It's all in how you communicate.

1.1 TITLE OF THE PROJECT

GREATER RUNE BROADBAND

Business Plan Submission for Implementation Funding

Submitted by:

Rune United Enterprise Inc. ("RUNE")

Submitted to:

Broadband Pilot Program Office

300 Slater Street

Ottawa ON K1A 0C8

Submitted On:

THIS DOCUMENT IS PROVIDED SOLELY AS AN ILLUSTRATIVE BUSINESS PLAN INTENDED TO MEET THE IDENTIFIED REQUIREMENTS OF THE BROADBAND RURAL AND NORTHERN DEVELOPMENT PILOT PROJECT.

"GREATER RUNE" AS DESCRIBED HEREIN IS FICTITIOUS AND SHOULD NOT BE CONSTRUED AS REPRESENTATIVE OF ANY REAL COMMUNITIES.

ACTUAL BUSINESS PLANS SHOULD BE BASED ON THE DEMOGRAPHICS, NEEDS AND SITUATIONS PARTICULAR TO EACH COMMUNITY.

FOLLOWING THIS SAMPLE BUSINESS PLAN DOES NOT IMPLY THAT THE APPLICANT WILL BE SELECTED IN THE COMPETITIVE BUSINESS PLAN SUBMISSION PROCESS.

ALL TEXT IN ITALICS THROUGHOUT THE DOCUMENT OTHER THAN IN THIS AND THE NEXT BOX ARE EXCERPTED FROM THE GUIDELINES FOR APPLICANTS (NOTE THAT SOME SLIGHT CLARIFICATIONS HAVE BEEN MADE).

NONE OF THE ITALICIZED TEXT WOULD BE INCLUDED IN AN ACTUAL SUBMISSION.

November 20, 2003

1.2 SIGNATURES

H. Hudson

Henry Hudson
CEO - RUNE

L. Eiriksson

Leif Eiriksson, MASc PEng
Project Manager

THROUGHOUT THIS DOCUMENT ¨ IS USED TO INDICATE WHERE ADDITIONAL TEXT WOULD BE GOOD

All materials must be sent to the following address:

Broadband Pilot Program Office
300 Slater Street
Ottawa ON
K1A 0C8
Telephone: (613) 948-5365
E-mail: broadband@ic.gc.ca

All submissions must be made in hard copy (the original –unbound- and three copies) and with a complete electronic version on diskette or CD (in either Microsoft Word, Corel WordPerfect or Adobe Portable Document Format).

The unbound original copy and three additional copies of the submission with all required information must be collated and submitted together.

The printed versions must be of letter quality, single-spaced, two copies must be single-sided and two may be double-sided, on standard letter size 8 ½ x 11 inches (21.5 x 28 cm) paper, with margins no less than 1 inch (2.5 cm).

The size of type must be no smaller than 12 points or 10 characters per inch.

The title of the project should appear in the upper right-hand corner of each page and each page should be numbered consecutively.

This submission is made in hard copy (the original and three copies) and on CD in Portable Document Format (PDF).

The unbound original copy and three additional copies of the submission with all required information are collated and submitted together.

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The title of the project appears in the upper right-hand corner of each page and each page is numbered consecutively.

Table of Contents

1.3 EXECUTIVE SUMMARY

Provide 2-3 pages outlining the essential elements of the Business Plan, including a description of the need for a Broadband network, summary of the extent of community engagement, the expected benefits that will accrue from Broadband infrastructure, the Request for Proposal (RFP) process, and expectations for sustainability in the community(ies).

1.2.1 The Need

description of the need for a Broadband network

Greater Rune is a community located in the rural and northern part of the province of Manitario comprised of:

- 15 contiguous census dissemination areas
- 880 square kilometers of territory
- 3 Towns, 1 Village, 1 Indian Reserve, 5 Townships and contiguous parts of 2 Townships
- 7,382 people living in 4003 dwellings, as of the 2001 census
- 24 institutions and 81 businesses

The community was founded in the late 1800s based on resources, primarily mining and logging. Since the decline of the primary industries, Greater Rune has been transitioning it economy towards tourism and information technology. The community is challenged by its small population distributed over a large territory and it location far from major population centres. The community has participated in the Northern Summits of the Innovation Strategy where it expressed its need for broadband communications to provide access to the world in order to provide better education, to connect the communities to each other and the world and to generate job opportunities in the knowledge economy without leaving town.

1.2.2 Community Engagement

summary of the extent of community engagement

Rune United Network Enterprise Inc. ("RUNE") is the community champion for Greater Rune for the planning and project management of a broadband infrastructure. RUNE has received the fullest possible extent of community engagement:

- letters of commitment from the senior officials in each of the 11 villages, towns, townships and band that comprise Greater Rune.
- Letters of commitment from ♦ of the 24 institutions and ♦ of the 81 businesses in the community
- Letters of commitment from ♦ of Greater Rune's 4,000 households
- Survey results showing that ♦ of the communities 4,000 households are likely or very likely to subscribe to the service
- Contributions from stakeholders in the amount of $♦
- ♦

1.2.3 Expected Benefits

the expected benefits that will accrue from Broadband infrastructure

The greatest expected benefit of the Greater Rune Broadband project is to connect the community to world so that we may participate in the knowledge economy from our home and businesses without our children and our skilled resources needing to move to the big cities.

With the successful implementation of the broadband infrastructure we expect to see and need to see:

- Collaborative networking
- Innovation culture
- Increased investment
- Increased career opportunities
- Reduced skill shortages
- Critical mass of learning and training capabilities
- Increased links to larger centres
- Collaborative spaces
- Reduced digital divide
- Reduced skill out-migration
- Increased education resource accessibility
- And so much more ♦♦♦

1.2.4 RFP Process

the Request for Proposal (RFP) process

RUNE has conducted a competitive and transparent bidding process in full accordance with the rules set out by the Broadband Program to identify a service provider capable of delivering broadband services in a sustainable manner with open access. RUNE developed the Request for Proposal ("RFP") using the format provided, advertised it on the Broadband Marketplace web site and sent letters to carriers. RUNE received and evaluated the three bids that were submitted and ♦ was chosen based on the selection criteria. The selected bidder met all of the required criteria with respect to: technology, capacity, scalability, open access, coverage and sustainability.

The proposed broadband infrastructure is based on ♦ technology. It will involve deploying the following facilities:

♦

♦

The infrastructure will provide coverage of ♦% of Greater Rune's 880 square kilometers, ♦% of its population and households, and ♦% of its businesses and institutions.

1.2.5 Sustainability

Expectations for sustainability in the community(ies)

The proposed broadband infrastructure implementation is expected to be sustainable in the Greater Rune communities because:

- the community (including businesses, institutions and residents) have committed to subscribe to the service as outlined above.
- the stakeholders, the Broadband Program and the service provider together have committed in kind and cash contributions that cover 100% of the infrastructure implementation costs and related project management costs (see Table 1.3.5).
- The selected service provider has committed to operate the infrastructure so as to provide a service comparable in price and technical specifications to the DSL and Cable Modem services currently offered in Canada's largest cities.
- The revenues from subscribers are sufficient to cover the ongoing costs such that the service is cash flow positive within five years.

Table 1.3.5: Costs and Contributions Summary

Item	Cash	In Kind	Total
Costs:			
Infrastructure Implementation			$♦
Project Management			$♦
Total Costs:			**$A**
Contributions:			
Stakeholders	$♦	$♦	$♦
Service Provider	$♦	$♦	$♦
Broadband Program (at ♦% of $A)	$♦		$♦
Total Contributions:	**$D**	**$E**	**$F**
Deficit:			**$A-$F=$0**

2 COMMUNITY ENGAGEMENT

All information provided, addressing the information requirements of this section [2] will be made publicly available.

Outline and demonstrate the extent of community engagement and support for Broadband implementation, as follows:

2.1 COMMUNITY CHAMPION AND PROJECT LEADER

2.1.1 Community Champion

Provide the name of organization that will serve as Community Champion, head office and mailing address, phone number, facsimile number, e-mail address, proof of incorporation, name of CEO, and authorized signatory.

The community champion for the Greater Rune Broadband project is Rune United Network Enterprise Inc. ("RUNE"), an independent not-for-profit corporation incorporated under the Canadian Business Corporations Act. RUNE filed with the Broadband Northern and Rural Development Pilot Program on October 31, 2001 an application for funding assistance to develop a business plan for the provision of broadband communications services in and around the area of Rune, Manitario (the "Application"). A full description of RUNE is contained in Appendix 2.1.1. The requested particulars are contained in Table 2.1.1.

Table 2.1.1: Community Champion Description

Name of Organization	Rune United Enterprise Inc. (RUNE)
Head Office Address	2 Main St., Ostrune MT Z0Z 1Z1
Mailing Address	Same
Phone Number	888-555-1212
Fax Number	888-555-1212
E-mail Address	broadband@greaterrune.ca
Proof of Incorporation	See Appendix 2.1.1
Name of CEO	Mr. Henry Hudson, B. A.
Authorized Signatory	Same

2.1.2 Role of Community Champion

RUNE understands that its role and responsibilities as community champion are those defined in the Guidelines[1]:

[1] Guidelines for Applicants, Role of Community Champion, page 5.

