

## Business Plan

Nebraska Broadband Bridge Program Cashflow (in 000s)								
Martell	2022	2023	2024	2025	2026	2027	2028	Total
Revenue	\$ 6	\$ 15	\$ 24	\$ 32	\$ 36	\$ 37	\$ 38	\$ 187
Expense	\$ 2	\$ 2	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ 11
EBITDA	\$ 4	\$ 13	\$ 22	\$ 30	\$ 35	\$ 36	\$ 37	\$ 176
Build	\$ 148							\$ 148
Reimbursement	\$ (44)							\$ (44)
Customer	\$ 11	\$ 10	\$ 7	\$ 6	\$ 3	\$ 3	\$ 2	\$ 42
Capital	\$ 115	\$ 10	\$ 7	\$ 6	\$ 3	\$ 3	\$ 2	\$ 146
<b>Cash Flows</b>	<b>\$ (111)</b>	<b>\$ 3</b>	<b>\$ 15</b>	<b>\$ 23</b>	<b>\$ 32</b>	<b>\$ 33</b>	<b>\$ 35</b>	<b>\$ 30</b>

Windstream seeks to be strong partners with the state of Nebraska by expanding gigabit access to unserved and underserved census blocks of Martell as well as serving as good stewards of the funds that are being allocated through this program for the expansion of reliable broadband access. The total estimated cost of the project is \$148,253. Windstream is requesting a grant of \$44,476 from the Nebraska Broadband Bridge Program. The grant funds requested would be 30 percent of the project cost. Windstream will provide \$103,777 in matching funds, representing a 70 percent share of the project cost.

Inadequate broadband access in unserved areas is not due to a lack of concern, but from lack of an economically feasible way to reach these homes and businesses. Windstream, the local ILEC provider, has invested heavily in Martell and is working hard to upgrade services wherever possible. But additional funding is necessary to assist in providing broadband access in areas where economic deployment has been impractical.

The intent of the proposed project is to expedite deployment of fiber to the home access broadband service to the project areas that are currently unserved by at least 25/3 broadband service. These areas are financially challenging to serve, especially with future-proof fiber service, given the population density, the topography of the region, and existing infrastructure.

The proposed program would provide gigabit-speed broadband access to 90 underserved locations in the Martell most lacking in access. In extending gigabit-speed broadband opportunities for these unserved and underserved homes and businesses, some additional nearby locations will benefit from the fiber installation.

The vision for the project is that the expanded broadband access will foster a better quality of life by allowing improvements to remote learning, work from home opportunities, economic expansion, and enhanced medical care through telemedicine. This is a unique opportunity to provide greater telecommunications access for local homes and businesses, and to move the local communities forward toward a bright future. Combining the strengths of public and private sectors real results can be achieved for Martell.

The project will deliver gigabit, symmetrical speeds via Fiber to the Premises to all locations within the project area, subject to a few exceptions. The equipment needed and associated costs will change from

these initial estimates but will stay materially in line with these projections. Any cost overruns from this initial budget will be fully absorbed by Windstream. Windstream has a dedicated team that works to procure local zoning, right of ways and permits we do not anticipate any legal challenges within the proposed project area. The project funding covers three main categories: Architectural and Engineering fees, Construction, and Equipment.

**Architectural and engineering fees:** Windstream assumes engineering costs on a per location basis. These costs are necessary to complete the detailed engineering required to design and construct a FTTP network with the precision, efficiency, and quality Windstream seeks to deliver. Costs for engineering may include but are not limited to field surveying, producing detailed construction drawings, producing material requirements, producing permit documentation, applying for permits, and production of construction documents for record updates.

**Construction:** Construction covers the labor and materials needed to place buried and aerial fiber to the targeted households in the project footprint. In the project areas Windstream's existing copper-based network will be overbuilt with new fiber facilities to provide connectivity back to the Central Office. Standard GPON (ITU G.984) and/or XGS-PON (ITU G.9807) technology would be used to provide up to 1000/1000 Mbps broadband service through a direct fiber connection to the customer. At the Central Office, all services are then connected to the existing broadband and voice networks. Windstream already has a vast middle mile and backbone network in place. It will leverage this to further expand its infrastructure by constructing a last mile fiber network providing 1 gigabit symmetrical service to each location in the project area. The infrastructure already in place is enough to handle the new bandwidth required of a gigabit passive optical network (GPON). Windstream is requesting funding for the last mile network that will be connected to existing middle mile and backhaul network.

**Equipment:** Windstream equipment includes, but is not limited to, costs for: Optical line terminals (OLT), fiber distribution hubs, fiber distribution terminals, etc. No customer premise equipment (CPE) costs are included within the budget. All capital costs associated with a new customer order will be fully absorbed by Windstream when said order takes place. No costs associated with the fiber drop from the terminal to the customer's home, the optical network terminal, the customer modem, or the associated labor is included in the project costs for which Windstream is requesting reimbursement

Windstream is proposing a fiber deployment because fiber is the fastest and most reliable technology for residential and small business internet connectivity. The plan would leverage Windstream's experience and resources to meet community needs by expanding their existing networks and fiber backbone to provide gigabit tier access to consumers in the project area.

The company has a track record of successful fiber broadband deployments in the 18 states where Windstream operates a local broadband provider. They are experienced at identifying locations in need of improved broadband services, securing grant agreements, and satisfying build requirements for local, state, and federal network communications construction projects. In 2020 alone, Windstream participated in programs across nine states, as well as national programs such as CAF2 and the recent RDOF auction. The company had a solid history of using internal and contract resources as needed on deployment projects. As of year-end 2020, Windstream offered service to more than four million locations across its coverage area.

Funding for these projects is secured by Windstream's 2026 cash position of \$471 million and \$500 million in revolving credit.