



# South Central Communications

## 2020 ANNUAL REPORT



# Company Profile

OVERVIEW OF SOUTH CENTRAL  
COMMUNICATIONS



# Management Team



**MICHAEL EAST**  
President & CEO



**KERRY ALVEY**  
COO



**STEPHEN JANTZ**  
CFO



**LUKE GEDDES**  
Director of Non-Regulated Operations



**RONDA BARNEY**  
Director of HR



**TROY BRIAN**  
Inside Plant Manager



**LANCE GOULDING**  
Construction & Engineering Manager



**DUNCAN REED**  
Outside Plant Manager



**ALAN TORGERSEN**  
Director of Sales & Services



**ADAM YOUNG**  
Director of Marketing



# Board of Directors

(Election years below run through the Annual Meeting of that year.)

## DISTRICT #1

**Vanya Hampton**

**Elected to serve through 2022**

Angle, Antimony, Burrville, Circleville, Fish Lake, Greenwich, Junction, Kingston, Koosharem, and Marysvale

## DISTRICT #2

**Brent Griffin**  
**Secretary**

**Elected to serve through 2023**

Boulder and Escalante

## DISTRICT #3

**Lance Syrett**

**Elected to serve through 2022**

Bryce Canyon, Cannonville, Henrieville, and Tropic

## DISTRICT #4

**Brent Judd**

**Elected to serve through 2024**

Alton, Duck Creek, Glendale, Mt. Carmel, and Orderville

## DISTRICT #5

**Craig Laub**  
**Vice Chairman**

**Elected to serve through 2024**

Beryl, Enterprise, Newcastle, and Modena

## DISTRICT #6

**Lamont Black**

**Elected to serve through 2023**

Apple Valley, Hildale, Colorado City, Cane Beds, and Centennial Park

## DISTRICT #7

**Paul Pace**  
**Chairman**

**Elected to serve through 2022**

Bicknell, Loa, Torrey, Fremont, Lyman, Teasdale, and Grover

## DISTRICT #8

**Jon Torgerson**

**Elected to serve through 2023**

Panguitch, Hatch, and Panguitch Lake

## DISTRICT #9

**Wayne Wiseman**

**Elected to serve through 2024**

Minersville and Milford

## DISTRICT #10

**Robert Houston**

**Elected to serve through 2022**

Kanab, Fredonia, Pipe Springs, Moccasin, and Jacob Lake

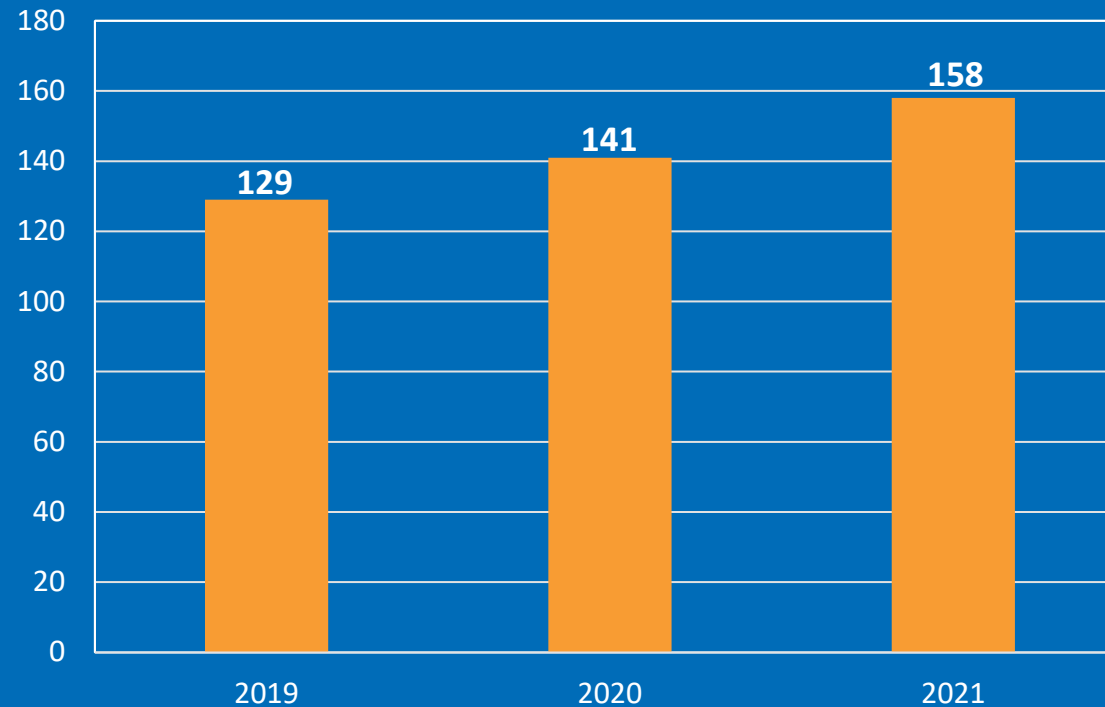


# SCC Team Members

## Employee Count – April 2021

DEPARTMENT	EMPLOYEES
Management	10
Accounting	7
CSR	10
Central Office	15
Engineering	12
I&R	50
Construction	40
Page	4
Internet	6
Outside Sales	4

