

## **Dalton Telephone Company\_Potter Broadband Infrastructure Improvements\_Attachment G**

Dalton Telephone Company, (DTC), established in 1898, is a rural local exchange/communications company located in Northern Cheyenne County serving 1,025 customers throughout the communities Dalton, Gurley, Lodgepole, Dix and Bushnell. DTC covers 1,400 square miles across six counties. DTC has provided voice communications for over a century and in the last two and a half decades began providing internet services. Throughout its years of operation, DTC has been contacted by residents in surrounding communities in desperate need of broadband services. Potter is a village in Cheyenne County located 30.75 miles from the village of Dalton. Potter has a population of 335 residents with a serving area of .46 square miles. Currently, DTC has a fiber route that allows DTC the ability to provide high-speed broadband services to one school in Potter. DTC also provides cable modem service and fixed wireless to the Potter and its surrounding area. However, most residents within Potter currently can only obtain broadband speeds up to 25/3. From community feedback, the current broadband services are not sufficient for the community needs. The currently available broadband speeds do not compare with urban areas and do not provide the community with the needed speeds to support online education for students in the district, telehealth visits or the ability to promote growth for local businesses. Without broadband infrastructure improvements, the Potter community will likely lag behind impacting their rural population and the ability for the community to be viable.

DTC is proposing a broadband fiber to the premise build that will provide 225 locations in Potter with broadband speed improvements from 25/3 Mbps to a minimum of 100/100 Mbps. With the fiber to the premise build, DTC will be able to eventually scale to 1 Gig. DTC is currently working with available middle mile broadband partners to reduce transport costs thereby in the future, should they be awarded this grant, DTC would be able to offer 1 Gig to Potter residents and businesses. Through increased broadband speeds, the proposed project would provide access to; residential locations allowing them to work from home, allow businesses reliable access to ecommerce opportunities, ensuring children have access to online learning for K-12 and the ability to pursue higher education, and lastly, much needed reliable access to Telehealth which is crucial as we continue to face health management challenges because of the Covid-19 pandemic.

Given DTC's prior experience with broadband infrastructure and fiber deployment, DTC does not anticipate any legal challenges, zoning, right of way or permitting issues for the proposed Potter broadband infrastructure build. DTC has completed projects previously requiring management in these areas and has not had any issues nor do they anticipate any with this proposed broadband infrastructure build. DTC has been in business since 1898 and will continue to support its customers well into the future. Given this history, DTC has the experience and expertise to support and maintain this fiber to the premise infrastructure build over the long run.

### **Need for Grant**

Nebraska Broadband Bridge Program Grant funding is needed to implement the proposed project because Dalton Telephone Company (DTC) cannot support the cost of the proposed project for the full amount of the capital. The total project cost is \$1,009,844. DTC will contribute matching funds equal to 50% of the total project cost, which will be approximately \$504,922. As such, DTC is requesting \$504,922 in grant funding from the State of Nebraska.

The grant makes this project affordable and allows DTC the ability to provision FTTH services to 225 premises passed. With the grant, DTC will be able to start earning a positive net income quickly and pay off their portion of the capital expenditures within eight years. The company will have a positive Net Present Value (NPV) of over \$79k after 20 years.

Without grant funding, the project would no longer be economically feasible. Without this funding, DTC would have to cover the cost of the entire capital expenditure. Under these circumstances, the cash balance would not turn positive within the first 14 years. The Net Present Value would be negative after 20 years, which is the life of the assets. The company would have to start replacing plant, without ever realizing a return on the initial investment. It would not be feasible to build the project with no recovery of the capital investment spent. This would mean that these 225 homes would not have access to acceptable broadband speeds at any time in the near future.