1) identifying local broadband needs and anticipated demand in order to determine the broadband requirements for the community;

2) identifying and engaging local stakeholders (such as other communities, private and public sector partners) who are prepared to make a contribution to the project;

3) consulting with neighbouring communities to determine the combined demand for telecommunications and partnering possibilities;

4) preparing a financial analysis that provides the rationale for the installation of a broadband infrastructure and that details how the proposal would be sustainable;

5) conducting an impartial (technologically and commercially neutral) request for proposal (RFP) process for the purpose of identifying the most suitable match between community needs and resources, and a private sector service provider (where possible) which is capable of delivering those services in a sustainable manner (and which provides for third party access to the proposed facilities);

6) identifying the potential economic, social and cultural benefits for the community;

7) project management, monitoring, evaluation and reporting, as may be required by the Broadband Pilot Program; and

8) providing other relevant information that may be required by the Broadband Pilot Program.

RUNE has performed all of these roles and responsibilities during preparation of the development of the Business Plan Submission for Implementation Funding, as evidenced in this submission. RUNE will continue to enthusiastically and actively support and encourage the participation of the communities and the stakeholders in the project during the implementation and ongoing operation of the broadband infrastructure. That said, during the Business Plan Implementation Phase of the project, RUNE considers that its primary responsibilities are: 7) project management and 8) support to the Broadband Program Office. These implementation phase activities to be provided by RUNE and the Project Leader for the Greater Rune Broadband project are described in Section 4: Project Management.

2.1.3 Project Leader

Provide the name of the person who will be leading the project officially (including M. Mrs. Dr. etc.), as well as that person's full mailing address, telephone and facsimile numbers, e-mail address and the preferred language of correspondence.

RUNE has engaged Mr. Leif Eiriksson, MASc, PEng who is eminently qualified to lead of the Greater Rune Broadband project on behalf of the community. Mr. Eiriksson has an extensive experience in planning and managing major telecommunications projects around the world. A full description of his experience and expertise is contained in Appendix 2.1.3. His requested particulars follow in Table 2.1.3.

Table 2.1.3: Project Leader Description

Name of Person	Mr. Leif Eiriksson, MASc, PEng
Mailing Address	10 Henry St., Ostrune MT Z0Z 5Z5
Phone Number	877-555-1212
Fax Number	877-555-1212
E-mail Address	Leif@leifeiriksson.ca
Preferred Language	English

2.1.4 Planning Team

IF APPLICABLE, provide the names, background years of experience for each member of the consulting/advisory team that assisted the project leader in creating the business plan (technical advisors, consultants, financial advisors, etc.). Also mention the current sector they represent (government, technical, interest groups-health, education, etc.). It is realized that planning team members may not necessarily be involved in the implementation of the proposed network.

Eva Salo

Ms. Eva Salo, MSc, PEng, is the technical advisor for the project. After working MTel for 25 years, Ms. Salo has taken a leave from professional life and is now working as a technical consultant for the RUNE project. As a member of the chamber of commerce, Ms. Salo brings a private sector perspective to the table.

Svea Gustafsson

Mrs. Svea Gustavsson, BA, MA, is the financial advisor for the project. Having earned a Masters degree in economics, Mrs. Gustavsson is currently the treasurer of the Vestoy town council and has held this post for the past 6 years. Her council experience will prove beneficial in dealing with the residents and getting them on board for broadband, as well as reflecting the concerns of local government.

Olav Haraldsson

Mr. Olav Haraldsson, BEd, is a third-grade teacher in Ostrune North and has been teaching for 27 years. As an advisor on the project, Mr. Olav Haraldsson was able to provide valuable insight on behalf of local public institutions on the needs of the communities within the RUNE project.

2.2 AUTHORITY/SUPPORT

Provide documentation clearly indicating that the Community Champion is the sole organization authorized by the community(ies) to submit a business plan on its behalf.

See Appendix 2.2a for a copy of the letters signed by the mayor, band leader or equivalent senior official for each of the 11 local governmental entities responsible for all 15 contiguous dissemination areas comprising Greater Rune. Each has given sole authorization to RUNE to submit a business plan to the Broadband Program on its behalf.

The specific definitions of the communities included in Greater Rune have been modified since submission of the Application in order both to reflect the interest and commitment of the various component communities as expressed in the interim period and to be compliant with the requirements of the Broadband Program to define communities in terms of contiguous complete census dissemination areas.

Changes to the communities included in the Greater Rune Broadband project include:

- Expansion of the territory included for all but two of the identified village, towns, townships and reserve to include the full territory of the band or of the official municipality as defined by the Province of Manitario (and defined as one or more complete census dissemination areas by Statistics Canada.)
- Addition of two new Townships that are contiguous to the others and who had not previously committed to the project

Removal of one township that withdrew its commitment to the project

- Changes to the definition of two partial townships to encompass full census dissemination areas.

Support:

See Appendix 2.2b for a copy of letters supporting Rune in the development of a business plan for Broadband. Note that these letters are recent and individually written as to be unique to the subscriber's specific interest and/or need. Please see the summary of letters below:

	Community Support	**Number of Letters**
1	Business Organizations and Businesses	56
2	Community Organizations	14
3	Education Organizations (School Districts, Colleges	5
4	Government – Municipal/Regional	26
5	Government – Federal/Provincial Ministries, Agencies, Access Centers	25
6	Healthcare organizations/Medical officers	8
7	Residential	98
Total Letters of Support		**232**

In addition to these letters there are form letters that also express the communities engagement to the Rune project by indicating that they will sign up for service at our anticipated subscription rate. These letters can be found in Appendix 2.2c.

Many of these letters were received during various town hall meetings that we held recently regarding our proposed broadband project. During the meetings we were met with great enthusiasm and support. During this time we had the opportunity to answer questions from members of the communities. The minutes and summary of discussions can be found in Appendix 2.2d.

2.2.1 Community Definition

The Greater Rune community for the purposes of the project is defined as the contiguous geography in or near the Rune River Valley shown in Table 2.2.1 and Figure 2.2.1 comprised of:

15 contiguous census dissemination areas

- 880 square kilometers of territory
- 3 Towns, 1 Village, 1 Indian Reserve, 5 Townships and contiguous parts of 2 Townships
- 7,382 people living in 4,003 dwellings, as of the 2001 census
- 24 institutions and 81 businesses located therein (see sections 2.3.4 and 2.3.5)

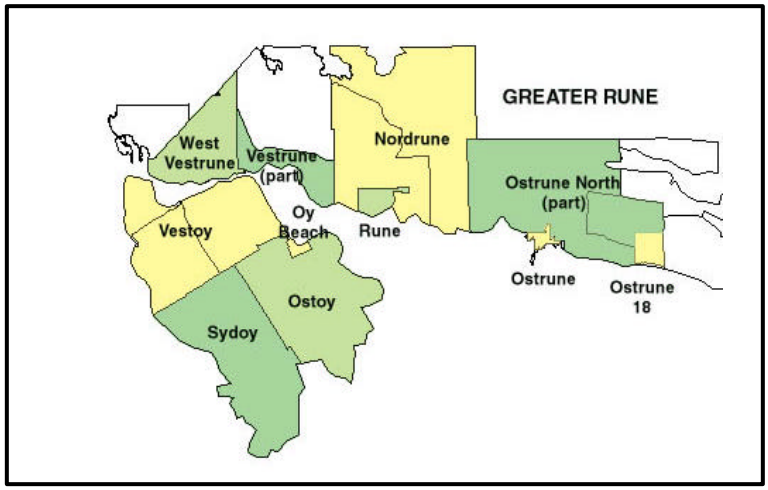
Table 2.2.1: Greater RUNE 2001 Census Statistics

Community	Type[2]	Population	Dwellings	Area (km2)	Dissemination Areas 999999
Vestoy	TP	1,491	902	129	01, 02, 03
Sydoy	TP	528	373	132.5	04
Ostoy	TP	398	300	115.8	05
Oy Beach	VL	304	143	2.5	06
West Vestrune	TP	620	409	52.8	07
Vestrune	TP (part)	210	144	33.3	08
Nordrune	TP	761	419	221	09, 11
Rune	T	727	303	6.1	10
Ostrune North	TP (part)	741	364	173	12, 14
Ostrune	T	1,479	606	4.4	13
Ostrune 18	R	123	40	9.8	15
Total	11	7,382	4,003	880	15

Two of the Greater Rune communities, Vestrune and Ostrune North, include one or more complete dissemination areas but not all of the territory and population of their respective Townships. The non-included areas are complete dissemination areas with very large area and very low population density that were recently amalgamated and are not generally considered to be part of the communities of Vestrune and Ostrune North. The mayors of the two Townships support inclusion of only the parts of their Townships described in Table 2.2.1 in the Greater Rune Broadband project.

[2] IR= Indian Reserve, T= Town, TP= Township, V= Village

Figure 2.2.1: Greater Rune Map



2.3 MISSION/VISION

A description of how the project supports and relates to the overall vision and future expectations of the participating community(ies) specifying local needs and how these will be addressed by the project. .

Implementation of a broadband network service is essential to the viability and growth of Greater Rune. To understand the role that broadband plays in the overall vision and future expectations of Greater Rune it is important to understand our history and our current situation.

