

Glenwood Telecommunications, Inc.
Holdrege Airport Area
Attachment G_1 – Business Plan

Proposed Project

Glenwood Telecommunications proposes to build fiber in a rural area outside of Holdrege within Phelps County serving 11 rural homes and businesses. The expansion of the network builds off Glenwood existing fiber. The network would build fiber-to-the-home (FTTH) along the routes serving unserved homes and businesses. Glenwood intends to expand upon our existing redundant fiber ethernet transport framework using GPON and Active Ethernet to deliver services. These routes will also be used for FTTH expansion in coming years, thus reaching additional customers.

Glenwood is aware of the need to provide broadband service to unserved locations not being served by their ILEC provider. The Nebraska Broadband Bridge Program with the grant opportunities will make the Holdrege Airport Area project financially viable by allowing Glenwood to expand off our existing fiber network to provide reliable, robust broadband service at an affordable price.

Challenges

Project challenges include material acquisition, permitting and contractor management. Glenwood feels that the strong relations fostered over the years of working together will help in overcoming these items. Industry demand has pushed recent fiber optic cabling and equipment purchase lead times beyond the standard time frame for delivery. Glenwood does maintain fiber stock that will work to minimize fiber delivery delays. Applying for permits to occupy and permits to cross are always a concern for a project of this size. However, Glenwood has experienced staff with good working relationships with all the entities involved. Working with local jurisdictions including City, County, State, Railroad, and water crossing officials can be time consuming, however we are also experienced with these processes. Glenwood has been installing fiber since the early 1990s and has skills and experience with the necessary procedures to acquire permits to install fiber in this area. Securing underground contractors is a challenge with the huge demand for fiber installation industrywide however Glenwood has strong relationships utilizing several local contractors for many years. Glenwood's project manager and staff have the expertise to manage local contractors and will have the capability to complete this project in a timely manner.

Long-Term Maintenance

As stated above, Glenwood has been installing and building fiber networks for over thirty years and keeps an adequate staff of Network Engineers, IT support, Enhanced Service Technicians, and Customer Service Representatives to maintain the network, plant, and take care of the customers' needs. Glenwood uses a third-party source to provide 24/7/365 customer support along with our in-house support team. Glenwood also contracts third-party vendors to assist with network design and maintenance when necessary. Glenwood would also look to hire additional technical and service staff to keep up with the high standards of service we strive for. These jobs would also help the local economies by providing good paying local jobs keeping the communities strong.

Glenwood has equipment and processes in place to continually monitor the network to ensure it is running securely and efficiently. The estimated life of the electronics is 5 to 10 years; however, Glenwood continually evaluates the efficiencies of the network equipment in place and updates cards and optics as technology improves. Glenwood's network construction consists of an all fiber network to the home. The expected useful life of the fiber network is approximately 40 years.

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Financial Analysis

The allowable costs of this project for all 11 locations are estimated to be \$80,455.56, and Glenwood is requesting a 70% grant of \$56,318.89. Glenwood has funds available to fund the difference of \$24,136.67 and will not need to borrow funds to complete the buildout and long-term maintenance obligations of this project.

The financial analysis of this project does not demonstrate a positive cash flow in five years; however, this project will extend Glenwood’s network further into rural areas of Phelps County giving Glenwood an opportunity to build to more unserved and underserved residents and businesses within the area. Glenwood is financially strong and has funds available for project costs that exceed the amount of the requested grant and will be able to maintain this project.

The financial analysis of this project demonstrates a positive cash flow in year seven and a return on investment in year 13. The business model for this project includes the assumption of acquiring a take rate of 60% or 7 locations within the first year. Glenwood believes this is attainable as those currently unserved will now have access to reliable and robust broadband services at an affordable price.

Revenues will be generated from Broadband, Voice, and Managed Wi-Fi services. Also included are ‘good faith estimates’ of broadband prices as shown in the chart below. The price increases could be necessary to offset increases in expenses.

| Good Faith Estimates of Broadband Prices | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|
| Residential Plans | Year | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 300 Mbps / 150 Mbps | \$ 49.95 | \$ 49.95 | \$ 54.95 | \$ 54.95 | \$ 54.95 | \$ 54.95 | \$ 57.95 |
| 500 Mbps / 250 Mbps | \$ 59.95 | \$ 59.95 | \$ 64.95 | \$ 64.95 | \$ 64.95 | \$ 64.95 | \$ 67.95 |
| 700 Mbps / 350 Mbps | \$ 69.95 | \$ 69.95 | \$ 74.95 | \$ 74.95 | \$ 74.95 | \$ 74.95 | \$ 77.95 |
| 1 Gbps / 500 Mbps | \$ 89.96 | \$ 89.96 | \$ 94.95 | \$ 94.95 | \$ 94.95 | \$ 94.95 | \$ 97.95 |

Business-class broadband service is \$10.00 additional. Symmetrical broadband service is available for additional \$20.00.
 Glenwood does not require service contracts, usage caps, metered or usage limits, early termination fees, long term contracts, nor charge for service installation.

Federally Awarded Grants

Glenwood has not received any prior federally awarded grant funds for broadband deployment within this project area.

Community Engagement

An integral part of bridging the digital divide in rural Nebraska is to collaborate with local governments to utilize local knowledge and expertise. County Officials are on the front lines to ensure their residents receive access to quality, high-speed broadband that will allow residents not only survive, but thrive.

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Glenwood and Phelps County Commissions have formed a strong, and productive relationship. Our Public-Private Partnership is committed to working jointly to expand reliable broadband services to the residents in rural Phelps County. Phelps County's Letter of Support is included in Attachment M.

Glenwood Marketing has communicated via direct mail with the 11 residents (along the proposed fiber route) to inform them of our intent to seek funding through the Nebraska Broadband Bridge Program for further deployment of fiber-optic in rural Phelps County. Should we be successful with our grant application, Marketing will share the scope and details of the construction process with county officials and residents. Near completion of the fiber project, Glenwood will visit each resident and place a door hanger with information on the benefits of fiber, service offerings & pricing and ways to sign up. To ensure this information is received, we will follow up with a direct mail campaign that will provide the same information.