

Mapleton City Council Staff Report

Meeting Date: November 18, 2014

Prepared by: Cory Branch

Applicant: CentraCom

ACTION ITEM:

Consideration to approve a Franchise Agreement between Mapleton City and Central Telcom Services, LLC, DBA CentraCom Interactive in order to install telecommunication infrastructure within the city.

FINDINGS OF FACT:

1. The purpose of this Agreement is to allow CentraCom the ability to install telecommunication infrastructure within the city. (see Attachment 1 – Telecommunication Franchise Agreement)
2. The applicant will be proposing a telecommunication tax to the council at the night of the meeting.
3. Attachment 2 provides a company overview of CentraCom. (see Attachment 2)

STAFF RECOMMENDATION:

Once the telecommunication tax is agreed upon staff recommends approval of the proposed Franchise Agreement.

ATTACHMENTS:

1. Telecommunication Franchise Agreement
2. Company Overview of CentraCom

TELECOMMUNICATIONS FRANCHISE AGREEMENT

THIS TELECOMMUNICATIONS FRANCHISE AGREEMENT (hereinafter “Agreement”) is entered into by and between Mapleton City (hereinafter “City” or “Party”), a municipal corporation of the State of Utah, with principal offices at 125 West 400 North, Mapleton, Utah 84664, and Central Telcom Services, LLC, DBA CentraCom Interactive, a Utah limited liability company with principal offices at 35 South State, Fairview, UT 84629, (hereinafter “Provider,” “Party,” or together with City, “Parties”).

WITNESSETH:

WHEREAS, the Provider owns or intends to install telecommunications infrastructure within the City; and

WHEREAS, the Provider may provide telecommunications services within or through the City and in connection therewith use present and future rights-of-way of the City; and

WHEREAS, the City, in exercise of its management of public Rights-of-Way, believes that it is in the best interest of the public to provide the Provider a nonexclusive franchise to provide telecommunications services in the City.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the Parties contained herein, and for other good and valuable consideration the receipt and sufficiency of which City and Provider acknowledge, the City and the Provider agree as follows:

ARTICLE 1. FRANCHISE AGREEMENT, ORDINANCE, AND POLICY.

1.1 **Agreement.** Upon approval by the Parties, this Agreement shall be deemed to constitute a contract by and between City and Provider.

1.2 **Ordinance and Procedure.** The City has adopted the Telecommunications Tax Ordinance and the Telecommunications Rights-of-Way Ordinance, which are hereby incorporated by reference into this Agreement and attached hereto as “Exhibit A.” Provider acknowledges that it has had an opportunity to read and become familiar with these ordinances. The Parties agree that the provisions and requirements of these ordinances are material terms of this Agreement, and that each Party hereby agrees to be contractually bound to comply with their terms. The definitions in the ordinances shall apply herein unless a different meaning is indicated. The City also has excavation procedures for use of City’s Rights-of-Way and Provider agrees to be bound by and follow said excavation procedures (“Excavation Procedures”).

1.3 **Ordinance and Procedure Amendments.** The City reserves the right to amend the Telecommunications Tax Ordinance, the Telecommunications Rights-of-Way Ordinance or the Excavation Procedure at any time.

1.4 **Franchise Description.** The Telecommunications Franchise provided hereby shall confer upon the Provider the nonexclusive right and franchise to maintain and expand a telecommunications system in, under, above and across the present and future public Rights-of-Way in the City (“Provider’s System”). Nothing contained herein shall preclude the Provider from permitting another provider of telecommunications services with a telecommunications franchise who is lawfully engaged in such business to utilize the Provider’s System within the City for such purposes. The franchise does not grant to the Provider the right, privilege or authority to engage in cable television or other video system service business; although, nothing contained herein shall preclude the Provider from (1) permitting those with a cable franchise who are lawfully engaged in such business to utilize the Provider’s System within the City for such purposes, or (2) from providing such service in the future if an appropriate franchise is obtained and all other legal requirements have been satisfied.

