



Buggs Island Telephone 700 MHz Wireless Project

Mickey Simms – Gen. Mgr. BIT

Warren Lee – Anigma Consultants, LLC

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Buggs Island Telephone

- Cooperative founded in 1952
- 4000+ customers
 - Voice
 - Long Distance
 - Internet
 - Home Security
 - Equipment

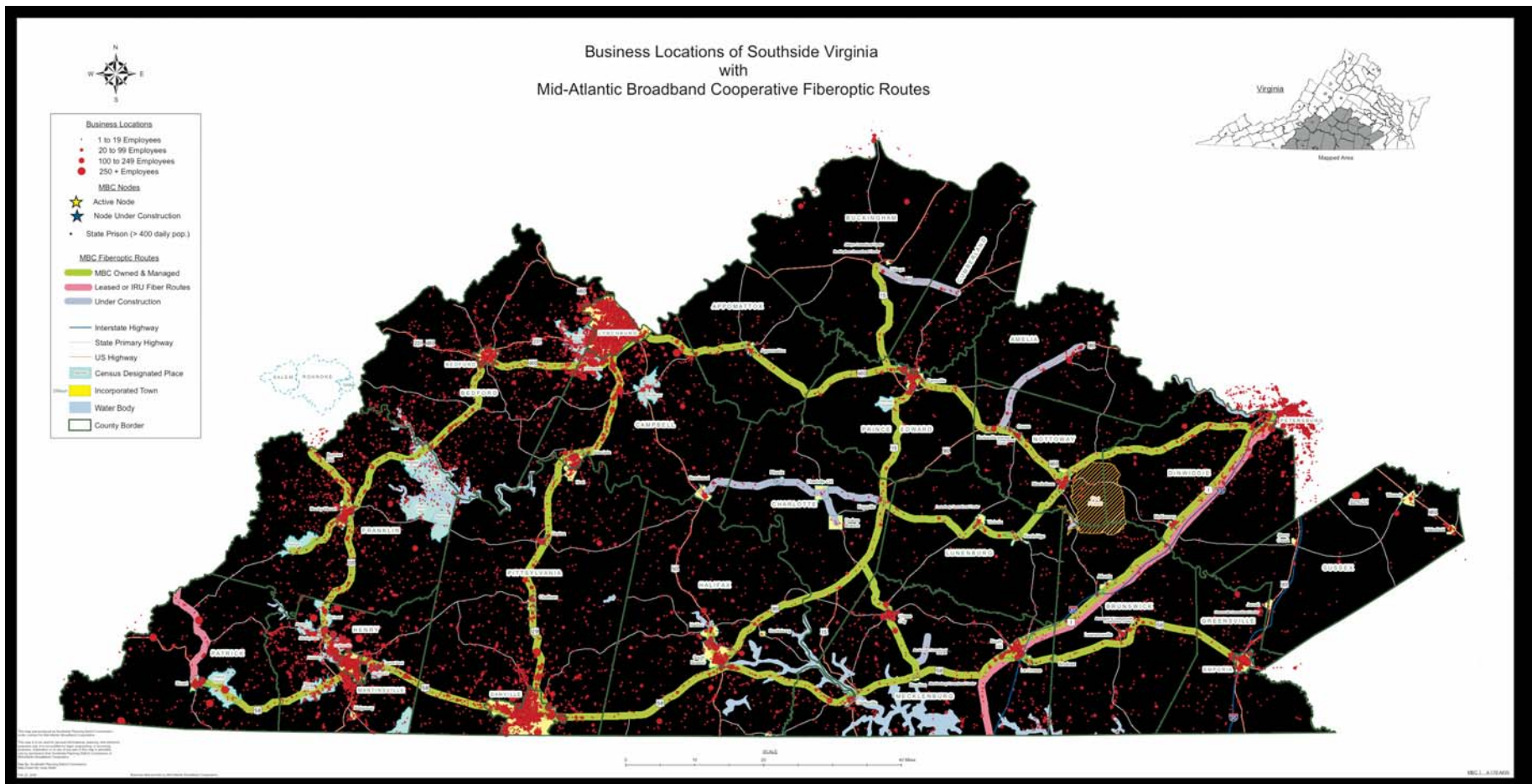


Background

- Received \$18M+ Stimulus Grant from NTIA
- Received an additional \$4M+ in Grant money from the Virginia Tobacco Board
- Project designed to provided data services to 15 under and unserved counties in southern VA.



