

Leveraging Broadband in Eastern New Mexico

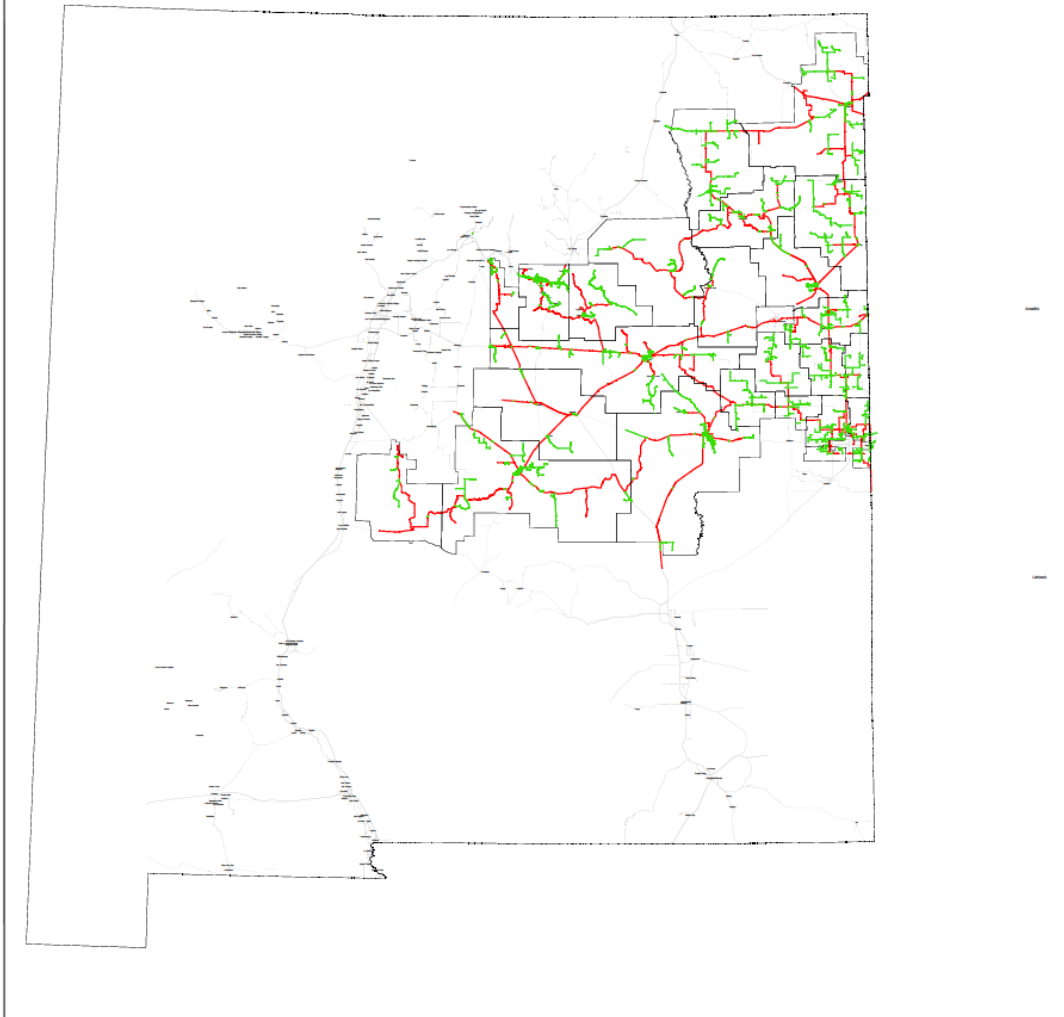
July 8, 2019



Agenda

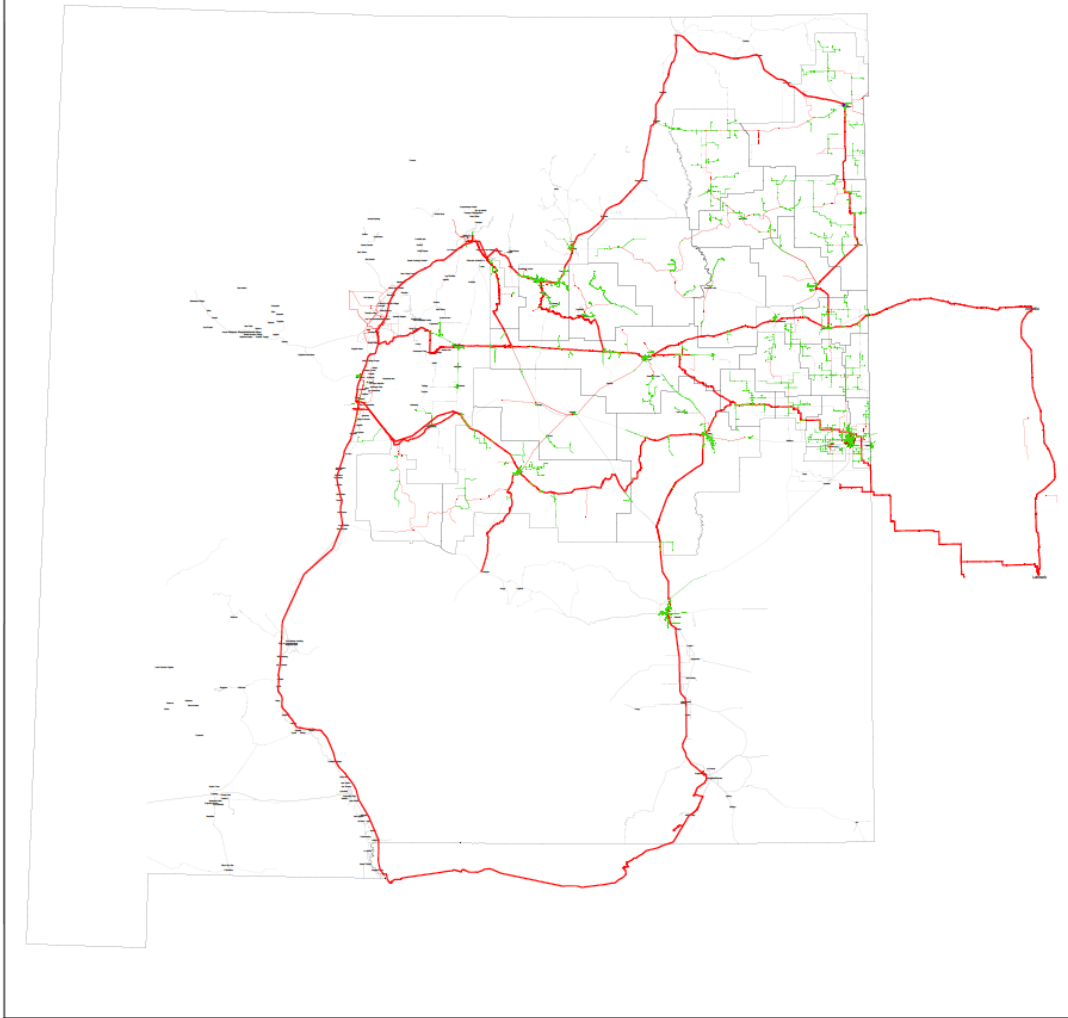
- Plateau Background
- Plateau Mission
- Tucumcari Fiber to Premises Project
- Plateau ILEC Service Area
- Plateau NM Broadband Grant Application

