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VerizonNorth Carolina Broadband

Verizon Telecom Operating Areas in NC

125,200 Lines

88,100 qualified loops-70% of total

80,780 qualified loops equipped – 92%

Broadband Deployed

Take Rates: Min – Max – Avg.

16% - 80% ----- 34%

111,500 Lines

104,200 qualified loops -93% of total

98,190 qualified loops equipped - 94%

Broadband Deployed

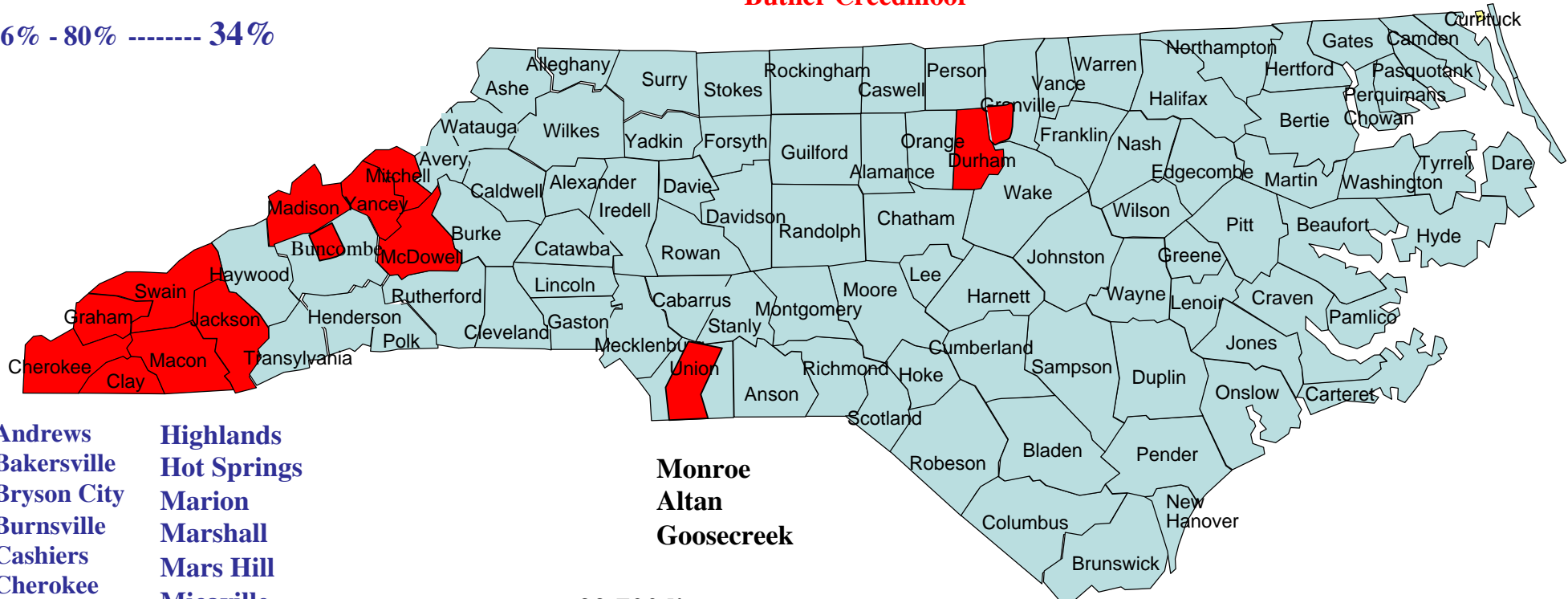
Take Rates: Min – Max - Avg

7% - 69% -----24%

Durham

Research Triangle Park

Butner Creedmoor



Andrews
Bakersville
Bryson City
Burnsville
Cashiers
Cherokee
Cullowhee
Fontana
Franklin
Garden City
Glenwood –
Providence
Guntertown
Hayesville

Highlands
Hot Springs
Marion
Marshall
Mars Hill
Micaville
Murphy
Old Fort
Robbinsville
Sevier
Suit
Sylva
Weaverville