Employee Count 2019 - 2021







# 2020 Looking Back

CONDITION OF THE COMPANY  
AND DEPLOYMENT OF  
FIBER TO THE HOME

# Focusing On the Best Internet Experience



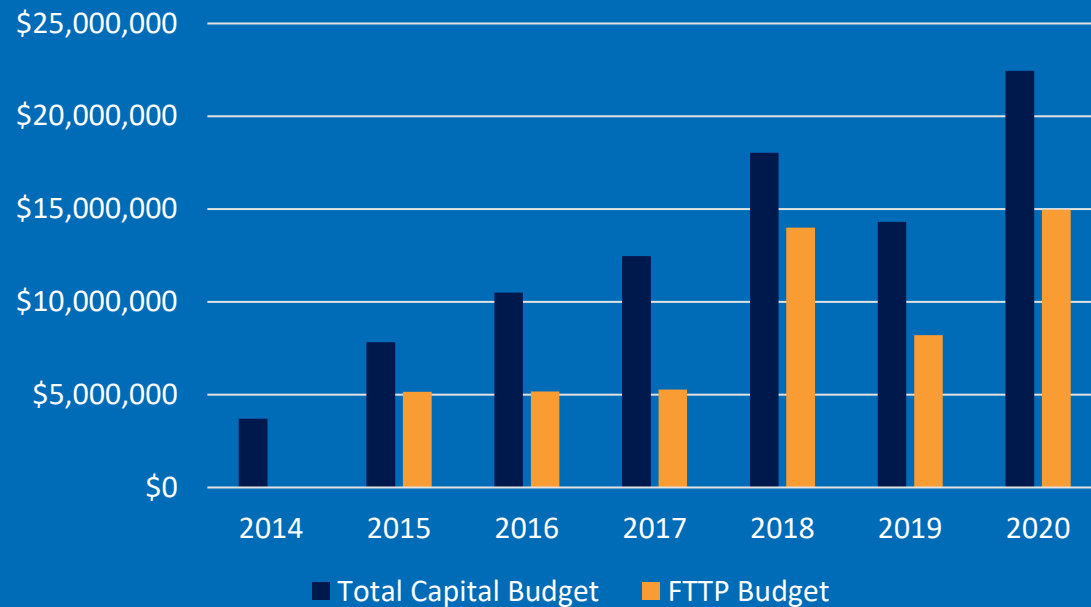


# Gig Internet Customer Growth

DEPLOYMENT OF FIBER AND GIG INTERNET

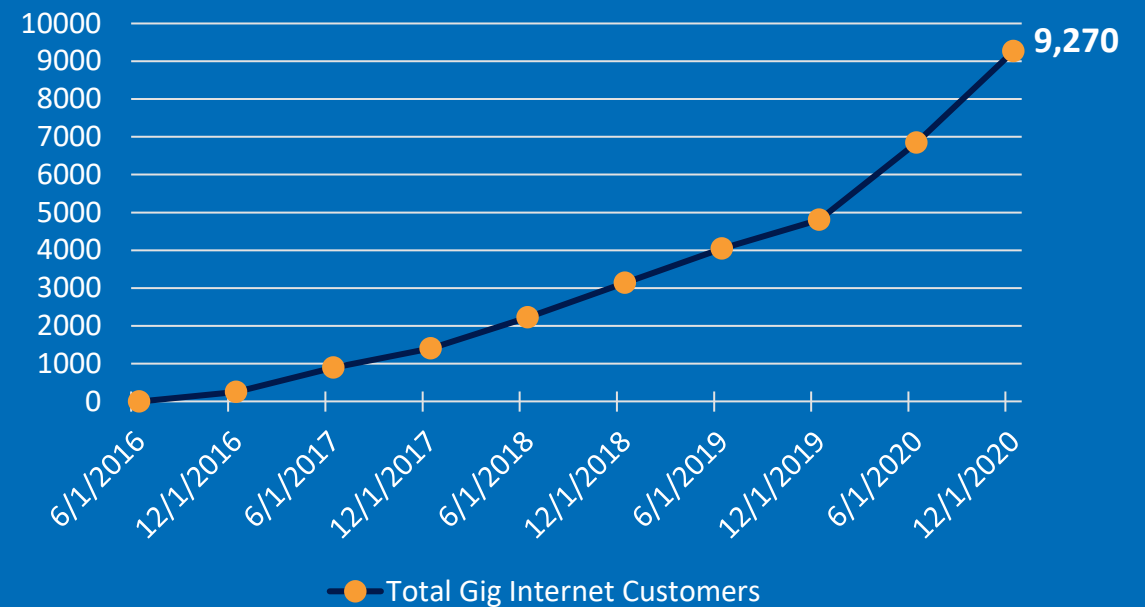
## FTTH Deployment Investment

Total Capital Budget vs FTTH Budget



## Growth in Gig Internet

Total Gig Internet Customers





# COVID-19 Response

KEEPING OUR CUSTOMERS CONNECTED

## How SCC Helped Families During Difficult Times

- Kept all customers connected during quarantine. No disconnects for non-pay from March through June 2020.
- Responded to the needs of students by providing free Internet to families without an Internet connection at home.
- Provided dependable high-level services during a surge in demand ensuring vital communications. Thank you to all SCC team members!



