



OTELCO

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**OTELCO—Morgan City
Alabama Broadband Accessibility Fund
2020 Round One Grant Application
December 30, 2019
REVISED 3-11-2020**

2020 Round One Grant Application

Applicant Information

Project Name: Morgan City FTTP

Legal Name of Entity: **Otelco Inc. (Brindlee Mountain Telephone LLC)**

Mailing Address: **505 3rd Ave. East Oneonta, AL 35121**

Name and Title of CEO: **Richard Clark, President and CEO**

Name and Title of Contact: **Jason Fuller, Director: OSP Engineering & Mapping**

Phone Number and Email of Contact: **205.625.3584 jason.fuller@otelco.com**

Autonomous System Number (ASN) **AS 27338**

List Internet Exchange Membership (if any) **NA**

PeeringDB entries (www.peeringdb.com) **NA**

A. Project Description

This section is worth up to 25 points. Up to an additional 10 bonus points may be available to applicants adequately demonstrating the criteria listed in number 7 below. Points will be awarded based on verifiable information only.

Please complete the project description sections below. Any additional documentation can be included in an attachment file titled Attachment A, Project Description.

1. A discussion of the area served including boundaries, number of households, businesses, and any community anchors (libraries, schools, police and fire stations, hospitals, etc.). This response shall also identify if the project area is located within an unincorporated area and provide information regarding how the area meets the definition of rural (US Census data). Please complete the following table.

Morgan City is an unincorporated area of Morgan County with approximately 70 businesses. OTELCO is the incumbent provider and currently provides DSL speeds that do not meet the FCC standard of 25/3. Likely due to the extremely rural nature of the area, there is no competition from other providers. The proposed project includes construction of 59 route miles along US Highway 231, Rescue Road, Pine Ridge Road, Union Grove Road, and Greenbriar Cove Road, to serve 1,649 locations in total.

Since 2001, Morgan City has been the home to Brindlee Mountain Fire Apparatus, the largest buyer and seller of used trucks in the United States, and a major employer in the area. Catherine B Willis DMD, Morgan Drugs, and two veterinary businesses are also anchor businesses in the community.

Please see **Attachment A** for a map of the proposed build area and project timeline.

Number of Households to be Served	1579
Number of Businesses / Industries to be served	66
Number of Community Anchors to be served	4

2. Technology being Deployed:

This is a Fiber to the Premise project. The technology will deliver speeds of 100 Mbps and 300 Mbps symmetrical and is expandable as demand dictates. OTELCO also has a Gigabit product in development.

3. Speeds / Pricing

Stand-alone pricing is \$82.95 for the 100 Mbps product; OTELCO also offers double and triple play bundles with significant savings.

4. A preliminary technical evaluation of the project that is certified by an engineer. The evaluation shall include a project cost estimate, project schedule and timeline to include a completion date of no more than two years, and maps showing the proposed project area. Maps shall be in .shp, .kml, or .kmz formats.

Response: Provided

Additionally, maps shall clearly show area eligibility (unserved areas and rural areas). Generally, applicants may establish that an area is unserved by using the ADECA Broadband map showing unserved areas (<http://adeca.alabama.gov/broadband>). Other methodology to document an area is unserved, such as household surveys, may be acceptable, but shall be pre-approved by ADECA.

Response: Provided

5. A discussion of the operator's technical and managerial capabilities

OTELCO is the incumbent local exchange carrier for this territory and has been providing voice and data services for over 100 years. OTELCO owns and operates more than 1250 miles of fiber in Alabama, currently offering FTTP to nearly 10,000 locations.

OTELCO is a full-service telecommunication and technology company providing a range of functions including customer service; installation; system, equipment, and line maintenance monitoring and repair; as well as billing and collection services. Toll-free 24/7 technical support is provided by in-house OTELCO personnel at Network Operations Centers (NOC) with remote capabilities in Missouri and Maine. OTELCO employs a full staff of technicians in Alabama who are available for dispatch as needed.

OTELCO operates customer service call centers in Oneonta and Arab. Each call center has a dedicated toll-free phone number and is open from 8 a.m. to 4:30 p.m. Monday through Friday.

OTELCO offers both online bill pay and an automatic debit option along with traditional paper billing. The OTELCO.com website provides access to customer email portals, FAQs, telephone directories, and numerous other customer resources

6. A discussion of the applicant's average pole attachment rates charged to an unaffiliated entity (does not apply to a utility as defined under Section 37-4-1 (7)a).

