

**Applicant: Consolidated Telco, Inc. (“Consolidated”)**

**Project Area: Paxton South Unserved**

**Attachment G: Business Plan**

The project proposal is to construct Fiber to the Premise (FTTP) facilities to all the homes and businesses in the Purdum project area. All fiber cable will be placed under ground to provide the highest quality, most reliable and resilient network possible. The expected useful life of the fiber facilities is 25 years and the expected life of the electronic used with the fiber is 11 years. Consolidated has engaged Consolidated Companies, Inc. to construct the fiber facilities that will be connected to our fiber transport ring carrying internet traffic routing to both Denver and Chicago.

The project will require permits from the State, the County, and, if necessary, permits for railroad undercrossing along with occupancy of rights of way. Such permits are routine and Consolidated does not expect any legal challenges in obtaining the necessary permissions.

Consolidated has been providing telecommunications service in rural Nebraska since 1947. The company has grown considerably during those 75 years and has worked to keep services competitive and meet the needs of our customers. Consolidated’s Form M regulatory filings show that the company has a strong balance sheet and does not present a credit risk to its stakeholders, including owners, lenders, regulators, vendors, and customers. The company has been operated conservatively and is in strong financial position to continue operation for years to come.

The estimated average revenue per month is \$83.00. This estimate includes revenues from broadband service along with other telecommunication service revenues. A projection of revenues, expenses, and take-rates are included in the detailed schedules along with a 25-year net cash flow.

## Project: Paxton South Unserved

## Project Cash Flow

Line	Source	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
A 1	Total Project Investment	Attachment H	\$ 455,144						
2	Fiber	Attachment H	\$ 445,886						
3	COE	Attachment H	\$ 9,258						
B 1	Company Match	Attachment L	36%						
2	Company Match Fiber	A2*B1	\$ 160,519						
3	Company Match COE	A3*B1	\$ 3,333						
4	Company Capital Investment	B2+B3	\$ 163,852						
C 1	Depr Expense Fiber, 25 yr. life	B2/25	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421
2	Depr Expense COE, 11 yr. life	B3/11	\$ 303	\$ 303	\$ 303	\$ 303	\$ 303	\$ 303	\$ 303
3	Total Depreciation Expense	C1+C2	\$ 6,724	6,724	6,724	6,724	6,724	6,724	6,724
4	SIT Rate	Input	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%
5	FIT Rate	Input	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
6	Effective Tax Rate	(C4+C5)/(1+C4)	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%
D 1	Estimated # of Locations Served	Input or E1	38	40	41	41	41	41	41
2	Estimated # of Passings	Input	53	53	53	53	53	53	53
3	Initial Penetration	D1/D2	72%	75%	77%	77%	78%	78%	78%
4	Win back % Unserved Passings	Input	10%	1%	1%	1%	1%	1%	1%
5	Projected Penetration	(1-D3)*D4+D3	75%	77%	77%	78%	78%	78%	78%
E 1	Projected Subscribers	D2*D5	40	41	41	41	41	41	42
2	Avg Rev per Sub	Input	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00
3	Revenue	E1*E2*12	\$ 39,342	\$ 40,687	\$ 40,808	\$ 40,927	\$ 41,046	\$ 41,163	\$ 41,280
4	Avg Exp per Sub	Input	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80
5	Depreciation Expense	C3	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724
6	Expense	(E1*E4*12)+E5	\$ (27,009)	\$ (27,702)	\$ (27,765)	\$ (27,827)	\$ (27,888)	\$ (27,948)	\$ (28,008)
7	Net Income	E3+E6	\$ 12,333	\$ 12,984	\$ 13,043	\$ 13,101	\$ 13,158	\$ 13,215	\$ 13,272
8	Taxes	C6*E7	\$ (3,296)	\$ (3,470)	\$ (3,485)	\$ (3,501)	\$ (3,516)	\$ (3,531)	\$ (3,547)
9	After Tax Net Income	E7+E8	\$ 9,037	\$ 9,514	\$ 9,557	\$ 9,600	\$ 9,642	\$ 9,684	\$ 9,725
10	Depreciation Expense	E5	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724
11	Company Capital Investment	B4	\$ (163,852)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Net Cash Flow	E9+E10+E11	\$ (148,091)	\$ 16,238	\$ 16,281	\$ 16,324	\$ 16,366	\$ 16,407	\$ 16,449
F 1	Rate of Return	IRR	9.6%						



## Project: Paxton South Unserved

## Project Cash Flow

Line	Source	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
A 1	Total Project Investment						\$ 9,258		
2	Fiber								
3	COE						\$ 9,258		
B 1	Company Match								
2	Company Match Fiber								
3	Company Match COE						\$ 9,258		
4	Company Capital Investment						\$ 9,258		
C 1	Depr Expense Fiber, 25 yr. life	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421	\$ 6,421
2	Depr Expense COE, 11 yr. life	\$ 303	\$ 303	\$ 303	\$ 303	\$ 303	\$ 303	\$ 303	\$ 303
3	Total Depreciation Expense	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724
4	SIT Rate	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%
5	FIT Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
6	Effective Tax Rate	(C4+C5)/(1+C4)	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%
D 1	Estimated # of Locations Served	43	43	43	43	43	43	43	43
2	Estimated # of Passings	53	53	53	53	53	53	53	53
3	Initial Penetration	80%	80%	81%	81%	81%	81%	81%	82%
4	Win back % Unserved Passings	1%	1%	1%	1%	1%	1%	1%	1%
5	Projected Penetration	(1-D3)*D4+D3	80%	81%	81%	81%	81%	81%	82%
E 1	Projected Subscribers	43	43	43	43	43	43	43	43
2	Avg Rev per Sub	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00	\$ 83.00
3	Revenue	\$ 42,484	\$ 42,587	\$ 42,689	\$ 42,790	\$ 42,890	\$ 42,989	\$ 43,087	\$ 43,184
4	Avg Exp per Sub	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80	\$ 42.80
5	Depreciation Expense	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724
6	Expense	(E1*E4*12)+E5	(28,629)	(28,682)	(28,735)	(28,787)	(28,839)	(28,890)	(28,940)
7	Net Income	E3+E6	\$ 13,855	\$ 13,905	\$ 13,954	\$ 14,003	\$ 14,052	\$ 14,100	\$ 14,147
8	Taxes	C6*E7	\$ (3,702)	\$ (3,716)	\$ (3,729)	\$ (3,742)	\$ (3,755)	\$ (3,768)	\$ (3,781)
9	After Tax Net Income	E7+E8	\$ 10,153	\$ 10,189	\$ 10,225	\$ 10,261	\$ 10,297	\$ 10,332	\$ 10,367
10	Depreciation Expense	E5	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724	\$ 6,724
11	Company Capital Investment	B4	\$ -	\$ -	\$ -	\$ -	\$ (9,258)	\$ -	\$ -
12	Net Cash Flow	E9+E10+E11	\$ 16,876	\$ 16,913	\$ 16,949	\$ 16,985	\$ 17,020	\$ 17,090	\$ 17,125
F 1	Rate of Return	IRR							