

MINUTES OF THE CC COMMUNICATIONS MANAGEMENT

155 N. Taylor St., Fallon, NV 89406

March 26, 2025

Call to Order:

The regular meeting of the CC Communications was called to order at 2:00 PM on March 26, 2025.

PRESENT: Commissioner Matt Hyde
Commissioner Eric Blakey
Commissioner Myles Getto
General Manager Mark Feest
Chief Financial Officer Jamie Hyde
Administrative Assistant Shelly Bunyard

ABSENT:

Public Comment:

Chair Matt Hyde asked if there was any public comment but there was none.

Verification of Posting of Agenda:

It was verified by Shelly Bunyard, Administrative Assistant, that the Agenda for this meeting was posted on the 20th day of March, 2025 between the hours of 1 pm and 5 pm at all of the locations listed on the Agenda, in accordance with NRS 241.

Consideration and possible action re: Approval of Agenda as submitted or revised:

Commissioner Myles Getto made a motion to approve the Agenda as submitted. Commissioner Eric Blakey seconded the motion, which carried by unanimous vote.

New Business:

A- Consideration and possible action re: Presentation of the 2025 - 2026 Fiscal Year Budget Workshop

Mark Feest, CC Communications. For those of you who haven't been through this before, we go through this PowerPoint slide which summarizes and highlights what is actually in the book. We don't go through the book unless you want to dig deeper and flip through the book. We will briefly go over how our process goes at CC Communications. We will talk about the challenges and accomplishments over the last year and the challenges going forward, revenue forecasts, financial overviews and a discussion of where the capital budget is being spent. We will also talk about projects and actions. Action is really the actions we are taking to address those challenges to try to be financially viable as we move forward. Next slide.

2025-2026 Budget Process – We use we use incremental budgeting that is in comparison to zero base. We don't go back to zero and start every line item from the beginning. We look at last year's budget to actuals. We look for things that didn't work out like we thought they would and then dig deeper into those areas to see how the budget needs to be changed. We look at the progress we are making in the competitive areas. I refer to those often as CLEC (Competitive Local Exchange) which is just an old Telecom term. Next Slide.

Primary Challenges – These are the things that are most concerning when I look at our budget and how we need to spend money and how we are going to project the ability to be financially viable.

Inflation – The 2.89% has calmed down a lot year over year. I think that is not representative of our industry, because when you have 42.5 billion dollars pent-up, all the inputs in our industry are still probably seeing 7 or 8% inflation. The 32.2% increase over the last decade. The reason I mention the last decade and the 27.5% inflation since 2017 is because it ties back to things we are doing and how the evolution of our revenues and expenses has occurred over the last decade.

Downward Pricing Pressure – Year over year we see 9.4% decrease in national average price for broadband. That means you're going to pay 9.4% less for 100 Mbps this year than you did last year. That particularly impacts us here in Churchill County in the footprint of Charter. They are probably the biggest driver of downward pricing pressure in the United States. The real broadband internet speed prices decreased 59.9% over the last decade and 21.4% since 2017. It's a challenge dealing with specific inflation to our industry and not being able to charge more. What in reality we do is, since we can't charge more, we try to move people up on plans but you're just giving away more internet and more things that were addons, which then you have an attrition from both customers because of pricing challenges as well as revenue. Next slide.

Significant Factors Impacting Budget Process Overall (1) – CLEC which is an old term for a competitive area revenue opportunity. Those opportunities are outside the Churchill County footprint.

Downward pricing pressure and relentless competitor marketing. You probably receive two or three mailers a week like I do from the competitor. When I drive to work and listen to the radio and when their commercial comes on and I switch it to the next station and the second commercial I hear is their commercial. That impacts how we budget.

Customer preference means eventually probably only 20% of people will have a phone line. A decade ago, it was well above 80%.

Transport network and Business Product Catalogue – This is the network we are upgrading right now. I received great news today. The network is in, that's the \$2.5 million plus labor to put the network into upgrade from the Juniper Network. It adds layer 2 and layer 3 services, as well as being on a network that will be supported going forward. The other network has lasted for 12 years. Getting Twelve years out of electronics, is pretty good. It still works but only gets layer 1 and we receive no support.