OTELCO Pole Attachment charges range from \$30.00 to \$68.00 per pole.

7. A discussion of the applicant's plan to use vendors and subcontractors that have been certified as a Minority Business Enterprise by the Alabama Minority Business Enterprise program and/or certified by another government entity as being a Disadvantaged Business Enterprise.

Response: NA

8. A discussion of Middle Mile Projects (if applicable). The applicant shall demonstrate that the project will connect other service providers eligible for grants under this section with broadband infrastructure further upstream in order to enable such providers to offer broadband service to end users; provided that eligible projects under this subdivision may include projects in (i) an unserved area or (ii) a rural area that does not meet the definition of an unserved area but otherwise meets the requirements of this section, for which the grant applicant demonstrates, by specific evidence, the need for greater broadband speeds, capacity, or service which is not being offered by an existing service provider.

Response: NA

9. A discussion of hospital, public school, public safety, or economic development projects that do not meet the definition of unserved area, but otherwise meets the requirements of the program (if applicable). The applicant must demonstrate by specific evidence, the need for greater broadband speeds, capacity, or service which is not being offered by an existing service provider.

The North Alabama Regional Council of Governments (NARCOG) serves and is dedicated to improving the quality of life for individuals and the livability of communities within Cullman, Lawrence and Morgan Counties. In its Comprehensive Economic Development Strategy (CEDS) 2018-2022, NARCOG states at least two goals that will strongly benefit from better Internet connectivity.

Goal 3, to "Improve Education and Workforce Development," seeks to "expand technology and innovation programs in schools," "align existing education and training programs to establish a ready workforce for employers," and improve access to healthcare and address chronic health conditions for workers and their families." Fast reliable access to the Internet will serve all three of these objectives by providing online resources for students, access to distance learning for both school aged and adult learners, and connectivity for the telehealth services critical to rural areas.

The first element of Goal 4, to “invest in and modernize transportation and Infrastructure to support community and economic development opportunities,” seeks to explore the deployment of high speed broadband internet service through strategic use of wireless systems and smart grids that are partially funded by regional and state initiatives. Access to the Internet drives economic development in many ways, not the least of which is encouraging new business development in industries where reliable connectivity is mission critical. Reliable connectivity also allows for efficient telecommuting which can also help with workforce development as millennials in particular, value the ability to work where they live, rather than have to live where they work.

OTELCO’s proposed project will have a positive impact on the community and is directly in line with NARCOG’s vision for the future of the region.

B. Application Budget

Total Project Cost	\$1,770,000.00
65% of Total Project Cost (minimum match)	\$1,150,500.00
35% of Total Project Cost (grant maximum)	\$619,500.00
Total Grant Amount Requested (not to exceed \$1.5 million)	\$619,500.00

1. Itemize eligible project expenses.

Budget Item	Total Cost	Grant	Match
Engineering/Design	\$123,900.00	\$43,365.00	\$100,750.00
Materials	\$672,600.00	\$235,410.00	\$546,000.00
Labor			
Construction/Installation	\$973,500.00	\$340,725.00	\$819,000.00
Other (please specify)			
Total	\$1,770,000.00	\$619,500.00	\$1,150,500.00

2. OTELCO Financial Resources:

a. Sustainable service – business model:

OTELCO has a proven business model for serving rural communities not only in Alabama but in five other rural states including Missouri, West Virginia, Massachusetts, Vermont, and Maine.

b. Provide adequate project financing:

OTELCO diligently maintains a Capital Expense account to provide funding for expansion and improvement of its communication infrastructure.

OTELCO is a publicly traded company (NASDAQ – OTEL) For detailed financial information visit <http://phx.corporate-ir.net/phoenix.zhtml?c=184665&p=irol-irhome>

3. A discussion of any partners or subcontractors associated with the project’s deliverables including but not limited to adoption, deployment, and service delivery. Please describe each party’s role in the project.

OTELCO will engineer the infrastructure and act as both general contractor and project manager for the actual construction. An RFP will be issued for construction services, should the grant be awarded, when the project moves forward.