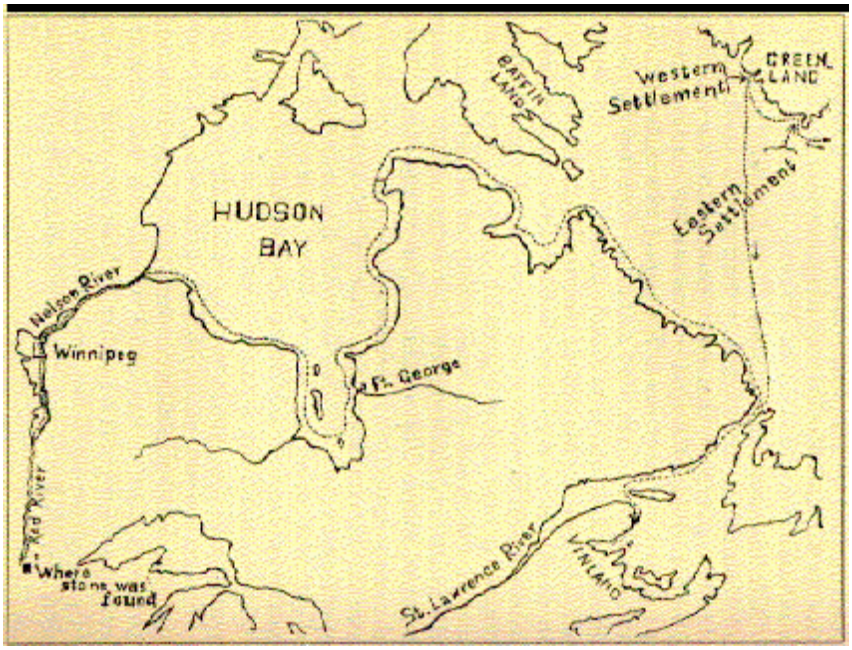
2.3.1 History of Greater Rune

Greater Rune is a rural and northern community of communities with a rich and vibrant history. Some consider the name Rune to derive from its **ru**ral and **n**orth**e**rn location. Others trace its origin to the unusual markings on rocks found in the area alleged to be inscriptions or runes left by passing Vikings between 1000 and 1400 AD. Some say these were the same Vikings who left the rune-stone found in a field near Kensington Minnesota in 1899.[3] Others suggest that they were the same Vikings who traded with the Dorset people on Baffin Island in the same period[4]. Figure 2.3.1 is a map that shows how Vikings may have passed near Greater Rune.

[3] see http://www.uiowa.edu/~anthro/webcourse/lost/projects97/kenstone.htm

[4] see Ottawa Citizen, Jan 25 2003, B1, "Tantalizing traces of ancient contact"

Figure 2.3.1: Possible Viking Journeys to the Greater Rune Area



Before the days of paved roads, indeed, even before there were roads, the Rune River played an important role as a transportation route for both natives and Europeans, perhaps even for Vikings. Since then the river has declined as a commercial transportation route but continues as a source of hydroelectric power and recreational boating, especially white water rafting. The Rune River continues to dominate the lives of those who inhabit its valley.

The settlements in the Rune Valley are representative of the growth and (sometimes) demise of many rural and northern communities. Being rather remote, most of northern Manitario was settled only in the later decades of the nineteenth century. The towns and villages in the vicinity of the Rune River Valley, such as Rune, Ostrune and Vestrune were founded in the 1870s. This was in response to government promotion of the north as the new frontier.

The history of the Rune River Valley is dominated by the nature of the area. The natural environment dictated the type of industry that could succeed in the region. And, industry or the lack thereof is an important factor in the history of the Rune River Valley settlements to this date.

Industry in the Rune Valley has always been derived from natural resources. Forestry continues to be most prominent in the area, and an integral part of its history. Mining has been less influential now for Greater Rune but important for neighbouring communities. The mighty Rune River supports four hydro-electric dams. The more recently developed tourism industry in the area is healthy, and allows residents to share with others the natural beauty of the area. The development of industry in the region has had and continues to have a great influence on the people who live here.

Because of the geographic isolation of this region, broadband will play a critical role in helping these communities remain sustainable.

2.3.2 The Communities

Following is a description of the communities that today comprise Greater Rune and a sample of their broadband interests.

Small pictures of the communities are useful in this section.

2.3.2.1 Rune and Nordrune

The Town of Rune, near the center of Greater Rune on Highway 1, was established as a community in around the mid-1800s. It began as a small mining community, and was eventually also involved with the logging industry. Rune Station just outside of Rune (now part of the surrounding Nordrune Township) was at one time a stopping point for the train line that ran from Nordbury to Portage la Marie.

The community anxiously awaits broadband access to take advantage of the ability to use GPS wireless technology to measure and track forest timber licenses and removal and movement of product. Broadband will also allow them to be able to instantly auction lumber on the world market and remain competitive by using electronic marketplaces.

2.3.2.2 Ostrune and Ostrune North

To the east of Rune, the Town of Ostrune is a community which is briefly mentioned in the history of the Rune River Valley, but is not in the actual valley area. However, it is still relevant in the history of the Greater Rune. It is located on Highway 1 as well, surrounded by the township of Ostrune North. Ostrune was called "Eshaterun" by the local First Nations people, but when the French arrived in 1877 they thought it was Estrouyne, and so it was called until 1881 when the name was changed to Ostrune.

Many lumber mills and logging companies were located in Ostrune, but due to the declining forest industry, the town has the potential to market itself as a tourist destination. Several businesses have come together to develop a tourism marketing cooperative to support the region by developing a regional “brand” for look and feel and look forward to using broadband to attract international clients through an online reservation system.

2.3.2.3 Ostrune 18

To the east of Ostrune, Ostrune 18 is the sole First Nations reserve within the Greater Rune area. Ostrune 18 is administered by the people of Ostrune 18 as a distinct area yet its residents are active participants in the life of Greater Rune.

Band members look forward to the implementation of broadband as a method for communicating with their members who live off reserve. In addition, they hope to sustain and share their culture through the use of broadband, and encourage healthy development of a sustainable community by using a much needed telehealth application.

2.3.2.4 Vestrune

To the west of Rune, the former Village of Vestrune (now part of Vestrune Township) is an access point for a variety of outdoor activities. The small marina and boat launch are excellent jump-off points for boaters looking to enjoy the waters off the north end of Rune Island. The water warms up for mid-June recreation around the islands. In the winter, Vestrune is an access point to the extensive snowmobile trails that run all through the Rune area including Rune Island.

With such an economic focus on tourism, this community hopes to take advantage of broadband access to increase the number of visitors to the region.

Vestrune is also home to Central Rune Secondary School (CRSS), which draws students from Rune Island, Rune, and Ostrune. Challenges with travel in the winter make it difficult for all students to attend. Broadband access will allow them to access their classroom through video conferencing when it is not safe to travel. In order to facilitate this, a regional educational process is being created so that all students are on the same timetable and can attend classes through video conferencing at either high school to complete their courses for graduation. In addition, the regional college located in Onitoba will be synchronizing some of their first year courses so that those high school students that are ready can attend online.

2.3.2.5 West Vestrune

Farthest west of the Greater Rune communities is the former Village of West Vestrune (amalgamated into West Vestrune Township), located about 80 km east of Portage la Marie on Highway 1. Located across the Norse Channel from Rune Island, this small community is an excellent access point to many outdoor adventures. West Vestrune recently lost their local full-service healthcare facility, including the doctor. Broadband access will provide them with remote telehealth to support the remaining nursing station in case of emergency, especially with the annual increase of tourist visits.

2.3.2.6 Vestoy

To the south on the north shore of Rune Island is the township of Vestoy including the former town of Vestoy Landing or "The Landing", the business centre of Rune Island. The Landing is a hub of activity with newly expanded, full service marina, grocery store, numerous gift and craft shops, a variety of accommodation, restaurants, hospital, medical clinic, pharmacy, seniors' centre, elementary school, public park and beach, swimming, tennis, and local municipal government office located there.

Vestoy sees itself as the hub of the region and as a result, will be the support center for broadband for the region. The hospital will be a central point for access to telehealth support for the region. In addition, local government seeks to use broadband for future referendums and to keep the regional communities apprised of issues and upcoming events.

2.3.2.7 Oy Beach, Ostoy and Sydoy

The Village of Oy Beach on the northeast coast of beautiful Rune Island is a quiet, little community of 300 with an additional 920 in the surrounding rural areas of Ostoy and Sydoy Townships. Oy Beach offers travellers a welcome break from the pressures of urban life. Walk tree-lined streets anywhere in the village, and you will meet many naturally friendly people. Enjoy sailing its world famous La Bay, a quiet bike ride, visit our quaint shops and stores, stroll the boardwalk through the marina down to the park, or explore the history of the village.

Although their main industry is tourism and they hope to use broadband to attract more visitors, these communities do support a year round local population. Due to cutbacks, the local high school was recently closed. Broadband will allow access through video conferencing for both First Nations and non-First Nations students to attend classes in Vestoy during inclement weather, or on a full time basis.

2.3.3 Communications Providers

Greater Rune is served today by:

- Telephone: Manitario Tel Inc., the Incumbent Local Exchange Carrier ("MTel")
- Cable TV: Manitario Cablevision Inc, the Broadcast Receive Undertaking ("MCable")
- ISPs: Rune Net Inc., Oy Beach Web Connection Inc.
- Fixed Wireless: No one provides broadband fixed wireless service
- Mobile Wireless: Manitario Mobility, RT&T Wireless, Non-Manitario Mobility

Manitario Tel provides telephone service throughout Greater Rune. MTel has DM-10 type central office equipment located in Rune that provides one party, two party and multiparty telephone services throughout Greater Rune. The ISP affiliate of the phone company, Empatico, provides dial access Internet services. Neither Manitario Tel nor its affiliate currently provides high speed Internet access in the area. Discussions with local officials indicate that there are no intentions to do so in the foreseeable future.

