

# North Georgia Networks

## BUDGET NARRATIVE

November 23, 2009

## Summary of Form SF424C Costs for North Georgia Networks

NGN's total project budget is \$42,314,349. This document will describe how the total project budget is broken down into the various Form SF424C budget categories.

NGN's budget resulted from a year-long planning process, which included extensive on-site interviews with potential public and private users in critical locations throughout the north Georgia region. The founding members of NGN – Blue Ridge Mountain and Habersham Electric Membership Corporations (EMCs) – also provided assistance with cost estimating, budgeting and validating estimates through their real-world experience deploying fiber optics in NGN's mountainous region.

NGN also retained the services on an outside consulting firm. These consultants worked closely with the overall project team to develop a budget that balanced the need to produce a comprehensive, efficient plan with the need to be conservative and avoid future cost overruns. The three-step process used to develop this NGN's budget is described below:

1. Project engineers first developed detailed specifications for all major network elements including fiber optic cabling, network electronics, and facilities such as points of presence (POPs). A bill-of-materials (BOM) approach was used to define "assemblies" for these major elements. For example, several types of POP assemblies were defined, along with their various component items; from physical facilities to electrical systems to air handling equipment to network electronics to labor. Once developed, these assemblies were combined into an overall "project inventory."
2. Interviews were conducted with candidate vendors to review components used in the network and to validate their associated costs. List (suggested retail) prices were used to insure that all costs estimates were conservative, with an assumption that discounts are likely to result from the competitive procurement process.
3. Engineers and business analysts collaborated throughout this process to maintain linkages between technical, business and policy factors. An integrated software environment was used to produce all cost estimates for the final project budget. This environment allowed engineers to produce assemblies and component costs that were visible in real-time to the business analysts working on estimates for capital costs, operating expenses, revenue and other aspects of the financial model.

In summary, NGN went through one of the most rigorous budget planning processes ever performed for an infrastructure project of this type.

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Withheld in their entirety  
pursuant to FOIA Exemption 4  
(5 U.S.C. § 552 (b)(4))

## H. Project Budget

Name North Georgia Network

EasyGrants# 506

### 44. General Overall Budget:

Please fill out the following table.

Budget						
	Loan Request	Grant Request	Equity	Debt	Bonds	Other Funding
Network & Access Equipment (switching, routing, transport, access)		\$ 4,310,266	\$ 1,135,427			
Outside Plant (cables, conduits, ducts, poles, towers, repeaters, etc.)		\$ 18,687,353	\$ 4,922,695			
Buildings and Land - (construction, improvements, renovations, lease)		\$ 3,958,367	\$ 1,042,728			
Customer Premise Equipment (modems, set-top boxes, inside wiring, etc.)		\$ 3,552,252	\$ 935,748			
Billing and Operational Support Systems (IT systems, software, etc.)		\$ 346,883	\$ 91,377			
Operating Equipment (vehicles, office equipment, other)		\$ 753,708	\$ 198,545			
Professional Services (engineering design, project management, consulting, etc.)		\$ 1,873,991	\$ 495,259			
Testing (network elements, IT system elements, user devices, test generators, lab furnishings, servers/computers, etc.)						

Site Preparation						
Other		\$ 7,717	\$ 2,033			
<b>Total Broadband System</b>		<b>\$33,490,537</b>	<b>\$8,823,812</b>			