4. A discussion of any federal funds associated with the project. Please explain if the following provisions apply to your project.
 - a. Projects to serve unserved areas in which the grant applicant is either or both: (i) an existing or future service provider which has or will receive support through federal universal service funding programs designed specifically to encourage broadband deployment in an area without broadband access; or (ii) an existing or future service provider which has or will receive other forms of federal or state financial support or assistance, such as a grant or loan from the United States Department of Agriculture.
 - b. Any award of state funds under this act, when combined with other forms of state or federal support or assistance dedicated to the project, other than interest—bearing loans, may not exceed 60 percent of the total project costs.


Otelco receives universal service funding from a program called Alternative Connect American Cost Model (ACAM). This funding comes with an obligation to improve broadband service to a percentage of locations within certain eligible census blocks. There are fewer than 10 total ACAM-eligible locations that fall within the proposed Morgan City and Dailey’s Chapel build areas. It is unlikely that Otelco would be required to upgrade these 10 locations for the purpose of fulfilling A-CAM obligations, due to the extremely low location count and density.

C. Other Program Priorities

Does this project seek to leverage grant funds through private investment?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	If yes, include an explanation and documentation in a file titled Attachment C
Will this project be an extension of existing infrastructure?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	If yes, include an explanation and documentation in a file titled Attachment C
Does this project serve locations with demonstrated community support?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	If yes, include an explanation and documentation in a file titled Attachment C
Will this project serve the highest number of unserved homes, businesses, and community anchor points for the least cost?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	If yes, include an explanation and documentation in a file titled Attachment C
Does this project emphasize the highest broadband speeds?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	If yes, include an explanation and documentation in a file titled Attachment C
Will this project provide material broadband enhancements to hospitals located in rural areas?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	If yes, include an explanation and documentation in a file titled Attachment C
Will this project support local libraries in this state for the purpose of assisting the libraries in offering digital literacy training pursuant to state library and archive guidelines?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	If yes, include an explanation and documentation in a file titled Attachment C
Is the applicant a certified Minority Business Enterprise under the Alabama Minority Business Enterprise Program? Or is it certified under another Disadvantaged Business Enterprise Program?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	If yes, include an explanation and documentation in a file titled Attachment C