Commissioner Matt Hyde. So, Eric knows, there's no support.

Mark Feest, CC Communications. Yes, when they decided to go away from the product basically everyone who worked on it retired or moved to another company. Anyway, we spent that money on the network, and it is physically installed in the north route, which is Fallon to

Leeteville Junction, Carson, Silver Springs and then back through Tahoe Reno Industrial Center, 200 South Virginia Street and over to 220 Gardner Street, Reno. We have migrated customers onto this system now. The other one has been installed but we have been having a testing error issue that has been unexplained for some time. Initially the network tested completely clean and then the consultant came to test it, and it didn't test clean. The theory from the people who installed it was that the consultant messed the test up. It was re-tested again. Jason McCloud had to go to Tonopah and tested the network again. The test came back clean. We will now move to migrate all of those circuits north to south onto this new network. We have spent a lot of money on the transport network but then on an ongoing basis we need to have people and consultants that understand the network. Our consultant at JSI now has gone and become a certified consultant for Ribbon, which is the brand of this transport gear.

Grant Projects is the other big thing that impacts our process over all too. Next Slide

Significant Factors Impacting Budget Process Overall (2) – Capital requirements for out of area Broadband projects. Capital Spend for Fixed Wireless Solutions. I'll go through the Capex and what those are for. Changes to the regional long-haul landscape. With all the new data centers that are up north, it means more national providers and large regional providers are coming to do the exact same thing that we've been doing for several years. Going after that, revenue is a downward pricing pressure as well as maybe better positioned to compete for an Ebay client than we are. We carry Ebay traffic, and they don't even know it's us. Basically, it's someone who is bigger and better at getting in front of customers who has sold them that as part of a better package and we resell it through them. I see there will be something that will happen more in the future. Staffing requirements we have to have a better business sales team than we have in the past. Next Slide

Significant Factors Impacting Network Evolution – Competition and downward pricing pressures. Redundancy and reliability. The spending will always be there to make sure we have redundancy and reliability. We are never going to win on a price against a national provider. We have to be prepared when people get upset that they can come to us and never give them a reason to leave us. That goes back to staffing requirements both in the ability to maintain this equipment and to communicate the value proposition.

Accomplishments (1) – Approximately 37% complete with the Spring Creek Association Grant construction. IPTV wind-up was within an acceptable range for customer attrition. Fiber to the Home in Churchill County transitioned to internal crews. We don't have much left; they are small jobs. We are handling those with internal crews now. Agreement with Storey County for Fiber to the Home. I was told today that we are 28% complete on the mainline for Virginia City.

Sherry Widemann, Comptroller. Are these percentages at year end?

Mark Feest, CC Communications. Yes today. Actually, we just filed the report which was not actually due. It was done a month before it was actually due. We were told we were late by 20 days, but we were actually early by 10 days. The percentage was 37% on that date.

Jamie Hyde, CC Communications. Then it's 28% as of today.

Sherry Widemann, Comptroller. Thank you.

Mark Feest, CC Communications. Accomplishments (2) – Successfully test of the Tarana Wireless and is ready for addition to services. This is in the budget. Physical deployment of the C15. That is our Switch and it's completely installed and migration is supposed to be completed by April 1st. We have had contact with those big customers, including the County and the Sheriff's Department. We're having a bit of an issue contacting the base. It's difficult to find the person at the base who has the authority to handle our notification of the migration. It should go great. If it goes bad, I'm not positive someone will say you didn't tell the right person. At our meeting today, I said we need to have some written documentation notifying the base. That's physically deployed and is waiting on migration. The Ribbon equipment is physically deployed and now because of the second 16-hour test that was perfectly clean, we are ready for migration.

