

Applicant Information

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|--------------------------------------|--|
| Company Name | Citizens Telephone Company |
| Address | Chris Moody 190 East Main Street Brevard, NC 28712 |
| Website | www.comporium.com |
| Federal Tax ID | |
| DUNS # | 005771175 |
| System Award Management (SAM.Gov) ID | ECZKC9ZW3NL6 |

| Authorized Representative | | Authorized Representative (Alternative) | |
|---------------------------|-------------------------------------|---|---------------------------|
| Full Name | Charles Gregory Lunsford | Full Name | David Christopher Moody |
| Contact Title | Vice President - Regulatory Affairs | Contact Title | Regulatory Cost Analyst |
| Phone Number | 803-326-7170 | Phone Number | 803-326-7255 |
| E-Mail | greg.lunsford@comporium.com | E-Mail | chris.moody@comporium.com |

Grant Administrator & Company Name(if applicable):

| | |
|----------------|--|
| Full Name | |
| Contact Title | |
| Telephone | |
| E-Mail | |
| Website | |
| Federal Tax ID | |
| Address | |

Project Information

| | | | |
|--|-------------------------------------|--------|-----|
| Project Title | Transylvania County Application One | | |
| Project Cost | \$9,652,911 | | |
| County | Transylvania | Tier # | 003 |
| Estimated # of Households with improved access | 1,370 | | |
| Estimated # of businesses with improved access | 85 | | |
| Base Speed - Minimum Download/Upload | Greater than 100:100 Mbps | | |

Project Description (provide a brief summary of the project)

Citizens Telephone Company (dba Comporium) has identified pockets of DSL that lack 25Mbps/3Mbps speeds within remote areas of Transylvania County. These areas qualify for GREAT Grant Program funding by the American Rescue Plan Act. Citizens Telephone Company will upgrade the identified DSL areas with high-speed Fiber-To-The-Home (FTTH). This infrastructure will introduce residential and business locations to symmetric Broadband speeds up to 1 Gbps. Citizens Telephone Company identified 14 proposed funding service areas (PFSAs) that lack sufficient service. The proposed funding service areas will pass 1,370 residential locations and 85 business locations, for a total of 1,455 locations. 136 miles of new fiber will be constructed throughout underserved areas of Transylvania County in this application. The total cost of the project is \$9,652,911. The cost per location is \$6,634.30.

Has the applicant entered into a partnership for this project as defined in S.L. 2019-230?

Yes

Checklist Details

1) Statement of Qualifications (Please provide a detailed description of qualifications and experience with the deployment of broadband):

Company History & Background:

Citizens Telephone Company (dba Comporium) was founded in 1921 by Mr. J.S. Bromfield of Brevard, North Carolina. Prior to this there was no public telephone service in Transylvania County. In 1936, Joseph and Charles Pickelsimer, Sr. purchased the company from the Bromfield family. Citizens Telephone Company grew tremendously under the leadership of the Pickelsimer family. In 1957, Citizens Telephone Company secured its first loan from the Rural Electrification Administration and adopted an area coverage policy. The company was committed to providing telephone service to all of Transylvania County. Many new telephony and broadband technologies were introduced to the customer base in the 1980's and 1990's. The Pickelsimer family eventually sold Citizens Telephone Company in December 2008 to the Barnes family of Rock Hill, South Carolina. Citizens Telephone Company is an affiliate of the parent company Comporium, Inc., of Rock Hill, South Carolina.

Current Broadband Network and Infrastructure:

Citizens Telephone Company serves voice, broadband, video, and security to customers in Transylvania County, using Digital Subscriber Line, Cable

Checklist Details

Modem, and Fiber-To-The-Home to residential and business customers. Zipstream is our flagship internet service offering that provides download speeds of one Gigabit per second to customers. Zipstream subscribers get access to a robust path to the internet backbone that can carry large amounts of data. In addition to voice, broadband, and video services, Citizens Telephone Company offers Metro Ethernet services that provide customers a redundant and secure way to transfer mission-critical data. Citizens Telephone Company's Metro Ethernet service is a high-speed (10 Mbps to 10 Gbps) packet-based service that provides the transmission of point-to-point LAN or WAN data between a customer's locations. Metro Ethernet circuits can also be ordered to provide dedicated bandwidth to the internet. Our Customer Network Operations Center offers technical support with proactive network monitoring of customer's Metro Ethernet circuits to ensure consistent, high-level performance. Citizens Telephone Company's MPLS core network provides diverse and redundant IP routing that supports all customer facing services. Citizens Telephone Company uses a variety of last-mile technologies to serve customers including xDSL, Fiber-To-The-Home (FTTH), and Hybrid Fiber Coax (HFC). Citizens Telephone Company also operates a remote switch and has connections to Comporium, Inc. which provides equipment to operate voice, data, and video networks. Citizens Telephone Company performs its own customer service from its office on Main Street in Brevard, North Carolina, where customers may purchase services, pay bills, or ask questions of customer service representatives. Citizens Telephone has a plant work center location that houses the installation and repair group along with the facilities and construction group. Each of Citizens Telephone Company's 17 remote offices are designed and equipped to support the operation of communications networks. These remotes are equipped with power backup in the event of an emergency.