**Dalton Telephone Company**  
**Potter Broadband Infrastructure Improvements - Attachment G**  
**Balance Sheet**

With NE BB Grant

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>ASSETS</b>										
<b>Current Assets:</b>										
Cash & Cash Equivalents	(\$341,502)	(\$448,336)	(\$393,189)	(\$330,503)	(\$266,138)	(\$200,061)	(\$132,236)	(\$62,630)	\$8,794	\$82,072
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>(\$341,502)</b>	<b>(\$448,336)</b>	<b>(\$393,189)</b>	<b>(\$330,503)</b>	<b>(\$266,138)</b>	<b>(\$200,061)</b>	<b>(\$132,236)</b>	<b>(\$62,630)</b>	<b>\$8,794</b>	<b>\$82,072</b>
<b>Investments and Other Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Property, Plant, and Equipment:</b>										
Plant in Service	\$353,445	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922
Grant Plant in Service	\$353,445	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922
Plant Under Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total PP&amp;E</b>	<b>\$706,891</b>	<b>\$1,009,844</b>	<b>\$1,009,844</b>	<b>\$1,009,844</b>	<b>\$1,009,844</b>	<b>\$1,009,844</b>	<b>\$1,009,844</b>	<b>\$1,009,844</b>	<b>\$1,009,844</b>	<b>\$1,009,844</b>
Less: Accumulated Depreciation	\$10,603	\$36,354	\$66,650	\$96,945	\$127,240	\$157,536	\$187,831	\$218,126	\$248,422	\$278,717
Less: Grant Accumulated Depreciation	\$10,603	\$36,354	\$66,650	\$96,945	\$127,240	\$157,536	\$187,831	\$218,126	\$248,422	\$278,717
<b>Net Plant, Property and Equipment</b>	<b>\$685,684</b>	<b>\$937,135</b>	<b>\$876,545</b>	<b>\$815,954</b>	<b>\$755,363</b>	<b>\$694,773</b>	<b>\$634,182</b>	<b>\$573,591</b>	<b>\$513,001</b>	<b>\$452,410</b>
<b>Total Assets</b>	<b>\$344,182</b>	<b>\$488,799</b>	<b>\$483,355</b>	<b>\$485,451</b>	<b>\$489,225</b>	<b>\$494,712</b>	<b>\$501,946</b>	<b>\$510,962</b>	<b>\$521,795</b>	<b>\$534,482</b>
<b>LIABILITIES &amp; EQUITY</b>										
<b>Current Liabilities:</b>										
Current Maturities on Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Long-Term Debt, Less Current Maturities</b>										
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Long-Term Debt</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Deferred Grant Revenue</b>	<b>\$342,842</b>	<b>\$468,568</b>	<b>\$438,272</b>	<b>\$407,977</b>	<b>\$377,682</b>	<b>\$347,386</b>	<b>\$317,091</b>	<b>\$286,796</b>	<b>\$256,500</b>	<b>\$226,205</b>
<b>Total Liabilities</b>	<b>\$342,842</b>	<b>\$468,568</b>	<b>\$438,272</b>	<b>\$407,977</b>	<b>\$377,682</b>	<b>\$347,386</b>	<b>\$317,091</b>	<b>\$286,796</b>	<b>\$256,500</b>	<b>\$226,205</b>
<b>Stockholder's Equity</b>										
Retained earnings/patronage	\$1,340	\$20,232	\$45,083	\$77,474	\$111,543	\$147,326	\$184,855	\$224,166	\$265,294	\$308,277
<b>Total Stockholders' Equity</b>	<b>\$1,340</b>	<b>\$20,232</b>	<b>\$45,083</b>	<b>\$77,474</b>	<b>\$111,543</b>	<b>\$147,326</b>	<b>\$184,855</b>	<b>\$224,166</b>	<b>\$265,294</b>	<b>\$308,277</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$344,182</b>	<b>\$488,799</b>	<b>\$483,355</b>	<b>\$485,451</b>	<b>\$489,225</b>	<b>\$494,712</b>	<b>\$501,946</b>	<b>\$510,962</b>	<b>\$521,795</b>	<b>\$534,482</b>