Benchmarks (1) – We look at benchmarks every year on an ongoing basis when they come out. We have good sources of benchmarks. Our cost accountant, Moss Adams, has 280 clients that are independent rural ILECS that are subject to USF, like us or are part of the ACAM. Those are two different types, ACAM and the Legacy Program. About 52% are on the ACAM program and 48% are on the Legacy Program. We also have benchmarks that come from NTCA, which has about 700 members who also have to be incumbent rural ILECS to be members. As an industry they like to use EBITDA which is Earnings Before Interest Taxes Depreciation and Amortization. I think we should be strictly looking at earnings before depreciation. If I want to do a benchmark, I have to go off of EBITDA. When they give us the numbers of those 278 companies, they are giving me EBITDA less USF benchmarks. EBITDA less USF started a couple of years ago. What that is, is you take the EBITDA but back out all revenue that came from USF. It is the most useful number when comparing our benchmark standpoint. It's because you have very little control over how much USF you receive. We were offered ACAM but it didn't work. When you calculate EBITDA less USF, you're talking about the things you control as a management team.

Revenue per employee. Payroll as a Percentage of Revenue. Revenue per Broadband Subscriber and Capital expense as a percentage of revenue. Next Slide.

Benchmarks (2) – Here is the benchmark, 278 companies. They don't tell you who the other companies are or who their own customers are. Every ILEC client of theirs goes into their benchmark study. They say EBITDA is 39.9%. In 2023/2024 we were 37.1%. This year annualized we are at 42% and our budget is calculated 47%. EBITDA Less USF is far more important than EBITDA because you're backing out the USF revenue. There are some places that have \$14 million in USF and they have \$18 million in revenue. That has to be backed out first to see really what matters in the decisions you're doing. EBITDA Less USF is only at 2.6%. If their EBITDA Less USF is \$10 million, then they made \$260,000.00 at the 2.6%.

Sherry Widemann, Comptroller. What's USF?

Mark Feest, CC Communications. Universal Service Fund.

Sherry Widemann, Comptroller. Is that a subsidy thing?

Mark Feest, CC Communications. Yes

Jamie Hyde, CC Communications. Yes

Mark Feest, CC Communications. That's why I say if you back out the USF revenue, you will have a better understanding. That's the argument right now at the FCC. Is it just the formula or is there discretion that has been wrongfully delegated? We are at 4.7% in the last fiscal year. The annualized calculation is 8.7% and the budget is 16%.

Revenue per Employee, their average company is \$440,415.00. For every employee they have, that is how much they generate. We were at \$479,465.00 last year, Annualized is \$540,519.00 and our budget is \$556,780.00.

Revenue per Broadband Subscriber, their average company is \$3,360.00. We were at \$3,673.00 last year, Annualized is \$3,683.00 and budget is \$3,767.00. There is barely growth here and that is because of the downward pricing pressure that has occurred.

Payroll Percentage of Revenue, their average company is at 28.1%. We were at 27.5% last year, annualized 26.1% and budget is 26.04%. Our payroll is a less percentage of our total revenue than their average. We are getting more for our broadband per subscriber. We are crushing the revenue per employee and EBITDA Less USF.

CAPEX Percentage of Revenue, their average company is 24%. They say you spend a quarter of your revenue on capital expense. I'm not a fan of this and we don't need to follow them. A lot of these we match they say would do a lot better. If we're doing a lot better, I won't look at their decision and question if 24% is the right number. I don't think it is correct, but it's also driven by whether or not you compete with Charter, Cox or no one. Ours at 19% was low because we had this pent-up cash we needed for the grant matching. It took so long to process these grants. That's what we are seeing for the year 2025/2026 calculates at 32%. It will probably average somewhere in the neighborhood of what average is. It's important because one we are annualized, and we are more than halfway through the year. We have had the three-paycheck month, etc., so the annualized calculation will come out pretty accurate. The numbers and percentages look really good on this table as they go up and then you add the efficiency of an employee. In looking at that, in 2023/2024 to 2024/2025 annualized, we are going up 13.2% and then 11.9% percentage growth EBITDA. We are 3.5 times better at producing EBITDA Less USF annualized and 6 times better next year. Our employees are 20% more efficient this year, increasing 20% more revenue and 25% more revenue the following year. I think that number states we are right sized. I think there are still a lot of companies that are still overweight. I am confident in this number because currently at \$24 – 25 million in revenue, we are tracking at 2% off our entire budget annualized from the budget Jamie turned in. With the budget we are going on now, we will be off from an EBITDA standpoint by \$198,000.00. I would argue the reason we are off by \$198,000.00 is some revenue that was attributed to grants