Manitario Cablevision provides analog and digital cable television services to three population centres within Greater Rune: Ostrune, Rune, Rune Landing.

The three mobile wireless service providers provide analog and digital cellular/PCS services along Highway 1 running along the north shore of the Norse Channel covering: Ostrune 18; Ostrune; Rune; Oy Beach; Rune Landing; the south parts of Nordrune, Vestrune and West Vestrune; and the north parts of Ostoy and Nordoy.

2.3.4 Institutions

Greater Rune contains a total of 24 institutions as shown in Table 2.3.4.

Table 2.3.4: Greater Rune Institutions

Community	Pop	Secondary School	Primary School	Municipal Office	Library	Hospital	Airport
Vestoy	1,491	1	1	1	1		
Sydoy	528			1			
Ostoy	398			1			
Oy Beach	304		1	1	1		
West Vestrune	620		1	1			
Vestrune	210			1			
Nordrune	761			1			
Rune	727		1	1			
Ostrune North	741		1	1			
Ostrune	1,479	1	1	1	1	1	1
Ostrune 18	123		1	1			
Total	7,382	1	7	11	3	1	1

2.3.5 Businesses

Greater Rune contains a total of 81 businesses as shown in Table 2.3.5.

Table 2.3.5: Greater Rune Businesses

Community	Pop	Bank	Eating	Service Station	Food/ General	Shop	Lodge	Other
Vestoy	1,491	1	3	2	5	2	3	2
Sydoy	528				1	1		
Ostoy	398			1	1			1
Oy Beach	304		2		2	3	2	1
West Vestrune	620		1	1	1	1	1	1
Vestrune	210			1	1			
Nordrune	761		1	1	1	1	1	1
Rune	727	1	1	1	2	1	1	2
Ostrune North	741			2	1	1		
Ostrune	1,479	1	3	3	6	3	2	2
Ostrune 18	123							1
Total	7,382	3	11	12	21	13	10	11

2.3.6 Vision

State the community champion vision and the vision/mission for this project. Explain biefly how it relates together and to broadband.

Our vision of Greater Rune is one that builds on our past and our essential assets. We have resources, we have capable people, we have beautiful forests, rivers, lakes and streams. We need broadband communications to allow us educate our children without them leaving town, to find and attract customers for our goods and visitors to our beautiful land, to link our current and new emerging businesses to the sophisticated resources and capabilities available by a click on the Internet.

A New Yorker cartoon once said "on the Internet, no one knows you are a dog." Now they might say "if you're not broadband on the Internet, everyone knows you are a dog." We are not a dog but we are lacking in communications capabilities.

Important to us in Greater Rune is that on the Internet no one need know that you are living in rural and northern Canada. Because it won't matter any more if you are connected with broadband.

But we need the broadband infrastructure in our community to make it so.

2.4 STAKEHOLDERS

Description of Roles and Responsibilities of Stakeholders: Outline the roles and responsibilities of all stakeholders participating in the implementation of the project. Include letters of commitment signed by Stakeholders.

RUNE understands stakeholders to mean government, institutions, associations, businesses and the public who contribute to the Greater Rune Broadband project in ways other than as subscribers or suppliers. Contributions from stakeholders may come in the form of cash or in kind contributions such as free use of office space, tower sites, etc.

RUNE has worked extensively with many potential partners for the Greater Rune Network Project. See Appendix 2.4 for signed letters of commitment from all stakeholders and their respective roles, responsibilities and contributions.

3 COMMUNITY NEED / BENEFITS TO COMMUNITY(IES)

This section should provide evidence that the proposed deployment of broadband into the community(ies) is based on a realistic assessment of community needs, potential major users and how the anticipated benefits relate to the community need. The best way to assess the needs is to conduct a survey targeting institutions, businesses and residents.

3.1 COMMUNITY NEED

Give an explanation of the needs/challenges facing the community which the project is likely to address directly or even indirectly.

Greater Rune representatives participated in the recent Rural and Northern Summit held as part of the Innovation Strategy. Our most pressing community need is greatly improved communications capability to counteract the negative effects of our small and dispersed population. We have a population density of only 8 people per square kilometer while the Toronto CMA has a density of 800… and they have broadband too.

We have experienced the decline of the historical resource based industries and watch with envy the rise of the information age. Greater Rune needs to overcome its isolation from major Canadian centres and from the world to be an attractive place to live for our current residents and new ones.

We suffer from the decline of classical industries, the unavailability of local post-secondary education, the lack of challenging well paid job opportunities for our youth and even the lack of less challenging, less well paid jobs for anyone. Even tourism requires access to quality communications to manage the arrangements and to please the customers when they arrive.

As we told the Innovation Strategy Summit, our community needs:

- Government funding programs tailored to the needs of small, rural and remote communities
- To develop networks and collaboration among academic, business government and non-government organizations
- To create a culture of innovation and entrepreneurship in the community
- To increase access to sources of financing and investment
- To increase career opportunities at all levels
- To reduce skill shortages that restrict development opportunities
- To develop a critical mass of learning and training capabilities
- To link rural capabilities to larger centres
- To create collaborative spaces among communities, business sectors and firms
- To bridge the digital divide
- To reduce the out-migration of youth, skilled workers, professionals and entrepreneurs
- To increase the accessibility of teachers and education resources

3.2 POTENTIAL MAJOR USERS

Include details on the potential number of major users of broadband access in the proposed community(ies), along with details on the kind of broadband-dependent services they expect to use or provide (such as health, educational and commercial services).

RUNE has assessed each of the 24 institutions and 81 businesses in Greater Rune with respect to their potential a major users of broadband access, i.e. their data rate needs exceed those of residential customers by a significant margin.

RUNE found that ♦ institutions and ♦ business were considered to be major users. Their needs were addressed individually in identifying the capacity requirements of the broadband infrastructure. See Appendix 2.2d for commitments from potential major users.

Market Research:

Rune held various town hall meetings regarding our proposed broadband project. During the meetings we were met with great enthusiasm and support. Many community members addressed their individual needs for the broadband service. The minutes and summary of discussions can be found in Appendix 2.2d.

During the month of March, Rune conducted market research. Need and demand surveys were conducted via phone, email, and door-to-door visits to assist in determining the demand and sustainability of the Rune project. The survey combined with the detailed results can be found in Appendix 3.2.

The survey yielded a response rate of 18% (175 businesses and residents). This is an excellent return for the area.

The survey and the resulting report had the following market research objectives:

- A
- B
- C
- D
- E

A brief summary of the needs for the main target segments are provided below:

Residential:

Businesses:

Institutions:

3.3 BENEFITS

Describe the anticipated social, economic and cultural benefits to the community(ies) as a result of the deployment and relate these to the needs/challenges noted in section 3.1.

We in Greater Rune believe that the widespread availability of broadband services at reasonable prices is not just a benefit to our community. Broadband is an essential fundamental capability we require for our survival in the twenty first century. The following describes how the Greater Rune Broadband project will greatly benefit our community by meeting each and every one of the needs identified above:

Social Benefits:

- Residents within the Rune Community must travel between 45 to 90 minutes to access most commercial and government services. Broadband infrastructure will allow community members to download desired information from government sites and conduct business in a timely matter. Creative Cliq is a local business works with detailed graphics. They require broadband to download the graphics from the web versus having the information shipped to them.
- **Collaborative networking**: Our broadband network will bridge the distances between academic, business government and non-government organizations both within Greater Rune and to the outside world so that distances disappear.

Economic Benefits:

- **Increased investment:** ¨
- **Increased career opportunities:**
- **Reduced skill shortages:** ¨ ¨

Cultural Benefits:

- **Innovation culture**: web designers, software programmers and entrepreneurs can live in our towns and countryside and fully function on the Internet with broadband
- **Link to larger centres:** ¨

Education:

- **Critical mass: of learning and training capabilities:** ¨
- **Education resource accessibility:** ¨

Health Benefits:

Government Services:

- **Government funding**: the Broadband Program is exactly the type of programs we asked for at the Innovation Strategy Summit. It is tailored specifically and solely to the needs of small, rural and remote communities like us.
-
-
-
- ♦

4 PROJECT MANAGEMENT

In this section, detailed evidence must be provided to demonstrate that both the Community Champion and the Project Leader have the experience and capacity to successfully implement the proposed business plan and to complete the project in a timely manner.

4.1 PROJECT EXPERIENCE

This description must include experience [of both the Community Champion and the Project Leader] with any community-level projects that have involved community stakeholders and the public and private sectors, as well as any relevant experience in [developing] and implementing business plans. The experiences of the key players can be demonstrated with a resume and/or biography.

RUNE is a non-profit community champion for the Greater Rune area. RUNE considers that its role in the infrastructure implementation phase is to ensure that a high quality broadband infrastructure is deployed in the community and that it operated on a sustainable basis.

In the business planning phase RUNE identified the need and the commitment of the community to support the implementation of the broadband infrastructure, managed the RFP process to select an appropriate service provider for the community and arranged for financing to support the cost of implementing the network.