**Dalton Telephone Company  
Potter Broadband Infrastructure II  
Balance Sheet**

With NE BB Grant

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>ASSETS</b>										
<b>Current Assets:</b>										
Cash & Cash Equivalents	\$156,727	\$231,258	\$307,757	\$386,262	\$466,814	\$549,453	\$634,222	\$721,163	\$810,319	\$901,735
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$156,727	\$231,258	\$307,757	\$386,262	\$466,814	\$549,453	\$634,222	\$721,163	\$810,319	\$901,735
<b>Investments and Other Assets</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Property, Plant, and Equipment:</b>										
Plant in Service	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922
Grant Plant in Service	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922	\$504,922
Plant Under Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total PP&E	\$1,009,844	\$1,009,844	\$1,009,844	\$1,009,844	\$1,009,844	\$1,009,844	\$1,009,844	\$1,009,844	\$1,009,844	\$1,009,844
Less: Accumulated Depreciation	\$306,993	\$327,189	\$347,386	\$367,583	\$387,780	\$407,977	\$428,174	\$448,371	\$468,568	\$488,764
Less: Grant Accumulated Depreciation	\$306,993	\$327,189	\$347,386	\$367,583	\$387,780	\$407,977	\$428,174	\$448,371	\$468,568	\$488,764
Net Plant, Property and Equipment	\$395,859	\$355,465	\$315,071	\$274,678	\$234,284	\$193,890	\$153,496	\$113,103	\$72,709	\$32,315
<b>Total Assets</b>	<b>\$552,586</b>	<b>\$586,723</b>	<b>\$622,828</b>	<b>\$660,939</b>	<b>\$701,097</b>	<b>\$743,343</b>	<b>\$787,718</b>	<b>\$834,265</b>	<b>\$883,028</b>	<b>\$934,050</b>
<b>LIABILITIES &amp; EQUITY</b>										
<b>Current Liabilities:</b>										
Current Maturities on Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Long-Term Debt, Less Current Maturities</b>										
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Deferred Grant Revenue</b>	<b>\$197,929</b>	<b>\$177,733</b>	<b>\$157,536</b>	<b>\$137,339</b>	<b>\$117,142</b>	<b>\$96,945</b>	<b>\$76,748</b>	<b>\$56,551</b>	<b>\$36,354</b>	<b>\$16,158</b>
<b>Total Liabilities</b>	<b>\$197,929</b>	<b>\$177,733</b>	<b>\$157,536</b>	<b>\$137,339</b>	<b>\$117,142</b>	<b>\$96,945</b>	<b>\$76,748</b>	<b>\$56,551</b>	<b>\$36,354</b>	<b>\$16,158</b>
<b>Stockholder's Equity</b>										
Retained earnings/patronage	\$354,656	\$408,991	\$465,292	\$523,600	\$583,955	\$646,398	\$710,970	\$777,714	\$846,674	\$917,893
<b>Total Stockholders' Equity</b>	<b>\$354,656</b>	<b>\$408,991</b>	<b>\$465,292</b>	<b>\$523,600</b>	<b>\$583,955</b>	<b>\$646,398</b>	<b>\$710,970</b>	<b>\$777,714</b>	<b>\$846,674</b>	<b>\$917,893</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$552,586</b>	<b>\$586,723</b>	<b>\$622,828</b>	<b>\$660,939</b>	<b>\$701,097</b>	<b>\$743,343</b>	<b>\$787,718</b>	<b>\$834,265</b>	<b>\$883,028</b>	<b>\$934,050</b>