or we would be doing better. That 8.7% to 16% and the 42% to 47% is because the grant has been pushed out. If it had come this year, you would have seen smoother, less dramatic growth of EBITDA Less USF. I am confident in the benchmarks produced by Moss Adams and that we are performing extremely well. When we bring you this budget today, it should be pretty accurate because of the track record of accuracy. Next Slide.

Actions (1) – I have a lot of concerns about the downward pricing pressure. We have actually seen within the footprint we have competition with Charter and 8% loss of customers over the last 2.5 years. That includes the portion of time when we got out of the TV service. In the footprint where they can choose them instead of us, there is a loss of customers. I am very concerned about it. Actions will be enhancing the broadband customer experience. We have a lot of focus on our key performance indicators for our NOC. I'm not sure if there is much room for improvement when you have minimum truck rolling and people's trouble tickets are resolved on the phone for the most part. The trouble ticket rate is below the average trouble ticket rate. I found some benchmarks regarding what a trouble ticket is. When it's broken down, is it actual network or is it really a customer problem or something else. That's one thing we will look into further. We will also look further into any truck roll that happens or any repeat tickets. We just recently learned that the system was set up so that if you used a different ticket code, it did not flag as a repeat ticket within 30 days. We have changed it so now if there is a ticket at that address again, the system will flag it as a repeat. Next Slide.

Actions (2) – We will be enhancing our business catalogue and sales efforts to develop and maximize fiber assets outside of Churchill County. This investment in Ribbon, the layer 2 and layer 3 services, will do a better job of defining what that business product is and being uniform in the delivery of it.

Growth opportunities in other counties through grant partnerships. Currently we have Storey County, and the Yerington Paiute Tribe is currently in the environmental process. We thought we had completed the Fallon Paiute Shoshone Tribe, but five minutes before the meeting they asked another question that was not simple. We think the question has been answered and we are ready to move forward. Next Slide.

Capital Expense – The Capital Expense for this year just shows you in TEL it's \$1,866,302.00; Broadband it's \$270,428.00 and CAP it's \$4,338,842.00. In the upcoming year, TEL is \$1,573.347; Broadband is \$571,094.00 and CAP is \$5,906,906.00. That \$5.9 million is some of the outer variant things including Storey County and the Tribe. Next Slide.

Capital Projects (1) – In Churchill County, we have 961 locations that can't receive 100 Mbps. This year, with our own crews we will take fiber to 221 locations. We will use Tarana for 740 of those locations. We will place the Tarana in such a way that you can probably get 300 Mbps, that we will sell in a 250 package.

Network Upgrades – Reliability and redundancy. We have to do something called TDM Circuit Emulation. You have to have what looks like a TDM Circuit to do circuit emulations. You can't buy the equipment for a TDM anymore. We will need to upgrade that. The VSP Replacement, which is some switches. The DHCP (Dynamic Host Configuration Protocol) which hands out

IP addresses. We will need to transition from IPv4 to IPv6 which will have to be done in parallel. We will then further remove things that used to be behind the firewall that will just go straight to the customer from here on out. This is something we have wanted to do for a long time. The problem was we needed more IP addresses. It was difficult to get IPv4 addresses. Now, we have a plan and are in the middle of the DHCP server upgrades which will be handled by JSI. They load them and send them to us and then we install them. Commissioner Hyde knows that if we had an issue, it was almost always firewall and or DHCP server. We are removing those now from being problems. We have already partially removed them, but the IP addressing was always an issue. Next Slide.

Capital Projects (2) – Virginia City project is in progress. ETA completion will be in the 2nd quarter 2025/2026. If the weather goes smoothly, then it'll be done before then. The target annual revenue from this project is only \$315,000.00, but Storey County is paying for the project.

