

Business Plan and Financial Viability

Hartington is in good standing with Cedar County. Hartington's project does not cross rail-road tracks. Hartington is not aware of any legal challenges that must be addressed prior or during the project in question, such as local zoning, right of way, and permitting process.

Hartington Telecommunications Co., Inc., has been in business since 1905 and is currently providing fiber-based local and long-distance telephone service, Internet service, and construction services in Nebraska; Hartington has been providing Internet Access Service since 1995 (Dial Up Internet Access in 1995, DSL in 1999, Fiber to the node in rural Hartington exchange in 2009, Fiber-to-the-Home in-town in 2009, and Fiber-to-the-Home in rural areas in 2013). In addition, its parent company is part owner of OPTK Networks (formerly Nebraska Link LLC) which provides telecommunications transport service throughout Nebraska. Hartington currently has 12 employees including four central office and outside plant technicians, and three computer technicians. Having been in business for over 116 years, Hartington has a long history of success with the business operations and financial resources needed to be successful and has demonstrated capability to maintain the network over the long run.

Hartington has attached a financial viability analysis for the project. Hartington projects it will receive revenue to maintain the network from the end user subscribers over the useful life of the network to be in excess of \$2.2 million. In addition, Hartington will receive \$788,411 in the form of a grant award through this Application C-5272 for total revenues estimated to be in excess of \$3.0 million (see Attachment Letter G_2). Incremental expenses are estimated at \$50,000 per year. This projected cash inflow is estimated to cover the cost of construction. If any short fall shall materialize, Hartington will internally finance the difference.

The major assumptions for the viability analysis includes an estimated take rate ranging from 60% to 85%, with an average revenue per month of \$80.77 per subscriber.