PLATEAU

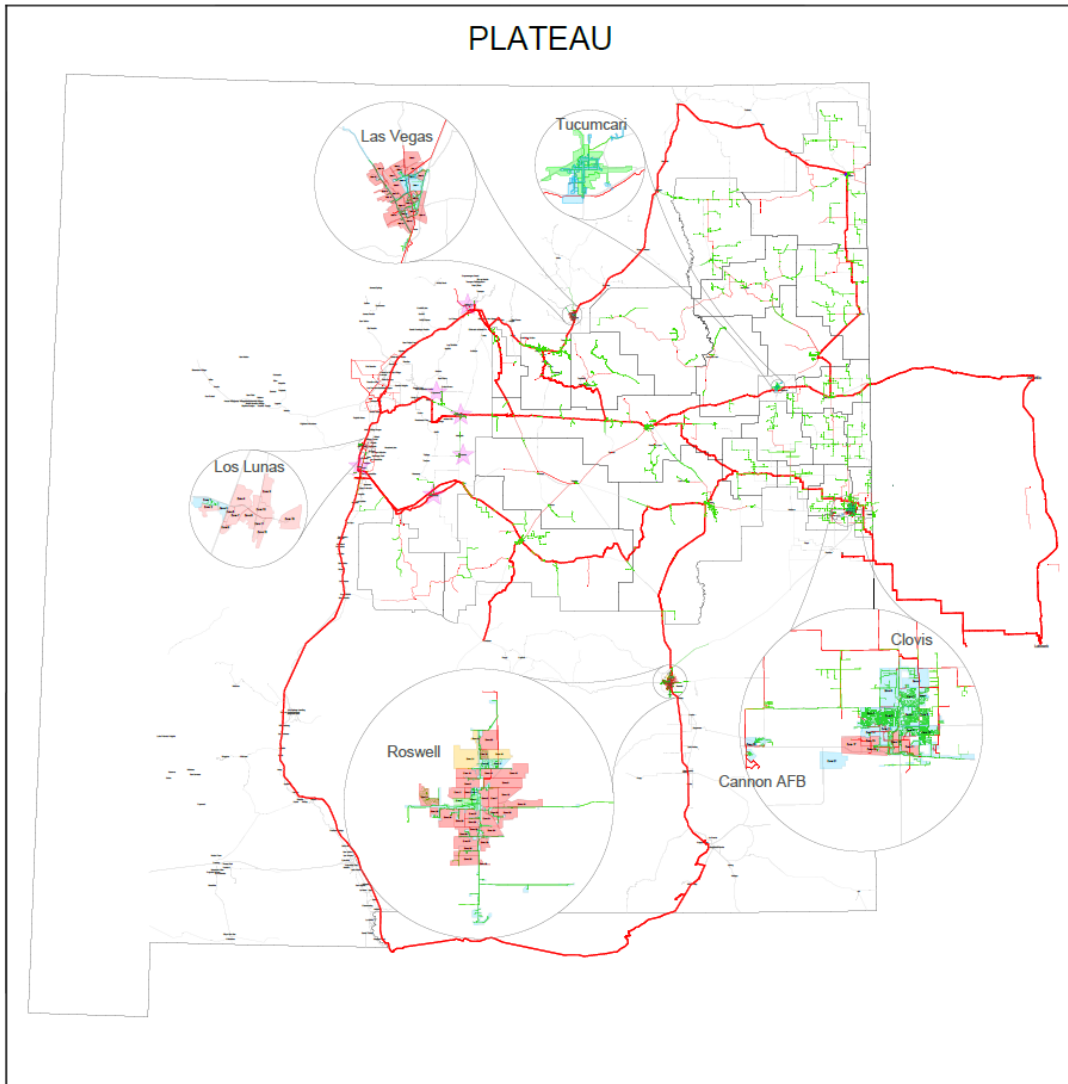


- Cooperative
 - Formed in 1949
 - 9,000 Members
 - 25,000 square mile service area in mostly eastern New Mexico

PLATEAU



- Transport Network
 - Started in 1980s
 - Augmented with NTIA Broadband Stimulus award
 - Covers most of New Mexico and West Texas
 - Plateau owned and partnerships



- CLEC Services
 - Gigabit City services
 - Pre-qualification process
 - Investing about \$5M annually in new expansion
 - Mostly in Clovis, Roswell, Los Lunas, Las Vegas and Tucumcari, NM

Plateau Mission

- Plateau's Value Proposition
 - 1949 – The vision as documented in board minutes was “to provide **dependable** area-wide **telephone service** on the cooperative plan and at the lowest cost **consistent** with sound economy and good management.”
 - 2000 to 2018 – **Premier broadband provider** in the region at the lowest cost consistent with sound economy and good management.
 - 2019+ – **Premier communication and information service provider** in the region at the lowest cost consistent with sound economy and good management.