1.5 **Licenses.** The Provider acknowledges that it has obtained the necessary approvals, licenses or permits required by federal and state law to provide telecommunications services consistent with the provisions of this Agreement.

1.6 **Underground Facilities/Blue Stakes.** As owner of Provider’s System, the Provider is an operator, and when repairing or expanding Provider’s System, the Provider is an excavator under Utah Code Ann. § 54-8a-2 *et seq.* and is liable for its acts or omissions under said statute.

1.7 **Relationship.** Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the Parties and neither Party is authorized to, nor shall either Party act toward third persons or the public in a manner that would indicate any such relationship with each other.

ARTICLE 2. TELECOMMUNICATIONS TAX; ADMINISTRATIVE FEES

2.1 **Telecommunications Tax Ordinance.** Pursuant to the Utah Municipal Telecommunications Tax Act, Utah Code §§ 10-1-401 to 410, as amended, the City has levied a municipal telecommunications license tax on the gross receipts from telecommunications service attributed to the City codified in the Telecommunications Tax Ordinance. In accordance with state law, the municipal telecommunications tax is levied by the City in lieu of franchise fees (except for administrative fees discussed at Section 2.3 herein) and imposed upon telecommunications providers of telecommunications services as those terms are defined in the Telecommunications Tax Ordinance. Provider shall give notice to the City when it provides telecommunications services that are taxable under the Telecommunications Tax Ordinance.

2.2 **Non-Telecommunications Services.** The municipal telecommunications license tax described by Section 2.1 does not apply to non-telecommunications services offered by Provider unless the Provider fails to separately charge its customers for the non-telecommunications services or the charge for non-telecommunications services cannot be reasonably identified in the books and records Provider keeps in the normal course of business.

All other provisions of this Agreement apply whether Provider's services are telecommunications or non-telecommunications services.

2.3 **Administrative Fees.** The Provider shall pay to the City any and all applicable administrative fees required by ordinance.

ARTICLE 3. TERM AND RENEWAL.

3.1 **Term.** The franchise granted to the Provider shall be for a period of fifteen (15) years commencing on the first day of the month following execution of this Agreement, unless this Franchise be sooner terminated as herein provided.

3.2 **Rights of Provider upon Expiration or Revocation.** Upon expiration of the franchise granted herein, whether by lapse of time, by agreement between the Provider and the City, or by revocation or forfeiture, the Provider shall have the right to remove from the Rights-of-Way any and all of Provider's System, subject to the limitations and conditions of the Excavation Procedure. In such event, it shall be the duty of the Provider, immediately upon such removal, to restore the Rights-of-Way from which Provider's System is removed to as good a condition as the same was before the removal was effected.

ARTICLE 4. PUBLIC USE RIGHTS

4.1 **City Use of Poles, Underground Trenches or Infrastructure, and Overhead Structures.** The City shall have the right, without cost, to use all poles, underground trenches or infrastructure, and overhead structures owned or leased by the Provider within the City for fire alarms, police signal systems, or any lawful public use; provided, however, any said uses by the City shall be for activities owned, operated or used by the City for any public purposes.

4.2 **Limitations on Use Rights.** Nothing in this Agreement shall be construed to require the Provider to increase pole or underground capacity, alter the manner in which the Provider attaches equipment to the poles, or alter the manner in which the Provider operates and maintains its equipment. Such City attachments and other lawful public uses of Provider's underground trenches, infrastructure and overhead structures shall not interfere with Provider's equipment or ability to provide telecommunications services and shall be installed and maintained in accordance with the reasonable requirements of the Provider and the current National Electrical Safety Code. City attachments and other lawful public uses permitted by this Agreement shall be attached or installed only after written notice to the Provider.

ARTICLE 5. POLICE POWERS

The City expressly reserves, and the Provider expressly recognizes, the City's right and duty to adopt, in addition to provisions herein contained, such ordinances and rules and regulations as the City may deem necessary in the exercise of its police power for the protection of the health, safety and welfare of its citizens and their properties.