**Monroe
Altan
Goosecreek**

22,700 lines

21,100 qualified loops - 93% of total

No Broadband Deployed

Verizon Telecom Operating Areas in NC

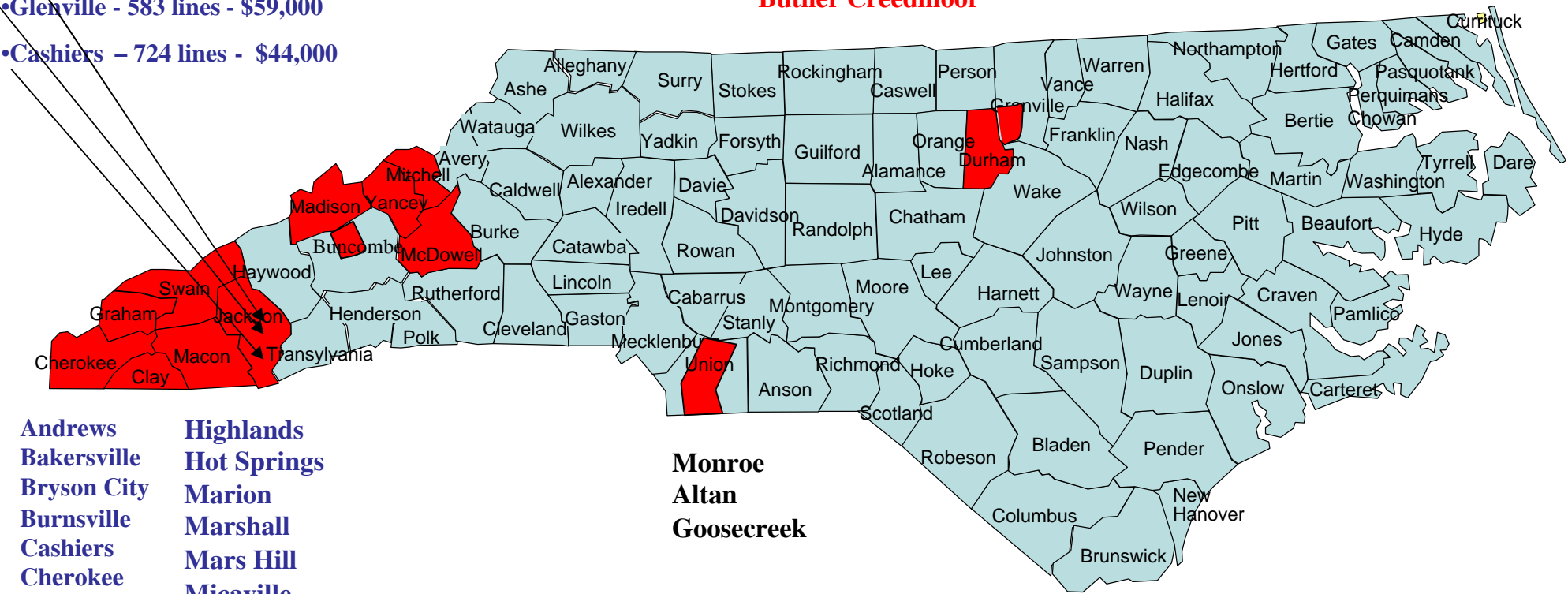
DSL Expansions are:

Expensive

(final estimated Capital Outlay)

- Cullowhee (Canada Remote) 220 Lines - \$42,000
- Glenville - 583 lines - \$59,000
- Cashiers - 724 lines - \$44,000

