Applicant: Curtis Telephone Company ("Consolidated")

Project Area: Stockville

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 Frontier 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 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 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 | ject: Stockville Town F | Project Cash Flow | | | | | | | | | | | | |
|------------|---------------------------------|-------------------|----|-------------|-------------|----------|---------------------------------------|-------------|-------------|-------------|----------|--|--|--|
| | | | | Year | Year | Year | Year | Year | Year | Year | Year | | | |
| Line | | Source | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | | |
| A 1 | L Total Project Investment | Attachment H | \$ | 97,965 | | | | | | | | | | |
| 2 | | Attachment H | \$ | 92,782 | | | | | | | | | | |
| 3 | B COE | Attachment H | \$ | 5,183 | | < | | | Useful Life | | | | | |
| B 1 | Company Proivded % Total | Attachment L | | 61% | | | | | | | | | | |
| 2 | 2 Company Provided Fiber | A2*B1 | \$ | 56,597 | | | | | | | | | | |
| 3 | B Company Provided COE | A3*B1 | \$ | 3,162 | | | | | | | | | | |
| 4 | Company Capital Investment | B2+B3 | \$ | 59,759 | | | | | | | | | | |
| C 1 | Depr Expense Fiber, 25 yr. life | B2/25 | \$ | 2,264 \$ | 2,264 \$ | 2,264 | 2,264 \$ | 2,264 \$ | 2,264 \$ | 2,264 \$ | 2,264 | | | |
| 2 | 2 Depr Expense COE, 11 yr. life | B3/11 | \$ | 287 \$ | 287 \$ | 287 \$ | · · · · · · · · · · · · · · · · · · · | 287 \$ | 287 \$ | 287 \$ | 287 | | | |
| | 3 Total Depreciation Expense | C1+C2 | \$ | 2,551 | 2,551 | 2,551 | 2,551 | 2,551 | 2,551 | 2,551 | 2,551 | | | |
| 4 | l 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 | 5 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 | | 13 | 15 | 17 | 17 | 18 | 18 | 18 | 18 | | | |
| 2 | 2 Estimated # of Passings | Input | | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | | | |
| 3 | 3 Initial Penetration | D1/D2 | | 37% | 43% | 49% | 50% | 50% | 51% | 51% | 52% | | | |
| 4 | Win back % Unserved Passings | Input | | 10% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | | | |
| 5 | 5 Projected Penetration | (1-D3)*D4+D3 | | 43% | 49% | 50% | 50% | 51% | 51% | 52% | 52% | | | |
| E 1 | Projected Subscribers | D2*D5 | | 15 | 17 | 17 | 18 | 18 | 18 | 18 | 18 | | | |
| 2 | 2 Avg Rev per Sub | Input | \$ | 79.95 \$ | 79.95 \$ | 79.95 | 79.95 \$ | 79.95 \$ | 79.95 \$ | 79.95 \$ | 79.95 | | | |
| 3 | B Revenue | E1*E2*12 | \$ | 14,583 \$ | 16,482 \$ | 16,653 | | 16,990 \$ | 17,156 \$ | 17,320 \$ | 17,483 | | | |
| 4 | Avg Exp per Sub | Input | \$ | 57.16 \$ | 57.16 \$ | 57.16 | | 57.16 \$ | 57.16 \$ | 57.16 \$ | 57.16 | | | |
| 5 | Depreciation Expense | C3 | \$ | 2,551 \$ | 2,551 \$ | 2,551 | | 2,551 \$ | 2,551 \$ | 2,551 \$ | 2,551 | | | |
| ϵ | 5 Expense | (E1*E4*12)+E5 | \$ | (12,977) \$ | (14,335) \$ | (14,457) | | (14,698) \$ | (14,816) \$ | (14,934) \$ | (15,050) | | | |
| 7 | 7 Net Income | E3+E6 | \$ | 1,606 \$ | 2,148 \$ | 2,196 | | 2,292 \$ | 2,340 \$ | 2,387 \$ | 2,433 | | | |
| 8 | | C6*E7 | \$ | (429) \$ | (574) \$ | (587) \$ | (600) \$ | (613) \$ | (625) \$ | (638) \$ | (650) | | | |
| 9 | 9 After Tax Net Income | E7+E8 | \$ | 1,177 \$ | 1,574 \$ | 1,609 | , , | 1,680 \$ | 1,714 \$ | 1,749 \$ | 1,783 | | | |
| | O Depreciation Expense | E5 | \$ | 2,551 \$ | 2,551 \$ | 2,551 | , , | 2,551 \$ | 2,551 \$ | 2,551 \$ | 2,551 | | | |
| | 1 Company Capital Investment | B4 | \$ | (59,759) \$ | - \$ | - 5 | · · · · · · · · · · · · · · · · · · · | - \$ | - \$ | - \$ | - | | | |
| 1 | 2 Net Cash Flow | E9+E10+E11 | \$ | (56,031) \$ | 4,125 \$ | 4,161 \$ | 4,196 \$ | 4,231 \$ | 4,266 \$ | 4,300 \$ | 4,334 | | | |

