

**Applicant: Consolidated Telephone Company (“Consolidated”)**

**Project Area: Arthur**

**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 - **a project area that encompasses the county seat of Arthur County**. 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 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 along with a 25 year net cash flow is attached.

RESOLUTION NO. 22-1

WHEREAS, the Village of Arthur, 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 Companies, Inc. 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 July 1, 2022;

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

PASSED AND APPROVED this 1<sup>st</sup> day of June

Laura E. Woney  
Chairman

Attest: Bobbie Daly  
Village Clerk



## Project: Arthur 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	\$ 525,784						
2	Fiber	Attachment H	\$ 500,603						
3	COE	Attachment H	\$ 25,181						
B 1	Company Provided % Total	Attachment L	80%						
2	Company Provided Fiber	A2*B1	\$ 400,482						
3	Company Provided COE	A3*B1	\$ 20,145						
4	Company Capital Investment	B2+B3	\$ 420,627						
C 1	Depr Expense Fiber, 25 yr. life	B2/25	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019
2	Depr Expense COE, 11 yr. life	B3/11	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831
3	Total Depreciation Expense	C1+C2	\$ 17,851	17,851	17,851	17,851	17,851	17,851	17,851
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	76	80	83	84	84	84	85
2	Estimated # of Passings	Input	114	114	114	114	114	114	114
3	Initial Penetration	D1/D2	67%	70%	73%	73%	74%	74%	74%
4	Win back % Unserved Passings	Input	10%	1%	1%	1%	1%	1%	1%
5	Projected Penetration	(1-D3)*D4+D3	70%	73%	73%	74%	74%	74%	75%
E 1	Projected Subscribers	D2*D5	80	83	84	84	84	85	85
2	Avg Rev per Sub	Input	\$ 79.95	\$ 79.95	\$ 79.95	\$ 79.95	\$ 79.95	\$ 79.95	\$ 79.95
3	Revenue	E1*E2*12	\$ 76,560	\$ 79,841	\$ 80,137	\$ 80,429	\$ 80,718	\$ 81,005	\$ 81,289
4	Avg Exp per Sub	Input	\$ 57.16	\$ 57.16	\$ 57.16	\$ 57.16	\$ 57.16	\$ 57.16	\$ 57.16
5	Depreciation Expense	C3	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851
6	Expense	(E1*E4*12)+E5	\$ (72,584)	\$ (74,930)	\$ (75,141)	\$ (75,350)	\$ (75,557)	\$ (75,762)	\$ (75,965)
7	Net Income	E3+E6	\$ 3,976	\$ 4,911	\$ 4,995	\$ 5,079	\$ 5,161	\$ 5,243	\$ 5,324
8	Taxes	C6*E7	\$ (1,062)	\$ (1,312)	\$ (1,335)	\$ (1,357)	\$ (1,379)	\$ (1,401)	\$ (1,423)
9	After Tax Net Income	E7+E8	\$ 2,913	\$ 3,599	\$ 3,661	\$ 3,722	\$ 3,782	\$ 3,842	\$ 3,901
10	Depreciation Expense	E5	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851
11	Company Capital Investment	B4	\$ (420,627)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Net Cash Flow	E9+E10+E11	\$ (399,863)	\$ 21,449	\$ 21,511	\$ 21,572	\$ 21,633	\$ 21,693	\$ 21,752
F 1	Rate of Return	IRR	1.6%						



## Project: Arthur 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						\$ 25,181		
2	Fiber								
3	COE						\$ 25,181		
B 1	Company Provided % Total								
2	Company Provided Fiber								
3	Company Provided COE						\$ 25,181		
4	Company Capital Investment						\$ 25,181		
C 1	Depr Expense Fiber, 25 yr. life	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019	\$ 16,019
2	Depr Expense COE, 11 yr. life	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831	\$ 1,831
3	Total Depreciation Expense	17,851	17,851	17,851	17,851	17,851	17,851	17,851	17,851
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	Input or E1	88	88	88	88	89	89	89
2	Estimated # of Passings	Input	114	114	114	114	114	114	114
3	Initial Penetration	D1/D2	77%	77%	77%	77%	78%	78%	78%
4	Win back % Unserved Passings	Input	1%	1%	1%	1%	1%	1%	1%
5	Projected Penetration	(1-D3)*D4+D3	77%	77%	77%	78%	78%	78%	79%
E 1	Projected Subscribers	D2*D5	88	88	88	89	89	89	90
2	Avg Rev per Sub	Input	\$ 79.95	\$ 79.95	\$ 79.95	\$ 79.95	\$ 79.95	\$ 79.95	\$ 79.95
3	Revenue	E1*E2*12	\$ 84,228	\$ 84,479	\$ 84,728	\$ 84,975	\$ 85,219	\$ 85,460	\$ 85,699
4	Avg Exp per Sub	Input	\$ 57.16	\$ 57.16	\$ 57.16	\$ 57.16	\$ 57.16	\$ 57.16	\$ 57.16
5	Depreciation Expense	C3	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851
6	Expense	(E1*E4*12)+E5	\$ (78,066)	\$ (78,246)	\$ (78,424)	\$ (78,600)	\$ (78,774)	\$ (78,947)	\$ (79,118)
7	Net Income	E3+E6	\$ 6,162	\$ 6,234	\$ 6,304	\$ 6,375	\$ 6,444	\$ 6,513	\$ 6,581
8	Taxes	C6*E7	\$ (1,647)	\$ (1,666)	\$ (1,685)	\$ (1,704)	\$ (1,722)	\$ (1,741)	\$ (1,759)
9	After Tax Net Income	E7+E8	\$ 4,515	\$ 4,568	\$ 4,620	\$ 4,671	\$ 4,722	\$ 4,773	\$ 4,823
10	Depreciation Expense	E5	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851	\$ 17,851
11	Company Capital Investment	B4	\$ -	\$ -	\$ -	\$ -	\$ (25,181)	\$ -	\$ -
12	Net Cash Flow	E9+E10+E11	\$ 22,366	\$ 22,418	\$ 22,470	\$ 22,522	\$ 22,573	\$ (2,558)	\$ 22,673
F 1	Rate of Return	IRR							