**Dalton Telephone Company**  
**Potter Broadband Infrastructure Improvements - Attachment G**  
**Income Statement**

With NE BB Grant

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Operating Revenues:</b>										
End User Revenue	\$56,892	\$128,721	\$157,124	\$173,439	\$176,908	\$180,446	\$184,055	\$187,736	\$191,490	\$195,320
Grant Revenue	\$10,603	\$25,751	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295
Miscellaneous Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Uncollectible Revenue	\$233	\$528	\$644	\$711	\$725	\$740	\$755	\$770	\$785	\$801
<b>Total Operating Revenues</b>	<b>\$67,262</b>	<b>\$153,944</b>	<b>\$186,775</b>	<b>\$203,023</b>	<b>\$206,478</b>	<b>\$210,001</b>	<b>\$213,595</b>	<b>\$217,261</b>	<b>\$221,001</b>	<b>\$224,815</b>
<b>Operating expenses:</b>										
End User Cost of Services	\$13,200	\$29,280	\$35,040	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920
Plant Maintenance & Network Ops	\$11,659	\$26,378	\$32,198	\$35,542	\$36,253	\$36,978	\$37,717	\$38,471	\$39,241	\$40,026
Marketing	\$11,000	\$2,400	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation and Amortization	\$10,603	\$25,751	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295
Grant Depreciation	\$10,603	\$25,751	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295	\$30,295
Customer Operations	\$1,985	\$4,492	\$5,483	\$6,053	\$6,174	\$6,297	\$6,423	\$6,551	\$6,683	\$6,816
Corporate Operations	\$6,096	\$13,793	\$16,837	\$18,585	\$18,957	\$19,336	\$19,723	\$20,117	\$20,520	\$20,930
Operating Taxes	\$318	\$773	\$909	\$909	\$909	\$909	\$909	\$909	\$909	\$909
<b>Total Operating Expenses</b>	<b>\$65,465</b>	<b>\$128,618</b>	<b>\$153,458</b>	<b>\$159,599</b>	<b>\$160,803</b>	<b>\$162,030</b>	<b>\$163,283</b>	<b>\$164,560</b>	<b>\$165,863</b>	<b>\$167,191</b>
<b>Operating Income</b>	<b>\$1,797</b>	<b>\$25,326</b>	<b>\$33,317</b>	<b>\$43,424</b>	<b>\$45,675</b>	<b>\$47,971</b>	<b>\$50,313</b>	<b>\$52,701</b>	<b>\$55,138</b>	<b>\$57,623</b>
<b>Operating Income Margin</b>		<b>16.45%</b>	<b>17.84%</b>	<b>21.39%</b>	<b>22.12%</b>	<b>22.84%</b>	<b>23.56%</b>	<b>24.26%</b>	<b>24.95%</b>	<b>25.63%</b>
<b>EBITDA</b>	<b>\$12,400</b>	<b>\$51,077</b>	<b>\$63,612</b>	<b>\$73,719</b>	<b>\$75,970</b>	<b>\$78,266</b>	<b>\$80,608</b>	<b>\$82,997</b>	<b>\$85,433</b>	<b>\$87,919</b>
<b>EBITDA Margin</b>		<b>33.18%</b>	<b>34.06%</b>	<b>36.31%</b>	<b>36.79%</b>	<b>37.27%</b>	<b>37.74%</b>	<b>38.20%</b>	<b>38.66%</b>	<b>39.11%</b>
<b>Fixed Charges</b>										
Interest on Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AFUDC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Charges</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Income before Taxes on Income</b>	<b>\$1,797</b>	<b>\$25,326</b>	<b>\$33,317</b>	<b>\$43,424</b>	<b>\$45,675</b>	<b>\$47,971</b>	<b>\$50,313</b>	<b>\$52,701</b>	<b>\$55,138</b>	<b>\$57,623</b>
<b>Taxes on Income</b>	<b>\$457</b>	<b>\$6,435</b>	<b>\$8,465</b>	<b>\$11,033</b>	<b>\$11,605</b>	<b>\$12,189</b>	<b>\$12,784</b>	<b>\$13,391</b>	<b>\$14,010</b>	<b>\$14,641</b>
<b>Net Income</b>	<b>\$1,340</b>	<b>\$18,891</b>	<b>\$24,852</b>	<b>\$32,391</b>	<b>\$34,070</b>	<b>\$35,782</b>	<b>\$37,529</b>	<b>\$39,311</b>	<b>\$41,128</b>	<b>\$42,982</b>
<b>Net Income (Profit) Margin</b>	<b>1.99%</b>	<b>12.27%</b>	<b>13.31%</b>	<b>15.95%</b>	<b>16.50%</b>	<b>17.04%</b>	<b>17.57%</b>	<b>18.09%</b>	<b>18.61%</b>	<b>19.12%</b>