# Financial Report





# Financial Report

BALANCE SHEET (Audited by BKD, CPAs & Advisors)

ASSETS	2020	2019
Current Assets	\$27,458,072	\$26,679,938
Non-current Assets	1,338,919	1,598,435
Plant Under Construction	3,914,392	2,913,959
Goodwill	2,530,772	2,984,014
Plant In Service	157,459,204	137,159,170
Accumulated Depreciation	(91,220,985)	(84,984,462)
TOTAL	\$101,480,374	\$86,351,054

LIABILITIES & EQUITY	2020	2019
Current Liabilities	\$9,845,436	\$7,112,130
Long Term Debt	2,437,500	3,241,973
Other Liabilities	2,435,237	2,320,875
Equity	86,762,201	73,676,076
TOTAL	\$101,480,374	\$86,351,054



# Financial Report

INCOME STATEMENT (Audited by BKD, CPAs & Advisors)

Consolidated (SCUTA & SCC)	2020	2019
Operating Revenues	\$49,011,698	\$44,696,924
Operating Expenses	34,523,213	30,857,569
Operating Margins	14,488,485	13,839,355
Other Income (Expense)	435,247	1,020,651
Income Taxes from Continuing Operations	1,849,614	1,865,433
NET MARGINS	\$13,074,118	\$12,994,573