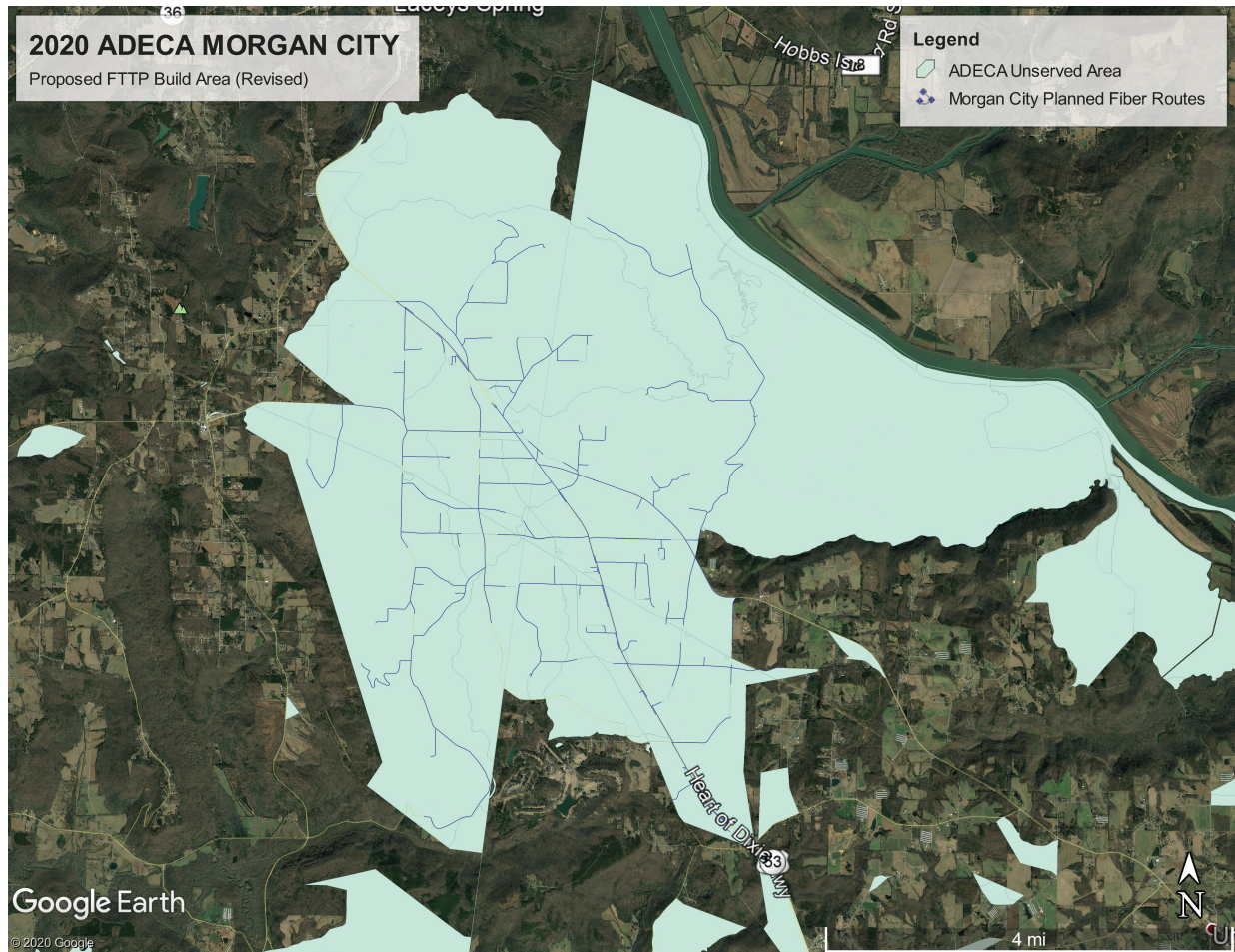
D. Certifications

1. The applicant certifies that it is a non-governmental entity.
2. The applicant certifies all new customers served as a result of this project will have access to an internet connection that provides a capacity for transmission at an average speed per customer of at least 25 Mbps download and at least 3 Mbps upload.
3. The applicant certifies that all new customers served as a result of this project are not located within the boundaries of any incorporated city or town having a population in excess of 25,000 inhabitants, according to the last federal census.
4. The applicant certifies that it has the technical and managerial capabilities to complete the project within two years of the effective date of the grant agreement.
5. The applicant certifies that the area to be served does not have at least one provider of terrestrial broadband service that is either: (1) offering a connection to the Internet meeting the minimum service threshold; or (2) is required, under the terms of the Federal Universal Service Fund or other federal or state grant, to provide a connection to the Internet at speeds meeting the minimum service threshold by March 28, 2023.

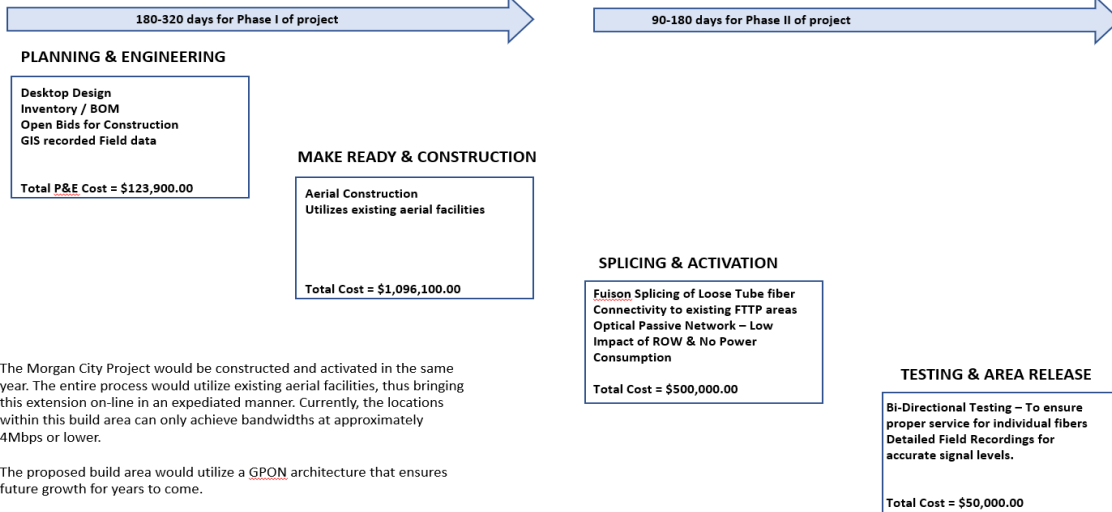
Certification	
I the undersigned am authorized to obligate my entity and enter into agreements for my organization. I understand that the above certifications do not guarantee funding and a grant agreement will be executed prior to project funds being expended. I further understand that if the above statements cannot be verified, no grant funds will be awarded under this program. Finally, to the best of my knowledge the above certifications are true and correct.	
Signature of Applicant: 	Date: 12-30-2019
Title of Applicant: David Allen, OTELCO Vice President of Network Operations	

For more information regarding the Alabama Broadband Accessibility Fund, please send questions to Maureen Neighbors at broadband.fund@adeca.alabama.gov, or call (334) 242-5292 between the hours of 8:00 a.m. to 4:00 p.m., Monday through Friday.

