

This project goes beyond a business opportunity to maximize profits. Instead, the project anticipates a partnership with a mission to change the lives of CVEC members and alter the trajectory of rural living in central Virginia. The project can and should generate revenues in excess of costs over its life, with the greater financial return coming in future years as the community benefits from the opportunities that will become available with broadband access, incomes rise and businesses start and expand.

We understand that a system-wide FTTP network will be a challenge to develop and may seem implausible to some providers; CVEC is prepared to work with the Partner(s) to make this an attainable goal through the waiver of annual pole attachment fees, the option of owning a portion or all of the infrastructure, contracting for a portion of the bandwidth for internal uses, and other non-cash assistance. Respondents that believe the goal of a system FTTP network to be a barrier to their ability to successfully partner with CVEC should clearly articulate their reasoning, and describe their plan for providing universal broadband service through other means. All proposals must provide a plan for minimum 25 mbps download to all CVEC accounts within five years of signing of a final contract for the incentive of the annual pole attachment fee waiver.

CVEC will consider a range of construction, operation, and ownership models for partnership to provide the FTTP network. CVEC and the selected Partner(s) will collaboratively determine the most mutually beneficial partnership structure, which may include cost-sharing, infrastructure leasing, and profit-sharing arrangements. CVEC is willing to consider various business models, which could include, but are not limited to, the following scenarios:

- Provision of services over infrastructure that is a mix of existing public and new private facilities with the new facilities constructed by the partnership, owned by the partner and/or CVEC, and operated and maintained by the private partner;
- Provision of services over infrastructure that is constructed, owned, operated, and maintained by the private partner(s);
- Provision of services over infrastructure that is constructed by the partnership, owned by CVEC, and operated and maintained by the private partner;

CVEC will also consider any combination of these models as well as alternative suggestions offered in proposals.

III. The Service Area of Central Virginia Electric Cooperative

CVEC serves 35,800 members spread through parts of 14 central Virginia counties (Albemarle, Amherst, Appomattox, Augusta, Buckingham, Campbell, Cumberland, Fluvanna, Goochland, Greene, Louisa, Nelson, Orange, and Prince Edward.) The physical plant for CVEC includes 3,312 miles of overhead line operated at distribution voltages, 1,271 miles of underground distribution line, and 68 miles of transmission line.

The accounts include 32,000 residential members, 3500 general service and small commercial accounts, with the remaining accounts being large power and industrial. The accounts include three high schools, three middle schools and seven elementary schools. There are twelve rural medical facilities and clinics, and one dialysis center. The accounts include three local libraries.

CVEC seeks to connect its three offices at Arrington, Palmyra and Appomattox with a fiber ring to provide redundant, highly reliable, high capacity video, voice and data connectivity. CVEC also expects to contract with the partner for broadband connections to 34 electric substations and data delivery points.

More specific information can be provided based on questions from potential providers and the signing of a nondisclosure agreement with CVEC.

IV. Project Goals

Respondents to the RFI should indicate whether and how their proposals meet the project goals:

1. Make infrastructure available to each home, business, public facility, and private institution in the CVEC territory to enable residents, workers, and visitors the opportunity to access affordable, high-speed broadband connections to the Internet and other networks;
2. Offer non-discriminatory, open access to all users, application providers, content providers, and service providers connected to the network. Serving only limited areas of the service territory or specific types of customers is unacceptable. The network should be usable via all standard commercial devices;
3. Service plans that do not impose caps or usage limits on data. All application providers (data, voice, video, cloud services) will be equally able to provide their services.
4. Consider innovative models, including, but not limited to:
 - a. Leasing existing privately and publicly-owned fiber to provide services or serve as backbone facilities
 - b. Partnering with CVEC to construct and operate an FTTP network
 - c. Contracting with CVEC to manage and provide services on a fiber network built and maintained by the partner but owned by CVEC;
5. Consider ways for the CVEC and prospective partners to share capital costs if the arrangement provides benefit to the overall economic delivery of services;
6. Provide cost effective services and flexible pricing plans to help narrow the digital divide and ensure access to all CVEC members.