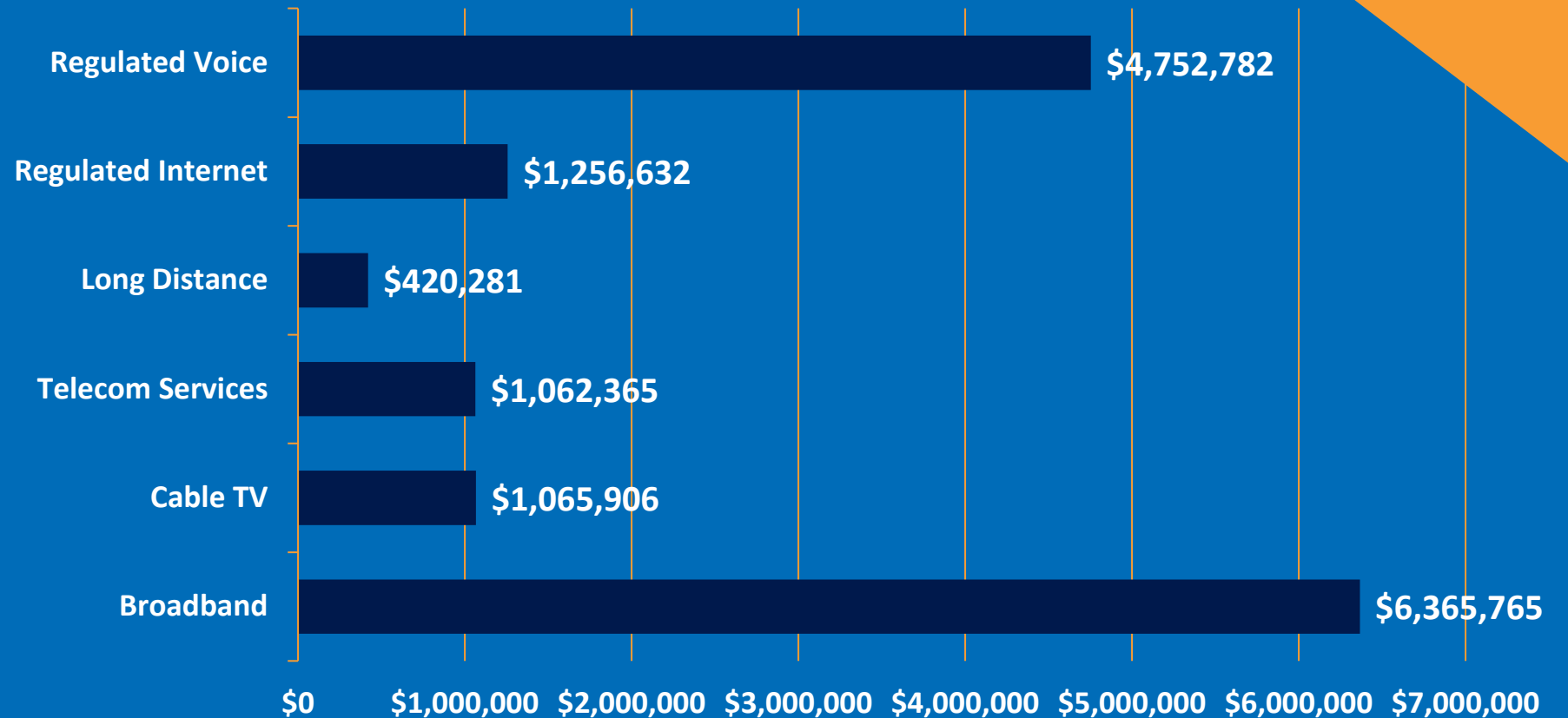


# Financial Report

NET INCOME SOURCES (Before Taxes)