ARTICLE 6. CHANGING CONDITIONS AND SEVERABILITY

6.1 **Changing Conditions.** The Provider and the City recognize that conditions in the telecommunications industry may change in ways that affect the way the Provider offers telecommunications services and the way the City regulates the telecommunications industry. In recognition of that possibility, the Provider and the City each agree, upon request of the other during the term of this Agreement, to meet with the other to discuss in good faith whether it would be appropriate, in view of new developments in the industry during the term of this Agreement, to amend this Agreement or to enter into separate, mutually satisfactory arrangements to effect a proper accommodation of any such developments.

6.2 **Severability.** If any section, sentence, paragraph, term or provision of this Agreement, the Telecommunications Tax Ordinance, Telecommunications Rights-of-Way Ordinance, or the Excavation Procedure is for any reason determined to be or rendered illegal, invalid or superseded by other lawful authority, including any state or federal, legislative, regulatory or administrative authority having jurisdiction thereof, or is determined to be unconstitutional, illegal or invalid by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such determination shall have no effect on the validity of any other section, sentence, paragraph, term or provision, all of which shall remain in full force and effect for the term of this Agreement or any renewal or renewals thereof. Provided that if the invalidated portion is considered a material consideration for entering into this Agreement, the Parties will negotiate, in good faith, an amendment to this Agreement. As used herein, "material consideration" for the City is its ability to collect the municipal telecommunications license tax during the term of this Agreement and its ability to manage the Rights-of-Way in a manner similar to that provided in this Agreement, and the Excavation Procedure. For the Provider, "material consideration" is its ability to use the Rights-of-Way for telecommunications purposes in a manner similar to that provided in this Agreement and the Rights-of-Way Excavation Procedure.

ARTICLE 7. EARLY TERMINATION, REVOCATION OF FRANCHISE AND OTHER REMEDIES

7.1 **Grounds for Termination.** The City may terminate or revoke this Agreement and all rights and privileges herein provided for any of the following reasons:

(a) The Provider fails to make timely payments of taxes or fees as required under Article 2 of this Agreement and does not correct such failure within sixty (60) calendar days after written notice from the City of such failure;

(b) The Provider, by act or omission, materially violates a material duty herein set forth in any particular within the Provider's control, and with respect to which redress is not otherwise herein provided. In such event, the City, acting by or through its City Council, may determine, after hearing, that such failure is of a material nature, and thereupon, after written notice giving the Provider notice of such determination, the Provider, within sixty (60) calendar days of such notice, shall commence efforts to

remedy the conditions identified in the notice and shall have ninety (90) calendar days from the date it receives notice to remedy the conditions. After the expiration of such 90-day period and failure to correct such conditions, the City may declare the franchise forfeited and this Agreement terminated, and thereupon, the Provider shall have no further rights or authority hereunder; provided, however, that any such declaration of forfeiture and termination shall be subject to judicial review as provided by law, and provided further, that in the event such failure is of such nature that it cannot be reasonably corrected within the 90-day time period provided above, the City shall provide additional time for the reasonable correction of such alleged failure if the reason for the noncompliance was not the intentional or negligent act or omission of the Provider;

(c) The Provider becomes insolvent, unable or unwilling to pay its debts; is adjudged bankrupt; or all or part of its facilities are to be sold under an instrument to secure a debt and are not redeemed by the Provider within sixty (60) days.

7.2 Remedies at Law. In the event the Provider or the City fails to fulfill any of its respective obligations under this Agreement, the City or the Provider, whichever the case may be, shall have a breach of contract claim and remedy against the other, in addition to any other remedy provided herein or by law; provided, however, that no remedy that would have the effect of amending the specific provisions of this Agreement shall become effective without such action that would be necessary to formally amend the Agreement.

7.3 Third Party Beneficiaries. The benefits and protection provided by this Agreement shall inure solely to the benefit of the City and the Provider. This Agreement shall not be deemed to create any right in any person who is not a Party and shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party (other than the permitted successors and assigns of a Party hereto).