Virginia City Highlands will commence after the Virginia City project. ETA completion will be in the 2nd quarter of 2026/2027. The target annual revenue from this project is \$565,000.00 and Storey County is paying for this project too. Next Slide.

Capital Projects (3) – Spring Creek Association project is 37% completed. Tract 400 is complete, which is about 1800 of 5400 homes. Now, we're in progress with Tract 300. We are targeting about 1300 to 1600 homes in fiscal year 2025/2026. At that time, we will be 57%-63% complete. Next Slide.

Capital Projects (4) – Tarana project in Churchill County. Tarana is the newest type of radio that is much more efficient and reliable than radios have been historically. We will address remaining copper locations that are uneconomical to reach with Fiber to the Home.

Create a wireless redundant last mile network. We will have capacity on the Tarana equipment. The concept there is if you're a business that wants to make sure you never go down, the ONT can take in the antenna remote node that is wired into the ONT. The fiber is wired in the ONT too and if the fiber last mile goes down, you can then switch right over to the Tarana. The next step is measuring demand for redundant middle-mile network products. Let's say the fiber goes down and you're switched to Tarana, that's how you will get back to our central office. Let's say, that was the issue and getting back to Reno and Las Vegas is also the issue. We'll measure demand because that is not a cheap fix to add to that redundancy. We now have the ability to put up 100G links in and out of Fallon and they are diverse to Leeteville junction. We do have diverse routes out of town, and we have the ability to do 100G. We used to only be able to do 10G increments. If one side failed, then you would be choked during peak hours on the other side. That won't happen anymore, once everything is migrated on the north south route. Next Slide.

Capital Project (5) – Tarana's target is \$1,800 cost per customer. It's not per location like with fiber. With fiber you pass everyone and if your cost is \$6,000 per location to pass them and you get 50% of the customers, it costs \$12,000 per customer. That's a pretty realistic number of

what occurs. With Tarana, you pay by customer at the remote node. You're out about \$1,800.00 per customer to get them on something that goes to up to 300 Mbps.

The revenue target is \$105,000 for our first deployment and will be \$105,000.00 annually.

We will need to finalize the location upon the tower and backhaul. That is in the budget, but we don't have a location yet.

Capital Projects (6) – Tribal Grants. The Yerington Paiute Tribe is in EAS at NTIA. It's completely done. It should be categorized as an exemption, and it will just be the period where it's published. I think it's 90 days of publication.

I thought we had final agreements completed with the Fallon Paiute Shoshone Tribe, but they put it off. As soon as it's completed, we will start the EAS. I have actually sent all the material to the company who completed the Yerington Paiute Tribe EAS. They have everything to start the EAS for the Fallon Paiute Shoshone Tribe and the TeMoak Tribe. As soon as the 6-month plan starts, we can start ordering equipment. It should be a very quick build.

2024-2025 Annualized Compared to Budget – Telephone. This just shows regulated and deregulated revenue annualized versus what will happen next year. You see a slight decrease in TEL and a big expense increase in TEL. You don't need to worry about that because money moves between the funds in order to pay for those items that are in the cost study. It's always important to just look at the CAP, Broadband and TEL funds all together because you're using the same equipment across all of them. It's the regulated and deregulated issues that cause where you're accounting for them. We still have a net income of \$2 million projected. It's \$3,298,665.00 this year, however, \$2 million amount is after the \$850,000.00 has been paid over to the county. Last year, \$850,000.00 wasn't paid or it would have come out of the \$3,298,665.00 amount. The PILT is what we would have paid in taxes, which we paid last year, and we pay that every year. Next Slide.

