



A subsidiary of

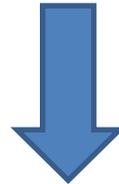
**NORTHEAST OKLAHOMA  
ELECTRIC COOPERATIVE**



Sheila Allgood  
Manager of BOLT Fiber Optic Services

# Corporate Structure

Northeast Oklahoma Electric Cooperative



Northeast Rural Services, Inc.



NRS  
Right-Of -Way

RECtec



# Loan and Financial Support

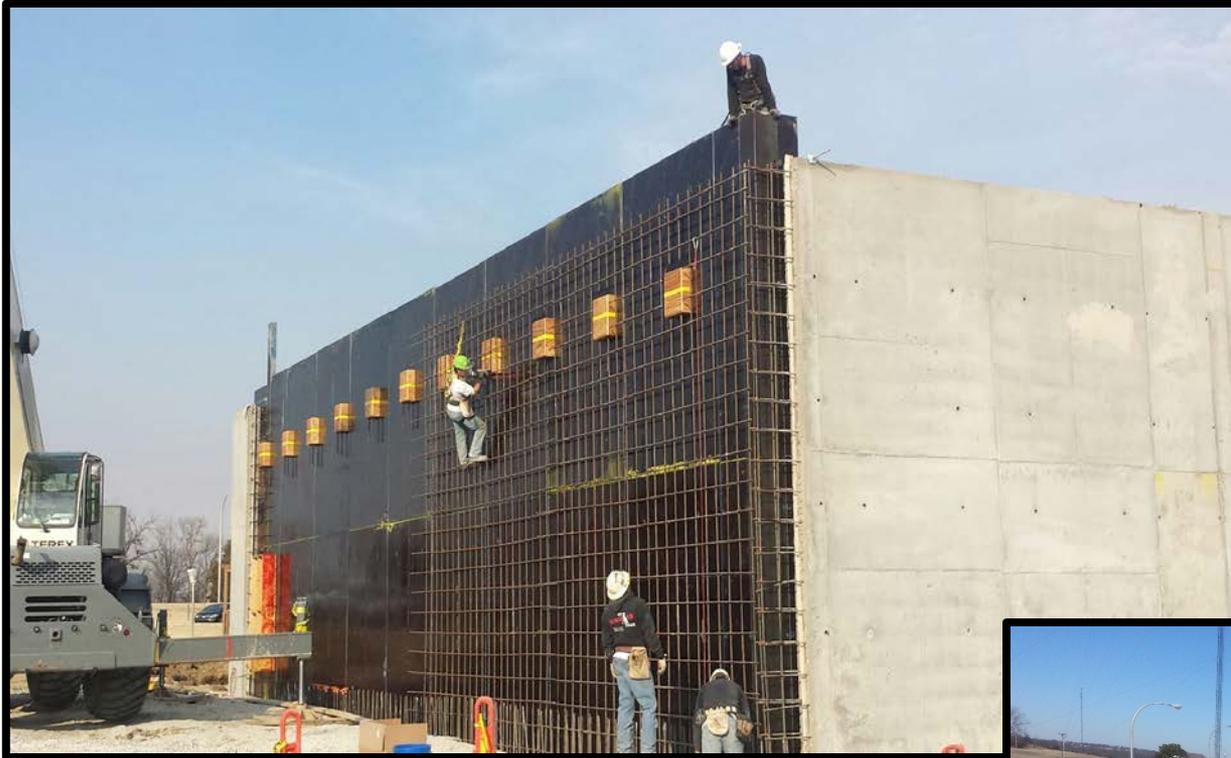
- USDA Rural Utility Service -  
\$88,935,000 loan
- FCC Rural Broadband Experiment -  
\$3,400,000 awarded in support
- E-Rate Program –  
over 30 rural schools