During the broadband implementation phase, RUNE will manage the project to ensure:

- the network is implemented according to plan by the service provider,
- the community buys and uses the broadband services and
- the funding is provided by the partners and distributed to the service provider

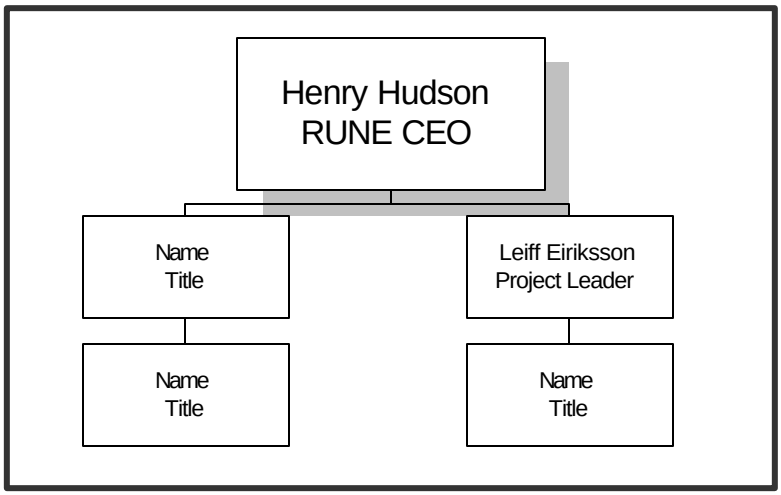
♦

4.2 PROJECT MANAGEMENT STRUCTURE

Provide an overview of the proposed project management structure (project chart) of the Community Champion including the names and qualifications of the staff who will be involved in implementation of the project. This may be different than the members who drafted the business plan itself.

RUNE has extensive experience in the project management of community projects with and without government participation, these projects are summarized in Appendix 2.1.1. RUNE has supplemented these proven skills with the addition of persons with expertise in the design, implementation and project management of telecommunications infrastructure, most notably among them being Leif Eiriksson the Project Leader identified in section 2.1.2. Table 4.2 shows the project management structure that RUNE has put in place for the Greater Rune Broadband project. The qualifications and resumes of the staff and an outline of their proposed responsibilities during the infrastructure installation are included in Appendix 4.2.

Table 4.2: Project Management Structure



4.3 PROJECT MANAGEMENT COSTS

The costs of project management

The following Table 4.3 summarizes the Project Management Costs for the infrastructure implementation phase of the Greater Rune Broadband project. Further details are included in Appendix 4.3. These costs should cover only the initial build period, and are not ongoing once the network is operational.

Table 4.3: Project Management Costs

Items	**Cost Description**	**Estimated Cost**
Labour · Project Leader (## hours @$/hour) · Administrator (## hours @$/hour) · Other (specify) (provide detailed breakdown)		
Other · Public Relations · Planning · Professional Services (## hours @$/hour) (specify type of service) · Travel (## km @ $##/hour) · Other (specify) (provide detailed breakdown)		
Total Estimated Project Management Costs		

4.4 IMPLEMENTATION PLAN

4.4.1 Timeline and Milestones

Provide a plan for the implementation of the network, including a time line with project milestones

RUNE in cooperation with the service provider has developed a plan for the implementation of the network. The timeframe of the project will span over 10 months. A summary of the timeline and milestones is provided as Table 4.4.1. A full PERT chart for the implementation plan is included in Appendix 4.4.1.

Table 4.4.1: Summary of Timeline and Milestones

Task	Milestone	Date
	Announcement of selection by the Broadband Program	♦
♦		♦
♦		♦
♦		♦
	♦	♦
♦		♦
	Start of Commercial Service	♦

4.4.2 Commitment to the Critical Path

[Provide] a commitment to adhering to a set critical path.

Letters of commitment from RUNE and the service provider to adhere to the critical path shown in section 4.4.1 are contained in Appendix 4.4.2.

5 REQUEST FOR PROPOSAL PROCESS AND OUTCOME

Outline and detail the Request for Proposal (RFP) process, strategies for ensuring open access, commitments received, the extent of broadband coverage area, and technology proposed, as follows:

5.1 BIDDING PROCESS

Provide details of the competitive and transparent bidding process conducted by the Community Champion to solicit bids to bring broadband connectivity to the intended unserved communities, that identifies the most suitable match between community needs and resources and identifies a service provider capable of delivering those services in a sustainable manner which, if possible provides for third party access to the proposed facilities.

Provide, as part of an appendices section [items 1) to 4)]. Please note that Industry Canada reserves the right to communicate directly with the RFP respondents.

RUNE conducted a competitive and transparent bidding process for the purpose of bringing broadband connectivity to the unserved communities of Greater Rune. The process has identified the most suitable match between community needs and resources. It has and identified a service provider capable of delivering those services in a sustainable manner which provides for third party access to the proposed facilities.

5.1.1 Bid Summary and Scores

1) a summary of all bids received including scores

RUNE received a total of three bids from service providers in response to the RFP issued.

The bids were scored based on the evaluation criteria described in section 5.1.4.

Key differentiating factors among the three bidders were:

- local access technology: DSL, cable modem, fixed wireless…
- percent coverage of the dwellings in Greater Rune
- infrastructure implementation costs
- contribution to the infrastructure implementation costs by the bidder

A summary of the three bids received including scores is shown in Table 5.1.1 Bid Summary. Further details on the bids received and the scores is contained in Appendix 5.1.1.

Table 5.1.1 Bid Summary

Bidder	Technology	Score	Coverage	Implementation Costs	Contribution
¨	♦	♦	♦%	$♦	♦%
♦	♦	♦	♦%	$♦	♦%
♦	♦	♦	♦%	$♦	♦%

5.1.2 RFP Document

2) a copy of the Request for Proposal

RUNE used the format provided in the sample RFP document found on the Broadband website at *http://broadband.gc.ca* to develop the Greater Rune Broadband RFP. A copy of the Request For Proposal is provided in Appendix 5.1.2.

5.1.3 Winning Bid

3) a copy of the winning bid

A copy of the winning bid is provided in Appendix 5.1.3.

Key aspects of the winning bid that differentiated it from the others are:

- the highest percentage coverage of the dwellings in Greater Rune (♦% vs. ♦% and ♦% for the others). RUNE considers that a high percentage coverage, given all other factors are within reason, to be the key measure of the success for the Greater Rune Broadband project.
- The highest percentage of the infrastructure implementation costs to be contributed by the service provider (♦% vs. ♦% and ♦% for the others). This is an important parameter since the Greater Rune Broadband project stakeholders need to contribute the remainder of the infrastructure implementation and project management costs not contributed by the Broadband Program and the service provider.
- The technology of the winning bidder is higher cost than the alternatives. RUNE considers the higher technology cost to be an appropriate price to pay in order to achieve the higher percent coverage of the population.
- The winning bidder is smaller and less established than the other bidders. RUNE considers that the higher risk involved with a newer and smaller service provider is more than balanced by the benefits of the technology, higher coverage and of increased competition in the Greater Rune area.

5.1.4 Selection Criteria

4) the selection criteria

RUNE has evaluated the 3 bids received in response to its RFP.

RUNE issued the following general selection criteria and scoring as part of the RFP issued to the interested parties. Further details on the selection criteria are included in Appendix 5.1.4.

Selection Criterion	Points
Understanding of Scope of Work	♦
Administrative (Compliance) Requirements	♦
Performance Requirements	♦
Project Management Requirements	♦
Financial Proposal	♦
Presentation, Demonstration, References	♦
Total:	..

5.1.5 Advertising Method

In order to assist Community Champions in the RFP process, a facility is available in the "Broadband MarketPlace" section of the Broadband Pilot Program website at http://broadband.gc.ca where a bidding process will be hosted. Community Champions should refer to the sample RFP format provided on the website. Please note that the successful applicants from Phase 1 are required to post bidding information on this website.

As required of successful Phase 1 applicants, RUNE posted the RFP in the "Broadband MarketPlace" section of *http://broadband.gc.ca* website where the bidding process was hosted.

RUNE also sent letters of notification of the posting of the RFP to the following who were not registered in the "Broadband MarketPlace:

- all telecommunications carriers, radiocommunication carriers and broadcast receive undertakings (BRUs) that operate in or near the Greater Rune area,
- all major carriers and BRUs in Canada

Three bids were received in response.

