Applicant: Consolidated Telephone Company ("Consolidated")

Project Area: Dunning

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. 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.

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.

Pro	oject: Dunning Town F⊺	TTH	Project Cash Flow												
				Year	Year	Year	Year	Year	Year	Year	Year				
Line	2	Source		1	2	3	4	5	6	7	8				
Α	1 Total Project Investment	Attachment H	\$	293,788											
	2 Fiber	Attachment H	\$	281,038											
	3 COE	Attachment H	\$	12,750		<			Useful Life -						
В	1 Company Proivded % Total	Attachment L		80%											
	2 Company Provided Fiber	A2*B1	\$	224,831											
	3 Company Provided COE	A3*B1	\$	10,200											
	4 Company Capital Investment	B2+B3	\$	235,030							_				
С	1 Depr Expense Fiber, 25 yr. life	B2/25	\$	8,993 \$	8,993 \$	8,993 \$	8,993 \$	8,993 \$	8,993 \$	8,993 \$	8,993				
	2 Depr Expense COE, 11 yr. life	B3/11	\$	927 \$	927 \$	927 \$	927 \$	927 \$	927 \$	927 \$	927				
	3 Total Depreciation Expense	C1+C2	\$	9,920	9,920	9,920	9,920	9,920	9,920	9,920	9,920				
	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 Estimated # of Locations Served	Input or E1		39	43	46	47	47	47	47	48				
	2 Estimated # of Passings	Input		77	77	77	77	77	77	77	77				
	3 Initial Penetration	D1/D2		51%	56%	60%	60%	61%	61%	62%	62%				
	4 Win back % Unserved Passings	Input		10%	1%	1%	1%	1%	1%	1%	1%				
	5 Projected Penetration	(1-D3)*D4+D3		56%	60%	60%	61%	61%	62%	62%	62%				
Ε	1 Projected Subscribers	D2*D5		43	46	47	47	47	47	48	48				
	2 Avg Rev per Sub	Input	\$	79.95 \$	79.95 \$	79.95 \$	79.95 \$	79.95 \$	79.95 \$	79.95 \$	79.95				
	3 Revenue	E1*E2*12	\$	41,062 \$	44,343 \$	44,639 \$	44,931 \$	45,221 \$	45,507 \$	45,791 \$	46,072				
	4 Avg Exp per Sub	Input	\$	57.16 \$	57.16 \$	57.16 \$	57.16 \$	57.16 \$	57.16 \$	57.16 \$	57.16				
	5 Depreciation Expense	C3	\$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920				
	6 Expense	(E1*E4*12)+E5	\$	(39,276) \$	(41,622) \$	(41,833) \$	(42,042) \$	(42,249) \$	(42,454) \$	(42,657) \$	(42,858)				
	7 Net Income	E3+E6	\$	1,786 \$	2,721 \$	2,806 \$	2,889 \$	2,971 \$	3,053 \$	3,134 \$	3,214				
	8 Taxes	C6*E7	\$	(477) \$	(727) \$	(750) \$	(772) \$	(794) \$	(816) \$	(838) \$	(859)				
	9 After Tax Net Income	E7+E8	\$	1,309 \$	1,994 \$	2,056 \$	2,117 \$	2,177 \$	2,237 \$	2,297 \$	2,355				
	10 Depreciation Expense	E5	\$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920				
	L1 Company Capital Investment	B4	\$	(235,030) \$	- \$	- \$	- \$	- \$	- \$	- \$					
:	12 Net Cash Flow	E9+E10+E11	\$	(223,801) \$	11,915 \$	11,976 \$	12,037 \$	12,098 \$	12,158 \$	12,217 \$	12,276				