# Triple Play Services

- **BROADBAND SPEEDS UP TO 1 GIGABIT**
  - PACKAGES STARTING AT 20 MB
  - SYMMETERICAL SPEEDS UP AND DOWN
  - NO DATA CAPS
- **IPTV MEDIAROOM EXPERIENCE**
  - HD QUALITY
  - 268 CHANNEL LINE UP
- **VoIP SERVICE THROUGH 3<sup>RD</sup> PARTY PROVIDER**
  - BIG RIVER TELEPHONE

# CORE DATA CENTER AND COLOCATION



**Dual power sources**

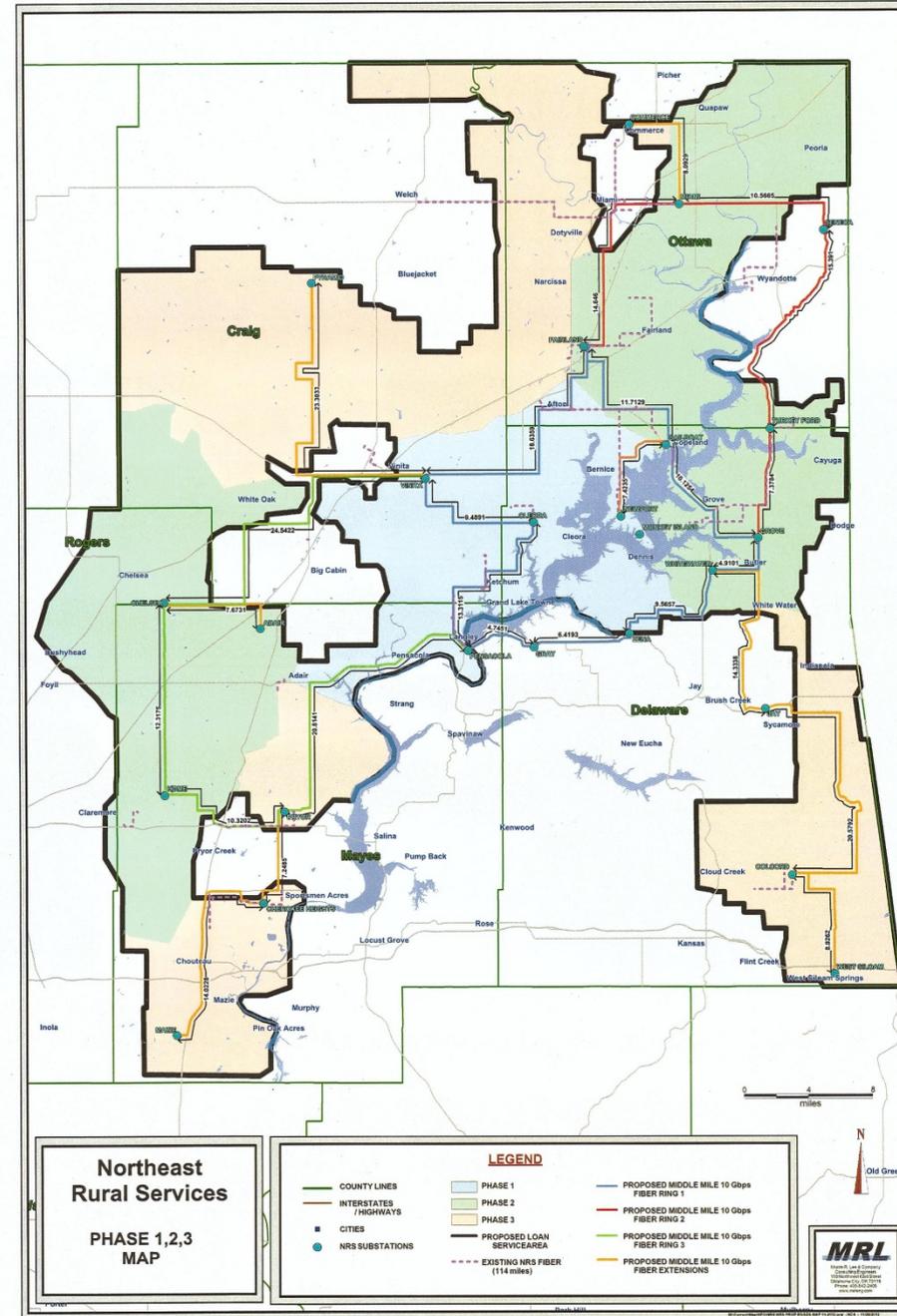
**Dual back up generators**

**Dual Transformers**

**Dual cooling system**

**24/7 onsite security and  
network operations center**

- Primary market covers rural areas in Craig, Delaware, Mayes, Ottawa and Rogers Counties
- The FTTH Project will have 3,025 miles of both aerial and buried fiber
- We are passing 31,273 households and 1,133 businesses in the 5 county area, including 22 rural communities
- Our rural footprint includes members of nine Native American Tribes and at least 25% of the households are defined as underserved



# NRS Market Survey

- Our most useful tool of the whole application process
- Give valuable information on pricing services to expected take rates
- Offers unique insight to your customer base

**REC** Northeast Oklahoma Electric Cooperative  
P.O. Box 948 Vinita, Oklahoma 74301  
800-256-6405 www.necelectric.com

**BROADBAND MARKET SURVEY**  
Cable TV, Telephone, and Internet Services  
*An I-Pad and 2 \$100 Electric Bill Credits will be Awarded!*

SAVE TIME...SAVE POSTAGE! Fill out this survey online at [www.necelectric.com](http://www.necelectric.com).

WYANDOTTE OK 74370

B25-31-42 935773

Return the survey by 8/8/2012 to be included in a prize drawing for an I-Pad or one of 2 \$100 electric bill credits (applied to the winning accounts). This information will only be used to help us provide better service to you, and we will not sell or share your information. *Please use blue or black ink to fill in each answer. Thank you for helping us!*

Northeast Oklahoma Electric Cooperative (REC) wants to know your opinions about new Fiber To The Home high-tech services. We're considering offering a new high-speed internet service connection to your home, using newer and more reliable fiber optic technologies that are capable of transmitting **cable TV, telephone, and internet services** through **one** cable line. This new service would be a solution for consumers who currently have no access to high-speed internet or who are looking for an alternative to their existing high-speed service. The service will offer an affordable monthly fee for basic to unlimited high-speed broadband internet service. If there is enough interest – and if the Northeast Oklahoma Electric Cooperative board of trustees should decide to proceed – the new services could be available in some areas as soon as 2013.

