



ENTRYPPOINT

NETWORKS

Findings Summary for Q-Life

EntryPoint furnishes Q-Life with the following Findings Summary, which serves as a navigational guide to chart a course for future expansion and financial success to address area access and affordability gaps. This comprehensive document encompasses findings in three pivotal areas:

- 1 Q-Life's Network Assessment**
- 2 Financial Outlook**
- 3 Market Analysis**

1 Preliminary Q-Life Network Findings

Wasco County has 13,660 addresses, and The Dalles has 6,700 addresses within the city limits. The network uses the 6813 NWC PUD poles in and around The Dalles. These poles are available in the Tygh Valley and Dufur. With the ability to use the poles in these areas with the established relationship with the PUD, these areas would be a focus for the network extension. That said, most of the system is installed using aerial construction; however, new construction areas and some of the drops are installed in underground conduit.

They received funding to build a fiber network in Maupin in years past. They presumptively built mainline and MSTs (Multiport Service Terminals) throughout the city. Individual ISPs were then responsible for building and maintaining the connection to the home. How they built it would make it relatively easy to install the EntryPoint system as a use case quickly. Still, at this time, Q-Life may prefer not to do this due to the ISPs needing to recoup construction costs for the drop, equipment in the home, and other complications.

Snapshot of Outside Plant Fiber Infrastructure

Backbone Fiber

288F over 40,000 ft

144F over 130,000 ft

72F over 24,000 ft

48F over 73,000 ft

24F over 16,000 ft

12F over 16,500 ft

6F over 28,000 ft

Several thousand feet of unknown backbone fiber.

Conduit Duct Banks

54,813 ft of used and unused conduit of assorted sizes

Service Locations

122 connections made to premises in The Dalles (not including any unknown connections done in Maupin by Providers)

Maupin

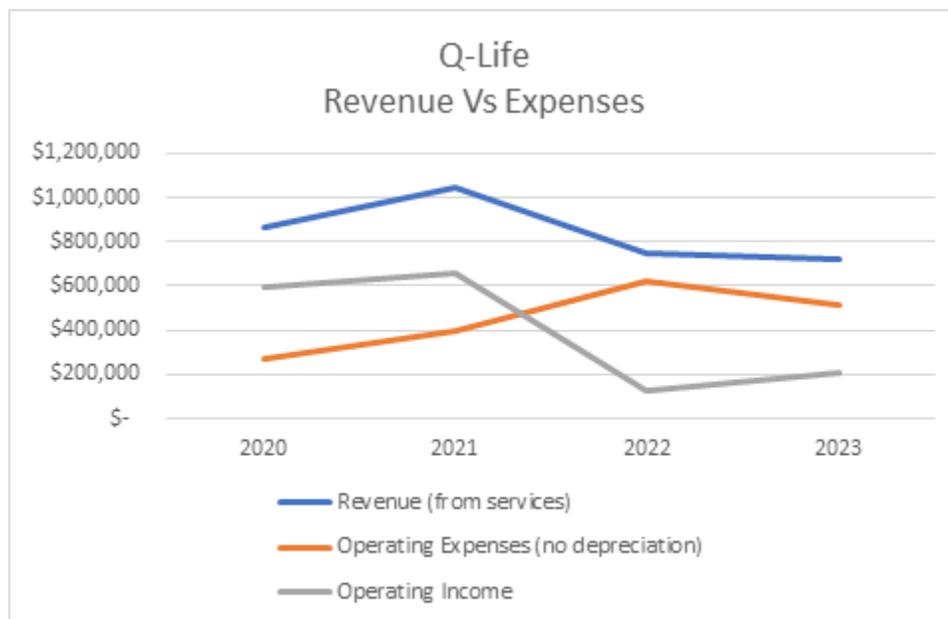
76 MSTs (12port?) for 274 living units and 418 Population

2 Q-Life Financial Summary

EntryPoint’s financial analysis for Quality Life aims to deliver a strategic overview of your financial performance and prospects. This initial report covers only a high-level snapshot of the current economic situation for Q-Life. Future analyses will delve into key financial indicators, trends, and projections, empowering the board and stakeholders to make informed decisions and chart a successful course for the future. Our goal is to offer actionable insights that enable you to capitalize on strengths, address weaknesses, and maximize growth opportunities.