F 1 Rate of Return IRR 1.8%

	Proie	ct: Dur	ining T	own F	TTH
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B 1 Company Provided %Total Attachment L 2 Company Provided fiber A2*B1 3 Company Provided CDE A3*B1 S S 12,750 S 12,7	Pro	ject: Dunning Town FT	TH				Projec	ct Cash Flo	W			
A 1 Total Project Investment				Year	Year	Year	Year	Year	Year	Year	Year	Year
Second Company Provided Fiber Attachment H Second	Line		Source	9	10	11		13	14	15	16	17
Second S	A 1	Total Project Investment	Attachment H				\$ 12,750					
B 1 Company Provided Total Attachment L 2 Company Provided Fiber A2*B1 3 Company Provided CDE A3*B1 S S S S S S S S S	2		Attachment H									
Company Provided Fiber A2*B1 S 12,750 S 12,75	3	COE	Attachment H	 >			\$ 12,750		<			Useful L
Section Company Provided COE A3*B1 B2+B3 Section Secti	B 1	Company Proivded % Total	Attachment L									
\$ 12,750 C 1 Depr Expense Fiber, 25 yr. life	2	Company Provided Fiber	A2*B1									
C 1 Depr Expense Fiber, 25 yr. life	3	Company Provided COE	A3*B1				\$					
2 Depr Expense COE, 11 yr. life	4	Company Capital Investment	B2+B3				\$ 12,750					
3 Total Depreciation Expense C1+C2 9,920 9				, .	8,993 \$			8,993 \$, .	, .		8,993
4 SIT Rate Input 7.81%			B3/11	\$ 			\$ 					927
5 FIT Rate flective Tax Rate Input (C4+C5)/(1+C4) 21.00% 20.00% 26.72% 26	3	Total Depreciation Expense	C1+C2	9,920	9,920	9,920	9,920	9,920	9,920	9,920	9,920	9,920
6 Effective Tax Rate (C4+C5)/(1+C4) 26.72%			Input	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%	7.81%
D 1 Estimated # of Locations Served Input or E1	5	FIT Rate		21.00%								21.00%
2 Estimated # of Passings Input 77 77 77 77 77 77 77 77 77 77 77 77 77	6	Effective Tax Rate	(C4+C5)/(1+C4)	 26.72%	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%	26.72%
3 Initial Penetration D1/D2 62% 63% 63% 63% 64% 64% 65% 65% 65% 655 65 65 4 Win back % Unserved Passings Input 1% 1% 1% 1% 1% 1% 1% 1% 1% 1% 1 5 Projected Penetration (1-D3)*D4+D3 63% 63% 63% 63% 64% 64% 65% 65% 65% 65% 65% 65% 66% 65% 65% 65	D 1	Estimated # of Locations Served	Input or E1	48	48	49	49	49	49	50	50	50
Win back Win back Winserved Passings Input 1% 1% 1% 1% 1% 1% 1% 1	2	Estimated # of Passings		77	77	77	77	77	77	77	77	77
E 1 Projected Subscribers D2*D5 48 49 49 49 49 50 50 50 50 50 50 50 50 50 50 50 50 50	3	Initial Penetration	D1/D2	62%	63%	63%	63%	64%	64%	65%	65%	65%
E 1 Projected Subscribers D2*D5 48 49 49 49 49 50 50 50 50 50 50 50 50 50 50 50 50 50	4	Win back % Unserved Passings	Input	1%	1%	1%	1%	1%	1%	1%	1%	1%