Broadband Introduction and Expansion:

Citizens Telephone Company began offering dial-up internet services in 1996. In the year 2000, the company started deploying ADSL broadband internet to its customers. The initial first offering of ADSL was 1.5Mb/384kb. This was called g.lite technology. The company then transitioned to ADSL which was called discrete multi-tones (DMT). This offering was 6Mb/512kb. When Citizens Telephone Company was sold to Comporium, the company only offered ADSL2 technology. Shortly after the transition to Comporium, three tiers of DSL service were introduced with options of 7Mbps/1Mbps, 9Mbps/3Mbps, 11Mbps/1Mbps. Comporium has made great strides to bridge the digital divide within Transylvania County. In October 2014, Comporium announced that it would invest \$5.5 million over a period of four years to convert over 14,000 addresses from DSL to high-speed cable modem. This massive undertaking required modernizing cable tv lines that stretch nearly 500 miles in Transylvania County. The first phase of the upgrade included the area around downtown Brevard and Rosman. The second phase encompassed the areas around Lake Toxaway on the Western portion of Transylvania County. The DSL customers prior to the upgrade could only achieve a maximum speed of 11Mbps/1Mbps, are now offered six coax speed tiers of 30Mbps/5Mbps, 100Mbps/3Mbps, 400Mbps/5Mbps, 600Mbps/10Mbps, 750Mbps/20Mbps, and 1000Mb/35Mb. Comporium has recently began offering Fiber-To-The-Home (FTTH) technology in some areas of the county. DSL customers who have been upgraded to fiber can choose from five fiber speed tiers of 100Mbps/100Mbps, 400Mbps/400Mbps, 600Mbps/600Mbps, 750Mbps/750Mbps, and 1GB/1GB. Citizens Telephone Company also participates in the Affordable Connectivity Program (ACP) for DSL, coax, and fiber technologies.

Further Broadband Needs:

Although many locations have received upgraded speeds, some locations fall outside of the coax footprint and fiber areas. DSL is the only option for these customers. Comporium receives emails and telephone calls from customers on a weekly basis requesting these upgraded technologies and speeds. Due to the mountainous terrain and rugged characteristics of the service area, expansion outside of the current coax and fiber areas is very costly. Density in remote areas also poses a challenge for network expansion. By receiving GREAT Grant assistance, Comporium could further expand the broadband network to these high-cost areas.

Transylvania County has experienced many economic challenges in recent years. Aside from those people who are unemployed, 4,178 individuals are living in poverty or 12.6 % of the total county population. Individuals who have experienced hardships rely on broadband to communicate, apply for unemployment, and search for jobs. Extending fiber into the most remote areas of the county will increase the overall quality of life.

Broadband improvements can also help combat childhood poverty. The current poverty rate in the Transylvania County School District is 47.63%. Most of the elementary schools have a poverty rate over 50%. With high-speed broadband, students can complete assignments from home, assist in virtual learning, and increase the quality of their overall learning experience. Students who attend school virtually will greatly benefit from upgrading the current communications infrastructure. Since the maximum DSL speed available to students is 11Mbps/1Mbps, virtual learning may be a challenge. GREAT Grant funding will allow the infrastructure to be upgraded to fiber, greatly alleviating the risk of students not being able to complete assignments on time. This technology will keep students on pace with other counterparts across other areas of the state.

Each day 6,938 employees leave Transylvania County to work elsewhere. Broadband expansion into rural areas of the county could allow these individuals to work from home. This could also bolster economic development efforts for small businesses. Employees who used to commute to Buncombe County, Henderson County, Jackson County, and Greenville County would have the ability to spend money at local restaurants, gyms, barber shops, gas stations, and retail stores. These funds would otherwise be leaving Transylvania County each day. Expanding fiber-based broadband access will also make Transylvania County more attractive to industry and to facilitate economic development. When county officials are trying to lure prospective industry, it will be easy to demonstrate the efforts of Comporium and its goal to connect rural areas with high-speed fiber. Companies will be more enticed to re-locate to these areas knowing that high-speed broadband is available to residences and businesses.