**TELEVISION**

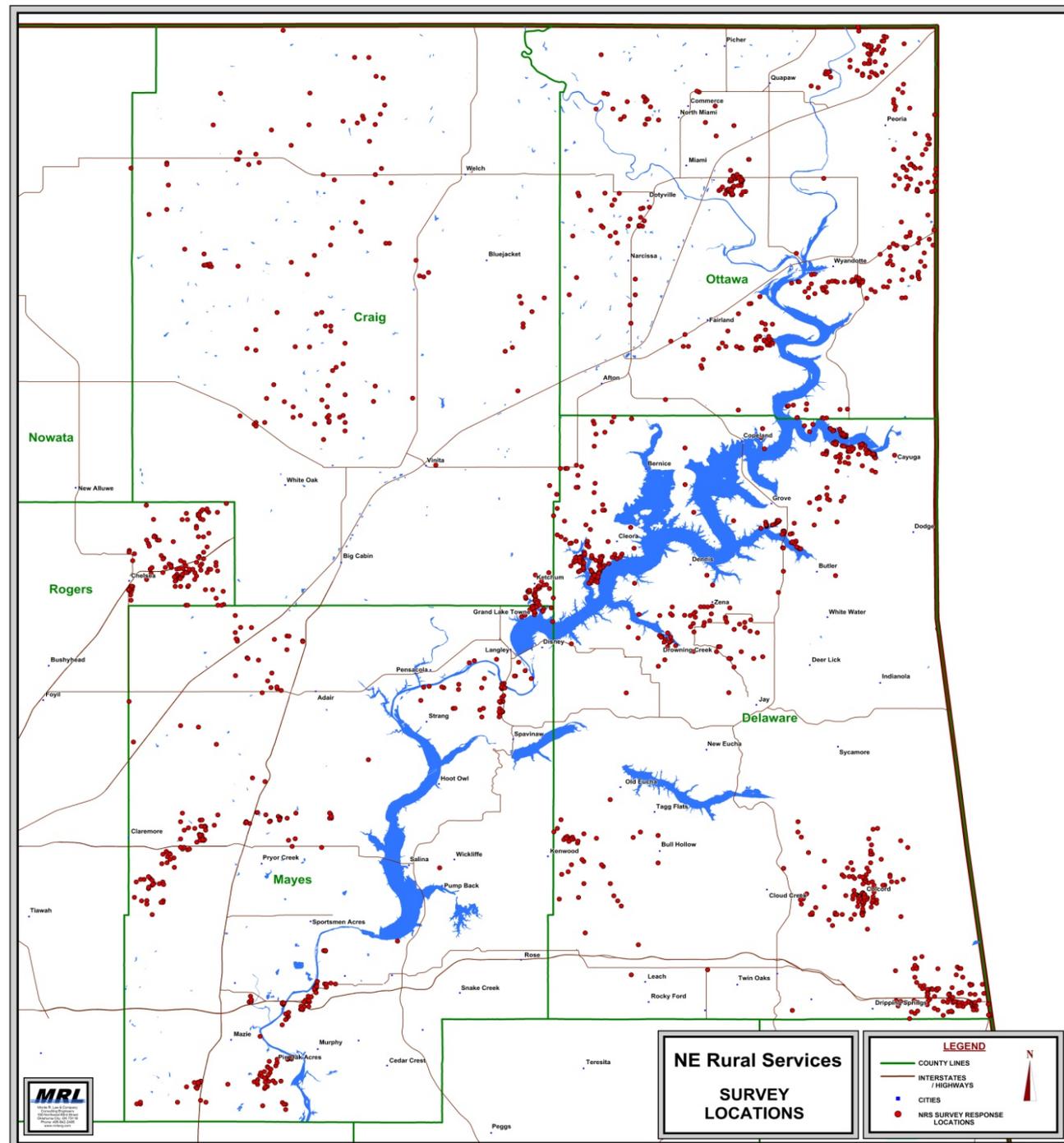
- How many TVs do you have in your home?  
 1    2    3    4    5 or more    None (skip to #6)
- At your home, do you use cable TV, satellite TV, or neither?  
 Cable TV    Satellite TV    Neither cable TV nor satellite TV (skip to #5)
- Who is your service provider? \_\_\_\_\_  
(write name here)
- About how much do you currently pay each month for cable or satellite TV?  
 Less than \$25/month    \$25 to \$50 per month    \$51 to \$70 per month  
 \$71 to \$90 per month    More than \$90 per month
- If available, would you switch from your current TV provider (or if you do not have it, subscribe) to a REC fiber optic TV service for any of the following options (check all that apply):  
 Basic TV (60 channels) \$39 per month  
 Premium TV (125 HD channels) \$69 per month    Premium Plus TV (over 200 HD channels) \$99 per month  
 Pay Per View    Premium Movie Channels (HBO, etc.) \$10 per selection