Based on our initial financial analysis, using financial records for Q-Life spanning from 2019 through 2023. It's important to note that financial data for 2022 and 2023 are currently unaudited. The fiscal year for the company concludes on June 30.

An intriguing trend emerges when analyzing the revenue figures. The company experienced its pinnacle of revenue in 2021. However, there has been a subsequent decline, with revenue falling below the levels recorded in 2020 for both 2022 and 2023. Budget projections for the upcoming year, 2024, anticipate a slight further decrease in revenue.



Monthly Revenue (contracted and monthly) \$59,605	Annual Revenue (contracted and monthly) \$715,000	Customers 21	Services 115
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As discussed in this report, customers are defined as service providers, both Internet Service Providers and Public/Private Network Service Providers like public institutions. Most of these services are Dark Fiber; however, certain areas include Broadband Transport.

The preliminary budget for 2024 anticipates a projected revenue of \$713,860. Notably, a significant portion of the company's existing contracts have extended beyond their original term and now operate monthly or annually, which may allow for potential cancellation at any point.

Examining the 2024 budget's General Expenses, it becomes apparent that most of these expenditures are allocated toward contracted services. This strategic approach underscores the company's reliance on specialized external support to manage its operations efficiently.

2024 Budget

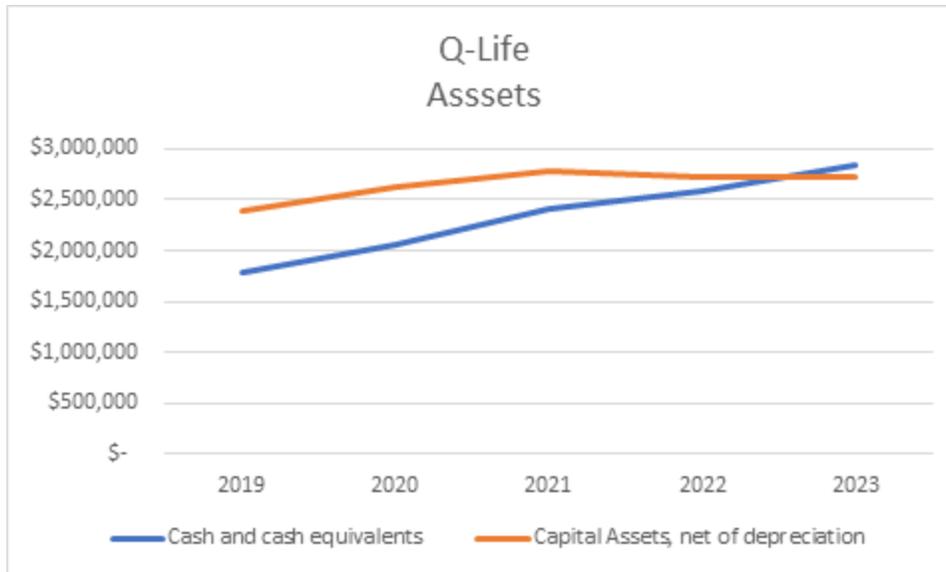
Contracted Services	
General	\$ 15,000.00
Legal	\$ 15,000.00
Audit	\$ 9,000.00
Engineer	\$ 60,000.00
Networks	\$ 99,000.00
Administrative Costs	\$ 72,000.00
Pole Connections	\$ 12,000.00
Insurance and Bonds	\$ 20,000.00
R&M	\$ 22,000.00
Overhead (rent, etc)	\$ 22,000.00
Other	\$ 37,000.00
Total	\$ 383,000.00

Note: This excludes projections for capital expenditure, replacement or repair, contingency, or other budgeted amounts for unappropriated funds. The financial structure encompasses three distinct categories:

1. General Fund
2. Capital Projects Fund
3. Maupin Fund

Notably, Q-Life maintains a debt-free status, except for outstanding accounts payable.