For the network to have the intended economic and quality-of-life impacts, both cost and availability of service are important. We encourage responses that address both to maximize adoption of service.

All respondents must fully complete Appendix A and fully comply with the instructions in Section VII.

V. Network Design and Construction Parameters

CVEC is willing to consider all proposals for partnerships, and encourages respondents' unique approach to network development and construction. To facilitate respondents' ability to perform network construction and installation, CVEC will dedicate resources to support its Partner(s) through pole attachment application review, coordination of make ready construction, and inspection services to assure an expedited approach to construction and installation along the CVEC ROW and will work with the Partner(s) to facilitate work. CVEC will provide authorization to share the CVEC right of way, but the installing entity must secure their easement for construction of communication from the individual landowners.

The following baseline technical attributes are preferred:

- Full fiber-based connectivity to residential and business customers alike;
- Low latency;
- Fiber loops and other topology design to allow for multiple path communication and increase reliability
- Active components placed in environmentally hardened shelters and/or cabinets equipped with backup power generation and/or batteries, as appropriate, capable of sustaining services in the event of extended power outages;
- Topology and infrastructure to provide minimum 25 mpbs download speeds and 3 mpbs upload for each account with a plan to upgrade as required to meet FCC standards for the definition of broadband communications as it is upgraded over time.

VI. CVEC Incentive Offer, Contributions and Assets

CVEC recognizes the critical need for broadband access across the service territory to overcome the growing isolation of the rural Virginia countryside from the global economy. CVEC and its members are willing to absorb significant costs annually to provide a subsidy as an incentive to attract a partner or partners that will provide the broadband service necessary to keep the rural lifestyle sustainable.

Additional cable attachments on CVEC pole create additional costs to CVEC: capital costs, maintenance costs, accounting and business transaction costs, and many other forms of extra expense. To avoid having CVEC members subsidize the use of poles by those who attach, CVEC charges an annual pole attachment fee that recovers the associated costs.

The need for broadband is so critical that CVEC and its members are willing to offer to subsidize the expansion of infrastructure to provide universal broadband service availability. CVEC is willing to waive the annual pole attachment fee for any provider or group of providers that join to partner with CVEC in bringing the 21st century necessity of broadband to every member. CVEC presently has approximately 60,000 poles and an annual fee of \$20 per attachment per pole. The waiver offer is the equivalent of an annual subsidy of up to \$1.2 million for any partner willing to help make broadband availability a reality across the system.

The members will continue to absorb the additional annual costs caused by the overhead pole attachments, plus any increases in those costs, for as long as the partner or partners provide universal service to CVEC members meeting the FCC definition of broadband. The waiver incentive will be the total annual cost of attachments which can be up to \$1.2 million per year in 2016 costs and the costs (and waiver value) are generally expected to increase over time. The waiver maximum is the equivalent of almost \$35 per year per member if all poles have attachments. This is a serious and significant offer to attract the investment of a partner willing to commit to a transformative project for rural central Virginia.

CVEC will offer the waiver from day one with an acceptable contract and commitment to provide broadband to every CVEC member within five years of the date of the contract. Should the contract commitments not be met, CVEC will require the waived fees to be repaid to the members.

Any entity wishing to install infrastructure will need to gather easements from the individual landowners for installation of communications cables. The partner(s) will also be responsible for all "make ready" costs for CVEC overhead distribution plant improvements required to provide clearance or workspace for new cable plant.

CVEC will endeavor to facilitate and expedite the pole application process for the successful partner. CVEC is also willing to commit to coordinate any make ready work on the poles to allow the installing partner to stay on schedule and meet the five year maximum time frame for full system deployment.

CVEC will also provide assistance with applications, licenses or other filings at the federal, state and local level. The Cooperative will provide assistance with grant applications to government and not-for-profit agencies and charitable organizations.

CVEC also will contract for services to support its own internal communications infrastructure needs between offices and to substations.

VII. RFI Response Requirements

CVEC requests the following information from respondents. All responses must adhere to the following response requirements and page requirements. All responses must follow the exact order below and use the appropriate response headers. Start a new page for each response header. Failure to follow these instructions may result in rejection of the response.