Tucumcari FTTP

- Plateau ILEC service area surrounds the Tucumcari exchange
- Tried to purchase from AT&T in the 1980s
 - Along with Clayton, Ft. Sumner, and Logan purchase
- Evaluated overbuilding with fiber in same manner as current CLEC projects
 - Clovis, Roswell, Las Vegas, and Los Lunas
 - Density too low and rock construction costs made traditional overbuild infeasible
 - Cost per home passed needs to be around \$1,000 per home
 - Traditional overbuild is over \$2,000 per home passed

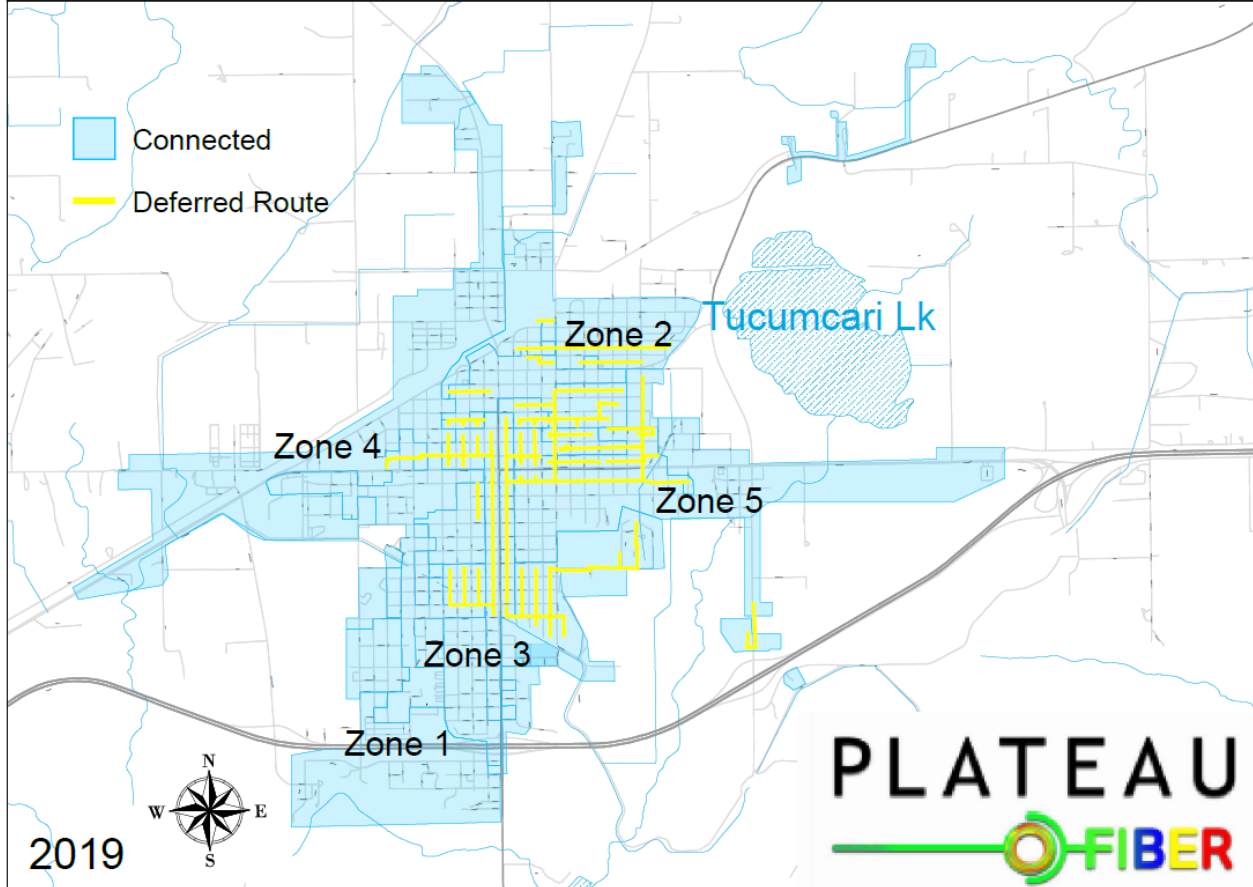
Comcast Opportunity

- Comcast operated a one-way, standard definition cable TV system in Tucumcari
 - Did not offer cable modem high speed Internet
 - Traditional aerial cable TV constructed system
 - No plans to upgrade system
 - Plateau understood Comcast may be interested in selling Tucumcari market
- Plateau evaluated overbuilding with fiber using Comcast aerial strand
 - Avoided significant make ready costs
 - Cost per home passed was reduced to approximately \$1,200 per home
 - Brought capital expenditure down to feasible range