**2020 NET INCOME**  
(Before Taxes)

**\$14,923,732**





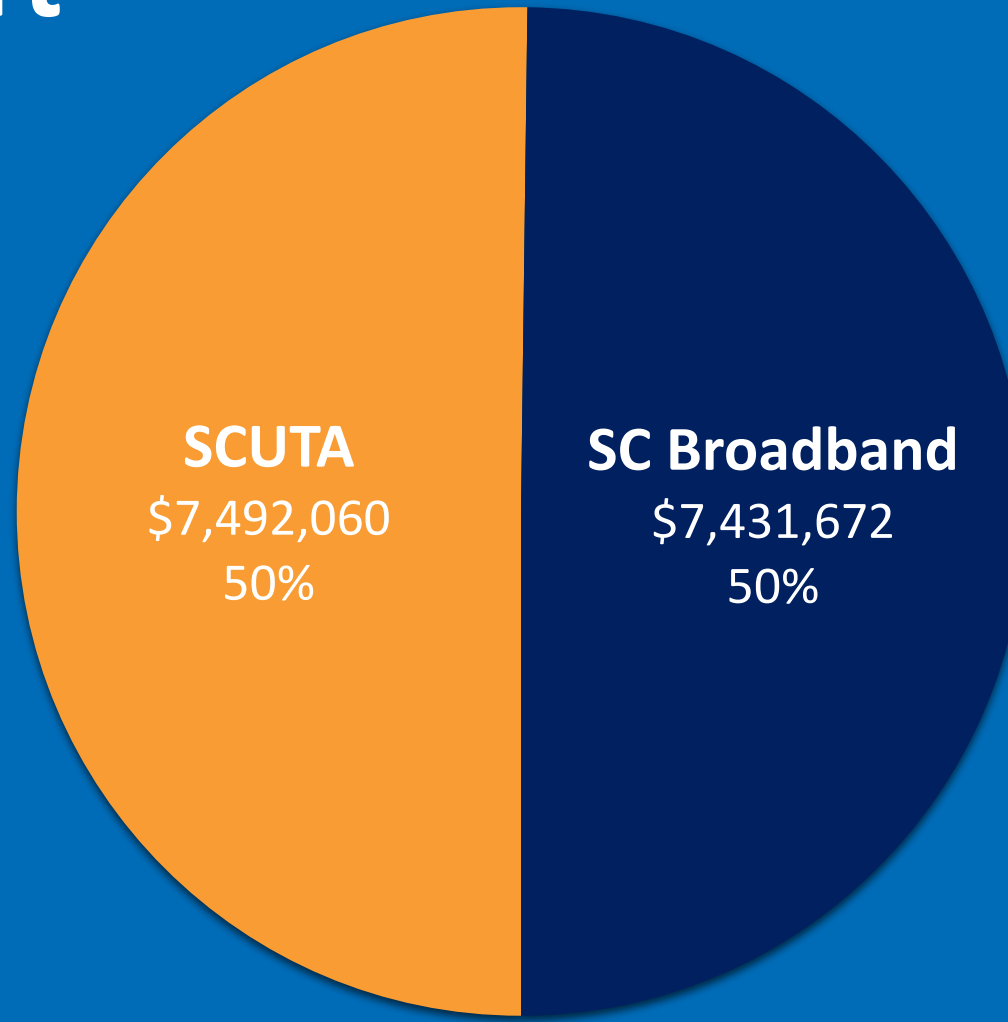
# Financial Report

NET INCOME SOURCES

## 2020 NET INCOME

(Before Taxes)

**\$14,923,732**



■ SCUTA ■ SC Broadband



# 2021 Looking Forward

WHAT'S IN STORE FOR OUR  
COMMUNITIES AND CUSTOMERS  
THIS YEAR



# Fiber to the Home & Network Investment





# 2021 Capital Budget

INVESTING IN OUR COMMUNITIES

## High Level Capital Investment in 2021

- Fiber to the Home – \$10,835,113
- Network Upgrades – \$4,778,276
- Equipment – \$3,301,978



