

Attachment G

Qwest Corporation d/b/a CenturyLink QC

Pilger NBBP/CPF Grant Application

CenturyLink QC will create detailed engineering plans, obtain any permits and licenses from the local community as well as any county and state permits. The project will be a mixture of aerial and buried fiber, and expects zoning, rights-of-way and permitting risks to be minimal as CenturyLink QC already has copper network in the same locations where the fiber network will be deployed. CenturyLink QC will coordinate with other utilities to attach to the utility poles for the aerial portions of the network build and will pre-locate underground facilities to minimize the risk of damaging other networks during construction of buried fiber. The deployment project will not pass through tribal lands thus no tribal approvals are required.

CenturyLink QC will notify residents when the network is complete so they can order new or upgraded service. Additionally, outreach was completed with the community to garner feedback ahead of this application as per Attachment J.

As noted in Attachment E, CenturyLink QC will be using Corning fiber products and Adtran and Calix electronics. The fiber will be from Corning and is expected to last at least 30 years. The electronics, from Adtran and Calix, will have regular software updates and maintenance to extend the life to ten years or more, at which time it will be replaced.

CenturyLink QC's central office for this area is already capable of supporting fiber-based services and has backbone fiber to Omaha to support the services, connecting to the Lumen national network and regional internet hubs.

CenturyLink QC's project will be cash flow positive as per the table below. However, the project would not be cash flow positive without the assumed grant funding. Revenue assumptions are based on penetration rates developed via proprietary modelling tools and current rate plans. For the project area CenturyLink QC is forecasting penetration of 77% by end of year 5. Please see the financial analysis for the project in Confidential Attachment H for additional details.

Cash flow from Attachment H:

Attachment G

CASH FLOW STATEMENT	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue ¹		7	15	19	21	22
Grant Reimbursement ²	177	177		-	-	-
Expenses						
Capital Expenditures	(393)	(5)	(3)	(3)	(2)	(1)
Operating Expense		(4)	(3)	(3)	(3)	(3)
Income Tax	10	-	(2)	(3)	(4)	(4)
Net Cash Flow	(206)	175	7	10	12	14
Cumulative Cash Flow	(206)	(32)	(25)	(15)	(3)	11
Notes						
¹ Revenue estimated based on proprietary modelling assuming a 77% penetration by end of year 5.						
² Grant reimbursement assumes 25% upon award, 25% month 9, remainder upon completion.						

CenturyLink QC's project will be net cash flow positive before any electronics will need replacement and long before any fiber replacement will be necessary. As the components age, CenturyLink QC will identify those components requiring replacement and do so out of its capital expenditures or operating expense budgets.

CenturyLink QC takes on the financial risk of completing the proposed project and is committed to executing the project if the grant is awarded. CenturyLink has the embedded core network infrastructure and more than 100 field employees in the state of Nebraska. A project of this size would not significantly impact operational cost models to support and operate once completed.

CenturyLink QC has not previously been awarded Federal funds for broadband development in this project area.