**Dalton Telephone Company  
Potter Broadband Infrastructure In  
Income Statement**

With NE BB Grant

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>Operating Revenues:</b>										
End User Revenue	\$199,227	\$203,211	\$207,275	\$211,421	\$215,649	\$219,962	\$224,362	\$228,849	\$233,426	\$238,094
Grant Revenue	\$28,276	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197
Miscellaneous Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Uncollectible Revenue	\$817	\$833	\$850	\$867	\$884	\$902	\$920	\$938	\$957	\$976
<b>Total Operating Revenues</b>	<b>\$226,685</b>	<b>\$222,575</b>	<b>\$226,622</b>	<b>\$230,751</b>	<b>\$234,962</b>	<b>\$239,257</b>	<b>\$243,639</b>	<b>\$248,107</b>	<b>\$252,666</b>	<b>\$257,315</b>
<b>Operating expenses:</b>										
End User Cost of Services	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920	\$37,920
Plant Maintenance & Network Ops	\$40,826	\$41,643	\$42,476	\$43,325	\$44,192	\$45,075	\$45,977	\$46,897	\$47,834	\$48,791
Marketing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation and Amortization	\$28,276	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197
Grant Depreciation	\$28,276	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197	\$20,197
Customer Operations	\$6,952	\$7,092	\$7,233	\$7,378	\$7,526	\$7,676	\$7,830	\$7,986	\$8,146	\$8,309
Corporate Operations	\$21,349	\$21,776	\$22,211	\$22,655	\$23,108	\$23,571	\$24,042	\$24,523	\$25,013	\$25,514
Operating Taxes	\$909	\$909	\$909	\$909	\$909	\$909	\$909	\$909	\$909	\$909
<b>Total Operating Expenses</b>	<b>\$164,508</b>	<b>\$149,733</b>	<b>\$151,143</b>	<b>\$152,581</b>	<b>\$154,048</b>	<b>\$155,545</b>	<b>\$157,071</b>	<b>\$158,628</b>	<b>\$160,216</b>	<b>\$161,836</b>
<b>Operating Income</b>	<b>\$62,178</b>	<b>\$72,842</b>	<b>\$75,480</b>	<b>\$78,170</b>	<b>\$80,914</b>	<b>\$83,712</b>	<b>\$86,567</b>	<b>\$89,479</b>	<b>\$92,449</b>	<b>\$95,479</b>
<b>Operating Income Margin</b>	<b>27.43%</b>	<b>32.73%</b>	<b>33.31%</b>	<b>33.88%</b>	<b>34.44%</b>	<b>34.99%</b>	<b>35.53%</b>	<b>36.06%</b>	<b>36.59%</b>	<b>37.11%</b>
<b>EBITDA</b>	<b>\$90,454</b>	<b>\$93,039</b>	<b>\$95,677</b>	<b>\$98,367</b>	<b>\$101,111</b>	<b>\$103,909</b>	<b>\$106,764</b>	<b>\$109,676</b>	<b>\$112,646</b>	<b>\$115,676</b>
<b>EBITDA Margin</b>	<b>39.90%</b>	<b>41.80%</b>	<b>42.22%</b>	<b>42.63%</b>	<b>43.03%</b>	<b>43.43%</b>	<b>43.82%</b>	<b>44.21%</b>	<b>44.58%</b>	<b>44.95%</b>
<b>Fixed Charges</b>										
Interest on Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AFUDC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Charges</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Income before Taxes on Income</b>	<b>\$62,178</b>	<b>\$72,842</b>	<b>\$75,480</b>	<b>\$78,170</b>	<b>\$80,914</b>	<b>\$83,712</b>	<b>\$86,567</b>	<b>\$89,479</b>	<b>\$92,449</b>	<b>\$95,479</b>
<b>Taxes on Income</b>	<b>\$15,798</b>	<b>\$18,508</b>	<b>\$19,178</b>	<b>\$19,862</b>	<b>\$20,559</b>	<b>\$21,270</b>	<b>\$21,995</b>	<b>\$22,735</b>	<b>\$23,490</b>	<b>\$24,259</b>
<b>Net Income</b>	<b>\$46,380</b>	<b>\$54,334</b>	<b>\$56,302</b>	<b>\$58,308</b>	<b>\$60,355</b>	<b>\$62,443</b>	<b>\$64,572</b>	<b>\$66,744</b>	<b>\$68,959</b>	<b>\$71,219</b>
<b>Net Income (Profit) Margin</b>	<b>20.46%</b>	<b>24.41%</b>	<b>24.84%</b>	<b>25.27%</b>	<b>25.69%</b>	<b>26.10%</b>	<b>26.50%</b>	<b>26.90%</b>	<b>27.29%</b>	<b>27.68%</b>

**Dalton Telephone Company**  
**Potter Broadband Infrastructure Improvements - Attachment G**  
**Statement of Cash Flows**