ARTICLE 8. NOTICES

8.1 Notices. All notices or other communications required or permitted hereunder shall be in writing and may be given by depositing the same in United States mail, addressed to the Party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier or by delivering the same in person to such Party:

If to City:

City of Mapleton
Attn: City Administrator
125 West 400 North
Mapleton, Utah 84664

If to Provider:

CentraCom
Attn: President
35 South State
Fairview, Utah 84629

8.2 Notice shall be deemed given and effective when actually received. Either Party may change the address for notice by notifying the other Party of such change in accordance with this paragraph.

ARTICLE 9. INSURANCE AND INDEMNIFICATION

9.1 **Insurance.** Prior to commencing operations in the City pursuant to this Agreement, the Provider shall furnish to the City evidence that it has adequate general liability and property damage insurance. The evidence may consist of a statement that the Provider is effectively self-insured if the Provider has substantial financial resources, as evidenced by its current certified financial statements and established credit rating, or substantial assets located in the state of Utah. Any and all insurance, whether purchased by the Provider from a commercial carrier, whether provided through a self-insured program, or whether provided in some other form or other program, shall be in a form, in an amount and of a scope of coverage acceptable to the City.

9.2 **Indemnification.** The Provider agrees to indemnify, defend and hold the City harmless from and against any and all claims, demands, liens, and all liability or damage of whatsoever kind on account of or arising from the Provider's acts or omissions pursuant to or related to this Agreement, and to pay any and all costs, including reasonable attorneys' fees, incurred by the City in defense of such claims. The City shall promptly give written notice to the Provider of any claim, demand, lien, liability, or damage with respect to which the City seeks indemnification and, unless in the City's judgment a conflict of interest may exist between the parties with respect to the claim, demand, lien, liability, or damage, the City shall permit the Provider to assume the defense of such with counsel of the Provider's choosing, unless the City reasonably objects to such counsel. Notwithstanding any provision of this section to the contrary, the Provider shall not be obligated to indemnify, defend or hold the City harmless to the extent any claim, demand, lien, damage, or liability arises out of or in connection with gross negligent acts or omissions of the City.

ARTICLE 10. GENERAL PROVISIONS

10.1 **Binding Agreement.** The Parties represent that (a) when executed by their respective representatives, this Agreement shall constitute legal and binding obligations of the Parties; and (b) that each Party has complied with all relevant statutes, ordinances, resolutions, bylaws and other legal requirements applicable to their operation in entering into this Agreement.

10.2 **Utah Law/Venue.** This Agreement shall be governed by and interpreted pursuant to Utah law. Any action to enforce this Agreement shall be filed in the Fourth Judicial District for the State of Utah, Utah County, or in the Federal District Court for the District of Utah.

10.3 **Interpretation of Agreement.** The invalidity of any portion of this Agreement shall not prevent the remainder from being carried into effect. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the use of any gender shall include any other and all genders. The paragraphs and section headings in this Agreement are for convenience only and do not constitute a part of the provisions hereof.

10.4 **No Presumption.** All Parties have participated in preparing this Agreement. Therefore, the Parties stipulate that any court interpreting or construing the Agreement shall not apply the rule of construction that the Agreement should be more strictly construed against the drafting Party.

10.5 **Amendments.** This Agreement may be modified or amended by written agreement only. No oral modifications or amendments shall be effective.

10.6 **Assignment.** The Provider may not assign this Agreement to a successor or assign without the written consent of the City.

Company Overview

CentraCom is a proven provider of enterprise-grade networking, communications and connectivity services that address a wide variety of telecommunications technologies. Headquartered in Fairview, Utah, the company owns and operates a statewide fiber-optic network comprised of both metropolitan access networks and extensive coverage throughout rural Utah. With its robust network backbone and expert staff, CentraCom is equipped to meet the needs of business customers of all sizes.

RESPONSIVE SUPPORT, FLEXIBLE SOLUTIONS

Our network capabilities are undeniably robust, but our high-touch, dependable, responsive and trustworthy service is why businesses continue to make CentraCom their vendor of choice. There's a reason CentraCom consistently receives rave reviews from our Customers. It's called commitment. From the start, our experienced and professional team works to find a scalable, flexible and customized solution to meet the specific needs of your business.