Transylvania County has a large elderly population. As of year-end 2020, 12,818 individuals or 39% of the county's overall population is over 60 years old. Over the next 20 years as those individuals 65 and older continue to age, they will represent a larger number of Transylvania County's total population. Many individuals 65 and older live alone, have disabilities, and are veterans. These individuals can greatly benefit from broadband improvements.

Many elderly people live in social isolation. These individuals can stay connected with children, grandchildren, and loved ones with increased bandwidth. Facetime, zoom, skype, facebook messenger, and google duo are all applications that can be utilized for communicating with others. These types of video applications often buffer and do not function properly over a DSL connection. Improved broadband infrastructure can assist the elderly to communicate with those individuals who are important in their lives, stream videos from various media applications, and improve overall quality of life.

Due to the rural nature of these locations, individuals battling health-related issues travel to Brevard, Hendersonville, or Asheville when seeking medical assistance. With rising fuel costs, individuals could delay medical treatment due to the high cost of fuel. GREAT Grant funding would facilitate the

Checklist Details

construction of high-speed fiber-based infrastructure to locations in high cost rural areas, so that individuals can perform virtual telehealth visits with health care facilities and hospitals. Using telehealth options, elderly individuals will not have to leave their home when seeking medical assistance, saving them time, money, and reducing health care risks and concerns.

2) Assessment of the current level of broadband access in the proposed deployment area – supporting data may be uploaded if applicable:

With the insight of the limitations of our current network, we began to define the Project Areas where we would seek a GREAT Grant to support improved broadband deployment. Comporium uses ADSL2+ (Asymmetric Digital Subscriber Line) technology to provide broadband service in some of the more rural portions of Transylvania County. Comporium examined the current broadband network and identified all locations that fell within a fiber node boundary or coax node boundary. All locations within a fiber node boundary or coax node boundary can attain speeds that far surpass 25Mbps downstream and 3Mbps upstream. All locations that fall outside of a fiber node boundary or coax node boundary can only be served by Asymmetric Digital Subscriber Line. All locations served by ADSL2+ can only attain maximum speeds of 11Mbps downstream and 1Mbps upstream. This served as the basis for how we defined the Project Areas to be submitted under the GREAT Grant program. Therefore, we believe these addresses in this application have no option currently of obtaining greater than 11Mbps x 1Mbps broadband service, using ADSL2+ technology.

3)Description of Proposed Services, Advertised Speeds, and Pricing Structure for proposed broadband recipients in the eligible project area:

Citizens Telephone Company dba Comporium, will provide five broadband speed tiers for residential customers and four broadband speed tiers for business customers to choose from. An ACP option is included. All fiber offerings will be symmetric. Citizens Telephone Company will also provide residential and business telephone, video, and security using the new broadband infrastructure.

Residential Broadband fiber offerings for GREAT Grant locations will consist of the following speeds and prices:

ACP Essential 100Mbps x 100Mbps = \$30 (Free for ACP-eligible subscribers)

Non-ACP Essential 100Mbps x 100Mbps=\$49.94

Fiber Residential Standard Package 400Mbps x 400Mbps = \$72.94

Fiber Residential Ultra Package 600Mbps x 600Mbps = \$82.94

Fiber Residential Elite Package 750Mbps x 750Mbps = \$92.94

Zipstream Residential 1000Mbps x 1000Mbps = \$102.94

Business Broadband fiber offerings for GREAT Grant locations will consist of the following speeds and prices:

Fiber Business Standard Package 400Mbps x 400Mbps = \$84.98

Fiber Business Ultra Package 600Mbps x 600Mbps = \$154.98

Fiber Business Elite Package 750Mbps x 750Mbps = \$204.98

Zipstream Business 1000Mbps x 1000Mbps = \$299.99

4) Description of Adoption Plan:

Citizens Telephone Company has vast experience in marketing new and upgraded broadband offerings to residential and business customers within Transylvania County. As previously mentioned, over the last five years Citizens Telephone Company has upgraded over 14,000 locations from DSL to coax. Various other DSL locations that fall outside of the coax footprint have been upgraded with fiber. Citizens Telephone used various tactics in the past marketing campaigns. The company will incorporate these same methods into the GREAT Grant adoption plan.

Press Release: As soon as an award announcement has been finalized and signed by the GREAT Grant staff and the legal team of Citizens Telephone Company a press release will be issued to local media outlets in Transylvania County. These types of media releases will be used first to make residents and businesses aware of planned upgrades in underserved areas of the service territory.

