



September 17, 2010

Phillip Lindley, Executive Director  
ConnectME Authority  
Cross State Office Building  
State House Station 78  
Augusta, Maine 04333-0078

**Re: Pre-Application Letter – Shirley Broadband Project**

Dear Phil:

In response to the Authority's announcement of its fifth grant round, North Country Broadband ("NCB"), a collaboration between Premium Choice Broadband and Cornerstone Communications, is pleased to submit this Pre-Application letter for our Shirley Broadband Project.

1. We propose to install fiber optic cable along the roads of the Town of Shirley, in Piscataquis County. The project will serve all the households within Shirley that are presently "on the grid" (or at least passed by it) for power and/or telephone service. At present there is no broadband service at all offered within the town, with the exception of a handful of customers on hilltops who are reachable by Premium Choice's terrestrial radio broadband. The terrain contours and foliage cover make Shirley unsuitable for widespread coverage by this technology.
2. Existing possible service providers to Shirley residents are limited to FairPoint, Premium Choice, and Cornerstone. FairPoint has told local residents that they have no firm immediate plans to serve the community; and this statement is confirmed by the fact that FairPoint has not identified the Shirley area as a location scheduled for network upgrades in their FCC-mandated "Short-Term Public Notice of Planned Network Modifications" letters. Both Premium Choice and Cornerstone have independently determined that there are impediments, both geographical and technical, to the provision of service to the town by either company independently. And we have noted, in your August 20 letter announcing the fifth grant round, the Authority's encouragement of "collaboration between providers or other grant applicants that might enable a partnership to provide service more widely". We have determined that exactly such a collaboration will best fit the needs of the town of Shirley; it is at the core of this proposal.
3. We intend to place fiber optic cable passing the homes and businesses within the service area, with fiber drops, optical network terminals, and battery backup installed at customer premises. Backhaul links to Cornerstone's and Premium Choice's existing networks will be provided over a combination of fiber optic and point-to-point radio links. Broadband plans with speeds of up to 10.0Mbps/2.0Mbps will be offered, with an expected standard service plan of 1.5Mbps/512Kbps. We believe that the Shirley Broadband Project can bring our first customers on-line within 6 months of confirmed funding of the project, with final completion within 12 months.
4. Current estimated project cost is \$260,090, subject to revision at the time of our formal application as the project details are worked out. In light of the intensely rural nature of the project, we are requesting funding for \$174,260, representing 67% of the estimated project cost.

5. NCB, through its collaborating partners, will fund \$85,830, or 33% of the estimated project cost. Both Cornerstone and Premium Choice have successfully carried out projects funded by the Authority in prior grant rounds, and we are committed meet our obligations – financial, management, and operational – with respect to the Shirley Broadband Project.
6. Fully 100% of the households in the project's service area will have access to NCB's new service. By actual count, 194 business and residential structures will be within the scope of the project, including 16 small-business or town-government structures; this represents virtually all such structures within the town. At a conservative penetration rate of 30% after one year, we estimate that 58 customers will be benefitting from the project within that first year.
7. We are working with Shirley town officials to gather support for this project. We will provide evidence of community support with our formal application.
8. Both of NCB's collaborating partners have established strong track records in providing broadband service in rural Maine. Cornerstone Communications has offered competitive DSL-based broadband since establishment of its first collocations in Verizon central offices in 2003; at this time Cornerstone serves its over 900 Maine customers from 9 central office collocations in FairPoint switching centers, 31 interconnections of our equipment at FairPoint remote-terminal locations, and wirelessly from 3 radio sites. Premium Choice Broadband currently serves 150 towns from 53 locations with wireless technology to over 2000 customers covering 5600 square miles. Both companies thus have a well-established record of using hard work and ingenuity in order to bring our services to rural Maine communities. We will be happy to provide more detailed evidence of our experience upon request.

North Country Broadband's collaborating partners, Cornerstone Communications and Premium Choice Broadband, look forward to the formal application process and to accomplishing the Authority's objectives in the service area of the Shirley Broadband Project. If you have any questions for us about this Pre-Application letter, please give us a call or e-mail us; our contact information appears below. We will be happy to respond. Thank you for your consideration of our proposed application.

#### **Cornerstone Communications**

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