

**Eloptia Communications, LLC**

**Plan for Investments to Be Made With Initial Federal High-Cost Support, 2007-2009**

This document provides a projected investment plan for the federal high-cost universal service funds that Eloptia Communications, LLC would be expected to receive during the first two years after it is designated as an eligible telecommunications carrier. As presented in more detail below, Eloptia plans to use the universal service funds to construct and equip towers that will be part of its fixed wireless network providing basic local exchange service and broadband service to residences, farms, and businesses in eastern Washington.

**Summary**

<b>Projected Federal Support and Capital Expenditures, 2007-2009</b>	
Federal high-cost support, 2007-2009	██████████
Investments in fixed wireless network, 2007-2008	██████████
Investments in fixed wireless network, 2008-2009	██████████

**Estimated Federal High-cost Universal Service Receipts**

Eloptia Communications, LLC projects that it will receive ██████████ in federal high-cost support during the first two years after it is designated as an eligible telecommunications carrier.

This projected amount is highly uncertain and depends on the number of customers who subscribe to Eloptia’s service, the exchanges in which those customers receive service, and the amount of federal support provided to Eloptia in each exchange. These factors are each discussed below:

- Number of customers – The projection assumes that Eloptia receives ██████ local exchange service lines for each tower that it places in service. Eloptia anticipates that it will achieve this level of subscribers after the tower has been in service for three years. Thus, during the initial two years Eloptia’s customer count will increase both as existing towers are more fully utilized and as new towers are placed in service. As discussed in more detail below, Eloptia currently has 25 towers in service and plans to construct 17 additional towers in each of the first two years for which it receives federal high-cost universal service support. Based on these assumptions, Eloptia believes its monthly average customer count during the initial two years will be ██████████
- Exchanges of customers – The level of per-line federal support varies widely across the exchanges for which Eloptia requests designation. The federal high-

cost program provides little in the way of portable support in exchanges served by Qwest, Verizon, or Embarq. High-cost support in exchanges served by CenturyTel and other rural carriers is disaggregated at the exchange level. A simple average of the amounts in each exchange would likely overstate the actual support received, because the exchanges with high support levels have fewer customers than the exchanges with lower support levels.<sup>1</sup> For purposes of this projection, Eltopia assumes that the average per-line support will be equal to that projected to be received by CenturyTel of Washington in the third quarter of 2007. This amount is approximately \$11 per line per month, according to reports of the Universal Service Administrative Company.

- Support levels –Eltopia expects the actual amount of available per-line support to decrease in 2008 and 2009 as a result of changes by the Federal Communications Commission to limit the size of the overall program. For purposes of this projection Eltopia assumes per-line support will decrease by 25% from the 2007 level.

Based on these assumptions, Eltopia projects that it will receive support for approximately [REDACTED] lines during the first two years in which support is received and that the per-line amount of support will be approximately \$8. The total projected federal high-cost support amount is approximately [REDACTED]. Actual support may vary significantly based on the factors discussed above.

## **Planned Investments**

Eltopia Communications and its affiliate network Eltopia.com currently have a communications network of 25 towers to supply data and voice services using a network of towers. An additional 17 towers are planned for construction during the remainder of 2007 and 2008. The location of existing and planned towers, by county is:

- Franklin – [REDACTED] towers in existence, [REDACTED] more planned for 2008
- Adams – [REDACTED] towers in existence, [REDACTED] more planned for 2008
- Stevens – [REDACTED] towers in existence, [REDACTED] more due to completion by October 2007
- Grant – [REDACTED] towers in existence, [REDACTED] more planned for 2008
- Lincoln – [REDACTED] towers in existence, [REDACTED] more planned for 2008
- Pend Oreille – [REDACTED] towers in existence, [REDACTED] more due to completion by October 2007

Based on its experience to date, the average cost to Eltopia of putting up a tower is approximately [REDACTED]. This per-tower cost is approximately [REDACTED] percent for construction of the tower and [REDACTED] percent for electronic equipment installed at the tower. Each tower is generally outfitted with enough electronics to support [REDACTED] subscribers. In addition to the electronics at the tower, radio and voice gear is installed at the customer premise at an

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<sup>1</sup> For example, CenturyTel of Washington receives approximately \$11 per line per month of high-cost support, but the simple average of support in its 65 exchanges is approximately \$30.

approximate cost of [REDACTED] per subscriber. The total cost of each tower and associated electronics and subscriber gear is [REDACTED]

Capital Investment, Per Tower	
Tower Electronics	[REDACTED]
Tower Construction	[REDACTED]
Subscriber Gear [REDACTED]	[REDACTED]
	[REDACTED]

At a rate of [REDACTED] per tower, the total capital expenditure required to build and equip the planned 17 additional towers is [REDACTED]

Eltopia does not have specific plans for the number or location of towers that it will construct and equip in 2009, but it expects its 2009 construction plan to be comparable in scope. Thus, its projected capital expenditure for 2009 is also [REDACTED]

Eltopia will be required to make other capital expenditures and to incur operating and maintenance expenses. However, these are not presented here because the investments required for constructing and equipping the fixed wireless facilities is more than enough to use the anticipated receipts of federal high-cost universal service funds.

### **Benefits to Customers of Planned Investments**

Each tower constructed by Eltopia Communications increases the number of households, farms, and businesses in eastern Washington who have access to basic and advanced telecommunications and information services. It will also improve the reliability of service to existing customers on Eltopia's fixed wireless network.

- Basic service – Most of these customers currently have basic telephone service from an incumbent local exchange company. Eltopia will provide these customers with the first real alternative to their incumbent provider for basic service.
- Broadband and other advanced services – Many of the households, farms, and businesses that will have access to Eltopia's expanded network do not already have access to broadband services, because they live or work beyond the range of the broadband networks of the incumbent telephone or cable company. For these customers, the additional investments of Eltopia will provide the first opportunity to obtain reliable, reasonably priced broadband service.
- Improved reliability – Construction of additional towers will improve the reliability of service to customers who are currently served by Eltopia's existing fixed wireless network. Additional towers increase the number of alternative transmission paths within the network's mesh configuration, so that an outage on any given tower is less likely to interrupt service.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED August 8, 2007 at Eltopia,  
Washington

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Will Lee MacHugh  
Vice President  
Eltopia Communications, LLC