

Appendix C

Keewaytinook Okimakanak (K-Net) shall develop a portion of the satellite benefit channel on Anik E2 C-Band satellite, which Telesat made available at no charge for public institutions and benefits pursuant to the licensing conditions of satellite position 118.7° West as follows:

provide bandwidth for a variety of public benefit applications, such as tele-health, education as well as other community-based non-commercial benefits in three communities - Fort Severn, Slate Falls (Ontario) and Anahiem Lake (BC) by spring 2002;

work with other communities in remote areas across Canada who require C-Band capacity, with the cooperation of Telesat Canada, to assist them in using the available capacity for public benefit applications, such as tele-health, education as well as other community-based non-commercial benefits;

work with Telesat Canada, Communications Research Centre Canada (CRC), Industry Canada and others toward efficient use of the benefit available to as many remote communities as feasible;

K-Net shall assist remote communities which demonstrate a sustainable plan for community wide aggregation of bandwidth demand in the execution of a agreement with Telesat Canada for C-Band service.

FedNor shall pay a maximum of \$1.00 for K-Net expenses incurred in assisting remote communities in northern Ontario.

K-Net shall charge remote communities for service provided by Telesat Canada public benefit a price which is equivalent to the cost of terrestrial service to remote communities. The current price, which is based on \$2,700 per month for 1.5mbps service, may be changed by mutual agreement of FedNor and K-Net. K-Net shall collect these revenues only while this agreement is in force.

Revenues raised under the terms of this agreement will be used to pay expenses incurred in accordance with K-Net's proposals dated December 5 & 11, 2001 to Industry Canada (attached) to deploy the public benefit to remote communities across Canada.

KNet, with FedNor approval, may adjust the proposed activities and expenses eligible for payment by revenues under this agreement throughout the life of the agreement should Industry Canada determine that such changes enhance the deployment and policy objectives of Telesat's C-Band public benefits channel.

Activities and related Expenditures paid by sale of bandwidth:

Telesat Research and Development Team (estimated at \$60,000 per yr)

K-Net Full-time and Part-time Staff and/or purchased expertise providing:

- Helpdesk Services for troubleshooting
 - Community and Regional Business plan facilitation
 - Web-based lessons learned, best practices, design options, community and partnership development activities
 - review and evaluate community proposals
 - broadband application development
 - support to Assembly of First Nations and other political organizations to incorporate broadband connectivity
 - advise and support to Tribal councils and other community agencies to develop satellite broadband business plans
 - research to migrate to hardware and software protocols (TDMA, caching servers, network operating centre for example), in cooperation with Telesat Canada, Communications Research Centre Canada, Government Telecommunications and Information Services and others to increase efficiencies in bandwidth utilization
 - consultation with government agencies (Health Canada, INAC, IC)
- Equivalent to 1.3 Full-time staff - estimate \$80,000 - to \$120,000 per year

Travel necessary to meeting contracted objectives and Telesat public benefit policy objectives
-estimated \$20,000 per year

Administration (facilities, financial, management, etc) @ 15% of actual expenses above

The balance of revenues after accounting for the expenses above will be used for improvements to hardware and software protocols and other activities which promote Telesat public benefit policy objectives. (Estimated \$30,000 in year one and \$260,000 in year two)

Deliverables of Contract:

The equivalent of 9 megabits/second of Telesat Canada public benefit C Band satellite capacity shall be deployed to 17 remote Canadian communities by May 31, 2003.

The equivalent of 18 megabits/second of Telesat Canada public benefit C Band satellite capacity shall be deployed to 23 remote Canadian communities by May 31, 2004.

Written reports are to be submitted quarterly complete with; an assessment of activities conducted and their effectiveness, satellite capacity deployed, communities connected and Information and Communications Technologies in use, a statement of revenues and expenses to date and an estimate of new capacity and new communities to be connected in the following two

quarters. An evaluation methodology shall be developed and used to capture, and report tangible benefits of the C Band public benefit to the participating communities over time and to identify significant successes.

Schedule of Work: Reports above are to be submitted quarterly by the following dates:

Quarter ending May 31, 2002	July 31, 2002
Quarter ending August 31, 2002	October 31, 2002
Quarter ending November 30, 2002	January 31, 2003
Quarter ending February 28, 2003	April 30, 2003
Quarter ending May 31, 2003	July 31, 2003
Quarter ending August 31, 2003	October 31, 2003
Quarter ending November 30, 2003	January 31, 2004
Quarter ending February 29, 2004	April 30, 2004
Quarter ending May 31, 2004	July 31, 2004