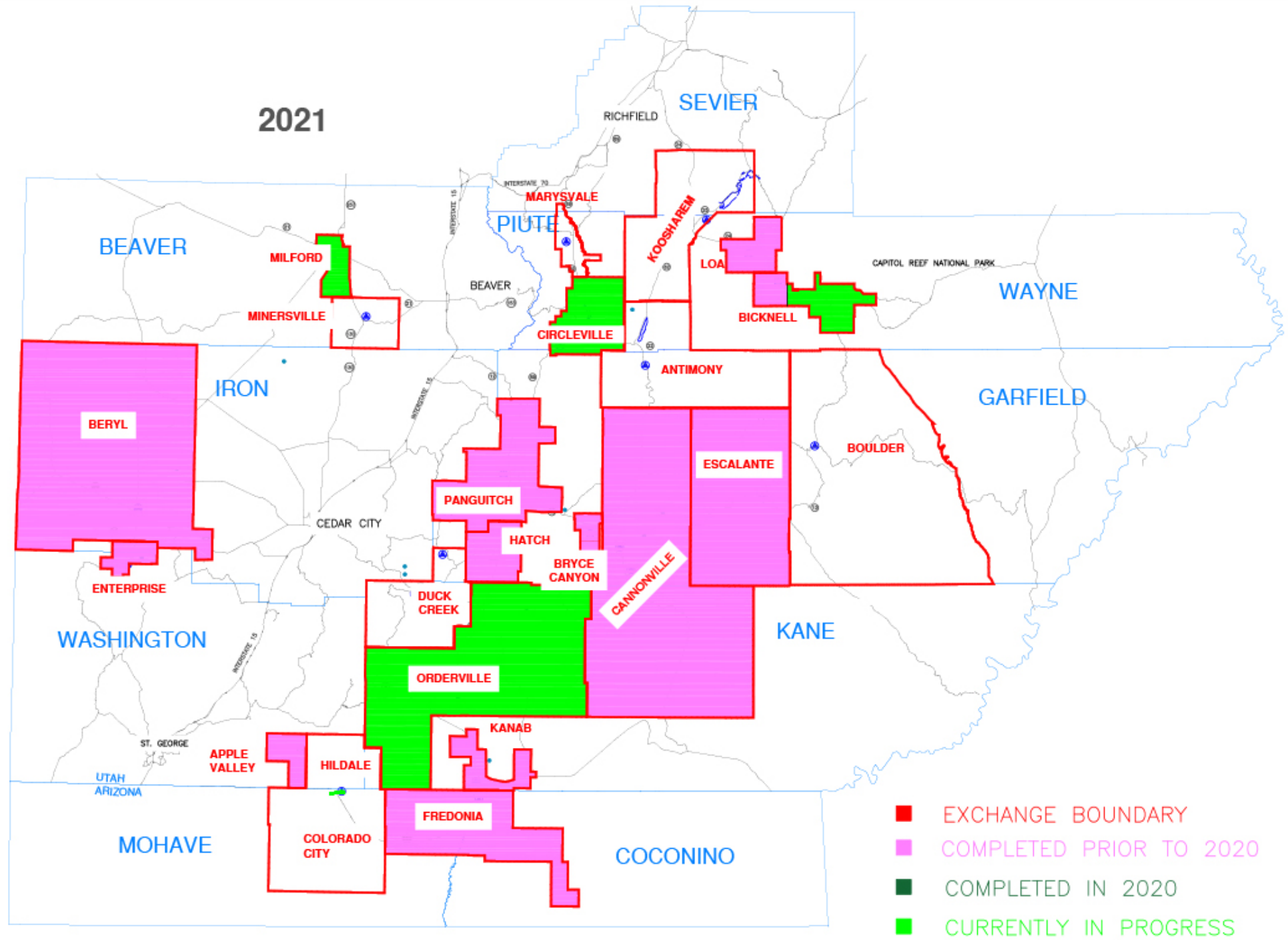
# Fiber to the Home

DEPLOYMENT OF FIBER AND GIG SPEEDS

## FTTH Scheduled Construction For 2021

- **Circleville** – May through September
- **Colorado City** (1 Phase) – January through February
- **Milford** – March through December
- **Orderville/Glendale** – March through May
- **Torrey** – April through December
- By the end of the year, will have converted **78%** of Cooperative customers to Fiber.







# Network Upgrades

ENHANCING THE CUSTOMER EXPERIENCE

## Planned Network Enhancements in 2021

- **New Service Carriers** in Duck Creek, Fish Lake, Salt Gulch.
- **Backup System Upgrades** in Antimony, Bicknell, Escalante, Fredonia, Jacobs Lake, Panguitch, Panguitch Lake, and Todd's Junction.
- **Wireless Network Upgrades** in Big Water.
- **Plant Additions** in Beaver (FTTH).
- **Additional Fiber** in Page, AZ.





# Sustainable Company & Communities





# Sustainability

## UNIVERSAL SERVICE FUNDS

### What Are USF Funds & Why Do They Matter?

- Universal Service Funds are surcharges that keep local telecommunication services affordable for all Americans, especially those living in rural areas.
- SCC members benefit from these funds in order to maintain a robust, high-tech network and keep service rates affordable.
- With phone lines in decline across the industry and more companies receiving USF, we foresee this source of funds may decline in the future.

### USF Received by South Central Comm.

Year	Federal USF	State USF
2015	\$828,916.36	\$2,103,288.00
2016	\$1,473,537.28	\$2,103,288.00
2017	\$1,564,929.43	\$2,103,288.00
2018	\$1,835,874.00	\$2,103,288.00
2019	\$1,897,807.00	\$5,378,573.04
2020	\$1,704,816.00	\$5,287,743.00

SCC Receives an Average of  
**\$46.84**/Member/Month  
in Federal and State USF.

# Sustainability

UNIVERSAL SERVICE FUNDS

## Building a Financially Healthy Company

- Although antiquated, USF is based on Access Lines. That is why SCC requires a landline for Internet customers.
- Broadband operations outside of SCC's local Cooperative exchanges provide a larger customer base and income source diversification that serves to keep the whole company financially healthy.