2024-2025 Annualized – 2025-2026 Budget All Companies. This slide is the combined amounts with all of the companies together. You're seeing revenue growth, despite the fact that we have gone down by about \$1.2 million that we used to collect for TV services. The offset to \$1.2 million we collected from customers was the \$1.6 million in expense to offer the service to them. It's good to see revenue growth here after already pulling out \$1.2 million. It does have a lot to do with the grant funded projects which we expect to go. We are basically flat on expenses and that's where you end up with a little more net income. The Capex is required to go in there at a little higher rate than we did last year. This is off by about \$55,000.00 because we do not have insurance with the county. We did get a quote from a different company that actually went down a little. When we compare the two insurances, the county plan is a little better than what we were quoted. We think from a long-term perspective; we need to be together with the County. The final budget will reflect an increase of around \$55,000.00 for that insurance. We used to be with the County. There was a little disagreement back then because CC Communications had a massive loss ratio. There were multiple people with significant illnesses and dependents with significant illnesses. At that time, CC Communications probably had around 90 to 95 employees. There was just massive loss of claims. CC Communications

then went separate ways which I wasn't a fan of. Over time at some point the bad luck hits this group and some point it hits that group. That's why you want a bigger group. It is a cost to CC Communications to rejoin. I believe we need to stay together long term for insurance to keep the bigger pool. As we do this, it is the intention that we don't go back and get in a dispute because somebody has a bad year. Next Slide.

Estimated Income Current Budget Year 2024-2025 – This slide is just graphs that show the same thing as what was on the last page.

Net Income Projections Budget Year 2025-2026 – This slide is the graph that shows you the same thing that was on the last page before the budget.

Summary – Actions to address downward pricing pressure is making better reliability and redundancy; customer experience and introducing the wireless offering for a customer that wants a lower end package as well as creating more reliability and redundancy with the fail over potential. We will focus on broadband outside the County in Capital Expenditures. We plan to enhance the business product catalogue and sales. We plan to continue the benchmark financial performance and staff utilization. Are there any questions.

Sherry Wideman, Comptroller. I see the capital expenses are higher and yet our PILT seems pretty flat. Shouldn't it be going up because you're spending money on capital and get more tax.

Mark Feest, CC Communications. No, absolutely not.

Sherry Wideman, Comptroller. Why not?

Mark Feest, CC Communications. Could you please repeat the question?

Sherry Wideman, Comptroller. I see that you have lots of capital expenditures and I think that would be reflective in the PILT that's paid to the County. It seems pretty flat. I was just curious why that is.

Mark Feest, CC Communications. That's a great question. The County fails to produce a tax bill.

Sherry Widemann, Comptroller. That's not the information I got from the Assessor's office. They said they failed to receive reports from CC Communications.

Mark Feest, CC Communications. CC Communications has provided the County reports repeatedly and has never received a tax bill, so we gave up.

Sherry Widemann, Comptroller. My understanding is they had asked questions and never received any response.

Joseph Sanford, Deputy District Attorney. There is a solution to be had.

Jamie Hyde, CC Communications. I know I asked the question for last year's budget and was given the response to just keep it the same as the prior year.

Mark Feest, CC Communications. It is a zero dollar impact to us. We have no reason to resist that. It all goes back in the rate of return. 40:15

Sherry Wideman, Comptroller. Doesn't it go under your subsidy?

Jamie Hyde, CC Communication. It does.

Sherry Widemann, Comptroller. That is where it goes here why I thought it was flat. I thought it was a win, win.

Mark Feest, CC Communications. It should be. There is absolutely no reason we would not have produced it. It actually benefits it because you want a rate of return on it. The County failed to do their job on this.

Jamie Hyde, CC Communications. The last question that was proposed to me is when there is a zero dollar amount on the reports that we provided them. That meant it was a retirement. That was where it ended, they asked me a question and I answered it. That's the last piece of information that I have. If they have more questions, I am happy to answer them.

Sherry Widemann, Comptroller. I just asked them if you did reports. They said they were waiting on reports. I was just curious.

Commissioner Eric Blakey. Are we talking about CC Communications and the Assessors Office.

Jamie Hyde, CC Communications. Yes.

Sherry Wideman, Comptroller. Yes, apparently.

Commissioner Eric Blakey. Can we get these two entities together and have a discussion? Do we need to be present for that discussion to make sure that we get on the right page and something is accomplished.

Commissioner Myles Getto. It sounds like CC Communications is already there. It's a matter of the Assessor's Office writing back.