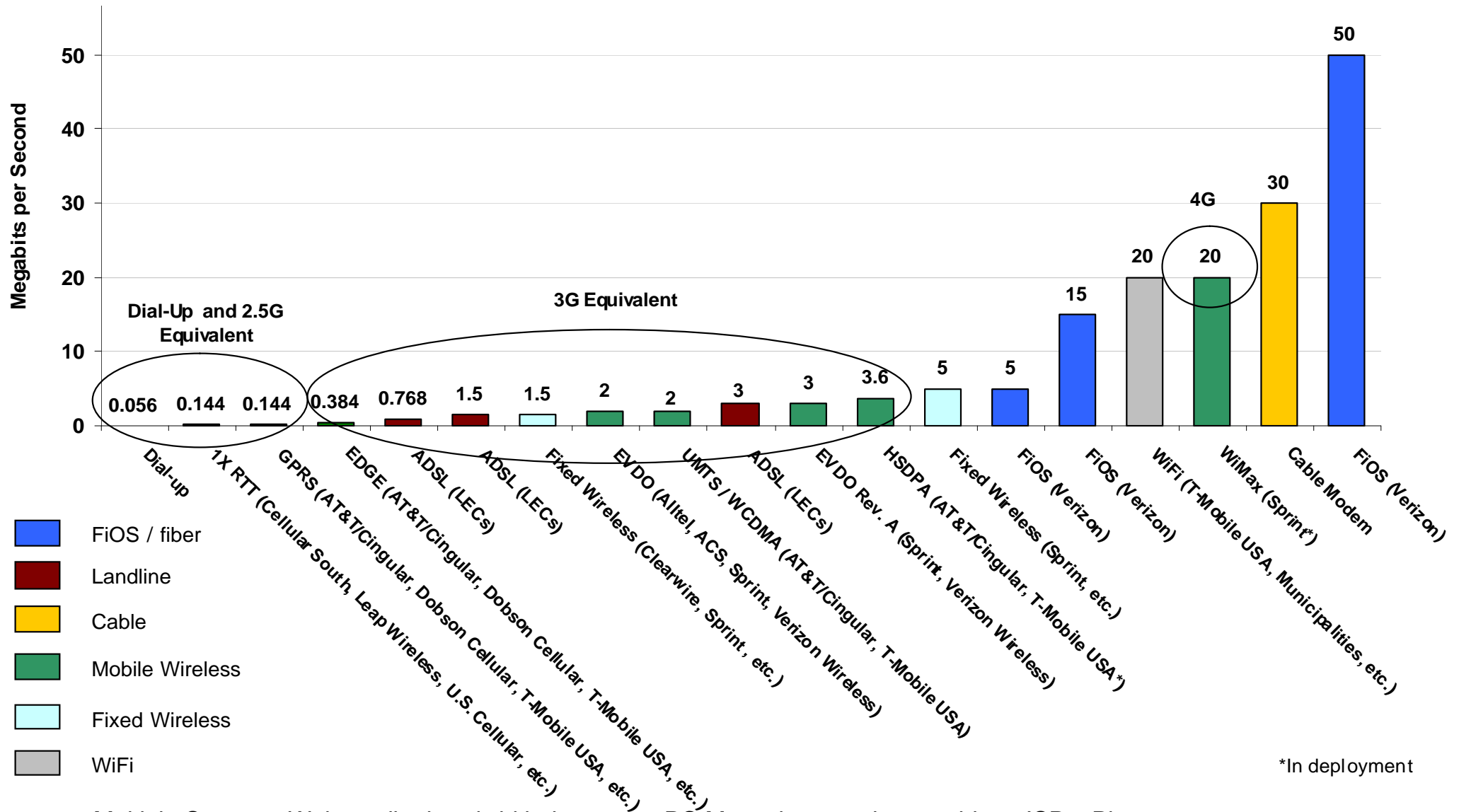
Durham
Research Triangle Park
Butner Creedmoor



- | | |
|-------------|--------------|
| Andrews | Highlands |
| Bakersville | Hot Springs |
| Bryson City | Marion |
| Burnsville | Marshall |
| Cashiers | Mars Hill |
| Cherokee | Micaville |
| Cullowhee | Murphy |
| Fontana | Old Fort |
| Franklin | Robbinsville |
| Garden City | Sevier |
| Glenwood - | Suit |
| Providence | Sylva |
| Guntertown | Weaverville |
| Hayesville | |