# Sustainability

NATIONALLY COMPETITIVE GIG INTERNET

## Affordable Gig Rates = Thriving Communities

- Increased opportunity and productivity for small rural businesses
- Enhanced healthcare options for rural communities.
- Expanded education and distance learning opportunities.
- Enhanced competitiveness for small towns to compete in a global economy.
- All at a rate that is below large corporations. Great service at an awesome price.



Provider	Monthly Price
SCC Gig Internet	\$69.95
AT&T Internet 1000	\$80.00
Comcast Xfinity Gig	\$100.00
Google Fiber Gig	\$70.00
Verizon Fios Gigabit	\$79.99



# Focusing On the Best Internet Experience



# All About Experience

BEST TECHNOLOGY TO YOUR HOME

## The Best Technology Included with a Gig

- Fiber Optics direct to the Home or Business
- Enhanced carrier-grade WiFi modem/router
  - Dual-band WiFi 6
  - Intelligent Mesh Technology
- Up to 2 Mesh Extenders for “whole-home” coverage
- CommandIQ App for User Network Control
- Remote Technical Support and Network Assistance





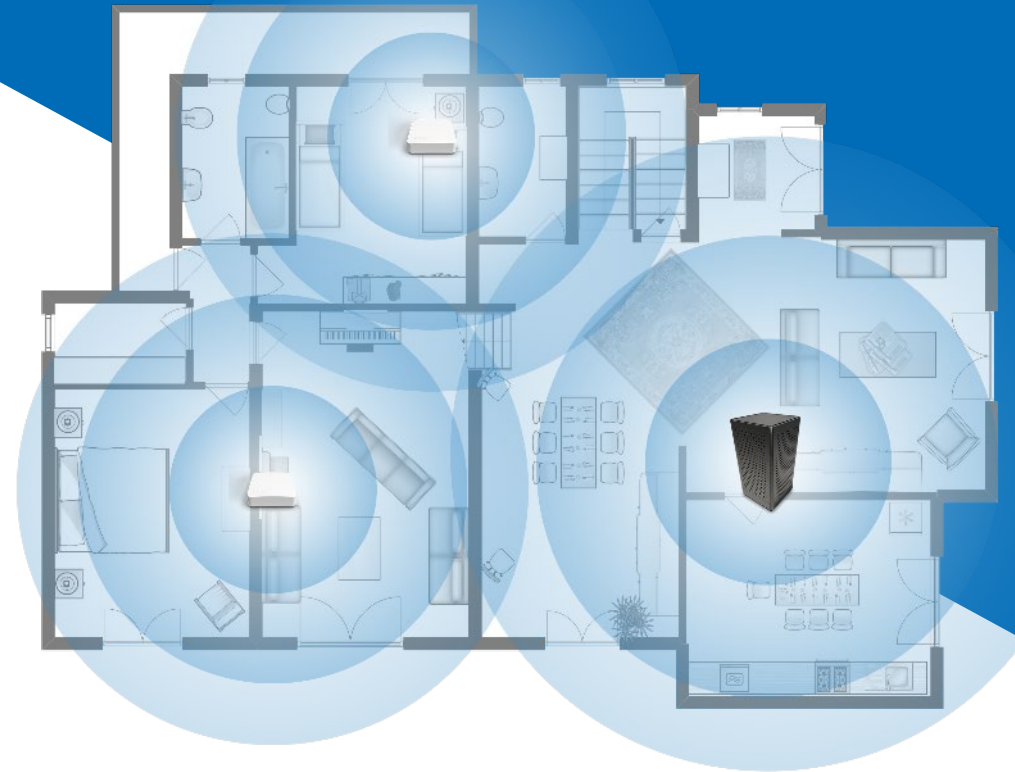
# All About Experience

BEST TECHNOLOGY INSIDE YOUR HOME

## Differentiating with Whole-Home WiFi

- Provides the fastest connection via advanced WiFi 6 router.
- Guaranteed levels of WiFi signal to every corner of the home.
- Eliminates poor experience due to low signal.
- Intelligent mesh allows to move around with connected devices seamlessly.