With NE BB Grant

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Cash flows from Operating Activities:</b>										
Net Margins	\$1,340	\$18,891	\$24,852	\$32,391	\$34,070	\$35,782	\$37,529	\$39,311	\$41,128	\$42,982
Adjustment to reconcile net margins to net cash provided by operating activities:										
Depreciation and amortization	\$21,207	\$51,502	\$60,591	\$60,591	\$60,591	\$60,591	\$60,591	\$60,591	\$60,591	\$60,591
Grant depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in current assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in current liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in long-term liabilities	(\$10,603)	(\$25,751)	(\$30,295)	(\$30,295)	(\$30,295)	(\$30,295)	(\$30,295)	(\$30,295)	(\$30,295)	(\$30,295)
Net cash provided by operating activities	\$11,944	\$44,642	\$55,147	\$62,686	\$64,365	\$66,078	\$67,825	\$69,606	\$71,424	\$73,278
<b>Cash flows from Investing Activities</b>										
Capital expenditures	(\$353,445)	(\$151,477)	\$0	(\$0)	\$0	(\$0)	\$0	(\$0)	\$0	(\$0)
Grant capital expenditures	(\$353,445)	(\$151,477)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from sale (purchase) of investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cash provided by investing activities	(\$706,891)	(\$302,953)	\$0	(\$0)	\$0	(\$0)	\$0	(\$0)	\$0	(\$0)
<b>Cash flows from Financing Activities:</b>										
Proceeds from new debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of new debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grant Proceeds	\$353,445	\$151,477	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Funding Deficit (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cash provided by financing activities	\$353,445	\$151,477	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net increase in cash and cash equivalents	(\$341,502)	(\$106,834)	\$55,147	\$62,686	\$64,365	\$66,078	\$67,825	\$69,606	\$71,424	\$73,278
Cash and cash equivalents at beginning of year	\$0	(\$341,502)	(\$448,336)	(\$393,189)	(\$330,503)	(\$266,138)	(\$200,061)	(\$132,236)	(\$62,630)	\$8,794
<b>Cash and cash equivalents at end of year</b>	<b>(\$341,502)</b>	<b>(\$448,336)</b>	<b>(\$393,189)</b>	<b>(\$330,503)</b>	<b>(\$266,138)</b>	<b>(\$200,061)</b>	<b>(\$132,236)</b>	<b>(\$62,630)</b>	<b>\$8,794</b>	<b>\$82,072</b>



**Dalton Telephone Company**  
**Potter Broadband Infrastructure Impr**  
**Statement of Cash Flows**

With NE BB Grant

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>Cash flows from Operating Activities:</b>										
Net Margins	\$46,380	\$54,334	\$56,302	\$58,308	\$60,355	\$62,443	\$64,572	\$66,744	\$68,959	\$71,219
Adjustment to reconcile net margins to net cash provided by operating activities:										
Depreciation and amortization	\$56,551	\$40,394	\$40,394	\$40,394	\$40,394	\$40,394	\$40,394	\$40,394	\$40,394	\$40,394
Grant depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in current assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in current liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in long-term liabilities	(\$28,276)	(\$20,197)	(\$20,197)	(\$20,197)	(\$20,197)	(\$20,197)	(\$20,197)	(\$20,197)	(\$20,197)	(\$20,197)
Net cash provided by operating activities	\$74,655	\$74,531	\$76,499	\$78,505	\$80,552	\$82,640	\$84,769	\$86,941	\$89,156	\$91,416
<b>Cash flows from Investing Activities</b>										
Capital expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grant capital expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from sale (purchase) of investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cash provided by investing activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cash flows from Financing Activities:</b>										
Proceeds from new debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of new debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grant Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Funding Deficit (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cash provided by financing activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net increase in cash and cash equivalents	\$74,655	\$74,531	\$76,499	\$78,505	\$80,552	\$82,640	\$84,769	\$86,941	\$89,156	\$91,416
Cash and cash equivalents at beginning of year	\$82,072	\$156,727	\$231,258	\$307,757	\$386,262	\$466,814	\$549,453	\$634,222	\$721,163	\$810,319
<b>Cash and cash equivalents at end of year</b>	<b>\$156,727</b>	<b>\$231,258</b>	<b>\$307,757</b>	<b>\$386,262</b>	<b>\$466,814</b>	<b>\$549,453</b>	<b>\$634,222</b>	<b>\$721,163</b>	<b>\$810,319</b>	<b>\$901,735</b>

## Pro Forma Financial Assumptions

### Market & Penetration Assumptions

Factor	Assumptions
<b>Customers Passed - Project Area</b>	
The proposed Nebraska grant project assumes 225 locations will be passed with fiber.	The total available locations to upgrade or newly serve were determined by engineering and mapping analysis of the area that identified areas that were below the minimum 25/3 speed threshold.
<b>Connection Assumptions &amp; Take Rates - Project Area</b>	
<b>Project Area</b>	
Broadband Subscribers	Based on market analysis, it was assumed that 100% of the 225 locations would be upgraded or newly served, but only 70% would ultimately sign-up for service.

