Executive Summary
JCREMC/JCFiber - Project Southwest Trafalgar

Project Summary
This $1.26 million fiber to the premise project, seeking a $420,000 grant, will serve 460 households in southwestern Johnson County that don’t currently have access to true high-speed internet. The project is spearheaded and backed by Johnson County REMC (JCREMC) which over the past six years has privately invested over $5 million in fiber assets and partnered with NineStar Connect to serve retail broadband services to numerous commercial clients, municipal institutions, schools, and residential consumers. Through JCFiber (JCFiber.com), JCREMC is ramping up its efforts to close the digital divide in its rural territory. Residents will be able access broadband per-second upload and download speeds ranging from 75 MB to 1 GB. Commercial entities will be able to access up to 10 GB speeds along with other data, information technology, and phone services. Project partners include JCREMC’s middle- and last-mile fiber subsidiary Effective Systems Fiber Network, JCFiber and NineStar Connect, and the Lamb Lake Estates Lot Owners Association. JCFiber has operated a proven and successful business since 2013 and is now poised to find solutions for serving unserved or underserved rural areas starting with the Southwest Trafalgar Project.

Geographic Location and Passings
The general location of Project Southwest Trafalgar is Hensley Township in Johnson County, IN. It is a rural area south of State Road 135/252 between the towns of Trafalgar and Morgantown that extends to the southern Johnson County line. The east and west boundaries are county roads 300 W. and 700 W. The area encompasses all homes, businesses, and anchor institutions in the general area of the project, as well as the homeowners surrounding Lamb Lake. A total of approximately 460 passings, all of which are JCREMC electric members, will result from the project. Per the FCC form 477 maps, most of these passings are identified as underserved, but we provide evidence in Exhibit 2.1 that the majority are unserved according to the 10/1 standard.

Applicant’s Involvement, Management, and Sustainability
JCREMC is serving as the facilitator and lead applicant for the project. It is also committed through board resolution to financially support the entire project. JCREMC financials demonstrate its ability to self-finance the project. Operationally, the project will be sustained through existing and proven business operations that have been established for years. JCREMC began its involvement in fiber in 2012 when it began installing a fiber ring to support various distribution automation functions. The fiber ring investment was moved into its subsidiary, Effective Systems Fiber Network (EFSN), and shortly after, JCREMC began planning to provide retail broadband services throughout its territory.

By 2013, the JCFiber partnership was in full operation, selling broadband fiber-based services to commercial entities, municipalities, and schools. JCREMC’s partnership in JCFiber is with NineStar Connect. NineStar Connect represents a merger between the former Hancock County REMC and Hancock Rural Telephone Cooperative. This partnership has proven to be extremely valuable, providing access to extensive telecommunication expertise and services. In 2018, JCFiber operating revenue was...
$954,147 with positive cash flow and profit margins. JCFiber began providing residential services along existing fiber routes in 2017 and is excited to find creative ways to expand into unserved and underserved rural areas to close the digital divide in those areas.

Both the JCREMC and JCFiber boards have settled on a disciplined financial approach to limit risk and ensure sustainability. A reasonable payback period has been established, given the threat of competition (new entrants) and substitutes (wireless, satellite, lower bandwidth wired). To achieve our financial metrics, construction-in-aid payments will be required from residential consumers (one-time up-front payment of $225 for up to 500 feet from road) and private entities. For this project, the Lamb Lake Estates Lot Owners Association committed an additional substantial construction-in-aid payment to support the broader initiative. More details are available in their support letter found in Exhibit 6.

Our strategy for sustainability is to recover construction and installation costs over a short period and keep monthly service costs to a minimum as the initiative becomes more profitable. This will maintain appropriate cash flow to sustain JCFiber while providing a quality product at a competitive price for years to come.

**Quality of Life and Community/Economic Development Improvements**

Project SW Trafalgar addresses needs of the many families and businesses that lack the necessary strong and consistent internet connection required to eliminate the rural digital divide they face. These same families are disadvantaged in their long-term economic and educational health, as well as the quality of life. Through our survey efforts (see exhibit 2.1), we have included in the application packet numerous testimonial comments that highlight the challenges of the digital divide in this area. The benefits of expanding the JCFiber footprint in the area include:

- New business attraction, global reach, and economic development.
- Healthcare and telehealth opportunities.
- Agricultural advancements.
- Job and existing business growth.
- Real-time emergency weather and news updates.

Fiber is certainly an economic driver to a community. More residents will be able to work from home and small businesses will emerge. New businesses will be more likely to locate in the community bringing additional job growth to an area that would draw labor from other nearby rural areas in Johnson, Brown, and Morgan counties. Finally, expansion of the JCFiber footprint moves high-speed internet closer to other unserved or underserved areas that will eventually become part of the JCFiber expansion, thereby helping to close the digital divide in rural Johnson County and beyond.