Tucumcari Acquisition

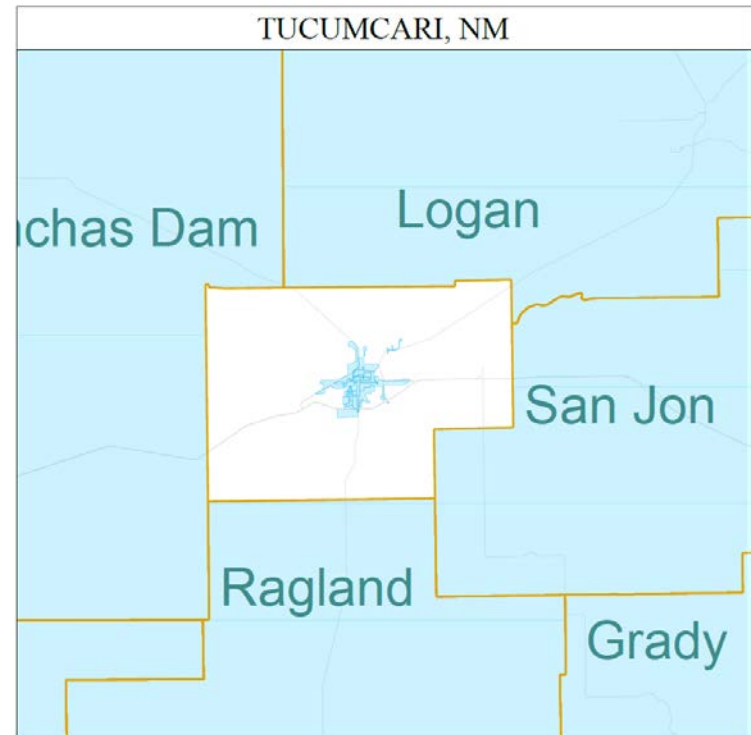
- Plateau negotiated purchase of Tucumcari cable TV system from Comcast
 - Reasonable purchase price
 - Created path for broadband service in Tucumcari
 - Comcast team was very accommodating throughout the transaction
- FTTP Upgrade
 - Overlash fiber to existing coaxial cable/strand
 - Worked with Xcel Energy on pole attachments
 - Biggest unknown was dealing with existing separation violations
 - Overbuild is complete
 - Installing customers

Tucumcari Fiberhood 6-2019



Donut Hole Problem

- Customers between the urban overbuild area and the rural ILEC service areas are caught in the middle of an unserved/underserved area
 - Little hope of adequate broadband service
 - DSL is limited on distance and upstream speeds
 - 5G is limited on distance
 - CAF II Reverse Auction did little to help the problem



Plateau ILEC Service Area

- Upgrading to FTTP
 - 76% of broadband customers on FTTP
 - Remaining customers predominantly very rural
 - 4th year of 10 year plan
- Submitted RUS ReConnect Broadband Grant Application
 - New Broadband Loan and Grant Pilot Program
 - Build broadband service to underserved (less than 10 mbps) and unserved locations
 - Cooperative Service Area only
 - \$25.6M Project Cost
 - » \$19.2M Grant & \$6.4M Equity
 - Mileage = 740.68
 - 75% grant/25% equity category
 - Awarded based on a points system
 - Max \$25 million award
 - RUS received 78 applications for \$522M in grant funding
 - \$200M available in this category

NM Broadband Grant

- Submitted 2019 NM Broadband Grant Application
 - One application covering three serving areas in the rural area around Moriarty/Edgewood
 - \$1,228,071.56 Project Cost
 - \$921,052.00 Grant & \$307,019.56 Equity
 - NMPRC received four applications totaling \$4.4M
 - \$5M Budget
 - Plateau would have requested more funding if low demand for funding was anticipated
 - Plateau supports efforts to increase NM Broadband Grant funding

Questions/Discussion