Mark Feest, CC Communications. To me, it's an email, whether more people need to be copied so that no one is confused. Really, it's just an email.

Jamie Hyde, CC Communications. When I return back to my office, I will go back through to the last email chain I have with them. I will make sure I copy the Assessor and Mark on it, and we will revisit the issue.

Sherry Wideman, Comptroller. Thank you that was just my curiosity.

Commissioner Eric Blakey. Shall we copy Sherry and the Chairman of this board.

Jamie Hyde, CC Communications. That works.

Sherry Wideman, Comptroller. Sure.

Commissioner Eric Blakey. I think that's the only people that need to be involved at this time. What do you think? If we have been missing out and even if it was only going up at \$20k per year.

Jamie Hyde, CC Communications. Yes. It's easier for us.

Sherry Widemann, Comptroller. Yes, it looks like on this budget it's a little higher than the last one.

Mark Feest, CC Communications. There is an offset though, right. If you depreciate \$10 million and you put in \$8 million.

Sherry Widemann, Comptroller. That's why I don't know what the calculation is because of the whole depreciation, unsecured and secured.

Mark Feest, CC Communications. Yes.

Jamie Hyde, CC Communications. The last time I was given a new number was when Lori Mookini left. I've never had an increase since that time. I've turned in many declarations.

Sherry Widemann, CC Communications. I haven't seen it since 2020 or something. Another question I have is if someone is on copper, will they have to go to the tower thing or will you be offering both.

Mark Feest, CC Communications. Tarana?

Sherry Widemann, CC Communications. Yes.

Mark Feest, CC Communications. No, I don't think they are going to force somebody off of that. That is not a plan to force someone.

Commissioner Matt Hyde. Typically, in areas where they're going with Tarana, you will never get any sort of speeds on the copper.

Mark Feest, CC Communications. Yes, you just won't get any speed on the copper. We have tested Tarana with telephone. Someone was able to talk on the phone for an hour, which they haven't been able to do in years. We also record the packet loss on it. The phone should also work too on Tarana.

Commissioner Eric Blakey. If someone has copper and you have enough people in that area to put up Tarana, will it cost the customer any more money to do the switch.

Mark Feest, CC Communications. No, it wouldn't change it at all.

Commissioner Eric Blakey. So, there's no impact on the customer.

Mark Feest, CC Communications. No.

Commissioner Eric Blakey. Is there enough people in one area or does size matter?

Mark Feest, CC Communications. It's a multi-cast. If you're within the propagation map, it doesn't matter if you have it and your neighbor doesn't have it. We will aim it at areas that are copper.

Commissioner Eric Blakey. You wouldn't put it in an area where you know you can only get 10 people on it.

Mark Feest, CC Communications. It's big area. It's 90 degrees from the tower out. It has a little based on elevation.

Commissioner Matt Hyde. They have some really great software, where you can take an app and test it. It will show you what speeds you will get here and there within the area Tarana reaches. You can see Jesse Lattin and he can show you at the office if he still has it up.

Mark Feest, CC Communications. Jesse drove around in a truck and on his laptop looked at the map. He then put the receiver in the back of the truck and looked at the laptop to see if the propagation map matched from what the program created. He did this to verify before investing in this equipment, so that we know the customer will be getting what we have advertised.

Commissioner Matt Hyde. From what I saw, it was extremely accurate.

Commissioner Eric Blakey. Ok

Sherry Wideman, Comptroller. Are you just going to put it out there and people will just use it and not know the difference?

Mark Feest, CC Communications. No. There has to be a remote based node installed at their house. They will know.

Sherry Widemann, Comptroller. Thank you. I was just curious.

Commissioner Eric Blakey. You had spoke about getting the word out and trying to sell more product. Do you have an opinion on maybe doing more advertising in other areas that we have not done it in or are there areas we can do it in.