2 Avg Rev per Sub Input \$ 79.95 \$ 79.9	5	Projected Penetration	(1-D3)*D4+D3	63%	63%	63%	64%	64%	65%	65%	65%	66%
3 Revenue E1*E2*12 \$ 46,350 \$ 46,625 \$ 46,897 \$ 47,167 \$ 47,434 \$ 47,699 \$ 47,960 \$ 48,219 \$ 48,47 4 Avg Exp per Sub Input \$ 57.16 <td>E 1</td> <td>Projected Subscribers</td> <td>D2*D5</td> <td>48</td> <td>49</td> <td>49</td> <td>49</td> <td>49</td> <td>50</td> <td>50</td> <td>50</td> <td>51</td>	E 1	Projected Subscribers	D2*D5	48	49	49	49	49	50	50	50	51
4 Avg Exp per Sub Input \$ 57.16 \$ 57.1	2	Avg Rev per Sub	Input	 79.95 \$	79.95 \$	79.95	\$ 79.95 \$	79.95 \$	79.95 \$	79.95 \$	79.95 \$	79.95
5 Depreciation Expense C3 \$ 9,920	3	Revenue	E1*E2*12	\$ 46,350 \$	46,625 \$	46,897	\$ 47,167 \$	47,434 \$	47,699 \$	47,960 \$	48,219 \$	48,476
6 Expense (E1*E4*12)+E5 \$ (43,056) \$ (43,253) \$ (43,448) \$ (43,641) \$ (43,832) \$ (44,021) \$ (44,208) \$ (44,393) \$ (44,577) \$ Net Income	4	Avg Exp per Sub	Input	\$ 57.16 \$	57.16 \$	57.16	\$ 57.16 \$	57.16 \$	57.16 \$	57.16 \$	57.16 \$	57.16
7 Net Income	5	Depreciation Expense	C3	\$ 9,920 \$	9,920 \$	9,920	\$ 9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920
8 Taxes C6*E7 \$ (880) \$ (901) \$ (922) \$ (942) \$ (963) \$ (983) \$ (1,003) \$ (1,023) \$ (1,04) \$ 9 After Tax Net Income E7+E8 \$ 2,413 \$ 2,471 \$ 2,528 \$ 2,584 \$ 2,640 \$ 2,695 \$ 2,750 \$ 2,804 \$ 2,85 \$ 10 Depreciation Expense E5 \$ 9,920	6	Expense	(E1*E4*12)+E5	\$ (43,056) \$	(43,253) \$	(43,448)	\$ (43,641) \$	(43,832) \$	(44,021) \$	(44,208) \$	(44,393) \$	(44,576)
9 After Tax Net Income E7+E8 \$ 2,413 \$ 2,471 \$ 2,528 \$ 2,584 \$ 2,640 \$ 2,695 \$ 2,750 \$ 2,804 \$ 2,85 10 Depreciation Expense E5 \$ 9,920 \$ 9,9	7	Net Income	E3+E6	\$ 3,293 \$		3,449	\$ 3,526 \$	3,603 \$	3,678 \$	3,753 \$	3,826 \$	3,900
10 Depreciation Expense E5 \$ 9,920 \$ 9	8	Taxes	C6*E7	\$ (880) \$	(901) \$	(922)	\$ (942) \$	(963) \$	(983) \$	(1,003) \$	(1,023) \$	(1,042)
11 Company Capital Investment B4 \$ - \$ - \$ - \$ (12,750) \$ - \$ - \$ - \$ - \$ -	g	After Tax Net Income	E7+E8	\$ 2,413 \$	2,471 \$	2,528	\$ 2,584 \$	2,640 \$	2,695 \$	2,750 \$	2,804 \$	2,857
	1	Depreciation Expense	E5	\$ 9,920 \$	9,920 \$	9,920	\$ 9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920 \$	9,920
12 Net Cash Flow E9+E10+E11 \$ 12,334 \$ 12,391 \$ 12,448 \$ (245) \$ 12,560 \$ 12,616 \$ 12,670 \$ 12,724 \$ 12,77	1	1 Company Capital Investment		\$ 		-	\$ (12,750) \$	- \$	- \$		т	-
	1	2 Net Cash Flow	E9+E10+E11	\$ 12,334 \$	12,391 \$	12,448	\$ (245) \$	12,560 \$	12,616 \$	12,670 \$	12,724 \$	12,778