1. **Cover Letter:** Include company name, address of corporate headquarters, address of nearest local office, contact name for response, and that person's contact information (address, phone, cell, email). Provide a summary statement of why the members of CVEC should select you to receive their incentive, which will be in a form of a subsidy that they each fund. Make your case for why they will be satisfied with the partnership and what form the return on their investment will take.

2. **Business Model Summary:** Summarize the business model you intend to use for the partnership. This should be a concise explanation of the key components of your business model, including but not limited to the division of network and operations responsibility and ownership.

3. **Affirmation:** Affirm that you are interested in this partnership and project. Address the goals and the network design parameters listed above (Sections IV and V). List each goal and requirement with a brief statement of how you will comply. If you cannot meet any of those requirements, indicate the requirements to which you take exception, and provide an explanation of the exceptions. Maximum three pages.

4. **Experience:** Provide a statement of experience discussing past performance, capabilities, and qualifications. Identify other networks your firm has designed, built, maintained, or operated; include the levels of broadband speed, availability, and adoption among different categories of end users and unique capabilities or attributes. Discuss partnerships with other service providers, government, or nonprofit entities you have undertaken, particularly any involving fiber leasing. Describe the nature of the projects and your firm's role. For entities currently providing communication services in or near CVEC territory, describe your current service footprint within the system borders, including a description of the type of infrastructure and services you currently offer and the technology platform(s) used. Explain how your firm is a suitable partner for this project. Maximum two pages.

5. **Technical and Operations:** At a high level, summarize the technological and operational approach you would use for this project. Maximum three pages including network diagram.

- a. How would you use technology to meet the project goals?
- b. What approach would you use to interconnect with the Internet and other public networks?
- c. How would you perform network management?
- d. Provide a proposed network diagram.

6. **Business Structure:** Summarize the business approach you would use for the project. How would your business plan help to meet the project goals? What are the key assumptions? What are your main areas of risk, and how can the project be structured to help reduce the risks? Maximum two pages. Also complete Appendices A and B to clarify areas of responsibility.

7. **Open Access:** If you currently operate communications facilities, indicate whether they are

operated on an open-access basis. Describe whether and, if so, how you would support open access to infrastructure for this project in the CVEC territory. Maximum one page.

8. **Schedule:** Describe your proposed schedule for implementing service. Offer a timeline with key milestones. Would you be able to begin service before the entire network is constructed? Are there areas of the system you would recommend be constructed first? Maximum two pages including schedule.

9. **Maintenance:** If you are proposing to perform fiber network maintenance, describe your ability to perform maintenance on an ongoing and as-needed basis. Provide estimates of the operating cost of maintaining the fiber optic outside plant for a system-wide fiber network and include your main assumptions. If you are not performing maintenance, who is? Maximum one page.

10. **Privacy:** Describe your ability to provide secure network service or infrastructure that complies with public safety and other security and privacy regulations and requirements. Maximum one page.

11. **Financing and Funding:** List any requirements CVEC must meet for you to partner with CVEC on this project by completing Appendix B – Financial Responsibilities Questions.

Please also provide a one-page flow chart that shows the flow of funds between all parties in your response. Include all sources and uses of funds.

If you do not address this question, it will be assumed that you are interested in the partnership but have no financial requirements whatsoever of CVEC. Please keep response to the guidelines of the separately attached PDF, plus the one-page flowchart.

12. **Services:** Describe the service options you plan to offer over this network (for example, data only; voice and data; a triple play of voice, data, and cable television; etc.). What download/upload or symmetrical speeds would you offer and guarantee to end users? How will your residential and business offerings differ? What types of service level agreements (for lit services: availability and packet delivery; for dark fiber: repair time) would you be prepared to offer? Maximum two pages.

13. **Pricing:** Provide your approach to pricing the proposed services. For managed services, please describe factors impacting non-recurring costs (estimated fiber path distances, equipment redundancy, etc.); recurring costs for varying capacity levels; and any key technical assumptions upon which prices are based. For dark fiber offerings, please describe desired pricing models. Maximum two pages.