Projected Coverage area



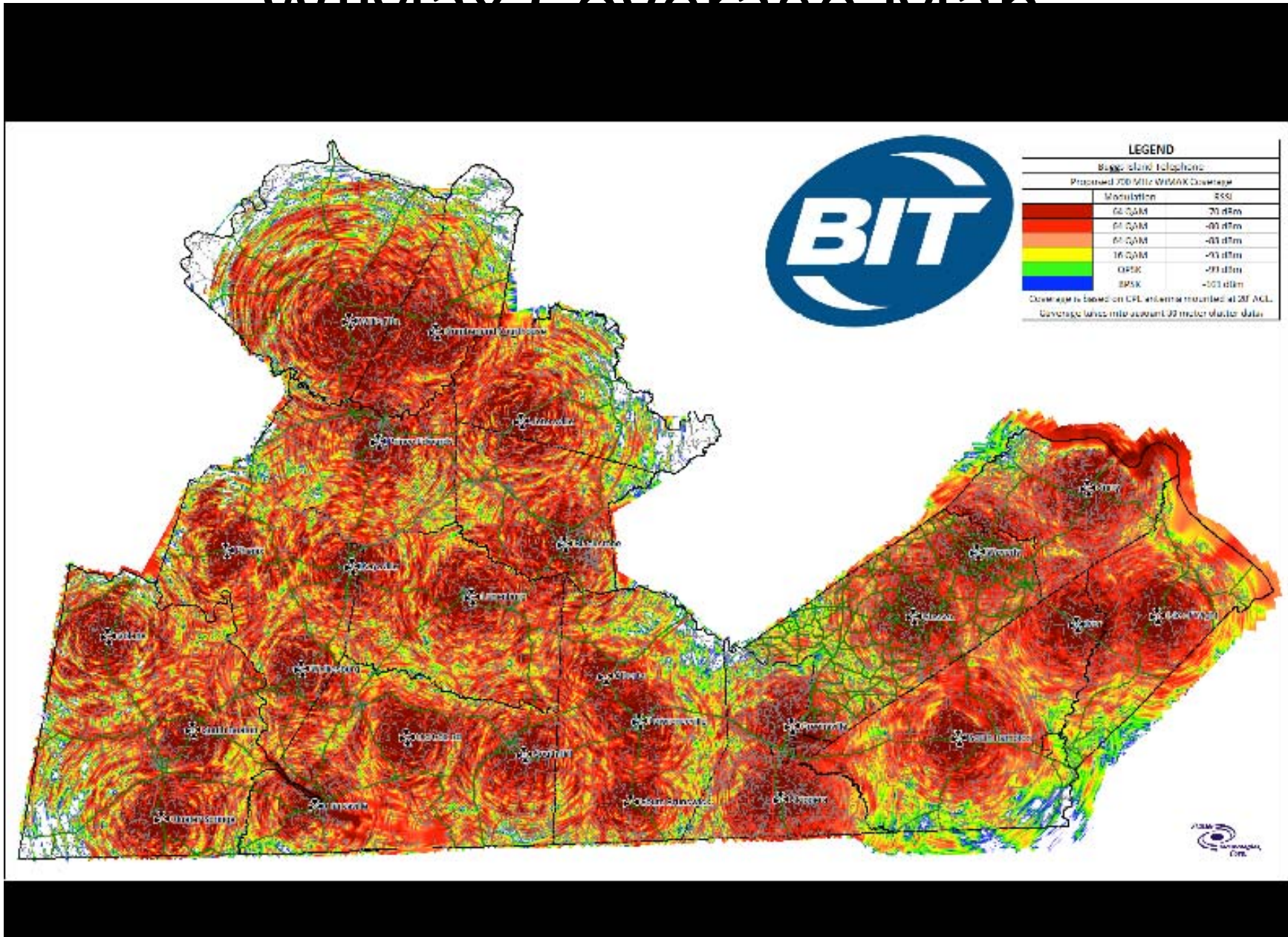


History

- Started project approx. 2 yrs. ago
- Partnered with Stutler Technologies to do technology study and initial design
- Selected Wimax as technology of choice
- Initial design included 27 Sites providing coverage for 30K+ subscribers
- Submitted Stimulus Proposal
 - Denied by RUS, 2 weeks before end of round received due diligence request from NTIA
- Grant awarded April 2010



WiMax Coverage Map





History

- Late 2009 BIT decided to install test site in South Hills VA. using their own funds
 - Turned up 40+ customers delivering Internet and VoIP services.
 - Ran into several issues
 - Interference from remote TV stations
 - Antenna Alignment
 - Installation issue
 - Technology learning curve
 - Several issues with VoIP partner



History

- Grant awarded in April 2010
 - Later than original stimulus timeline
- Re-visited state of market and technology in light of industry movement during the interim period
- Decided to review technology choice
 - Decided to go LTE due to industry momentum, mobility, maturity (M³)
 - Initial Financial review looked favorable



History

- Initiated discussions with NTIA regarding changing grant program.
 - No change in service coverage or number of people served
 - No need for additional grant money
 - Supportive of change
- Initiated program change and due diligence support...approval can be no later than Sept. 30.



History

- Initiated new RF design
 - 97 towers needed vs. 27 for Wimax
 - Financial considerations
 - Capex (cell sites + CPE) is lower
 - Installation costs lower
 - Opex is higher (longer time to positive cash flow)
- Targeted Q1 2010 service launch



Realities of the World

- Timing couldn't make things harder
 - 6 months in either directions would make technology change choice a “no-brainer”
 - LTE provides mobility and handset upside
 - CPE availability for launch....iffy
- Big choices....but big returns
- Stimulus program is very structured and produces non-business decisions