**TELEPHONE**

- At your home, which phone service do you have?  
 Wired (land line)    Cell    Both    Neither (skip to #9)
- Who is your service provider?  
 Wired (land line) Sonnet Telephone Co.  
(write name here)  
 Cell \_\_\_\_\_  
(write name here)
- About how much do you currently pay each month for your home-wired phone?  
 Less than \$25 each month    \$25 to \$50 each month    More than \$50 each month
- If available, would you switch from your current home telephone provider (or if you do not have it, subscribe) to a REC home telephone service for:  
 Basic (unlimited local calling) \$19 per Month  
 Premium (unlimited local calling and long distance) \$29 per month  
 Premium Plus (all of the above with enhanced calling features) \$49 per month

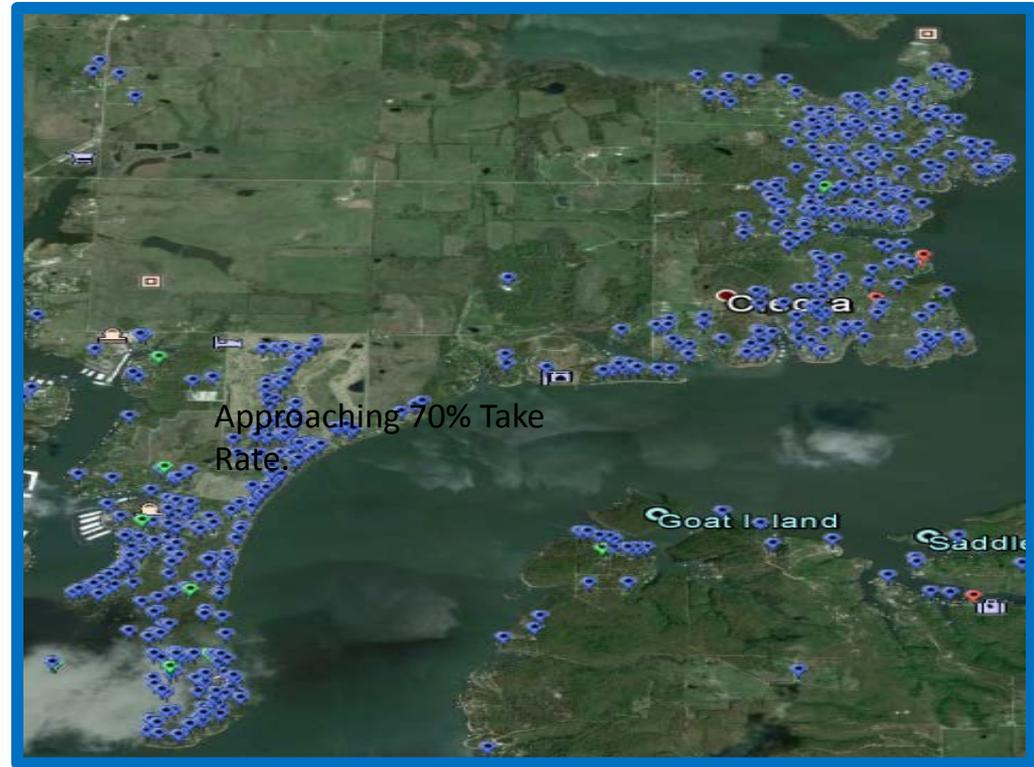
# Survey Response Locations

- **Completed Surveys: 2140**  
7,328 surveys were mailed  
1,234 surveys used for RUS data, remaining 541 were outside our PSA.
- 69.5% take rate based on market survey, reduced to 46% on RUS application/pro forma.
- Announced project to NEOEC members in February 2014 through newsletter, began receiving \$100 install fee/sign ups.