**WHOLE-HOME MESH WIFI**  
Maximized Signal Level • No Dead Spots



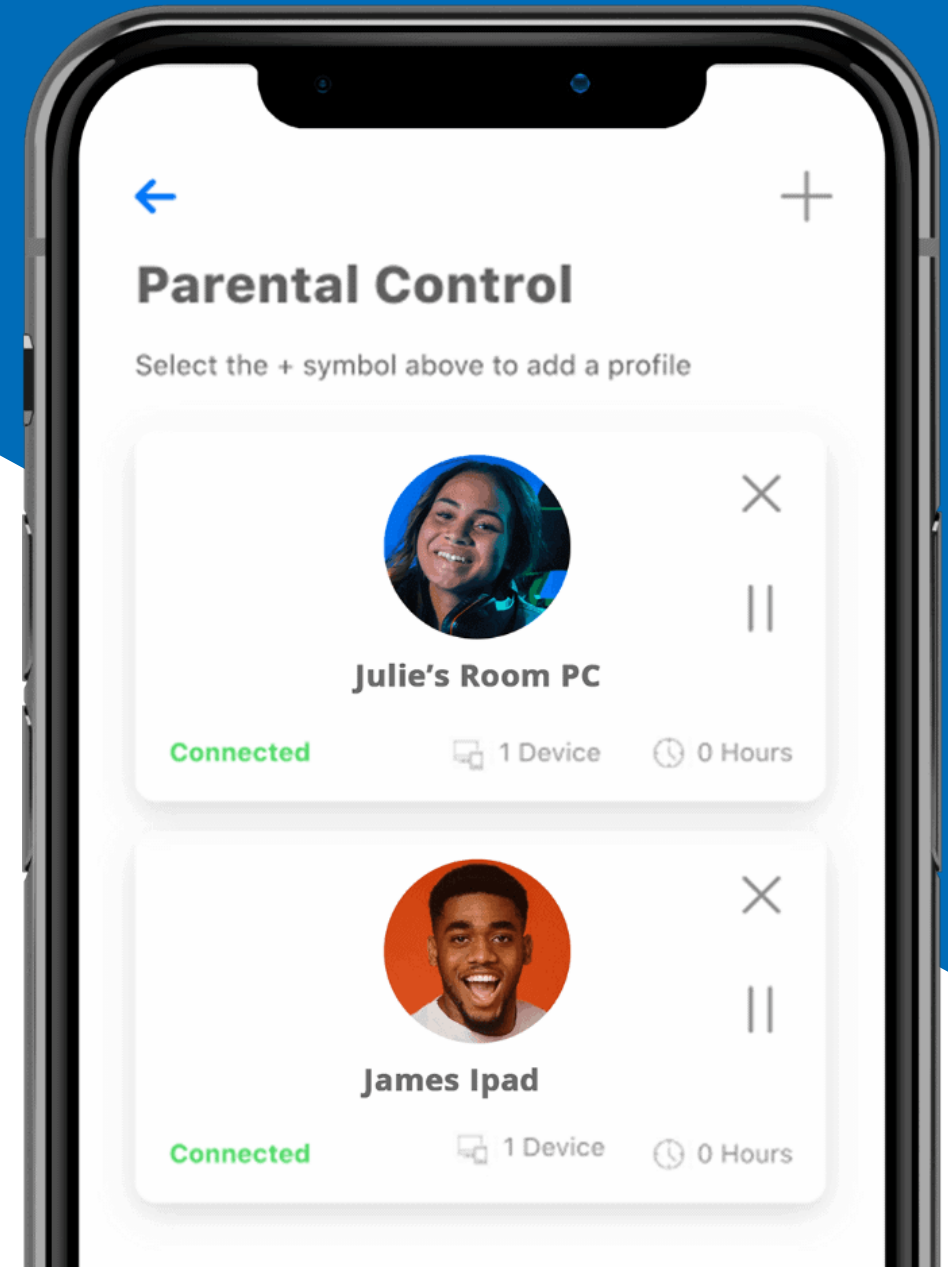


# All About Experience

TOTAL CONTROL AT YOUR FINGERTIPS

## Instant Snapshot of Your Home Network

- Set up Parental Controls and regulate the web with ease.
- Get real-time updates on your network security.
- Create a guest network and connect friends and family with a single tap.
- Manage access and network speeds.
- Connect and manage your smart home devices from a single app.





**Thank you!**  
**Stay Safe & Healthy!**  
2020 ANNUAL REPORT