F 1 Rate of Return IRR 5.1%

| Pro | iect: | Stoc | kville | Town | FTTH |
|-----|-------|------|--------|------|-------------|
|-----|-------|------|--------|------|-------------|

| Pro | oject: Stockville Town F | Project Cash Flow | | | | | | | | | | | | |
|------|-----------------------------------|-------------------|-------|------------|-------------|---------|-------|-------------|-------------|-------------|-------------|-------------|----------|--|
| | | | Ye | | Year | Year | | Year | Year | Year | Year | Year | Year | |
| Line | | Source | g |) | 10 | 11 | | 12 | 13 | 14 | 15 | 16 | 17 | |
| Α | 1 Total Project Investment | Attachment H | | | | | \$ | 5,183 | | | | | | |
| | 2 Fiber | Attachment H | | | | | | | | | | | | |
| | 3 COE | Attachment H | | > | | | \$ | 5,183 | | < | | | Useful L | |
| В | 1 Company Proivded % Total | Attachment L | | | | | | | | | | | | |
| | 2 Company Provided Fiber | A2*B1 | | | | | | | | | | | | |
| | 3 Company Provided COE | A3*B1 | | | | | \$ | 5,183 | | | | | | |
| | 4 Company Capital Investment | B2+B3 | | | | | \$ | 5,183 | | | | | | |
| С | 1 Depr Expense Fiber, 25 yr. life | B2/25 | \$ | 2,264 \$ | 2,264 \$ | 2,264 | \$ | 2,264 \$ | 2,264 \$ | 2,264 \$ | 2,264 \$ | 2,264 \$ | 2,264 | |
| | 2 Depr Expense COE, 11 yr. life | B3/11 | \$ | 287 \$ | 287 \$ | 287 | \$ | 287 \$ | 287 \$ | 287 \$ | 287 \$ | 287 \$ | 287 | |
| | 3 Total Depreciation Expense | C1+C2 | | 2,551 | 2,551 | 2,551 | | 2,551 | 2,551 | 2,551 | 2,551 | 2,551 | 2,551 | |
| | 4 SIT Rate | Input | | 7.81% | 7.81% | 7.819 | % | 7.81% | 7.81% | 7.81% | 7.81% | 7.81% | 7.81% | |
| | 5 FIT Rate | Input | | 21.00% | 21.00% | 21.009 | % | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | |
| | 6 Effective Tax Rate | (C4+C5)/(1+C4) | : | 26.72% | 26.72% | 26.729 | % | 26.72% | 26.72% | 26.72% | 26.72% | 26.72% | 26.72% | |
| D | 1 Estimated # of Locations Served | Input or E1 | | 18 | 18 | 19 |) | 19 | 19 | 19 | 19 | 19 | 20 | |
