

NUSF 92.20

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

**2015 Broadband Adoption Grant Application
NUSF - 92
Progression Order No. 2**

Submitted By

BINARY.NET, LLC

in cooperation with

the City of Lincoln

and

the Lincoln Housing Authority

Submitted to the Nebraska Public Service Commission

Project Outline

Binary.Net, in cooperation with the City of Lincoln and the Lincoln Housing Authority, is proposing a pilot project to demonstrate a model for how high speed broadband services can be delivered at an affordable price to a low to middle class neighborhood. The project has the following elements:

- 1) Binary.Net, a Lincoln based company which has experience delivering and servicing broadband to apartment complexes, will provide high speed broadband services within a selected low income census tract.
- 2) Binary.Net will rely primarily on line of sight microwave technology to provide high quality broadband services to residences with a limited capital investment.
- 3) Binary.Net will provide minimum speeds of 50 Megabits per second (Mbps) download and 5 Mbps upload for its broadband subscribers in this project. This service would be 50 Mbps to all of the subscribers.
- 4) Binary.Net will kick-off this pilot project by providing broadband service to all of the residents of two apartment complexes owned and operated by the Lincoln Housing Authority, a total of approximately 125 residential units. Binary.net will also include WiFi access in limited public areas of both complexes.
- 5) Because all of the residents in the first two complexes qualify as low income, all of the residents will pay the low-income rate for the broadband services, \$17.60 per month.
- 6) The Lincoln Housing Authority will support this service to its residents by

including the subscription to Binary.net broadband in its rental arrangements with all of the residents of the two targeted complexes.

- 7) The Housing Authority will also bill for broadband service as part of the monthly rent collection.
- 8) In order to establish stability and continuity of service, Binary.Net will enter into a contract with the Lincoln Housing Authority to provide quality broadband services for the same monthly fee for a five year term. The monthly contractual amount will be transmitted to Binary.Net on a monthly basis.
- 9) The City of Lincoln will support any expansion or provision of service throughout the census tract with a reduced fee for access to City owned conduit or lights poles located in the project area.
- 10) Much of the upfront capital costs will be provided through the Public Service Commission grant, allowing Binary.Net to establish positive cash flow earlier and thereby extend the service to other residents in the census tract.
- 11) After service is provided to the Lincoln Housing Authority residents, there would be the possibility of Binary.Net extending service where practical to other residents within the census tract who live in privately owned housing.

Scope and Funding of Project

Binary.Net requests \$252,166 in funding for capital investment to provide service to the 125 units in two non-contiguous Housing Authority complexes. We believe that

the best, most significant results will be obtained by funding this grant proposal at the \$252,166 level.

By comparison, if the grant proposal was aimed at simply subsidizing the provision of (comparatively slow) broadband service to a comparable number of low income residences, the math would look like this:

Market rate of service = \$75.00 - \$57.40 subsidy = \$17.60 per month rate

Subsidy of \$57.40 X 125 residences X 60 months = \$430,500

Not only does our model provide stable, affordable long-term broadband access to a community at a lower over-all cost than a short-term subsidy, we are convinced that with an initial grant from the Public Service Commission, we can establish that this model is sustainable and profitable so that we will be able to continue to expand service throughout this census tract without additional capital subsidization. We believe we can create a business and technology model that is replicable throughout the state of Nebraska with the right partnerships.

Match Funding

The support provided by the Lincoln Housing Authority is in-kind and no dollar figure has been ascribed to that vital involvement. The support provided by the City of Lincoln is through reduced pole attachment fees, permit fees and conduit lease rates.

Applicant Information

Binary.Net, LLC

Binary.Net, LLC is a Lincoln based, locally owned company that specializes in providing a range of data and web services to businesses and residents. Among the

connectivity services that we specialize in are fiber connectivity, wireless internet, and IT projects. We have recently completed a project to provide broadband services to privately owned student housing adjacent to the UNL campus that is similar in location and approach to our project proposal. Our company focuses on providing quality bandwidth solutions tailored to our individual client needs.

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City of Lincoln

The City of Lincoln is the second largest city in Nebraska with a rapidly growing population, which is currently estimated to exceed 270,000. Lincoln is currently confronted with a widening digital divide with widespread broadband access throughout the City, but with second-rate speed and at a cost to residential consumers which effectively strands many of the members of Lincoln low income population on the wrong side of the digital divide.

Contact information:

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Dated: December 10, 2014

NUSF-92 Progression Order 3
Application Template

Provider Name	Binary.Net
Number of Projects Submitted	1
	Project #1
Project Name	LincServ
Download Speed (Mbps)	50
Upload Speed (Mbps)	5
Total Cost (\$)	\$ 252,166.00
Match %	
Match Amount (\$)	\$.00
Grant Request Amount (\$)	\$252,166.00

Rates for Speed Listed Above

Name (Type)

Residential Voice Rate (MRC)	
Subscriber Line Charge - SLC (MRC)	
Broadband Rate (MRC)	\$ 17.60
Activation/Installation Rate (NR)	
CPE Modem Rate (MRC)	
CPE Modem Rate (NR)	
Census Block IDs	4,7