

Applicant: Consolidated Telecom, Inc. ("Consolidated")

Project Area: Eustis

Attachment G: Business Plan

The project proposal is to construct Fiber to the Premise (FTTP) facilities to all the homes and businesses in the project area. All fiber cable will be placed under ground to provide the highest quality, most reliable and resilient network possible. Consolidated has engaged Midwest Contractors, 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 the railroad for 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. The Village Board has already passed a resolution granting Consolidated the use of village rights of way for the installation of facilities. A copy of the resolution is attached to this document.

Consolidated has been providing telecommunications service in rural Nebraska since 1947. The company has grown considerably during those 74 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. A projection of revenue and expense for the project showing a positive net cash flow for the life of the facilities is attached.

RESOLUTION NO. 2021-6

WHEREAS, the Village of Eustis, Nebraska desires to have the community and its citizens served by state-of-the-art fiber optic facilities for the provision of telecommunications and broadband internet services; and

WHEREAS, the Nebraska Broadband Bridge Program (NBBP) has been established to facilitate and fund the deployment of broadband networks in Nebraska; and

WHEREAS, Consolidated desires to construct and operate a fiber optic network throughout the village, and agrees to provide matching funds and other resources to complete the project; and

WHEREAS, the deadline for filing grant applications is October 1, 2021;

NOW, THEREFORE, BE IS RESOLVED, by the Village Board of Eustis, Nebraska, that Consolidated is authorized to use village rights of way for the placement and operation of a fiber optic network.

PASSED AND APPROVED this 9 day of Sept. 2021


Chairman

Attest: 
Village Clerk

Project: Eustis Town FTTH

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	\$ 703,995						
2	Fiber	Attachment H	\$ 674,605						
3	COE	Attachment H	\$ 29,391	<----- Useful Life ----->					
B 1	Company Match	Attachment L	80%						
2	Company Match Fiber	A2*B1	\$ 539,684						
3	Company Match COE	A3*B1	\$ 23,513						
4	Company Capital Investment	B2+B3	\$ 563,196						
C 1	Depr Expense Fiber, 25 yr. life	B2/25	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587
2	Depr Expense COE, 11 yr. life	B3/11	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138
3	Total Depreciation Expense	C1+C2	\$ 23,725	23,725	23,725	23,725	23,725	23,725	23,725
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	Revenue	Input	\$ 125,640	\$ 139,557	\$ 140,810	\$ 142,050	\$ 143,277	\$ 144,493	\$ 145,696
2	Expense	Input	\$ (112,890)	\$ (122,767)	\$ (123,656)	\$ (124,536)	\$ (125,407)	\$ (126,269)	\$ (127,123)
3	Net Income	D1+D2	\$ 12,750	\$ 16,791	\$ 17,154	\$ 17,514	\$ 17,871	\$ 18,224	\$ 18,573
4	Taxes	C6*D3	\$ (3,407)	\$ (4,487)	\$ (4,584)	\$ (4,680)	\$ (4,776)	\$ (4,870)	\$ (4,963)
5	After Tax Net Income	D3+D4	\$ 9,343	\$ 12,304	\$ 12,570	\$ 12,834	\$ 13,095	\$ 13,354	\$ 13,610
6	Depreciation Expense	C3	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725
7	Company Capital Investment	B4	\$ (563,196)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Net Cash Flow	D5+D6+D7	\$ (530,128)	\$ 36,029	\$ 36,295	\$ 36,559	\$ 36,820	\$ 37,079	\$ 37,334
E 1	Rate of Return	IRR	4.4%						