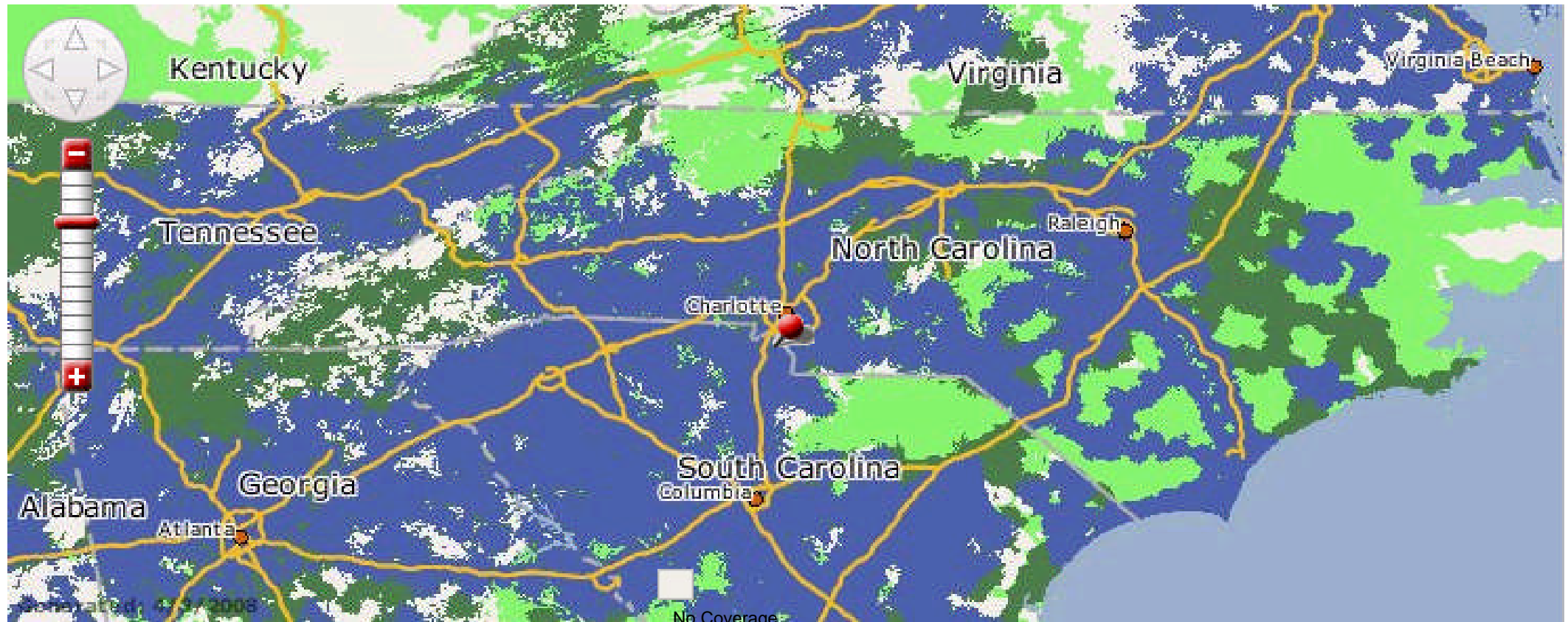
Monroe
Altan
Goosecreek

Estimated Maximum Broadband Download Speeds



Multiple Sources: Wikipedia, bandwidthplace.com, PC Magazine, service providers, ISPs, Phonescoop.com, etc.

Verizon Wireless ' NorthCarolina Broadband



Map Legend

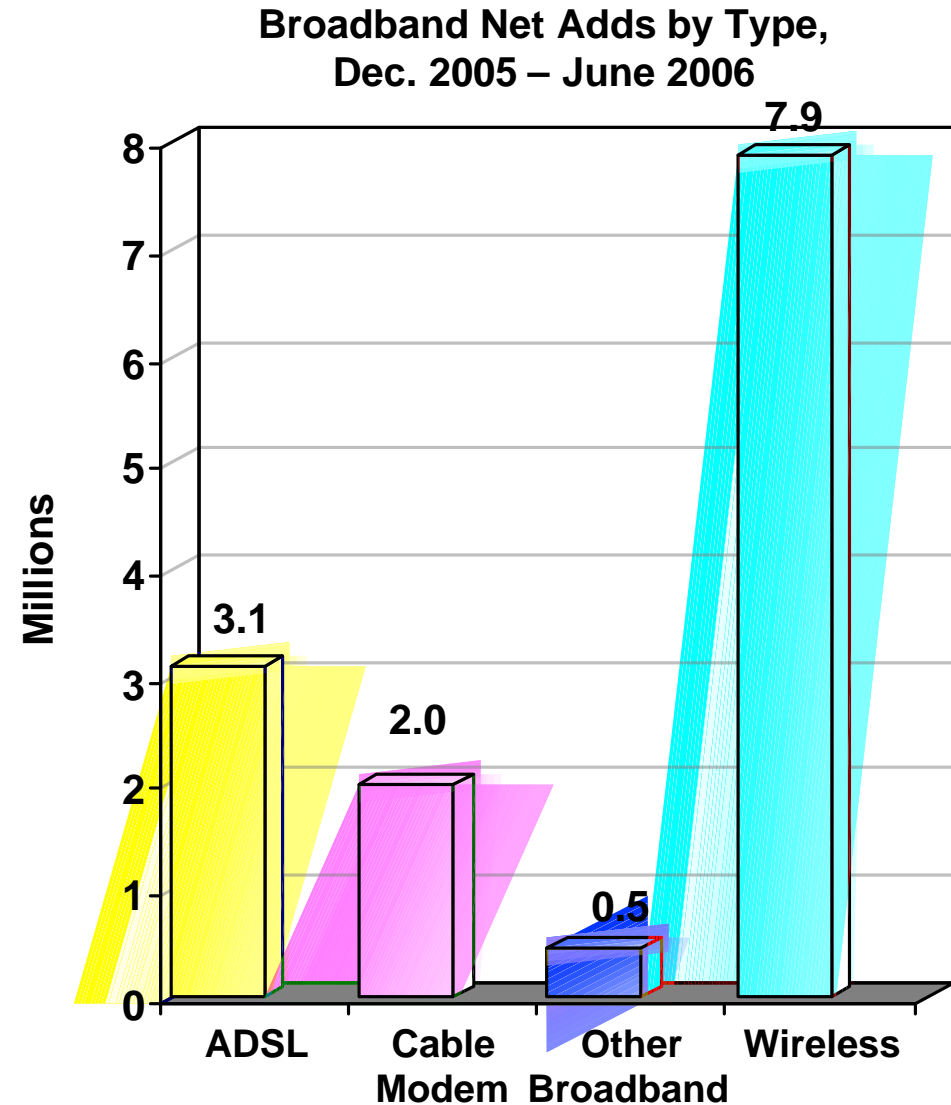
- **VZW Wireless Broadband & V CAST- (1.5d – 750k up)**
- Enhanced Services (Email – Push to Talk – Navigator)
- Extended Enhanced Services
- No Coverage