Direct Phone Calls: Citizens Telephone Company will generate a list of residential and business locations within the polygons that have been identified as underserved. Outbound phone calls will be made by the automated IVR (interactive voice response) system, along with personal calls made by customer service representatives to notify potential customers upgrades are coming to their area.

Email Marketing and Advertising Campaign: Comporium Marketing personnel will compose an announcement email that will be sent to residences and businesses that have email addresses on file with the company.

Direct Mail Postcards: Citizens Telephone Company will implement a direct mail campaign to target locations within the underserved polygon to make them aware of the upgrades. These postcards will notify current DSL customers that their area has been identified and will be upgraded with newer fiber technologies.

By checking the appropriate box, you will upload the following documents:

| | |
|---|-------------------------------------|
| 5) Description of Project Area, Identification of locations to be served, relevant maps and mapping files: | <input checked="" type="checkbox"/> |
| 6)If submitting other data sources, including field data, to identify unserved locations (households and businesses) outside of the fully unserved census blocks provided on the NC One Map, please provide a narrative describing your methodology for determining the proposed funding area is unserved and eligible for funding in this round. | <input checked="" type="checkbox"/> |
| 7) Excel Spreadsheet (NO PDF) that itemizes the eligible activities and cost estimates. Please provide an explanation of how you estimated the costs: | <input checked="" type="checkbox"/> |
| 8) Please provide your methodology or explanation of how you calculated cost per location (Households/Businesses): | <input checked="" type="checkbox"/> |
| 9) Proof of Financial Solvency | <input checked="" type="checkbox"/> |
| 10) Technical Report | <input checked="" type="checkbox"/> |
| 11) Evidence of Support for the Project (i.e. Letter of Support) | <input checked="" type="checkbox"/> |

NC DIT GREAT Program

Growing Rural Economies with Access to Technology Program

By checking the appropriate box, you will upload the following documents:

12) Evidence or proof a partnership based on the definition in the guidance document and the authorizing legislation ☒

SCORING

The GREAT Program is a competitive grant program. Applications shall be scored based upon a system that awards a single point for criteria considered to be the minimum level for the provision of broadband service, with additional points awarded to criteria that exceed minimum levels. Applications receiving the highest score shall receive priority status for the awarding of grants.

The tool below is being provided to Applicants so that they may estimate their score to determine estimated match requirements. All final and official scores will be determined by the BIO during the review process.

| | Reviewer | Score |
|--|-----------------------------|----------|
| a1) Partnership - One point shall be given for a proposed partnership that will make available existing infrastructure that has been installed for the partner's enterprise, non-consumer broadband purposes, or any other property, buildings, or structures owned by the partner, for a proposed project. | Choose One | 0 |
| a2) Partnership - A county or nonprofit entity that proposes to provide a financial match shall be given one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any provision of law to the contrary, a county may use unrestricted general funds or federal American Rescue Plan Act (P.L. 117 1) funds allocated to it for the purpose of improving broadband infrastructure for a financial match. | Choose One | 0 |
| a3) Partnership - An applicant shall receive two additional points for a proposed partnership where the county's financial match is comprised entirely from federal American Rescue Plan Act (P.L. 117 2) funds intended for broadband infrastructure. | Choose One | 0 |
| b) Unserved Households(HH) – Using most recent FCC Data or other information or supporting data, estimated number of unserved households within the eligible county (TIER ONE) | 500 or Less | 1 |
| c) Unserved Households (HH) to be Served – Using most recent FCC Data or other information supporting data, the percentage of the total unserved households with the eligible project area | Less than 15% | 1 |
| d) Unserved Business – Using most recent FCC Data or other information by NC BIO, provide broadband service to unserved business within eligible county (TIER ONE) and project area (Documentation) | 1 and 4 | 1 |
| e1) Piedmont or Coastal Plain Region | Choose One | |
| e2) Mountain Region | Choose One | |
| f) Base Speed - Min Download : Upload | 100:20 Mbps to 100:100 Mbps | 1.00 |
| Total Score | | 3 |
| g) Community Broadband Plan defined by NC BIO | No | 0 |
| h1) For counties that received an aggregate of eight million dollars (\$8,000,000) or more directly from the federal government, the following points shall be added to the application score: | Choose One | |
| h2) For counties that (i) received less than an aggregate of eight million dollars (\$8,000,000) directly from the federal government from the American Rescue Plan Act (P.L. 117 2) and (ii) are providing a portion of a project's matching funds using the entirety of the federal funds the county received, together with any other unrestricted general fund monies, if needed, the following points shall be added to the application score: | Choose One | |
| i1) Are the matching funds partially comprised of ARPA funds a county received directly from US Treasury? | Choose One | |
| i2) Are the matching funds entirely comprised of ARPA funds a county received directly from US Treasury? | Choose One | |
| Final Score | | 3 |

