

Northeast Nebraska Telephone Company - Bringing Fiber Fast Internet to Emerson - Attachment Letter G_1

Business Plan and Financial Viability

Northeast Nebraska Telephone Company (NNTC) is in good standing with the city of Emerson and the counties of Dakota, Dixon, and Thurston. NNTC's project does not cross rail-road tracks. Officials with the city of Emerson confirm NNTC will not face any legal challenges that must be addressed prior to or during the project in question, such as local zoning, right of way, and permitting process.

NNTC has been in business since 1955 and is currently providing fiber-based local and long-distance telephone service and Internet service in Nebraska. NNTC has been providing Internet Access Service since the late 1990s (Dial-Up Internet). NNTC has provided Fiber-to-the-Home since 2015. NNTC currently has 32 employees including two central office and nine outside plant technicians. NNTC currently serves 30 communities in 24 counties in Nebraska. Having been in business for over 66 years, NNTC has a long history of success with the business operations and financial resources needed to be successful and has demonstrated capability to maintain the network over the long run.

NNTC has attached a financial viability analysis for the project. NNTC projects it will receive cash from operations to maintain the network from the end-user subscribers over the useful life of the network of approximately \$746,000. In addition, NNTC will receive \$750,000 in the form of a grant award through this Application C-5272 and \$235,000 in the form of grant awards from the village of Emerson and Dixon County for total cash estimated to be approximately \$1,731,000 (see Attachment Letter G_2). This projected cash inflow is estimated to cover the cost of construction after incremental expenses are considered. If any short fall shall materialize, NNTC will internally finance the difference.

The major assumptions for the viability analysis include an estimated take rate ranging from 65% to 75%, with an average revenue per month of approximately \$103.23 per subscriber over the life of the project.