| | 2 Estimated # of Passings | Input | | 35 | 35 | 35 | ; | 35 | 35 | 35 | 35 | 35 | 35 | |
| | 3 Initial Penetration | D1/D2 | | 52% | 53% | 539 | % | 53% | 54% | 54% | 55% | 55% | 56% | |
| | 4 Win back % Unserved Passings | Input | | 1% | 1% | 19 | % | 1% | 1% | 1% | 1% | 1% | 1% | |
| | 5 Projected Penetration | (1-D3)*D4+D3 | | 53% | 53% | 539 | % | 54% | 54% | 55% | 55% | 56% | 56% | |
| E | 1 Projected Subscribers | D2*D5 | | 18 | 19 | 19 |) | 19 | 19 | 19 | 19 | 20 | 20 | |
| | 2 Avg Rev per Sub | Input | \$ | 79.95 \$ | 79.95 \$ | 79.95 | \$ | 79.95 \$ | 79.95 \$ | 79.95 \$ | 79.95 \$ | 79.95 \$ | 79.95 | |
| | 3 Revenue | E1*E2*12 | \$ 1 | 17,644 \$ | 17,803 \$ | 17,961 | . \$ | 18,117 \$ | 18,272 \$ | 18,425 \$ | 18,576 \$ | 18,726 \$ | 18,875 | |
| | 4 Avg Exp per Sub | Input | \$ | 57.16 \$ | 57.16 \$ | 57.16 | \$ | 57.16 \$ | 57.16 \$ | 57.16 \$ | 57.16 \$ | 57.16 \$ | 57.16 | |
| | 5 Depreciation Expense | C3 | \$ | 2,551 \$ | 2,551 \$ | 2,551 | . \$ | 2,551 \$ | 2,551 \$ | 2,551 \$ | 2,551 \$ | 2,551 \$ | 2,551 | |
| | 6 Expense | (E1*E4*12)+E5 | \$ (2 | 15,165) \$ | (15,279) \$ | (15,392 | 2) \$ | (15,504) \$ | (15,614) \$ | (15,723) \$ | (15,832) \$ | (15,939) \$ | (16,045) | |
| | 7 Net Income | E3+E6 | \$ | 2,479 \$ | 2,524 \$ | 2,569 | \$ | 2,614 \$ | 2,658 \$ | 2,701 \$ | 2,745 \$ | 2,787 \$ | 2,830 | |
| | 8 Taxes | C6*E7 | \$ | (662) \$ | (675) \$ | (687 | ') \$ | (698) \$ | (710) \$ | (722) \$ | (733) \$ | (745) \$ | (756) | |
| ! | 9 After Tax Net Income | E7+E8 | \$ | 1,816 \$ | 1,850 \$ | 1,883 | \$ | 1,915 \$ | 1,948 \$ | 1,980 \$ | 2,011 \$ | 2,043 \$ | 2,074 | |
| 1 | 10 Depreciation Expense | E5 | \$ | 2,551 \$ | 2,551 \$ | 2,551 | . \$ | 2,551 \$ | 2,551 \$ | 2,551 \$ | 2,551 \$ | 2,551 \$ | 2,551 | |
| 1 | 11 Company Capital Investment | B4 | \$ | - \$ | - \$ | - | \$ | (5,183) \$ | - \$ | - \$ | - \$ | - \$ | = | |
| 1 | 12 Net Cash Flow | E9+E10+E11 | \$ | 4,368 \$ | 4,401 \$ | 4,434 | \$ | (717) \$ | 4,499 \$ | 4,531 \$ | 4,563 \$ | 4,594 \$ | 4,625 | |