BroadbandGrowth

In 1H06, total broadband lines grew 26%, from 51.2 million to 64.6 million lines, and 59% of all adds were mobile wireless devices.

From June 2005 to June 2006:

- ADSL's share of total broadband lines fell from 38% to 35%
- Cable modem's share fell from 56% to 44%
- **Mobile wireless' share of total broadband lines rose from 1% to 17% of total broadband lines.**
- FCC considering changing to wireless broadband subscribers from current reporting of devices (we'd like it if all capable devices used the service!)



Sources: FCC Report on "High-Speed Services for Internet Access," Jan. 07.

High Speed Services for Internet Access: Status as of June 30, 2007”

NORTH CAROLINA

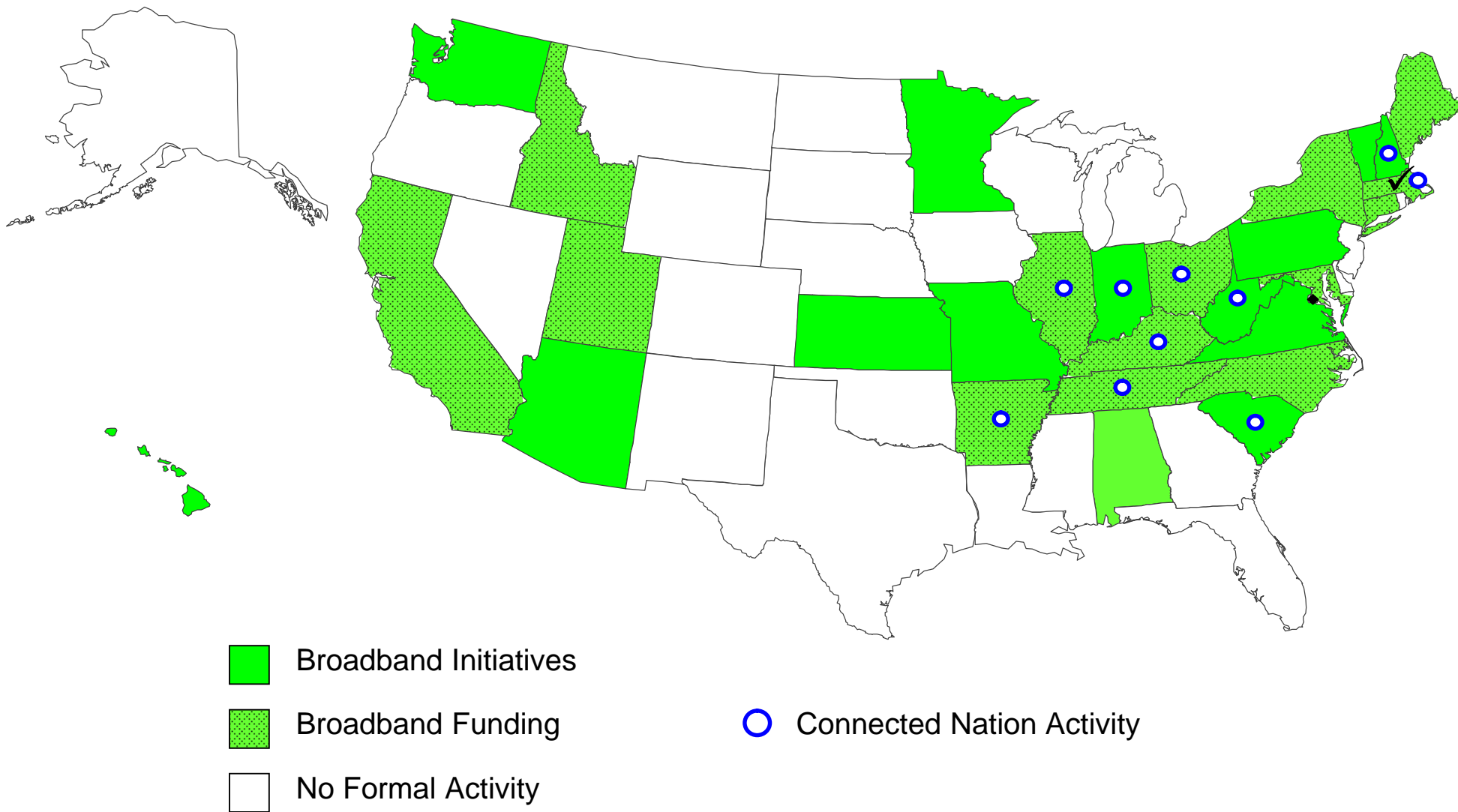
Twice a year, all facilities-based broadband providers are required to report to the Commission basic information about their service offerings and types of customers pursuant to the FCC’s local telephone competition and broadband data gathering program (FCC Form 477).