5.2 TECHNOLOGY AND CAPACITY

5.2.1 Infrastructure Description

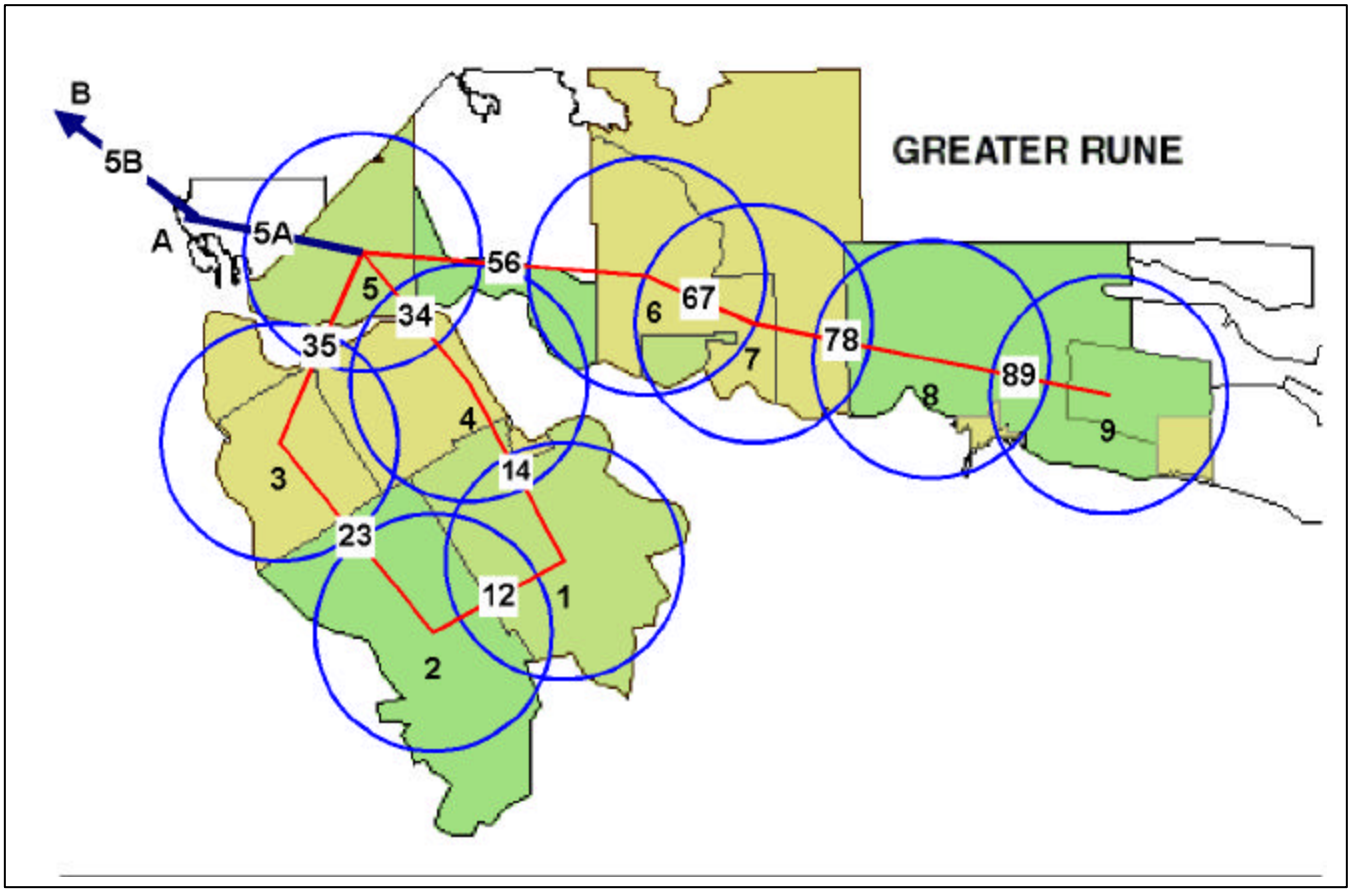
Provide a description of the infrastructure that will be deployed and an overview of the technology and facilities that will be used to deliver broadband services in the community(ies), including the potential for future expansion (scalability) of the proposed network. Identify capacity separately for each category of facility, that is, local access facilities within each community, connecting facilities between pairs of communities and interconnection facilities between the communities and the facilities of other network providers.

Provide a description of the infrastructure that will be deployed

The infrastructure that will be deployed as shown in Figure 5.2.1 is the following:

- **Interconnection facilities**: ♦
- **Connecting facilities**: ♦
- **Local access facilities**: ♦

Figure 5.2.1: Greater Rune Network



5.2.2 Technology and Facilities Overview

[Provide] an overview of the technology and facilities that will be used to deliver broadband services in the community(ies)

Following is an overview of the technology and facilities that will be used to deliver broadband services in the Greater Rune communities:

- **Interconnection facilities**: ♦
- **Connecting facilities**: ♦
- **Local access facilities**: ♦
- **Network management facilities:** ♦

5.2.3 Scalability

Include the potential for future expansion (scalability) of the proposed network

The proposed network has sufficient potential for future expansion (scalability) to provide for all foreseeable growth in demand due to increased number of subscribers and bandwidth per subscriber as follows:

- **Interconnection facilities**: ♦
- **Connecting facilities**: ♦
- **Local access facilities**: ♦
- **Network management facilities:** ¨

5.2.4 Capacity by Facility Category

Identify capacity separately for each category of facility, that is, local access facilities within each community, connecting facilities between pairs of communities and interconnection facilities between the communities and the facilities of other network providers.

Table 5.2.4 identifies the capacity separately for each category of facility, that is, local access facilities within each community, connecting facilities between pairs of communities and interconnection facilities between the communities and the facilities of other network providers.

Table 5.2.4: Capacity by Facility Category

Community	Local Access Facilities	Connecting Facilities	Interconnection Facilities
Vestoy	♦	♦	♦
Sydoy	♦	♦	♦
Ostoy	♦	♦	♦
Oy Beach	♦	♦	♦
West Vestrune	♦	♦	♦
Vestrune	♦	♦	♦
Nordrune	♦	♦	♦
Rune	♦	♦	♦
Ostrune North	♦	♦	♦
Ostrune	♦	♦	♦
Ostrune 18	♦	♦	♦

5.3 COMMITMENTS AND COVERAGE

5.3.1 Expected Subscribers

Provide a list of the names, of each major institution and businesses and identify total numbers of residential subscribers in all targeted communities that have agreed or can be expected to subscribe to the proposed broadband network. Substantiate those potential subscribers either by a letter from them, a signed petition or documented statistics obtained via the survey stating their commitment to pay for broadband provided reasonable costs.

See Appendix 5.3.1 for a list of the names, addresses and postal codes of each major institution in Greater Rune with identification of those that have agreed or can be expected to subscribe to the proposed broadband service. In total Greater Rune contains a total of 21 institutions of which ♦ are considered as major, ♦% of which are covered by the proposed network, of which ♦ or ♦% have agreed or are expected to subscribe to the proposed broadband service.

RUNE has also provided the same information for each major business in the community (see Appendix 5.3.1).

In total Greater Rune contains a total of 84 businesses of which ♦ considered as major, ♦% of which are covered by the proposed network, of which ♦ or ♦% have agreed or are expected to subscribe to the proposed broadband service.

The total numbers of subscribers in all targeted communities that have agreed or can be expected to subscribe to the proposed broadband network.

5.3.2 Institutions and Businesses

For each institution and business that will subscribe or is likely to subscribe, provide:

i) a letter of commitment from the institution or business, including the name and original signature of its representative

ii) the expected level of quality of service and bandwidth

iii) the expected duration of time of commitment, in years, of service by each institution

iv) the expected monthly fee to be paid

v) the expected startup or installation fee to be paid, if any.

See Appendix 5.3.2 for the following information for each institution and business that will subscribe or is likely to subscribe:

i) a letter of commitment from the institution or business, including the name and original signature of its representative

ii) the expected level of quality of service and bandwidth

iii) the expected duration of time of commitment, in years, of service by each institution

iv) the expected monthly fee to be paid

v) the expected startup or installation fee to be paid, if any.

The following Table 5.3.2 summarizes the institutional and business subscriber projections by year:

Table 5.3.2: Institutional and Business Subscribers by Year

Year	1	2	3	4	5
Institutions					
% of total	♦%	♦%	♦%	♦%	♦%
% of covered	♦%	♦%	♦%	♦%	♦%
Yearend	♦	♦	♦	♦	♦
Businesses					
% of total	♦%	♦%	♦%	♦%	♦%
% of covered	♦%	♦%	♦%	♦%	♦%
Yearend	♦	♦	♦	♦	♦

5.3.3 Commitments and Coverage

For each community provide:

i) the legal name and type of community (eg. town, township, parish, reserve)

ii) the expected level of quality of residential service

iii) the expected monthly fee for residential service

iv) the expected startup fee for residential service

v) the number and percentage of households that will have access to the service

vi) the number of households and the percentage of households that have agreed to subscribe to the service in the first year, and the estimated change in the number of subscriber households per year, for a minimum of five years

vii) a map of the community(ies) indicating the areas covered, and the areas not covered, by the service.

i) See Table 2.2.1: RUNE Community 2001 Census Statistics for the legal name and type of community for each of the 11 communities included in Greater Rune

ii) The expected level of quality of residential service for all communities is ♦.

iii) The expected monthy fee for residential service for all communities is $♦.

iv) The expected startup fee for residential service for all communities is $ ♦. This fee excludes ♦ and includes ♦.

v) The number and percentage of users that will have access to the service for each local government entity in Greater Rune is shown in the following table 5.3.3 v):

Table 5.3.3 v): Greater RUNE Population with Access

Community	Population	Dwellings	Number	Percentage
Vestoy	1,491	902	♦	♦
Sydoy	528	373	♦	♦
Ostoy	398	300	♦	♦
Oy Beach	304	143	♦	♦
West Vestrune	620	409	♦	♦
Vestrune	210	144	♦	♦
Nordrune	761	419	♦	♦
Rune	727	303	♦	♦
Ostrune North	741	364	♦	♦
Ostrune	1,479	606	♦	♦
Ostrune 18	123	40	♦	♦
Total	7,382	4,003	♦	♦

vi) the number of households and the percentage of households that have agreed to subscribe to the service in the first year, and the estimated change in the number of subscriber households per year, for a minimum of five years is shown in

Table 5.3.3 vi) Residential Subscribers by Year

Year	**1**		**2**		**3**		**4**		**5**	
Community	Subs	%	Subs	%	Subs	%	Subs	%	Subs	%
Vestoy	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Sydoy	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Ostoy	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Oy Beach	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
West Vestrune	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Vestrune	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Nordrune	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Rune	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Ostrune North	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Ostrune	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Ostrune 18	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Total	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦

vii) A map of the Greater Rune communities indicating the areas covered, and the areas not covered, by the service is shown in Section 5.2.1. The coverage area is estimate to include ♦ square kilometers or ♦% of the 880 square kilometers in the 15 dissemination areas. The coverage area is estimated to include ♦% of the dwellings and ♦% of the businesses and ♦% of the institutions in Greater Rune.