THE TELECOM PROVIDER OF CHOICE

As CentraCom has expanded the areas that we serve, customers are realizing that traditional, local service still exists. As telecommunications companies become bigger and bigger, it is becoming rare for local businesses to be served by a Utah based company. Our commitment to build and invest in Utah is what enables us to provide a unique combination of cutting-edge technology and responsive service.

A RELIABLE PARTNER POISED FOR GROWTH

Since our founding over 100 years ago as a rural telephone company, we have consistently demonstrated commitment to our customers by investing millions of dollars in expanding our network and enhancing its reliability. With a proven track record of accomplishment and a strong platform established for future growth, CentraCom has made itself into the most impressive emerging Competitive Local Exchange Carrier (CLEC) in Utah.

Giving Back to Our Communities

Thriving communities create opportunities for businesses and individuals alike. At CentraCom, we recognize this vital link and are committed to doing our part to foster healthy communities. We partner with a number of charitable organizations and support select local events to improve the quality of life in the markets we serve.

History

Over 111 years of service



Fairview Office Building

Our 100th anniversary year began auspiciously with the completion of our beautiful, new business office and corporate headquarters building. Construction was completed and the building turned over to the company by the contractor on December 31, 2002. During the following 45 days modular office furniture and partitions were installed, the telephone system network constructed and tested, and the administrative staff moved from the old office building into the new. The building now houses our corporate and administrative offices, the accounting dept., our internet/unregulated services affiliate offices, the customer service dept., the marketing and community development dept., the human resources office, the revenue development officer's office, a conference room, a board room, an elevator, a lunch room and a large multi-purpose conference room. The structure contains over 14,000 square feet of floor space.

Decades of Expansion

1979, BRANCH COX TAKES OVER MANAGEMENT REINS: Upon Iven's retirement in 1979, he retained the titles of President and Chairman of the Board, but placed his son, I Branch Cox, then 27-years old, in charge of running the business. Branch was an experienced and respected excavation contractor and had learned the telephone business at his father's knee from his earliest days.

The demands of running the construction and technical side of the business made it difficult for Branch to effectively deal with the day-to-day paperwork and minutia of running the business office. One of his first acts was to retain the services of his cousin, Eddie L. Cox, to deal with that side of the business. It was one of the most far-sighted and fortuitous decisions Branch ever made. The different but highly compatible strengths of the two men would prove to be the catalyst that in just two decades would catapult the company from being just another tiny, one-horse rural telephone company to the very top of the rural telco industry in the region.

At the time Branch took over, the company only had three employees; Branch, Eddie, and Mike Bringhurst. Mike did service calls and helped Branch with construction projects.

1980, MODERNIZATION: Branch and Eddie immediately began to modernize and

expand the company's operations. While Branch set about improving the outside plant, Eddie went to work modernizing the business office. By 1983 the company had installed its first computer system and was performing its own internal billing service. For the first time in its history, the phone company was getting its bills out on time.

1983, THE DAY THE MOUNTAIN FELL: Just when things appeared to be going smoothly, disaster struck. On April 14th, 1983, a massive landslide in Spanish Fork Canyon dammed a major waterway, buried the only highway leading through the canyon, and buried a major national east/west railway. In a matter of hours, the Thistle central office facility and all the phone lines leading through Spanish Fork Canyon were under ninety or more feet of water.

Working feverishly and against nearly impossible odds, Branch and Eddie located an operational new digital switch, transported it to Utah, built a new central office building, installed the new switch, rerouted and reconnected phone lines and had the whole system operational and back in service in only ten days time. Normal industry timetables for such a project were around one year. Their's was a feat that netted the company considerable attention in the national telephone industry press.



35 West Main Building

1985, NEW BUSINESS OFFICE: 1985 and 86 saw major improvements. The company secured an REA loan and substantially upgraded their plant. A modern new business office was constructed and an IBM System 36 mainframe computer system installed. For the first time in history, all the company's accounting, rating, and billing was done internally.