F 1 Rate of Return

IRR

| Line A 1 Total Project Investment 2 Fiber 3 COE B 1 Company Proivded % Total 2 Company Provided Fiber 3 Company Provided COE 4 Company Capital Investment C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate D 1 Estimated # of Locations Served | | | Project Cash Flow | | | | | | | | | | | | |
|---|----------------|-----|-------------------|----|-------------|----------|----|-------------|----------|----|----------|----|---------|----------|--|
| A 1 Total Project Investment 2 Fiber 3 COE B 1 Company Proivded % Total 2 Company Provided Fiber 3 Company Provided COE 4 Company Capital Investment C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | | | Year | Υ | ⁄ear | Year | | Year | Year | | Year | | ear | Year | |
| 2 Fiber 3 COE B 1 Company Proivded % Total 2 Company Provided Fiber 3 Company Provided COE 4 Company Capital Investment C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | Source | | 18 | | 19 | 20 | | 21 | 22 | | 23 | : | 24 | 25 | |
| 3 COE B 1 Company Proivded % Total 2 Company Provided Fiber 3 Company Provided COE 4 Company Capital Investment C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | Attachment H | | | | | | | | | \$ | 5,183 | | | | |
| B 1 Company Proivded % Total 2 Company Provided Fiber 3 Company Provided COE 4 Company Capital Investment C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | Attachment H | | | | | | | | | | | | | | |
| 2 Company Provided Fiber 3 Company Provided COE 4 Company Capital Investment C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | Attachment H | ife | | | | | > | | | \$ | 5,183 | | | | |
| 3 Company Provided COE 4 Company Capital Investment C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | Attachment L | | | | | | | | | | | | | | |
| 4 Company Capital Investment C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | A2*B1 | | | | | | | | | | | | | | |
| C 1 Depr Expense Fiber, 25 yr. life 2 Depr Expense COE, 11 yr. life 3 Total Depreciation Expense 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | A3*B1 | | | | | | | | | \$ | 5,183 | | | | |
| Depr Expense COE, 11 yr. life Total Depreciation Expense SIT Rate FIT Rate Effective Tax Rate | B2+B3 | | | | | | | | | \$ | 5,183 | | | | |
| 3 Total Depreciation Expense4 SIT Rate5 FIT Rate6 Effective Tax Rate | B2/25 | \$ | 2,264 | | 2,264 \$ | 2,264 | | 2,264 \$ | • | \$ | , | \$ | 2,264 | | |
| 4 SIT Rate 5 FIT Rate 6 Effective Tax Rate | B3/11 | \$ | 287 | \$ | 287 \$ | | \$ | 287 \$ | | \$ | | \$ | 287 | • | |
| 5 FIT Rate 6 Effective Tax Rate | C1+C2 | | 2,551 | | 2,551 | 2,551 | | 2,551 | 2,551 | | 2,551 | | 2,551 | 2,551 | |
| 6 Effective Tax Rate | Input | | 7.81% | | 7.81% | 7.81% | | 7.81% | 7.81% | | 7.81% | | 7.81% | 7.81% | |
| | Input | | 21.00% | | 21.00% | 21.00% | | 21.00% | 21.00% | | 21.00% | | 21.00% | 21.00% | |
| D 1 Estimated # of Locations Served | (C4+C5)/(1+C4) | | 26.72% | | 26.72% | 26.72% | | 26.72% | 26.72% | | 26.72% | | 26.72% | 26.72% | |
| D I Estillated # Of Locations Served | Input or E1 | | 20 | | 20 | 20 | | 20 | 20 | | 20 | | 21 | 21 | |
| 2 Estimated # of Passings | Input | | 35 | | 35 | 35 | | 35 | 35 | | 35 | | 35 | 35 | |
| 3 Initial Penetration | D1/D2 | | 56% | | 57% | 57% | | 58% | 58% | | 58% | | 59% | 59% | |
| 4 Win back % Unserved Passings | Input | | 1% | | 1% | 1% | | 1% | 1% | | 1% | | 1% | 1% | |
| 5 Projected Penetration | (1-D3)*D4+D3 | | 57% | | 57% | 58% | | 58% | 58% | | 59% | | 59% | 60% | |
| E 1 Projected Subscribers | D2*D5 | | 20 | | 20 | 20 | | 20 | 20 | | 21 | | 21 | 21 | |
| 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 | \$ | 19,022 | | 19,168 \$ | 19,312 | \$ | 19,454 \$ | 19,596 | \$ | , | | L9,874 | | |
| 4 Avg Exp per Sub | Input | \$ | 57.16 | • | 57.16 \$ | | \$ | 57.16 \$ | | \$ | | - | 57.16 | - | |
| 5 Depreciation Expense | C3 | \$ | 2,551 | | 2,551 \$ | 2,551 | | 2,551 \$ | , | | 2,551 | | 2,551 | | |
| 6 Expense | (E1*E4*12)+E5 | \$ | (16,150) | | (16,254) \$ | (16,357) | | (16,459) \$ | (16,560) | | (16,660) | | L6,759) | | |
| 7 Net Income | E3+E6 | \$ | 2,872 | | 2,913 \$ | 2,954 | | 2,995 \$ | | \$ | | \$ | 3,115 | | |
| 8 Taxes | C6*E7 | \$ | (767) | | (778) \$ | (789) | \$ | (800) \$ | (811) | \$ | (822) | | (832) | | |
| 9 After Tax Net Income | E7+E8 | \$ | 2,104 | \$ | 2,135 \$ | 2,165 | \$ | 2,195 \$ | 2,224 | \$ | | \$ | 2,282 | | |
| 10 Depreciation Expense | E5 | \$ | 2,551 | \$ | 2,551 \$ | 2,551 | \$ | 2,551 \$ | 2,551 | \$ | 2,551 | \$ | 2,551 | \$ 2,551 | |
| 11 Company Capital Investment | B4 | \$ | - | \$ | - \$ | - | \$ | - \$ | - | \$ | (5,183) | | | \$ - | |
| 12 Net Cash Flow | E9+E10+E11 | \$ | 4,656 | \$ | 4,686 \$ | 4,716 | \$ | 4,746 \$ | 4,775 | \$ | (379) | \$ | 4,834 | \$ 4,862 | |

F 1 Rate of Return

IRR