Attachment A **REVISED MAP**



OTELCO ADECA PROJECT SCHEDULE & TIMELINE – MORGAN CITY PROJECT



Attachment C

- This project will be an extension of existing infrastructure.
Currently OTELCO has FTTP areas built within the Jones Valley and Union Hill communities. The Morgan City proposal would allow OTELCO to close the gap between the two areas. This is one of the main areas that would enable greater connectivity for our Northern Alabama footprint.
- Letters of Support



Morgan County Commission
OFFICE OF THE CHAIRMAN
RAY LONG

COMMISSIONERS
JEFF CLARK, District 1
RANDY VEST, District 2
DON STISHER, District 3
GREG ABERCROMBIE, District 4

JULIE M. REEVES
Chief Administrative Officer
JESSICA E. SMITH
Deputy Chief Administrative Officer

December 17, 2019

ADECA
c/o Alabama Broadband Accessibility Fund
P.O. Box 5690
Montgomery, AL 36103-5690

RE: OTELCO FTTP Infrastructure Grant Application – Morgan City, Alabama

To Whom it May Concern:

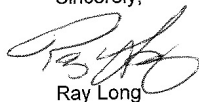
I am writing as a representative of the unincorporated town of Morgan City. On behalf of Morgan City Alabama, I write in support of OTELCO's infrastructure grant application to the ADECA. OTELCO, if awarded the matching grant, will deliver fiber to the premise to approximately 1,649 locations in one of our most rural areas of town that currently has limited or no available hi-speed Internet access.

The availability of Fiber Optic Internet will benefit the community in many ways including distance learning, telehealth, economic development and quality of life and place.

I thank you for your consideration of OTELCO's application for this project as it will be of great benefit to our community.

Please feel free to contact me should you need additional information.

Sincerely,



Ray Long

ts



ADECA
c/o Alabama Broadband Accessibility Fund
P.O. Box 5690
Montgomery, AL 36103-5690

December 2019

RE:
OTELCO FTTP Infrastructure Grant Application – Morgan City, Alabama

To Whom it May Concern:

On behalf of the North Central Alabama Regional Council of Governments, I am writing in support of OTELCO's infrastructure grant application to ADECA. OTELCO, if awarded the matching grant, will deliver fiber to approximately 1,649 locations in one of the most rural communities in our region that currently has limited or no available hi-speed Internet access.

The availability of Fiber Optic Internet will benefit the Morgan City community in many ways including distance learning, telehealth, economic development and quality of life and place. The project proposed by OTELCO aligns with the goals and strategies outlined in our Comprehensive Economic Development Strategy for 2018-2022. We have identified the deployment of high speed broadband internet service as an important strategy in our economic development plan for our three county region.

I thank you for your consideration of OTELCO's application for this project as it will be of great benefit to the Morgan City community. Please feel free to contact me should you need additional information.

Sincerely,



Jeffrey Pruitt, AICP
Executive Director

North Central Alabama Regional Council of Governments
216 Jackson Street SE • Post Office Box C • Decatur, Alabama 35602
256.355.4515 • Fax 256.351.1380 • www.narcog.org

- This project will serve the highest number of unserved homes, businesses, and community anchor points for the least cost.

Fiber Optic Internet is the most cost-effective delivery method when comparing traditional copper and the cost per megabit delivered.

This project will serve 1,640 locations at approximately \$1,150 per location and deliver symmetrical speeds of up to 300 Mbps equating to a cost of \$3.83 per megabit delivered.

A comparable copper /VDSL project would cost approximately \$3.2 million or \$1,950 per location and deliver speeds up to 100 Mbps maximum at a cost of \$19.50 per megabit delivered.

- This project emphasizes the highest broadband speeds.
This project will deliver symmetrical speeds of 100 and 300 Mbps. In preparation for the continual increase in Internet demand, OTELCO has a gigabit product in development to meet future needs.