

Dear Members,

Kingdom has some very great news to share; we no longer require our members to have telephone service if all they want is internet. This has been a long time coming and our competitor has used it against us – BUT no more! If you don't want a telephone but want fast internet and a better TV option, great we have it – no need to pay the other guy a construction fee – just stay where you are – stay with experience – stay with Kingdom Telephone.

In other news, the FCC has offered what is called model support to Kingdom. It is an offer that guarantees our funding an additional two years through December 2028. Although the guarantee sounds like a great option, it unfortunately is not advantageous to Kingdom to take this offer. It results in less funds over a longer period of time than we expect to receive between now and December 2026; the current end date for our existing legacy funding. As we have told you many times this funding is crucial to rural telephone companies as it is very expensive to build and maintain rural networks where we have about six members per square mile. But, as I have also shared, Kingdom is preparing for the loss of this funding by building outside our territory to bring much needed revenue to the company to replace future lost funding. With the competitors taking members from us, it becomes more important. Phynx Fiber is that replacement solution, we are building in Mexico, Moberly, and Centralia. We anticipated it taking 3-5 years for each community to become self-sufficient. We connected our first customer in Mexico on May 26, 2017 and have since been growing the customer base. If installs progress as they have so far this year, we hope that by year end we will be cash flow positive in Phynx Fiber. We chose these communities not only for their proximity to Kingdom, but also for their density. Without the density we could not justify a business case to build these communities. Even with that we are not just building the town and hoping to get sales, we have broken the towns into fiberhoods or neighborhoods and until the area gets enough interest we don't build. This limits the risk and makes sure the business case works before we spend the money.



We also continue upgrading to Fiber throughout our Kingdom territory. In fact, when I came here four years ago, we were running one construction crew but increased to two shortly after. Earlier this year we added number three and a fourth crew started in late July. Our crews have been working in Big Spring, Williamsburg, Mokane, Rhineland, and the latest crew is working in the town of Auxvasse. The town of Auxvasse is very exciting because we have the potential to get new members who are currently Charter customers. We hope the new “no phone required” and the cheaper TV options will help us with that goal.

Rural Auxvasse, Hatton, and Tebbetts already have state of the art, gigabit fiber internet. Fiber to the home takes time, especially when you bury it. Buried fiber will survive the elements and have less outages than fiber hanging on poles. Generally, the only outages buried fiber internet suffers is electricity outages and those are out of our control. For those areas waiting for fiber, we can do amazing things on copper with today's electronics so before you consider paying a construction fee and getting into a contract with the other guy, give our office a call and let us see what we can do for you.

I would like to close by wishing you a wonderful end of summer as fall is just around the corner. Stay safe and happy!

## Capital Credit Checks to be Issued This Month

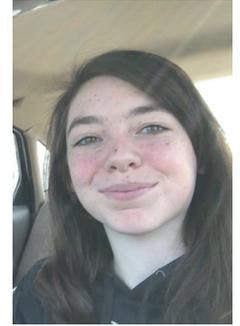
For the twenty-seventh consecutive year, Kingdom Telephone will distribute capital credit checks to its member/owners. The payout formula for this year is 100% of the outstanding capital credits for 1986 and 3.85% of 2018. Capital credits are accumulated when you purchase our telephone and other telecommunication services.

# FRS Washington D.C. Youth Tour Makes Memories That Last a Lifetime

Every year the Foundation for Rural Service (FRS) offers 100 rural students a unique opportunity to visit our nation's capitol on the FRS Youth Tour. This year Kingdom sponsored Sierra Barker and Olivia Brown of North Callaway High School, who joined their peers on the tour from June 1-5. The students visited the FCC where they heard lectures on legislative and governmental processes and toured several historical sites, including Mt. Vernon and Arlington National Cemetery. Dinners, a dance, shopping, and bowling gave the kids plenty of opportunities to have fun and strike up friendships with each other. Applications for the next tour will be available in early Spring 2020 on our website and at high school guidance offices.



Sierra Barker



Olivia Brown

## Auxvasse Fiber Informational Picnic

Kingdom Telephone hosted an informational picnic on August 6th to let Auxvasse residents know about our project to bring fiber Internet to the town of Auxvasse. We were able to talk with several individuals who are interested in getting fiber Internet, and we enjoyed a meal as well. Special thanks to the 4H group for their hard work serving food to all of our guests!