Additionally, a state-of -the-art Nortel DMS 10 digital switch was installed, bringing such modern call services as call-waiting, three-way calling, speed-dialing, and more to our telephone customers.

1989, SERVICE EXTENDED TO THE TOP OF SPANISH FORK CANYON: 1989 proved to be a year of major expansions. The company applied for and received approval from the State PUC for permission to extend service eastward in Spanish Fork Canyon across Soldier Summit, all the way to Colton Junction. Construction along one of Utah's most dangerous highways proved hazardous, but the project was completed without injury. Branch Cox recalls that the residents of Soldier Summit, who had never had telephone service before, gathered along the highway at the edge of town and cheered wildly when the bulldozers plowing in the cable finally appeared from over the hill and worked their way down to the town.

1989, MORONI EXCHANGE PURCHASE: Working against very difficult circumstances, including sellers who wanted to back out of the deal at the last minute, the company succeeded in purchasing Skyline Telecom from All-West Communications. The purchase turned out to be a cliff-hanger. All-West's owner wanted to withdraw from the sale at the last minute, but was bound by a contract close/record date of 5:00 p.m. on December 29. If the sale were not closed and recorded in the county recorder's office by that time and date, CentraCom would have had to forfeit a \$200,000 earnest money deposit and the sale would have been voided.

On the 29th at 3:00 p.m., the escrow closed in Salt Lake City. All that remained was for the

closing to be recorded at the Courthouse in Manti, over one-hundred-miles away, before the recorder's office closed at 5:00 p.m. The escrow company's representative left Salt Lake City just after 3:00 p.m. driving an old Yugo. At 4:30, a frantic Eddie Cox, convinced the representative was not going to make it by the time the office closed at 5:00 p.m., was on the phone with the County Recorder, begging them not to close the office until the representative arrived. The recorder told Eddie the office was closing at 5:00 p.m. no matter what. Finally, at five minutes to five, the Yugo pulled up to the courthouse and the representative made it into the recorder's office just barely before the clock ticked 5:00 p.m. Had he been just a few moments later, the Moroni exchange would never have been a part of the CentraCom family.

Shortly after the sale was completed, a new digital switch was installed in Moroni, dramatically improving telephone service.

1993, GARDEN CITY/SCOFIELD PURCHASE: 1993 witnessed another dramatic expansion of the CentraCom coverage area. This time the company was successful in purchasing the Scofield Exchange and, more importantly, the Garden City/Laketown exchange from U.S. West. By 1994 the company had installed a high-capacity digital radio link between Bear Lake and Logan, Utah, and installed and cut-over a new digital switch in the Garden City central office. These improvements so dramatically improved telephone service that in less than one year the number of subscribers in the exchange nearly doubled. The same dramatic service improvement was made in Scofield as well. Shortly after taking over the exchange, the company replaced Utah's last working stepper-switch with a modern digital switch. The company was then linked to the Fairview office via a newly installed fiber optic cable link and high quality modern telephone calling services were made available to Scofield residents for the first time.

1995, INTERNET SERVICE: In 1996, CentraCom became one of the first Utah rural telcos to provide its own internet service. That business is now one of the largest providers of Internet access in the state of Utah.

1997, GOSHEN/EUREKA PURCHASE: in 1997, the company made yet another large expansion by purchasing the telephone exchanges in Goshen and Eureka from U.S. West. U.S. West was required to upgrade switching to full digital facilities in both communities as part of the sale. The following summer a fiber optic cable was installed between Goshen and Eureka which gave both communities connectivity directly back to Fairview via the path purchased from U.S. West as part of the sale. Both communities are now remotely switched from the Fairview DMS-10 Master Switch.

1999, LOGAN CANYON/LITTLE SAHARA FIBER PROJECTS: In the summer of 1999, the company installed fiber optic cable all the way to the top of Logan Canyon, enabling telephone service to residents of that area for the first time ever. Additionally, the company plowed in 26 miles of fiber optic cable from Eureka to the Little Sahara National Recreation Area, which enabled reliable emergency telephone service to this important recreation destination for the first time ever.