Mark Feest, CC Communications. One of the challenges here, is that the Ad buy is so much dictated by Reno, whether it's radio or TV. That Ad buy is Reno Market. Charter competes at every location where that Ad buy hits, we have this little, tiny area. It's uneconomical for us to advertise in that way. We have been looking at a company that door knocks on a straight commission basis. We will definitely do that in Elko and I'm not sure if we'll do that in Churchill County. I have a feeling that they might be a little aggressive in such a way that our historical positioning in Churchill County will be less agreeable. We see the customers here have different expectations for us than the customers in Elko. They absolutely do.

Commissioner Myles Getto. Are you saying that ours are spoiled?

Commissioner Matt Hyde. I can say they are really well taken care of.

Mark Feest, CC Communications. All I hear is that there is blow back if you want to do a standard install in Fallon. From the beginning we have done a standard installation in Elko and have never received a complaint. There are some oddities here. I don't know if a door knocking with an aggressive out-of-town salesperson is a great idea in Churchill County.

Commissioner Eric Blakey. Ok, you spoke about the day you were having a problem with the fiber and you determined that maybe the consultant had a bad test.

Mark Feest, CC Communications. The first time there was an issue. The SFPs were swapped out, the vendor got a clean test and then the consultant does his acceptance test and receives a bad test. There are some theories. It ran great for a while and there is a theory that someone got into the colo. When you go down the highway to Las Vegas and you see a prefab building on the side of the road next to a cell tower, there might be three people in the building. No one is dropping other than us. The theory is someone else might have gone in there and bumped us. There is a theory that when he set up a test set, he did not get it completely in. There is a time stamp on it when he left and when he slams the door behind him, it didn't fall out. There are some different theories. When they retested it for 16 hours last night, there were zero errors.

Commissioner Eric Blakey. Did it cost us a lot of time between the bad test? Did it cost use any revenue?

Mark Feest, CC Communications. No, not revenue. It cost us a couple of phone calls and someone driving to Tonopah.

Commissioner Eric Blakey. No period time like two weeks or three weeks.

Mark Feest, CC Communications. No. This whole thing has probably cost us about two months so far with these issues.

Commissioner Eric Blakey. Because of the bad test?

Mark Feest, CC Communications. Yes.

Commissioner Eric Blakey. You talked about the Virginia City project. Once it's installed, who's responsibility is it to maintain.

Mark Feest, CC Communications. It's 100% our responsibility.

Commissioner Eric Blakey. It's our cost.

Mark Feest, CC Communications. Yes.

Commissioner Eric Blakey. You said that on Tarana it's \$1,800.00 return per customer once they sign up.

Mark Feest, CC Communications. No, it's \$1,800.00, cost per customer once they sign up. That will be a decline in costs when you compare it to \$6,000 for fiber cost per customer. When you take fiber to them, you may not capture them as a customer. The \$1,800.00, is their fractional share of the base node, plus their 100% share of installing the remote node.

Commissioner Eric Blakey. Does the customer have to have the service for one year to return that cost.

Mark Feest, CC Communications. No, those customers, it's about 24.3 months to return the cost.

Commissioner Eric Blakey. Ok. I had questions about the downward pressure and what was causing it, but you answered those questions during the presentation. Thank you for that.

Commissioner Matt Hyde. The problem with the testing is, it could be as simple as the fiber not being cleaned correctly. It takes micro dust, and if you don't dust cap it's a problem.

Mark Feest, CC Communications. It tested fine after everything was gone back through, cleaned and dust capped.

Commissioner Eric Blakey. There are no concerns or issues we have with the consultant.

Mark Feest, CC Communications. No.

ACTION REQUESTED: None; Informational Only


Affidavit of Posting:

Public Comment:

Chair Matt Hyde asked if there was any public comment but there was none.


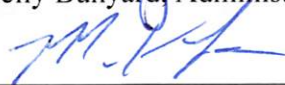
Adjournment:

The meeting was adjourned at 2:53 p.m.

APPROVED: 
Matt Hyde, Chairman

APPROVED: 
Eric Blakey, Vice Chairman

APPROVED: 
Myles Getto, Commissioner


Shelly Bunyard, Administrative Assistant

Mark Feest, General Manager/CEO