14. **References:** Provide a minimum of three (3) references, including contact information, from previous contracts or partnerships.

Following the response above, please include your completed Appendices A and B. Keep Appendix A in its native Microsoft Excel format. Keep Appendix B in its native PDF format.

VIII. Response Process

Please address all correspondence regarding this project to CVEC and more specifically to Melissa Gay, Executive Team Assistant: **Melissa Gay email:mgay@mycvec.com**

CVEC cannot guarantee that correspondence directed to other CVEC staff or departments will be received or considered.

Letter of Intent

All interested respondents are asked to submit a letter of intent via email by **September 2, 2016** to **Melissa Gay** at **mgay@mycvec.com**.

Questions

Questions related to this RFI should be emailed to **mgay@mycvec.com** no later than **5:00 PM EDT on September 9, 2016**.

Response Deadline

Final RFI submissions must be either delivered in person or received by mail no later than 5:00 PM EDT on November 11th, 2016. Please deliver or mail the final RFI & the completed required Appendix in a sealed envelope to the following address:

By Delivery Service or in person:

**CVEC
Attn: Melissa Gay
800 Cooperative Way
Arrington VA 22922**

By US Postal Service:

**CVEC
Attn: Melissa Gay
P O Box 247
Lovingson VA 22949**

Late responses will not be considered.

Please identify any proprietary and/or confidential information as such.

Summary of RFI Process Deadlines

The following is the schedule for responding to this RFI. The schedule is subject to change:

July 11, 2016 – RFI issued

September 2, 2016 – Deadline for submitting letter of intent to respond to RFI

September 9, 2016 – Deadline for submitting questions

September 16, 2016 – Responses to questions due (from CVEC)

November 11, 2016 – RFI responses due

CVEC thanks you in advance for your thoughtful response.

IX. Personal Presentations

At its discretion, CVEC may request that vendors and other parties that provide a timely response to this RFI make an individual and personal presentation to better explain information or solutions identified in the response. These presentations, if requested by CVEC, shall be held at a time and place of mutual convenience.

Appendix A

Operational & Funding Responsibility Plan

Please respond to all questions fully.

1. Do you propose to serve as a retail ISP?

2. Do you propose to have multiple ISPs have access to the system?

In the next three answers, for the overall project, provide detailed descriptions of the entire project, including but not limited to fiber plant, electronics, network management, marketing and customer support, billing, etc.

3. Describe the financial responsibilities and operational responsibilities you will be responsible for under the proposed plan:

4. Describe the financial responsibilities and operational responsibilities of parties and partners other than CVEC under the proposed plan:

5. Describe the financial responsibilities and operational responsibilities CVEC will be responsible for under the proposed plan:

6. Provide a proposed schedule for the proposed project.

Appendix B: Financial Responsibilities Anticipated

The purpose of this appendix is to provide more detail regarding the business plan for the partnership to provide universal broadband service to CVEC members. The answers will also provide more structure for the anticipated financial arrangements for the partnership of CVEC and partner or consortium of partners in the project.

Please answer each question as fully as possible based on the preliminary plans for the project.

1. In addition to the waiver of annual pole attachment fees which represents a subsidy and incentive of up to \$1.2 million annually for the project, what additional financial requirements does your proposal anticipate to be the responsibility of CVEC and its members?
2. What will be the source of the remaining funding for capital costs in the project?
3. What security is planned for the project financing?
4. The waiver will be offered prior to the project buildout being complete. Should the project not be completed and the conditions met for waiver eligibility, the waiver will be rescinded and the waived fees for up to five years will be due to CVEC. What guaranty or security does the partnership offer to support the waiver funding?
5. Provide the projected monthly cost for 1 GB service with looped configuration to the 31 CVEC substations and 10 GB service in a loop configuration to the three CVEC offices.
6. In what year of the project is positive cash flow anticipated?
7. What take rate do you project among residential member accounts? Small commercial?
8. What will be your price point for basic service?