2001: CENTRACOM PURCHASED BY LICT: After remaining in the Cox family for more than 90 years, CentraCom's successful operations and good management caught the eye of LICT, a company based in Rye, New York. LICT specializes in the purchase of small, well-managed rural telecommunications companies. During the disastrous stock market reversals of 2001 in the telecommunications industry, LICT was one of the few national firms whose operations remained very profitable.

On June 18th 2001, LICT's buyout of CentraCom was completed, making the company a wholly owned subsidiary of the parent company. It was a seamless transition with all existing management and staff left in place. The acquisition has been very positive for both CentraCom and Lynch. The company now has access to revenues and management resources that would never have been possible before.

"We're still a family," says company president, Branch Cox. "The difference is that now we're a much larger, stronger, more healthy one with a significantly brighter future for our employees and for the communities we serve."

Vice-President Eddie Cox echos these sentiments and adds, "The LICT buyout brings world-class telecommunications resources to our doorstep. Resources that will allow us to step forward into the new millennium confident that we will successfully meet the twin challenges of increasing competition and rapidly evolving next-generation technology changes."

2001, MAJOR EXCHANGE PURCHASES NEARLY DOUBLE COMPANY SIZE: A significant expansion of the company took place in 2001. Qwest Communications, successor to U.S. West, divested itself of a number of rural exchanges in Utah that year. Our company succeeded in acquiring the crown jewel that would complete our ownership of all exchanges in northern Sanpete County by purchasing the Mt. Pleasant/Spring City exchange. Additionally, in that same sale we extended our westward reach all the way to the Utah/Nevada border by purchasing the Dugway and Wendover, Utah exchanges. With the completion of these purchases, the CentraCom's geographical footprint now covers almost one sixth of the land mass of the State of Utah and touches our sister states of Idaho and Nevada.



Fiber Optic Installation

2001/2002: NEW FIBER TO MT. PLEASANT, NEW CENTRAL OFFICE FOR SPRING CITY: After acquiring the Mt. Pleasant/Spring City exchange, the next priority was to incorporate the new area into CUT's centralized switching facilities. In order to do that, new fiber had to be run from the Fairview CO to the Mt. Pleasant CO. That job was done in the summer of 2001. On October 31 of that year all switching services formerly handled by Qwest were handed off to CUT and calls routed through the Fairview main switch for the first time.

In 2002 new fiber optic and copper cable was run from Mt. Pleasant to Spring City and a new Spring City remote CO built. This enabled a dramatic improvement in telephone service quality and reliability for Spring City subscribers and brought high-speed DSL internet service to the community for the first time.

CENTRACOM PURCHASES CABLE TV SYSTEM: The largest expansion in the history of the company occurred with the purchase of the Precis Communications cable TV

system in the Sevier and Sanpete Counties in 2005. This acquisition launched Cable TV service and expanded Internet service. This purchase included an extensive fiber optic network. Since the initial Precis Communications purchase, CentraCom purchased the Precis Communications system in West Wendover, NV. In 2010, CentraCom expanded into Juab County with the purchase of the Nephi, UT system from Comcast Inc. and the Fillmore and Delta systems in Millard County. With each acquisition, CentraCom has invested heavily in rebuilding the systems and enhancing the service in each area. In 2013, a new fiber optic line will be completed connecting Delta and Fillmore with large capacity IP bandwidth.

STATEWIDE FIBER OPTIC NETWORK: The future of communications is in the large capacity of fiber optic networks. CentraCom has been on the leading edge of fiber optic network expansion in the state of Utah. CentraCom has the second largest fiber optic network in the state with a network that reaches nearly every area in the state. CentraCom is the leading provider of high capacity Internet circuits. This expansive network is instrumental in connecting the rural areas of Utah and Nevada to a nation-wide network. The CentraCom fiber optic network is connecting nearly every school south of Salt Lake City, UT throughout its entire service area. Also, nearly every rural healthcare facilities in the CentraCom service area is increasing their ability to provide quality service with the high capacity connection on the CentraCom network provides. And soon, Millard county schools and healthcare facilities will be connected with instantaneous communications to the national network.