- **Providers/Subscribers:** 65 unduplicated providers = **2,894,042 subscribers**

	2001	2002	2003	2004	2005	2006	2007
Subscribers: 205,100		461,368	680,828	965,761	1,222,648	1,914,822	2,894,042
		125%	71%	46%	33%	53%	54%

Type of Service	Providers	Subscribers
• ADSL	33	725,396
• SDSL	18	24,100
• Wireline	20	21,531
• cable modem	13	1,134,075
• fiber	11	5,683
• satellite	Too few responders	Too few responders
• fixed wireless	8	Too few responders
• mobile wireless (CMRS)	5	750,000 + *(estimate)
• Power line and other	0	0

State Strategies for Broadband Growth



STATE BROADBAND FUNDING

Thirteen states have created a funding source for broadband to support public-private partnership initiatives, fund broadband deployment, or to provide funding for some combination of the two activities. Two states provide economic incentives for broadband deployment through the use of broadband tax credits or broadband equipment exemptions.

- **StateBroadband Funding / Economic Incentives**
- **1AR** Grants may be made by Science and Technology Authority to establish Connect Arkansas
- **2CA** Approx. \$160M
- **3CT** General Sales Tax exemption specifically for Broadband Equipment
- **4ID** \$ 5M *and* Income Tax Credit for Broadband Equipment
- **5IL** \$ 4M
- **6KY** \$ 7M
- **7MA** \$ 25M
- **8MD** \$ 2M from economic development assistance fund, plus additional \$ 14M
- **9ME** up to \$2.5M from 2.5% customer surcharge
- **10NC** \$ 3M
- **11NY** \$ 5M (addt'l \$15M requested)
- **12OH** Est. \$2.9M to Connect Ohio project during 2008-09 and \$3.9 million during 2010-11
- **13TN** \$ 4.17M for 2007-2008
- **14UT** \$ 1M

