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State Of Maine
ConnectME Authority
3rd Flr. Cross State Office Building
78 Statehouse Station
Augusta, Maine 04333-0078

Attn: Phillip Lindley, Executive Director

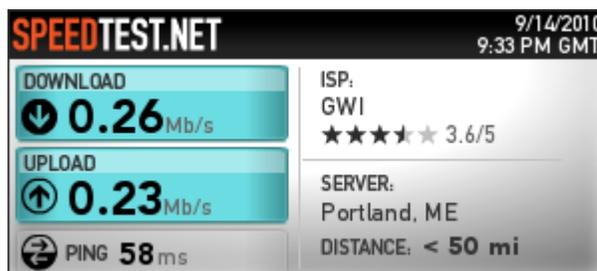
September 16, 2010

Dear Mr. Lindley:

chebeague.net, Inc. hereby submits this pre-application letter regarding our intent to apply for the fifth grant round from the broadband infrastructure funding program.

1. A description of the area proposed to be served by the project with a strong indication that it is an unserved area;

The area to be served is the Town of Chebeague Island, Maine, currently served by chebeague.net since 2006 with the assistance of ConnectME. However, there are still areas of the Island which we have not been able to reach and the popularity of our service combined with increasing demands for high-bandwidth delivery has slowed the average speed of service well below the Initial Standard defined as 500kbps in both directions. Reproduced below is a typical speed test taken by the author while writing this letter.



2. A description of the communications with nearby incumbent or existing broadband service providers for current and future plans for expansion in the proposed project area;

Based on conversations with Fairpoint and TimeWarner, there are no plans by either company to enter the broadband Internet market on Chebeague Island.

3. *A description of the proposed project, including: the type of service to be provided, indicating the technology used; the estimated upstream and downstream speeds of the service to be provided; and an estimate of the time required to complete the proposed project;*

Our proposal is still under development, but we would like to consider some or all of the following:

- a. Construction of a tower to facilitate 900 mhz distribution of bandwidth
- b. Possible siting of cellular telephone transmitters on the tower to improve poor cell phone reception on Chebeague Island (may also provide revenue)
- c. Possible delivery of bandwidth through microwave transmission rather than via the T1 lines currently in use
- d. Upgrading of transmitters and end-user receivers to accept higher speeds and provide speeds in excess of 1 mbs to each subscriber

4. *The total amount of funding requested from the Authority;*

This is also under development, but we are hoping to develop a package that will require total funding under \$100,000.

5. *The applicant's financial capability and commitment to the project in addition to the funding requested from the Authority and other funding sources;*

chebeague.net, Inc. has maintained a positive cash flow since its inception, due primarily to very low salaries granted to its two-person management team and the willingness of employees to defer compensation until such time as cash is available. We are very committed to providing Chebeague Island with the Internet service it needs and deserves, as are local citizens who may provide additional funding, along with the Town of Chebeague Island.

6. *The percentage of households in the unserved area that will have access to the new service and the estimated number of customers who will benefit from the project who are currently unserved;*

Our goal has always been to make service available to 100% of the Island. Currently approximately twenty households are in unreachable areas. The upgrades we propose would make service available to all households on Chebeague Island (450) and would upgrade the 185 current customers who are underserved, as indicated above, to acceptable bandwidth levels.

7. *Public-private partnerships that have been established and an indication of community support for the proposed project;*

- Town of Chebeague Island
We provide free service to the Town and will be working with them to erect the tower on town-owned land
- Chebeague Island Fire & Rescue
Fire & Rescue receives free service from chebeague.net, Inc.
- Cumberland County Sherriff's Department
Law enforcement receives free service from chebeague.net, Inc., when needed

- Chebeague Recreation Center
We provide free service to the Recreation Center in support of their youth programs; their building serves as support for a tower which needs reinforcement
- Chebeague Inn
The initial T1 line and transmitter are located at the Chebeague Inn
- Chebeague Island Boat Yard
The Boat Yard is also a T1 transmission point.
- Chebeague Transportation Company
The ferry company provides a backhaul location
- Private citizens
Several private citizens provide mounting points for backhauls and, in return, receive free Internet service
- We provide free internet and equipment for our Assisted Living Home, Day Care Center, Historical Society and Island Church.
- We also have discount service for those who are in financial need as well as college students.

Community support for this effort is very high and easily demonstrable as evidenced, for example, by payment for service with “thank you!” written on the check.

8. A description of the applicant’s experience relevant to the proposed project

chebeague.net, Inc. was organized in September, 2006 as a Maine S-Corporation with investments from fourteen Chebeague Island residents totaling \$78,000. The Corporation was formed as a community enterprise with the sole purpose of providing broadband Internet service to Chebeague Island. The funds raised were used to create the initial infrastructure and to demonstrate technological and management viability.

With the assistance of a \$75,000 grant from the ConnectME Authority in 2007-08, chebeague.net, Inc. realized its goal of providing broadband Internet service to the Island. The objective has never been to create a highly profitable company but, rather, to provide the services that island residents need to thrive in the modern electronic world.

chebeague.net, Inc. currently has over 160 paying subscribers, plus it provides free service to government and non-profit entities.

We thank you for this opportunity and look forward to the receipt of the full application package and the opportunity to continue our partnership with the ConnectME Authority.

Sincerely,
chebeague.net, Inc.



David R. Hill
Chief Executive Officer