Project: Eustis Town FTTH

Project Cash Flow

Line	Source	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
A 1	Total Project Investment	Attachment H			\$ 29,391					
2	Fiber	Attachment H								
3	COE	Attachment H	----->		\$ 29,391			<-----		Useful L
B 1	Company Match	Attachment L								
2	Company Match Fiber	A2*B1								
3	Company Match COE	A3*B1			\$ 29,391					
4	Company Capital Investment	B2+B3			\$ 29,391					
C 1	Depr Expense Fiber, 25 yr. life	B2/25	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587
2	Depr Expense COE, 11 yr. life	B3/11	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138
3	Total Depreciation Expense	C1+C2	23,725	23,725	23,725	23,725	23,725	23,725	23,725	23,725
4	SIT Rate	Input	7.81%	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%	21.00%
6	Effective Tax Rate	(C4+C5)/(1+C4)	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%
D 1	Revenue	Input	\$ 148,066	\$ 149,234	\$ 150,390	\$ 151,534	\$ 152,667	\$ 153,788	\$ 154,898	\$ 155,997
2	Expense	Input	\$ (128,805)	\$ (129,634)	\$ (130,454)	\$ (131,266)	\$ (132,070)	\$ (132,866)	\$ (133,654)	\$ (134,434)
3	Net Income	D1+D2	\$ 19,261	\$ 19,600	\$ 19,935	\$ 20,268	\$ 20,596	\$ 20,922	\$ 21,244	\$ 21,563
4	Taxes	C6*D3	\$ (5,147)	\$ (5,238)	\$ (5,327)	\$ (5,416)	\$ (5,504)	\$ (5,591)	\$ (5,677)	\$ (5,762)
5	After Tax Net Income	D3+D4	\$ 14,114	\$ 14,362	\$ 14,608	\$ 14,852	\$ 15,092	\$ 15,331	\$ 15,567	\$ 15,801
6	Depreciation Expense	C3	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725
7	Company Capital Investment	B4	\$ -	\$ -	\$ -	\$ (29,391)	\$ -	\$ -	\$ -	\$ -
8	Net Cash Flow	D5+D6+D7	\$ 37,839	\$ 38,087	\$ 38,333	\$ 9,186	\$ 38,817	\$ 39,056	\$ 39,292	\$ 39,526
E 1	Rate of Return	IRR								

Project: Eustis Town FTTH**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	Attachment H					\$ 29,391		
2	Fiber	Attachment H							
3	COE	Attachment H	ife ----->				\$ 29,391		
B 1	Company Match	Attachment L							
2	Company Match Fiber	A2*B1							
3	Company Match COE	A3*B1					\$ 29,391		
4	Company Capital Investment	B2+B3					\$ 29,391		
C 1	Depr Expense Fiber, 25 yr. life	B2/25	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587	\$ 21,587
2	Depr Expense COE, 11 yr. life	B3/11	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138	\$ 2,138
3	Total Depreciation Expense	C1+C2	23,725	23,725	23,725	23,725	23,725	23,725	23,725
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	Revenue	Input	\$ 158,163	\$ 159,229	\$ 160,285	\$ 161,330	\$ 162,365	\$ 163,390	\$ 164,404
2	Expense	Input	\$ (135,971)	\$ (136,728)	\$ (137,477)	\$ (138,219)	\$ (138,953)	\$ (139,680)	\$ (140,400)
3	Net Income	D1+D2	\$ 22,192	\$ 22,502	\$ 22,808	\$ 23,112	\$ 23,412	\$ 23,710	\$ 24,004
4	Taxes	C6*D3	\$ (5,930)	\$ (6,013)	\$ (6,095)	\$ (6,176)	\$ (6,256)	\$ (6,336)	\$ (6,415)
5	After Tax Net Income	D3+D4	\$ 16,262	\$ 16,489	\$ 16,713	\$ 16,936	\$ 17,156	\$ 17,374	\$ 17,589
6	Depreciation Expense	C3	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725	\$ 23,725
7	Company Capital Investment	B4	\$ -	\$ -	\$ -	\$ -	\$ (29,391)	\$ -	\$ -
8	Net Cash Flow	D5+D6+D7	\$ 39,987	\$ 40,213	\$ 40,438	\$ 40,660	\$ 40,881	\$ 41,108	\$ 41,328
E 1	Rate of Return	IRR							