

## Three River Communications\_Ainsworth Rural Fiber Upgrade\_ Attachment Letter G\_1

### Business Plan and Financial Viability

#### Proposed Project Details:

The project will provide Fiber-to-the-Hone to 105 unserved locations. These locations, currently in the Lumen ILEC service area, are located outside of the city of Ainsworth. The total project cost is estimated to be \$904,763.

#### The technical components used and the expected useful life of the facilities.

As a way to demonstrate the expected useful life of the facilities, we have attached the depreciation rates that RUS applies to facilities as part of its ReConnect grant program. (See Attachment Letter G\_2). Our engineering professional believes the useful life of fiber facilities to be much longer than the depreciable life provided by RUS. The major components of the network and the depreciable and useful life of each component are as follows:

	<u>RUS</u>	<u>Engineer</u>
Buried fiber	20 years	25-50 years
Electronics equipment	10.67 years	10-15 years
ONTS	5-10 years	7-10 years

#### Components which may require more frequent repair:

The most frequently repaired/replaced items in a FTTH network will be at the customer premise. These items include power supply/battery backup, ONT and premise wiring.

#### Risk factors or legal challenges

Three River Communications is in good standing with the County. Three River Communications 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.

#### Financial Viability

(All dollars reported in 2022 value-no inflation adjustments are made for in revenue or expenses)

Three River Communications has attached a financial viability analysis for the project. The project will be cash flow positive in year five. Three River Communications projects it will receive revenue to maintain the network from the end user subscribers over the useful life of the network of 1,587,600. In addition, Three River Communications will receive \$678,572 in the form of a grant award through this Application C-5368 for total revenues estimated to be in excess of \$2.2 million (see Attachment Letter G\_3). 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, Three River Communications will internally finance the difference.

The major assumptions for the viability analysis includes an estimated take rate ranging from 60% to 90%, with an average revenue per month of \$60.00 per subscriber.