States with Broadband Funding / Economic Incentives for Broadband

- **AR** – The Connect Arkansas Broadband Act, passed in 2007, authorizes the Arkansas Science and Technology Authority to make grants from funds available for the purpose of establishing Connect Arkansas.
- **CA** – The California Public Utilities Commission (PUC) has dedicated substantial funds (approximately \$160 million) to support enhanced broadband deployment in California. As a condition of approving the mergers of SBC/AT&T and Verizon/MCI, the PUC ordered SBC/AT&T to commit \$45 million and Verizon/MCI to commit \$15 million (\$60 million total) over five years to the California Emerging Technology Fund (CETF).
- **CT** – **In Connecticut, there is an exemption under the general sales tax for broadband equipment.**
- **ID** – **Idaho has a \$5M Broadband Matching Fund established with monies from a state budget surplus. A Broadband Matching Fund was established during the 2006 legislative session with surplus state budget funds in the amount of \$5M. These funds are earmarked for deployment of and penetration of broadband in rural areas of Idaho. The fund provides for a 50% match of the cost of deploying broadband in rural areas. Idaho also provides an income tax credit for broadband equipment to spur additional investment in the communications infrastructure in the State.**
- **IL** – Illinois passed a law in 2007 that set aside funding for the Department of Commerce and Economic Opportunity (DCEO) to distribute to a non profit to achieve the legislative goal for full deployment and affordable broadband. The act included \$4 million for the DCEO to sponsor a statewide broadband expansion initiative through a public-private partnership. *However, DCEO has not yet issued an RFP for the project because of a technical error that did not give DCEO the authority to actually spend the money. A technical correction will be handled by the legislature in 2008.*

States with Broadband Funding / Economic Incentives for Broadband

- **KY** –The Kentucky public-private partnership program, run by not-for-profit Connect Kentucky, has spent \$7 million of federal and state money, and during the last three years broadband providers invested over \$743million to upgrade their networks.
- **MA** – Governor Patrick announced a broadband initiative to be funded with \$25M capitalized by general obligation bonds. Gov. Patrick filed a bill that will establish and fund the Massachusetts Broadband Institute, which will make strategic and targeted public investments with the objective of providing broadband service to all 32 currently un-served communities (and 63 underserved – broadband only available in certain areas) by 2010.
- **MD** – The Maryland Eastern Shore project/Rural Broadband Initiative is overseen by the Maryland Broadband Cooperative (Mdbc), a public private partnership, which received \$2 million in June 2007 from an economic development assistance fund and the 2009 state budget to expand broadband in the Eastern Shore and Southern Maryland. The first phase of the project was completed in October 2007 when NASA's Wallops Island Space Facility was linked to Salisbury State University. Additional funding was secured by US Senator Mikulski (\$4M) and Maryland State Senator E.J. Pipkin (\$10M).
- **ME** – ConnectME is an Authority created to spur economic development via the spread of wireless and broadband in unserved and underserved areas of ME via private-public partnerships. The final rule that will govern the Authority was enacted on 05/16/07, clearing the way for soliciting requests for funding via an application process. Funding will be raised by a .25% surcharge on industry provider bills that will generate nearly \$2.5M. This law is scheduled to sunset in 2009.
- **NC** – In North Carolina, **e-NC** has received \$3M in funding from the NC General Assembly for purposes of partnering with private enterprise providers for 50/50 funding of broadband projects in 5 counties with little broadband penetration.

States with Broadband Funding / Economic Incentives for Broadband

- **NY** – Gov. Eliot Spitzer proposed a universal broadband initiative to expand high-speed access in underserved areas by 2010. The 2007-08 New York State budget appropriated \$5M to provide seed money through competitive grants to promote research, design and implementation of innovative solutions to affordable Internet access for underserved urban and rural communities. Grant applications will be accepted from eligible communities and organizations that create public/private partnerships to meet the strategic goals of the Council.
- **OH** – Connected Nation, along with Ohio Governor Ted Strickland, announced the launch of Connect Ohio on December 17, 2007. The initial contract, totaling \$2.9 million, will enable a comprehensive initiative that will replicate the Connected Nation model in Ohio. With successful performance, the contract will be renewed for \$3.9 million in July 2009 and will continue through June 2011.
- **TN** - **The state has set aside approximately \$4M for broadband development. \$4.17 million is included in the 2007-2008 state budget to enhance broadband access in Tennessee. On July 27, 2007, Connected Tennessee released the state's first broadband inventory map showing current levels of high-speed Internet availability across the state. On January 25, 2008, it released the nation's first county-by-county reading of average Internet speeds across Tennessee.**
- **UT** – The state has established a \$1M restricted general fund account for broadband grants. A 2007 law establishes a restricted account within the General Fund to be used for grants to providers deploying broadband service in rural areas. The act appropriates \$1M from the General Fund for fiscal year 2007-08 to the Rural Broadband Service Fund Restricted Account.

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