5.4 OPEN ACCESS

5.4.1 ISP Access

Describe how the proposed broadband solution will be open-access such that any capable, third party internet service provider (ISP) may use the intended facilities to provide a service comparable in price and technical specifications to the DSL and Cable Modem services currently offered in Canada's largest cities.

Open access refers to the capability of a competitive service provider to gain access to the telecommunications infrastructure and associated elements, including bulk bandwidth, unbundled network elements, and co-location facilities on an equal basis and at prices comparable to those in the nearest urban center where competitive broadband services are available such that bandwidth is available at various data rates and prices, and in sufficient quantity, to accommodate the requirements of the existing network and any reasonable request from a competitive service provide. Refer to the Broadband for Rural and Northern Development web site for detailed requirements.

The proposed network will be open-access such that any capable, third party ISP can use the facilities to provide a service comparable in price and technical specifications to the DSL and Cable Modem services currently offered in Canada's largest cities as follows:

♦

The broadband service provider will bill the ISP monthly for each subscriber connection at the rate of $♦ per month and $♦ one time fee.

5.4.2 Connectivity

Outline the terms and conditions agreed to by one or more service providers who will provide world-wide internet connectivity for ISP's via the facilities.

RUNE and the winning service provider ♦ have negotiated an agreement with ♦ for interconnection at the latter's premises in Portage la Marie for the provision of world-wide Internet connectivity for ISP's via the facilities of the Greater Rune Broadband network. Internet connectivity will be available to ISPs for $♦ per month per Megabit per second of connectivity. The minimum contract period is one year. The startup fee is $♦.

5.4.3 Technical Standards and Protocols

Disclose the technical standards and protocols that will be used to interconnect the facilities in order to offer retail Internet service to customers in the community(ies).

The technical standards and protocols that will be used to interconnect the facilities in order to offer retail Internet service to customers in the Greater Rune communities are the following:

♦

Additional information on these technical standards and protocols are contained in Appendix 5.4.3.

5.4.4 Why Not Open Access

If open access is not possible, include a description of why. However, applicants should be aware that it is Industry Canada's view that open access must be provided from the outset, unless there are specific and compelling reasons why it is not feasible.

RUNE will provide open access from the start of service.

6 FINANCIAL PLAN

Please note that costs incurred for the Business Plan Development are not eligible for funding in this phase.

6.1 COSTS OF PROJECT MANAGEMENT AND IMPLEMENTATION

Provide a detailed breakdown of the required costs of project management and implementing a Broadband infrastructure.

6.1.1 Project Management Costs

For project management include at minimum the items in Appendix II Table A - Project Management Costs. These costs should cover only the initial build period and are not ongoing once the network is operational.

The summary of the Project Management Costs shown in Table 4.3: Project Management Costs is repeated here. Further details are contained in Appendix 4.3.

Table 4.3: Project Management Costs

Cost Description	**Estimated Cost**
Labour · Project Leader (## hours @$/hour) · Administrator (## hours @$/hour) · Other (specify) (provide detailed breakdown)	
Other · Public Relations · Planning · Professional Services (## hours @$/hour) (specify type of services) · Travel (##KM @ $#.##/hour) · Other (specify) (provide detailed breakdown)	
Total Estimated Project Management Costs	

6.1.2 Infrastructure Installation Costs

For infrastructure implementation provide a costing for the proposed infrastructure that identifies engineering, furnishing and installation costs for each category of facility, that is: local access facilities within each community, transport facilities between pairs of communities and transport interconnection facilities between the communities and the facilities of other network providers. Summarize as in Appendix II Table B – Infrastructure

A summary of the infrastructure installation costs is contained in Table 6.1.2. Additional details on the infrastructure implementation costs including the cost per component for each proposed technology are contained in Appendix 6.1.2.

Table 6.1.2: Infrastructure Installation Costs

Community Name	**Transport Solution**	**Transport Cost**	**Local Access Solution**	**Local Access Cost**
1.	(e.g. fibre, satellite...)		(e.g. DSL, wireless...)	
2.				
3.				
Totals		$		$

6.2 SOURCES OF FUNDS

Identify all sources and amounts of funds to support the costs of project management and infrastructure implementation, including details of cash contributions, including loans and other sources of funds, and in kind contributions.. Include letters of commitment for the contributions from all stakeholders other than the Broadband Program, and letters of intent to substantiate other sources of funds.

Letters of commitment from each of the stakeholders providing in kind or cash contributions or both are contained in Appendix 2.4. Letters of intent related to other sources of funds are also provided in Appendix 2.4.

6.2.1 In Kind Contributions

The in kind contributions are summarized in Table 6.2.1. Details and letters of financial commitment are contained in Appendix 6.2.1 and 4.2.

Table 6.2.1: In Kind Contributions

In Kind Contributions from Stakeholders	**Explanation of Value (Fair Market Value)**	**Contribution Equivalency**
Project Management Costs		
Labour · Project Leader · Administrator · Other · (Provide detailed breakdown)	(e.g. 20 hours @ $80.00 per hour)	$ 1,600
Goods and Services · Equipment · Office Space · Professional Services · (e.g. Communications) · Legal Fees · Evaluation Framework · Others (provide details)		
Travel · Meetings · Site visit · (Provide details and justification)		
Total Project Management Costs (a)		
Infrastructure Installation Costs		
(Provide details)		
Total Infrastructure Installation Costs (b)		
Total In Kind Contributions (a) + (b)		

6.2.2 Cash Contributions

Cash contributions from stakeholders are summarized in Table 6.2.2. Details and financial letters of commitment are contained in Appendix 6.2.2. Other sources of funds are summarized in Table 6.2.3, with specific details of each proposed loan also provided in Appendix 6.2.2.

Table 6.2.2: Cash Contributions from Stakeholders

Cash Contributions/Funding from Stakeholders	**Committed Funding**
Community Champion	
Private Sector · Community Businesses · Service Provider	
Other Government Departments · Federal (other than Broadband, please specify) · Provincial (please specify) · Municipal/Local (please specify)	
Other (provide details)	
Total Cash Contributions from Stakeholders	

Table 6.2.3: Other Sources of Funds

Source of Funds	**Total Funds**
Stakeholder Loans	
Bank Loans	
Other (provide details)	
Total Other Sources of Funds	**$**

6.3 PROJECT FUNDING SUMMARY

The Project Funding Summary in Table 6.3 shows that the project is fully funded, in that the funding requested from the Broadband Program of $♦ (calculated at ♦% of the Total Project Cost) together with the Total In Kind Contributions of $♦, Total Cash Contributions of $♦ and Total Other Sources of Funds of $♦ equals the Total Project Cost of $♦.

Table 6.3: Project Funding Summary

Project Funding Summary	**Value**
A- Total Project Cost *(Table 4.3 + Table 6.1.2)*	$0,000
B- Total In Kind Contributions *(Table 6.2.1)*	($0,000)
C- Total Cash Contributions from Stakeholders *(Table 6.2.2)*	($0,000)
D- Total Other Sources of Funds *(Table 6.2.3)*	($0,000)
Funding Requested from the Program *(+A-B-C-D) =* (Represents ♦% of the total project costs up to a maximum of 50 percent)	$♦

7 IDENTIFICATION OF RISKS AND IMPACTS

7.1 RISKS AND IMPACTS

Identify potential risks that might affect the implementation of your project,[and] their possible impacts. The financial risks associated with any regulatory (CRTC) decisions or proceedings that could affect the costs or revenues of the project during its implementation or on an ongoing basis should be specifically addressed. In particular, the impacts of Telecom Decisions CRTC 2003-58 and 2003-59 should be described.

(See http://www.crtc.gc.ca/PartVII/eng/2003/8622/x4_200304379.htm and http://www.crtc.gc.ca/PartVII/eng/2003/8622/x4_200304387.htm*.)*

Potential risks that may affect the implementation of the project include:

♦

Risks	Impact	Probability	Mitigation Strategy
Financial: The vendor may not have included the costs of all equipments in his bid. There could be an increase in costs which cannot be supported by the community champion.	Medium	Low	A letter with the selected vendor was signed stating that any slippage of time and cost would result in monetary penalty to the vendor. The project leader will follow financial slippage closely on a bi-weekly basis.
Personnel			
Technology			
Timeframe			
Weather			
Etc.			

♦

7.2 ENVIRONMENTAL IMPACTS

Include a brief preliminary indication of potential environmental impacts that may arise in the implementation phase. Please note that the provisions of the Canadian Environmental Assessment Act will apply to projects funded by the Broadband Pilot Program. For assistance in identifying potential environmental risks and impacts, you should refer to the Canadian Environmental Assessment Agency website at:

http://www.ceaa-acee.gc.ca/0011/0001/0008/partie1_e.htm

RUNE and the winning service provider have conducted a preliminary investigation of potential environmental impacts that may arise in the implementation phase. We acknowledge that the provisions of the Canadian Environmental Assessment Act will apply to projects funded by the Broadband Pilot Program. For assistance in identifying potential environmental risks we have referred to the Canadian Environmental Assessment Agency website at: http://www.ceaa-acee.gc.ca/0011/0001/0008/partie1_e.htm.