As of 2023, the company boasts robust assets, with roughly \$2.9 million in cash or cash equivalents, complemented by approximately \$2.7 million in Capital assets (after accounting for depreciation). Over five years, these holdings have demonstrated a consistent upward trajectory, underpinning the company's overall financial health and growth.



To forecast asset trajectories, the company employs the following Useful Life projections, which have proven reliable in anticipating asset longevity. Notably, the company has not incurred substantial expenses tied to equipment replacement annually. Nonetheless, prudent financial planning is evident in their annual allocation of a significant budget for this purpose.

Useful Life Projections:

- Equipment: Anticipated lifespan of 10 years.
- Fiber Optic Loop: Envisioned to persist for an extensive span of 30 to 50 years.

This approach reflects the company's proactive stance towards asset management, ensuring stability and operational efficiency over the long term.

3 Market Analysis

Wasco County and its neighboring areas offer a diverse range of fixed wireless and a handful of copper-delivered internet services like hybrid-fiber coax, cable, and DSL.

The county has one dominant cable operator, Spectrum (Charter/Spectrum) internet. Very little realistic competition exists, granting the cable company an effective monopoly. For most residents, cable is the fastest, most reliable option—so long as they reside in a part of the county deemed worthy of investment by the cable operator. Which areas qualify or do not qualify for the service is determined by estimated profit margins for the initial investment and density (meaning, the shorter the distance between residences or businesses, the higher the probability the cable company serves the area.) The only competition in the region comes from small patches of fiber from the incumbent phone company, Lumen/CenturyLink, Spectrum’s fiber product, and pockets of AT&T and other regional operators. The remaining options available in the marketplace do not represent a competitive product. All factors being equal—availability, price, etc.—cable has no equal in speed or delivery.

Wireless technology is available in pockets of the county via line-of-sight wireless internet service and satellite internet service. Fixed wireless options can cover distances that traditional cables might find challenging, bringing high-speed internet to previously underserved or unserved areas. Signal quality diminishes significantly over longer distances from the transmission tower, potentially limiting the availability of high-speed plans in certain areas. Area terrain makes line-of-sight solutions challenging for some areas, and relying on it for portions of the population should be expected to create digital disparities in access and affordability.

However, fixed wireless setups typically require fewer infrastructure investments compared to wired alternatives. While this cost efficiency can translate into more budget-friendly pricing plans for consumers, wired connections still offer significantly higher or more reliable bandwidth capabilities in most use cases, making them more suitable for highly data-intensive tasks. StarLink presents an interesting challenge to the marketplace. Starlink promotes itself as a solution for low-density populations, not suburban or metro areas, and more time is required to analyze whether the customer’s speeds will reduce on a per-user/household basis as the network continues to add subscribers.

Both wireless and wired/copper connections suffer from the risk of oversubscription, upload speed limitation, and data caps—factors that must be considered when evaluating a long-term infrastructure and connectivity plan for the county. Oversubscription means internet speeds vary based on the number of users sharing the same network. During peak usage times, such as evenings, speeds slow down. These technologies also provide higher download speeds than upload speeds. Upload speed affects outgoing video quality for working or schooling from home, the time it takes to upload documents of any meaningful size, and other outgoing internet functions. Fixed wireless and cable typically include a data cap. When customers use a certain amount of data during a billing cycle, their speeds are throttled after a certain amount of use, or the consumer is charged for data overages. Spectrum has the capability to impose a data cap; however, the company has vowed not to impose a data cap on consumers before 2024. As connectivity requirements continue to evolve, a symmetrical network without the risk of oversubscription or the threat of data cap speed reductions/overage charges better meets the needs of residents and businesses.