F 1 Rate of Return

IRR

Pı	oj	ect: Dunning Town FTT	Project Cash Flow													
					Year		Year	Year		Year	Year	_	Year	Year		Year
Li	ne		Source		18		19	20		21	22		23	24		25
Α	1	Total Project Investment	Attachment H									\$	12,750			
	2	Fiber	Attachment H													
	3	COE	Attachment H	ife					>			\$	12,750			
В	1	Company Proivded % Total	Attachment L													
	2	Company Provided Fiber	A2*B1													
	3	Company Provided COE	A3*B1									\$	12,750			
	4	Company Capital Investment	B2+B3									\$	12,750			
С	1	Depr Expense Fiber, 25 yr. life	B2/25	\$	8,993	\$	8,993 \$	8,99	3 \$	8,993 \$	8,993	\$	8,993	8,993	\$	8,993
	2	Depr Expense COE, 11 yr. life	B3/11	\$	927	\$	927 \$	92	7 \$	927 \$	927	\$	927	927	\$	927
	3	Total Depreciation Expense	C1+C2		9,920		9,920	9,92)	9,920	9,920		9,920	9,920		9,920
	4	SIT Rate	Input		7.81%		7.81%	7.81	%	7.81%	7.81%		7.81%	7.81%	ó	7.81%
	_	FIT Rate	Input		21.00%		21.00%	21.00	%	21.00%	21.00%		21.00%	21.00%	ó	21.00%
	6	Effective Tax Rate	(C4+C5)/(1+C4)		26.72%		26.72%	26.72	%	26.72%	26.72%		26.72%	26.72%	0	26.72%
D	1	Estimated # of Locations Served	Input or E1		51		51	5	1	51	52		52	52		52
	2	Estimated # of Passings	Input		77		77	7	7	77	77		77	77		77
	3	Initial Penetration	D1/D2		66%		66%	66	%	67%	67%		67%	68%	6	68%
	4	Win back % Unserved Passings	Input		1%		1%	1	%	1%	1%		1%	19	6	1%
	5	Projected Penetration	(1-D3)*D4+D3		66%		66%	67	%	67%	67%		68%	68%	0	68%
Ε	1	Projected Subscribers	D2*D5		51		51	5	1	52	52		52	52		53
	2	Avg Rev per Sub	Input	\$	79.95	\$	79.95 \$	79.9	5 \$	79.95 \$	79.95	\$	79.95	79.95	\$	79.95
	3	Revenue	E1*E2*12	\$	48,730	\$	48,981 \$	49,23) \$	49,477 \$	49,721	\$	49,962	50,201	\$	50,438
	4	Avg Exp per Sub	Input	\$	57.16	\$	57.16 \$	57.1	6 \$	57.16 \$		\$	57.16	57.16	\$	57.16
	5	Depreciation Expense	C3	\$	9,920		9,920 \$	9,92) \$	9,920 \$	9,920	\$	9,920	9,920	\$	9,920
	6	Expense	(E1*E4*12)+E5	\$	(44,758)		(44,938) \$	(45,11		(45,292) \$	(45,466)		(45,639)	45,810) \$	(45,979)
	7	Net Income	E3+E6	\$	3,972		4,044 \$	4,11	-	4,185 \$	4,254		4,323	•		4,459
	8	Taxes	C6*E7	\$	(1,061)		(1,081) \$	(1,10		(1,118) \$	(1,137)		(1,155)) \$	(1,192)
	9	After Tax Net Income	E7+E8	\$	2,911	\$	2,963 \$	3,01		3,067 \$	•	\$	3,168			3,267
		Depreciation Expense	E5	\$	9,920	\$	9,920 \$	9,92		9,920 \$	•	\$	9,920			9,920
		Company Capital Investment	B4	\$	-	\$	- \$	-	\$	- \$		\$	(12,750)		\$	-
	12	Net Cash Flow	E9+E10+E11	\$	12,831	\$	12,884 \$	12,93	5 \$	12,987 \$	13,038	\$	339	13,138	\$	13,188

F 1 Rate of Return

IRR