May 9th, 2014

ConnectME Authority
Phil Lindley, Executor Director
78 Statehouse Station
Augusta, ME 04333-0078

Re: Grant Round 9 Pre-Application Letter – Thorndike Exchange Project
(Including the municipalities of Thorndike and Knox)

Dear Mr. Lindley;

In response to the ConnectME Authority's announcement of its ninth grant round, UniTel, Inc. ("Company") submits this pre-application letter for the above named Project ("Project").

1. We propose to upgrade service in the Thorndike exchange (in the municipalities of Thorndike and Knox) on: Knox Ridge Road, Belfast Road, Suitor Road, Webb Road, Aborn Hill Road, Old Country Road, Brooks Road, East Thorndike Road, Files Hill Road, Wingate Road, Hunt Road, Bailey Road, Route 139, Town Farm Road, Stevens Road, and Weed Mill Road.

   As the incumbent provider for this area, we currently provide broadband service to the proposed service area at less than the Connect ME Tier 2 service level leaving this area unserved by definition of the ConnectME Authority. Without the support of ConnectME, the expansion of the existing broadband network above the ConnectME Tier 2 service level standard is cost prohibitive in the proposed service area due to distance and low population density.

2. We have no knowledge of any other broadband service provider in this specific area for where we are requesting ConnectME funds.

3. The Company is proposing to build Fiber To The Home (FTTH) utilizing Passive Optical Network (PON) technology with dedicated fiber runs to each premise. This Project provides for the delivery of Tier 6 and above service to the unserved and underserved areas in the Thorndike exchange. The fiber network infrastructure is designed to deliver a minimum of 32 meg symmetrically to all customers with the availability of 1 gigabyte if necessary to individual customers. This enhanced service (Tier 6 and above) will also be available to all customers along the proposed fiber route. Allowing for weather, vendor scheduling and other issues affecting construction, UniTel plans to complete the proposed Project with final grant results reported within twelve months from the date funding is approved.

4. The current estimated Project cost is $289,074 subject to revision at the time of our formal application. In light of the challenges of providing adequate bandwidth to this unserved area on a standard investment rate of return basis, and the Authority's adopted broadband standard, we are requesting funding for $229,645 representing 79.4% of the estimated Project cost.

5. The Company will fund $59,429, or 20.6% of the estimated Project cost. Additional costs that will be funded by our partners on this Project will be provided in the application filing. Our Company is strongly committed to expanding broadband service, as evidenced by our large current broadband service area. The balance sheet and income statement from the Company's most recent Annual Report to the Maine Public Utilities Commission will be provided with our final grant application.

6. Of the potential FTTH customer locations in the Project's service area, 100% will have access to enhanced broadband service. Our initial survey indicates 318 households and businesses will be served within the Project boundaries. Our experience in expanding service into formerly unserved areas suggests a take rate of approximately 62%.

7. The Company's major partner in the proposed Project is the Unity Foundation (UF). UF is a designated 501 (c) 3 non-profit public charity which includes in its fields of interest and mission Economic Development and Education. Utilizing the *ConnectME Developing Broadband in Maine: Baseline Update 2013 Report* and the *Report of the Governor's Broadband Capacity Building Task Force* as a blueprint, UF and UniTel will collaborate to address issues raised in these reports to both measure and improve broadband adoption in the Project service area.

As a partner in this unique aspect of the proposed Project, UF will provide funding for the purposes of obtaining Project service area specifics relative to current broadband adoption. To accomplish this, a proposal has been requested from the Sewall Company to obtain data (similar to the Baseline Update Report data) but specifically gathered in the Project service area. This data is to serve as a baseline for measurement of various project success components going forward. In addition, funding will be provided to finance a digital education and literacy training program which will be described in a proposal from Axiom Technology. A significant result of the Axiom education process will be the use of Project service area libraries and schools to serve as technical education anchor institutions. An additional partnership with PC's of Maine and Skills, Inc. will assist in meeting hardware, software and device requirements necessary to increase broadband adoption. The exact amount of funding to be contributed to the Project by UF will be specified in the ConnectME Grant Application after all proposals, partnerships and final work plans have been established.

Finally, the Project partners will utilize the *UF Grant Results Dashboard* to monitor and report on areas of success in the Project including but not limited to: the number of new broadband adopters, current users who upgrade (both measured in terms of number of users and broadband speeds), numbers of students enrolled in and completing digital literacy training programs, increase in business customers use of broadband technology (including new or upgraded web sites), pilot programs in the areas of stay at home medical services and town/municipality use of broadband to deliver citizen based services

8. The Company (an ILEC) has over 100 years of experience delivering a wide variety of telecommunication services, including broadband, to rural sparsely populated areas.

Thank you,

Laurie Osgood
President/CEO
UniTel, Inc.