Pricing Matrix

Wireless		
Carrier	Speed	Monthly Cost
AlwaysOn Wi-Fi	Up to 100 Mbps (25 GB Data Cap)	\$60.00
	Up to 100 Mbps (50 GB Data Cap)	\$85.00
	Up to 100 Mbps (100 GB Data Cap)	\$100.00
	Up to 100 Mbps (450 GB Data Cap)	\$140.00
	Up to 100 Mbps (1 TB Data Cap)	\$220.00
Blue Mountain Networks	Up to 300 Mbps	\$35.00
	Up to 500 Mbps	\$50.00
	Up to 1 Gbps	\$65.00
	Up to 2 Gbps	\$100.00
HughesNet	Up to 25 Mbps (15 GB Data Cap)	\$64.98
	Up to 25 Mbps (50 GB Data Cap)	\$89.98
	Up to 25 Mbps (100 GB Data Cap)	\$114.98
	Up to 25 Mbps (200 GB Data Cap)	\$189.98
Mosier WiNet	Up to 3 Mbps	\$45.00
	Up to 5 Mbps	\$55.00
	Up to 25 Mbps	\$69.99
SkyLink	Up to 25 Mbps	\$65.00
	Up to 50 Mbps	\$75.00
	Up to 100 Mbps	\$85.00
StarLink	Up to 220 Mbps	\$120.00
	Up to 220 Mbps (Priority on Network)	\$250.00
T-Mobile Home Internet	33 Mbps up to 100 Mbps	\$50.00
ViaSat	Up to 25 Mbps	\$49.99
	Up to 50 Mbps	\$69.99
	Up to 75 Mbps	\$99.99
	Up to 100 Mbps	\$149.99
	Up to 150 Mbps	\$199.99
Warm Springs Telecomm	Up to 1.5 Mbps	\$36.99
	Up to 2 Mbps	\$54.99
	Up to 4 Mbps	\$74.99

Terrestrial		
Carrier	Speed	Price
Spectrum	Up to 300 Mbps	\$54.99
	Up to 500 Mbps	\$74.99
	Up to 1 Gbps	\$94.99
CenturyLink/Lumen	Up to 25 Mbps	\$65.00
	Up to 50 Mbps	\$75.00
	Up to 100 Mbps	\$85.00

Fiber Availability

Within the area covered by Q-Life, only a few small, sporadic pockets exist with access to fiber internet. Fiber internet offers significantly faster download and upload speeds compared to cable internet. Fiber-optic cables transmit data using light signals, allowing for higher bandwidth and reduced latency. This means smoother streaming, quicker downloads and uploads, and faster online gaming. Fiber also provides symmetrical speeds, which means the upload speed is just as fast as the download speed. This is crucial for activities like video conferencing, cloud computing, and uploading large files. The infrastructure and delivery mechanism for fiber make it less susceptible to interference from electronic devices, weather conditions, or network congestion. This results in a more stable and reliable internet connection, with consistent speeds even during peak usage times.

In addition to these factors, fiber also provides the lowest latency threshold available today, essential for online gamers, video conferencing, and real-time applications where minimal delay is crucial. By providing scalability, fiber networks can be easily upgraded and expanded to meet growing bandwidth needs now and in the future.

Because it is less susceptible to signal interruption and data theft, fiber also represents the most secure option available.

Lastly, Fiber-optic is more energy-efficient and has a smaller carbon footprint compared to the energy-intensive process of copper cable production and maintenance.

Notably, industry-accepted financial models accept an 18% take rate for a new fiber provider in year one, 30% in year two, and 50% in less than five years. These adoption rates are well-documented and generally accepted by investors in most areas. This behavior on the part of consumers underscores the superior experience fiber systems deliver and the organic nature of the increasing demand for this improvement.