Our brief preliminary indication of potential environmental impacts is the following:

♦

8 SUSTAINABILITY STRATEGY

8.1 PROJECTIONS

Demonstrate that the project is sustainable for a minimum of five years (i.e.. that the project will generate positivenet cash flows at the end of the five-year period). Include all assumptions made, such as: discount rate, population growth rate, interest rate, amounts of loans and repayment terms, and revenue per subscriber (monthly charges plus installation costs). Indicate who will be directly responsible for owning and operating the network once completed (e.g., contracted supplier, local service provider, community owned, etc.) Provide a breakdown of the ownership in terms of its constituents (local access, regional transport, national backhaul).

At a minimum, a summary of cash flow projections should be provided for a five-year period, or longer if the project is not yet cash positive, for its cumulative operational activities, at the end of five years. Detailed operating revenue and expense projections for a five-year period can also be provided to demonstrate sustainability.

Reporting of cash flows (Table 8.1)

The reporting of cash flows in Table 8.1 is based on the cash method of accounting, where inflows and outflows are reported as the cash is received or disbursed. Projected inflows and outflows of cash are to be reported in the year in which it is expected that the cash will be received or disbursed.

The cash inflows related to financing the project management and implementation, which correspond to the sum of proposed Broadband for Rural and Northern Development and other cash contributions, including loans and other sources of funds, are received at the time of the infrastructure build. The cash outflows associated with the project management and implementation also occur over the course of the infrastructure build.

The cash inflows related to ongoing operations are received once the network begins operating, and are normally made up primarily of user revenues. The cash outflows associated with operations correspond to the ongoing administration, maintenance, financing and other operational costs associated with the network, and include income taxes paid. These operational outflows are not eligible for Broadband for Rural and Northern Development funding.

Based on information provided by the winning service provider combined with the project management costs and the following assumptions, RUNE submits that the project is sustainable for a minimum of five years.

The key assumptions of the analysis are:

- discount rate: ♦
- population growth rate: ♦
- penetration rate: ♦
- churn (subscriber turnover) rate: ♦
- terms of any loans (interest rate, repayment terms): ♦
- project implementation timelines: ♦
- monthly charges by type of subscriber: ♦
- cost and useful life of all assets being capitalized ♦

Table 8.1 contains a summary of cash flow projections and Appendix 8.1 contains additional details of the projections.

Table 8.1: Summary of Cash Flow Projections

Year	1	2	3	4	5	Total
Cash flows - Project management and implementation						
Cash provided by: (See Note 1)						
Cash contributions – Broadband for Rural and Northern Development						
Cash contributions – Other (provide details)						
Loans (provide details)						
Other (provide details)						
Total cash provided						
Cash used for: (See Note 1)						
Outlays – infrastructure installation						
Outlays – project management						
Other (provide details)						
Total cash used						
Annual net increase (decrease) in cash related to Project management and implementation (a)						
Cumulative net increase (decrease) in cash related to Project management and implementation (b)						
Cash flows - Operations						
Cash provided by: (See Note 1)						
User revenues (provide details)						
Other (provide details)						
Total cash provided						
Cash used for: (See Note 1)						
Administration (provide details)						
Network maintenance (provide details)						
Purchase of CPEs after project implementation (provide details)						
Loan repayments (provide details of interest and principal)						
Income taxes (provide details)						
Other (provide details)						
Total cash used						

Annual net increase (decrease) in cash related to Operations (c)
Cumulative net increase (decrease) in cash related to Operations (d)
Annual net increase (decrease) in cash related to Project management and implementation and Operations (a) + (c)
Cumulative net increase (decrease) in cash related to Project management and implementation and Operations (b) + (d)

Note 1: Projected inflows and outflows of cash are to be reported in the year in which it is expected that the cash will be received or disbursed. For example, cash contributions from Broadband for Rural and Northern Development, if received during the first two years of the project, are to be reported in these years only, and are not to be allocated to subsequent years.

8.2 MARKETING PLAN

Provide a marketing strategy. Your marketing strategy should include key messages for the main target segment (businesses, residential, institutions), the 4Ps (price, promotion, place, product) , list of some marketing activities, etc.

The marketing plan contained in Appendix 8.2 was developed by the service provider with input from RUNE.

8.3 CONTRACTUAL RELATIONSHIPS

Provide details of the proposed contracts that will exist between the broadband service provider and subscribers.

See Appendix 8.3 for proposed contracts with residential and business/institutional subscribers.

9 ASSESSMENT CRITERIA

All Business Plans will be assessed in the following areas:

Community Need: *The extent to which the submission demonstrates that the proposed broadband deployment is based on a realistic assessment of community needs (e.g. a description of needs assessment undertaken in the community(ies) involved).*

Anticipated Benefits: *The extent to which the submission demonstrates the direct and indirect benefits to the community(ies) involved as a result of the proposed broadband deployment (e.g. description of the new services/applications that will strengthen the economy and/or improve access to health, education, government, etc.)*

Financial Support for the Project: *The extent to which the submission demonstrates that financial resources will be forthcoming from other sources to match the requested Broadband Pilot Program contribution.*

Community Support: *inclusion of letters from local businesses and institutions detailing* ***firm*** *commitments of cash and/or in-kind contributions to the project, numbers of signed-up subscribers to anticipated services, etc.*

Support from other sources: *details of* ***firm*** *funding commitments from the other levels of government and their agencies, the private sector, etc.).*

Project Management: *The extent to which the submission demonstrates that the Community Champion has the administrative capability to manage the implementation of the business plan (e.g. inclusion of qualifications of management team, a realistic project implementation plan, etc.)*

Technological Solution: *The appropriateness and availability of the proposed technological solution.*

Project Sustainability: *The extent to which the submission demonstrates that there is a long-term (i.e. at least five years) strategy to sustain the broadband services deployed as a result of this project (e.g. issues such as long-term revenue and cost projections, scalability of services, future technology options, risk analysis and mitigation measures, etc. have been considered).*

Transparency of RFP Process: *Evidence to which the submission demonstrates that the RFP process was undertaken in a competitive and transparent manner (e.g. inclusion of: a copy of the RFP, the communication strategy used to publicize the RFP process, the list of bidders, a copy of the winning bid and rationale for its selection and a copy of the contract signed with the selected supplier).*

Project Cost: *A demonstration of a reasonable and realistic assessment of estimated total costs and a justification of the level of the Broadband Pilot Program funding required, keeping in mind that funding availability under this Pilot Program is limited.*

Rune respectfully submits that it is has fully met all of the assessment criteria as follows:

Community Need: ♦

Anticipated Benefits: ♦

Financial Support for the Project: ♦

Community Support ¨

Support from other sources: ♦

Project Management: ♦

Technological Solution: ♦

Project Sustainability: ♦

Transparency of RFP Process: ♦

Project Cost: ♦

10 BUSINESS PLAN CHECKLIST

Have you included the following information in your Business Plan?

☑ RUNE has included all of the required information in its Business Plan submission:

1. *Section 1 completed and signed by the Project Leader and the responsible signing authority for the Community Champion;*

   ☑ Section 1 is completed and signed by the Project Leader and the responsible signing authority for the Community Champion on the cover page.

2. *A copy of incorporation documents or of Registered Official Band Name;*

   ☑ Incorporation documents for RUNE are included in Appendix 2.1.1.

3. *Signed letters of commitment from stakeholders*

   ☑ Signed letters of commitment from stakeholders are contained in Appendix 6.2.3

4. *An assessment of the community needs for broadband access and the anticipated benefits of the deployment;*

   ☑ The assessment of community needs for broadband access and the anticipated benefits if the deployment are included in Section 3.1

5. *An overview of the project management structure, including implementation schedule, time lines and milestones;*

   ☑ An overview of the project management structure, including implementation schedule, time lines and milestones is contained in Section 4.

6. *Details of the bidding process outlining the strategies for en*suring open access, details of *commitments received, as well as the extent of the proposed broadband coverage area and a description of the proposed technology and capacity;*

   ☑ Details of the bidding process outlining the strategies for ensuring open access, details of commitments received, as well as the extent of the proposed broadband coverage area and a description of the proposed technology and capacity are included in Section 5.1.

7. *Details of the required costs of project management and implementing a Broadband infrastructure and sources of funds including in kind and cash contributions*

   ☑ Details of the required costs of project management and implementing a Broadband infrastructure and sources of funds including in kind and cash contributions are included in Section 6 and related appendices.

8. *A summary of the risks and impacts of the proposed project, proposed srategies and assessment of the environmental impacts*

   ☑ A summary of the risks and impacts of the proposed project, proposed strategies and assessment of the environmental impacts.

9. *Demonstrate that the project is sustainable for a minimum of five years*

   ☑ Details of cash flows, segregated between Project management and implementation, and Operations, for a minimum five-year period to demonstrate the sustainability of the proposed infrastructure are contained in Section 8.1 and related appendices, together with key assumptions related to revenue and cost projections.

10. *A signed copy of Appendix VI for Quebec Community Champions*

    ☑ No signed copy of Appendix VI for Quebec Community Champions is included since it not applicable to the communities of Greater Rune who are all located in Manitario.

11. *One original and three copies of the submission and all relevant supporting documents*

    ☑ One original and three copies of the submission and all relevant supporting documents are included in the package submitted.

12. *Copy of the submission on diskette or CD in either Microsoft Word, Corel WordPerfect or Adobe Portable Document Format.*

    ☑ A copy of the submission on CD in Adobe Portable Document Format is included in the package submitted.

13. *Submit the Business Plan by May 22, 2003 for First Round applicants and by October 23, 2003 for Second Round applicants*

    ☑ As a first round applicant RUNE is submitting the Business Plan to the Broadband Pilot Program Office in Ottawa by May 22, 2003.

11 APPENDICES