NC DIT GREAT Program

Growing Rural Economies with Access to Technology Program

List all expenses related to the project, the amount of each expense, and the corresponding funding source(s) in the table below. The table should include all of the eligible costs such as: installation, acquiring or updating easements, equipment, fiber, construction, backhaul infrastructure for the end user, and testing costs. Ineligible costs should not be included in the project budget. The table should clearly show all planned expenditures and all funding sources for the project.

| | | | |
|--|-------------|------------------------------|---------------|
| Reviewer Score: | 3 | Matching Requirement (%): | 50% |
| Based on your scoring matrix, Your minimum match requirements: | | | \$4,826,455.5 |
| Total Project Cost: | \$9,652,911 | Grant Amount Requested (\$): | \$0 |

Please indicate which documents were submitted with your application, by checking the appropriate box.

~ Reference guidelines booklet for document details ~

| | |
|---|--------------------------|
| 1) Excel Spreadsheet (NO PDF) that itemizes the eligible activities and cost estimates. Please provide an explanation of how you estimated the costs | <input type="checkbox"/> |
| 2) What is the total cost per location for the project? Please provide your methodology or explanation of how you calculated cost per location (Households/Businesses) | <input type="checkbox"/> |
| 3) Proof of Financial Solvency | <input type="checkbox"/> |

| Project Expense | GREAT Funds | Matching Funds | Total |
|--|-------------|----------------|-------|
| Easements (one-time fees) | | | 0 |
| Materials (fiber, equipment, etc.) | | | 0 |
| Construction/Installation | | | 0 |
| Testing | | | 0 |
| Engineering | | | 0 |
| Lease/Collocation Fees (one-time fees) | | | 0 |
| Other 1 | | | 0 |
| Other 2 | | | 0 |
| Other 3 | | | 0 |
| Total Eligible Project Cost | | | 0 |

Company Certifications

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|---|--|---|----|
| 1 | Overdue Tax Debts | Does the Company or the Related Member(s) currently have any overdue tax debts with any City, Town or County in, or with the State of North Carolina? | No |
| 2 | Occupational Safety and Health Act Violations | Does the Company, or the Related Member(s) have any citation under the Occupational Safety and Health Act that have become a final order within the past three years for willful serious violations or for failing to abate serious violations? | No |
| 3 | Loan Defaults | Is the Company, or the Related Member(s) currently in default on any loan or grant previously made by the State of North Carolina? | No |
| 4 | Incentive History | Has the Company, or Related Member(s) ever defaulted on an economic development grant or incentive or been sued by a grantor with respect to an economic development grant or incentive from the State of North Carolina? | No |
| 5 | Creditor Losses, Litigation, Government Investigations | Has any member of management or any principal of the Company, or the Related Member(s) been involved in a financial reorganization, a bankruptcy, or other situation that led to losses by creditors or bond buyers, investor lawsuits, or government investigation alleging fraud or impropriety? | No |
| 6 | Pending or Threatened Litigation | Is the Company, or Related Member(s) subject to any claim, suit, action, proceeding, or government investigation that is pending or threatened that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the proposed grantee's finances or operations or the ability to conduct the proposed project, or that would reasonably be expected to impact the NC DIT's decision to award a grant? | No |

Internet Service Provider (ISP) Certification and Attestation

Internet Service Provider (ISP) Certification and Attestation

The attached statements and exhibits are hereby made part of this application, and the undersigned representative of the applicant certifies that the information in this application and the attached statements and exhibits are true, correct, and complete to the best of the signatory's knowledge and belief. The signatory further certifies:

1. as Authorized Representative, the signatory has been authorized to file this application by formal action of the governing body;
2. agrees that if a grant is awarded, the applicant will provide proper and timely submittal of all documentation requested by the Grantor Agency;
3. that the applicant has substantially complied with or will comply with all federal, state, and local laws, rules, regulations, and ordinances as applicable to this project;
4. that the applicant certifies the financial and organizational strength regarding the ability to successfully meet the terms of the grant requirements and the ability to meet the potential for repayment of grant funds; and
5. attests that the proposed project area is eligible.

Authorized Representative

| | | | | | |
|-------|--------------------------|--------|-------------------------------------|-------|------------|
| Name: | Charles Gregory Lunsford | Title: | Vice President - Regulatory Affairs | Date: | 05/04/2022 |
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