### Income Statement Assumptions

#### Revenue Assumptions

Factor	Rationale (Cite Basis)
Broadband Data Service	Broadband revenues were developed by taking an average revenue per user (ARPU) times the number of new subscribers. The ARPU was developed by assuming that each new customer would subscribe to one of the current packages being offered by DTC. This includes 25/25 Mbps for \$69.95 per month, 55/55 Mbps for \$89.95 per month, and 100/100 Mbps for \$99.95 per month. The initial composite weighted average rate for new FTTTH subscribers is \$86.20.
Amortized Grant Revenue	Grant revenue is shown to be equal to the depreciation expense related to the grant funding so that the income statement shows a net zero effect of the grant assets.
Uncollectibles	Uncollectible revenue is estimated to be 0.41% of the projected revenues for each year. This is based on DTC's current operations.

#### Expense Assumptions

Factor	Rationale (Cite Basis)
Broadband Expense	Backhaul expenses and direct broadband expenses were assumed to be the equivalent of \$20 per month for the new subscribers.
Network Operations	Network Operations expense includes maintenance type expenses related to testing, trouble tickets, locates, etc. The projections include an incremental amount of expenses related to these functions as a percentage of revenues. As new customers are added, the level of expense increases as incremental revenues increase. Network Operations expense was estimated to be an average of 20.58% of gross operating revenues over the projection period.
Marketing Cost to Acquire	The cost to acquire is assumed to be \$100 per new subscriber. Marketing expenses are included for the ramp up period of turning up the customers and then drops to \$0.
Customer Expense	Customer Care & Billing are components of Customer Operations and are implicitly tied to revenues. Revenues, to a certain extent, are an indication of customer levels. As customers increase, revenue increase, and so will the amount of expense needed per customer. We assumed that relationship would stay relatively unchanged. Customer care expense was estimated to be an average of 3.5% of gross operating revenues over the projection period.
General & Administrative	General & Administrative expenses reflect a company's Corporate operations. Changes in G&A expenses mirror changes in revenue in order to maintain similar operating margins. Corporate G&A expense was estimated to be an average of 10.76% of gross operating revenues.
Operating Taxes	This represents all taxes other than Income taxes, mainly property taxes, and reflects the same level of operational efficiency in projected years as the company displayed in historical years. Property/Other taxes was estimated to be 0.09% of total Plant in Service.
Depreciation Expense	Fiber was depreciated over a 20 year life (5%), while the electronics had a 10 year life (10%). Over depreciation of asset accounts is not permitted.
Income Taxes	Earnings Before Taxes multiplied by the federal and state tax rate of 21% and 5.58%, respectively.

## Pro Forma Financial Assumptions

### Balance Sheet Assumptions

#### Assets Assumptions

Factor	Rationale (Cite Basis)
Cash	Cash equals liabilities and stockholders' equity less assets (except cash).
Plant in Service	This represents the project amount with a two year construction schedule. The PP&E is divided between the assets funded by the company, and the assets funded by the grant.
Accumulated Depreciation	This represents the accumulated depreciation related to the project. Accumulated depreciation grows by the current year's depreciation expense less retirements for each asset account until the asset is fully depreciated. Over-depreciation of assets is not allowed.

#### Liability Assumptions

Deferred Grant Revenues	The Deferred Grant Revenue is equal to the annual amortized amounts associated with the NBBP grant assets. The grant amounts are amortized over a weighted average useful life. This is used to net out the assets acquired with grant funds.
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#### Equity Assumptions

Retained Earnings	Retained earnings represents the company's earnings that have not been paid out or reinvested in the company. Retained Earnings were based on the previous year's level and adjusted for the current year by adding net income (loss).
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