# Skin In The Game - Installation Fee

- \$100 Pre-Sign up fee
- \$250 after release of construction contract
- Currently have 4,400 customers with paid install fees and 90% in phase 1
- Do NOT advertise in areas until you are ready to begin construction



# Marketing

- Monthly magazine
- Direct marketing pieces
- Door hangers and yard signs
- Community Team Meeting
- Local trade shows
- Rotating billboards



# Competitive Analysis

- **List all existing service providers competing in your service area**
- Competitor's service offering and pricing
  - Website is not a good source
  - Call competitor directly or find a customer that is willing to offer billing info
  - Do another analysis before you announce pricing



# Status and Success

- Releasing construction contracts regularly
- 900 miles of fiber installed
- Began testing triple-play services in April 2015
- Went “Live” on June 15, 2015
- Currently have 740 paying customer 330 ready for home installation and 4,400 pending
- Developed an Economic Development committee
- Overwhelming support from local communities
- Stay in touch at [www.boltfiber.com](http://www.boltfiber.com) or on social media

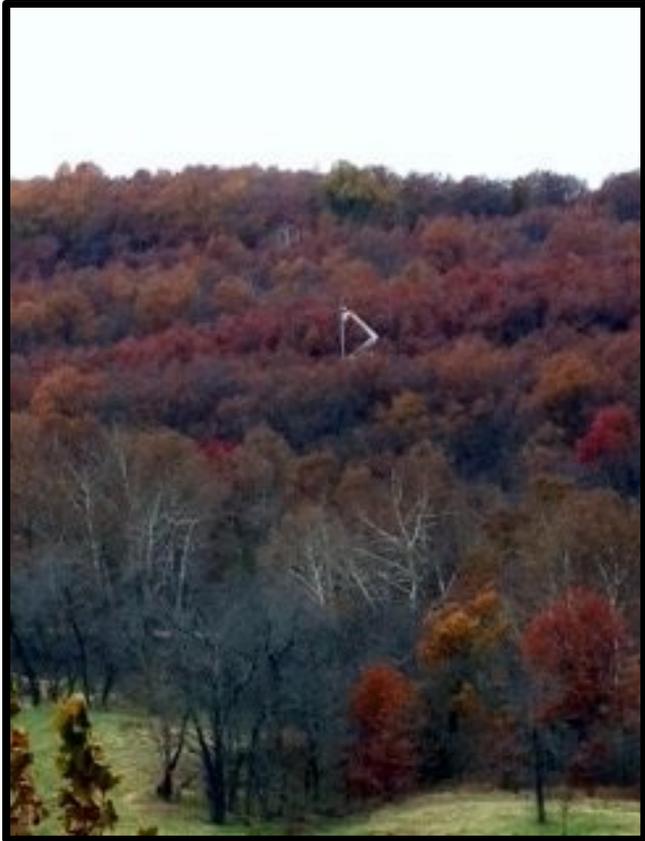
# The Challenges

- **Coops and retail competition**
- **Board of Directors buyers remorse and elections**
- **Regulatory issues**
- **Easement concerns**
- **Employees and change**
- **Over promising your time line**
- **Stay focused on your business plan and don't waiver...too much**
- **Fiber count – hire a telecom engineer**

# Decisions, Decisions. To Each Their Own

- Every coop is unique in how they determine their decision and solution
  - Smart grid focus –coop owns fiber network and subsidiary leases transport
  - Subsidiary owns network and leases network access to coop for smart grid
  - Funding – RUS and FCC
- Voice, Video and Data – Do you do it all?
  - Television is the take-rate king
  - Phone will surprise you and have good margin
  - Internet is the need and is the most profitable of all the services
- Once the decisions are made – The Cooperative way kicks in
  - Partner with other coops or ILEC's for bandwidth and transport
  - Share headend video services, softswitch and technical expertise
  - You are not in this alone

# Why Rural Electric Coops should consider offering broadband services



- Rural America is struggling - USDA Economic Research Service results in 2014 showed a grim picture
- Job growth is stagnant and the population is in decline. It is the first time such a decline has been recorded in the nations rural counties
- Coops are equipped and skilled at building infrastructure
- We have over 75 years of providing vital service to our communities
- Member loyalty runs deep
- Our communities have had subpar services for too long and we deserve better, we should not settle any longer for “good enough”



*FIBER OPTIC SERVICES*

a subsidiary  
service of  Northeast Oklahoma  
Electric Cooperative