



# **Test of Build Out Assumptions for the Utah Infrastructure Agency**

Version 2010.10.14

Note: This model tests some of the assumptions included in the UIA five year build out plan. This model does not represent a complete financial projection for the Utah Infrastructure Agency.



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<b>Glossary</b>	Listing of terms and definitions
<b>Financial Information</b>	
Financial Summary	A one-page summary of Gross Revenues, Net Income and Funding and Borrowing
Capital Expense Summary	A one-page summary of Capital and Operating Expenditures
Cash Flow Statement	The statement shows how changes affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. This statement is useful in determining the short-term viability of a company
Revenue Summary	This statement breaks down revenues generated by Market Segment.
Funding, Equity and Loan Costs	This statement gives information about project loan and equity investments and cost of capital
Balance Sheet	This statement gives a snapshot of a company's financial condition
Internal Rate of Return (IRR)	The IRR is the true interest yield expected from an investment, expressed as a percentage
Working Capital and Tax	The changes in working capital help to determine if a company can meet it's short-term liabilities (positive) or not (negative).
Community Share Distributions	This statement shows the income distribution to project partners, if applicable
<b>Market Analysis Fiber</b>	
Fiber Market Summary	Summary Page
Legacy market	Fiber assumptions for to market size, take rate, and , pricing information for services.
SAA market	Fiber assumptions for to market size, take rate, and , pricing information for services.
<b>Operating Expenses (OPEX)</b>	Expenses associated with running the network.
<b>General &amp; Administrative Expenses</b>	Expenses related to operating a business not directly associated with production of goods or services
<b>Fiber Capital Expenditure (CAPEX)</b>	
CAPEX Summary	An analysis of the funds used build or upgrade the active and passive assets for the network.
Network Cost Assumptions	This page gives information about the costs of the capital equipment required for the network
Passive Infrastructure CAPEX	Analysis of the capital expenditures required to build passive portions of the network (duct, fiber, etc.)
Active Infrastructure CAPEX	Analysis of the CAPEX required to build active portions of the network (switches, routers, etc.)
Depreciation Schedule	Allocation of Passive and Active Infrastructure capital assets over their useful lives
<b>Other Capital Asset Expenditures</b>	
Summary of Expenditures	Summary of other capital assets purchased
Depreciation	Allocation of other capital assets over their useful lives

## Financial Information Narrative

This analysis provides a ten year financial study of a network provided on an open access basis to business and commercial customers in the locality. The model uses a set of assumptions based on many years of study of telecommunications and broadband networks, and key assumptions do affect the financial projections in large and small ways.

There are several primary assumptions that should be considered carefully when using this model to make spending decisions.

**Businesses** -- The number of businesses in the area determine market size and have a major influence on both cost of building the network and potential revenue.

**Take Rates** -- Take rate refers to the businesses that actually purchase one or more services (e.g. a Layer 2 point to point circuit). Take rate is always some percentage of the larger number of premises passed (available market, or Locations That Could Take a Service). There are take rates for each premise (purchasing at least one service) and take rates for each individual service (of those premises that purchase at least one service, predicts which services might be purchased).

**Capital Expenses** -- The cost of building the network, which covers fiber and/or wireless portions of the network. Cost assumptions are based on recent vendor prices and actual project build out costs. While equipment costs can be predicted quite accurately, construction costs can vary widely from region to region, with the time of year, the local terrain and geology (e.g. rocky soil, sandy soil), and local and national economic conditions.

**Operation Expenses** -- The predicted cost of operating the network is based on staffing cost estimates, office expenses like rent, furnishings, phone and Internet costs, travel costs, and related staff costs. Other costs that are included are tied to the actual operation of the network

This is a planning tool, not a budgetary tool, so actual capital costs, revenue, income, and expenses will vary from what is provided here.

### Project Revenue Summary

This page provides a concise one page summary of revenue, expenses, income, cash on hand, and cost of debt.

### Financial Assumptions

These two pages provide key assumptions and inputs that affect the entire model, especially the amount of funding available for the project (as debt and equity), and when that funding becomes available. This section also provides inputs on the cost of borrowing funds (term and interest rate).

## **Market Information**

### **Market and Build Out Assumptions**

Total Available Market (Locations That Could Take a Service) inputs predict how long it will take to complete a build out, or how many premises are passed by. Locations That Do Take a Service predicts how many premises will actually buy a service (which is always somewhat lower than Locations That Could Take a Service). A “90-90” model predicts that 90% of premises could take a service, and that of those premises, 90% will actually purchase a service, which leads to an Addressable Market of 81% of premises that end up as customers of the network.

**Take Rate Assumptions** -- These pages provide predictions of take rates for individual services.

**Service/Price Assumptions** -- This page provides predictions of the cost of services and the cost (if any) of one time connections fees for first time customers.

**Revenues** -- These pages provide a summary of revenue generated by the services offered on the network.

## **OPEX-Operational Expenditures**

Operating expenditures are grouped into two categories. SG&A (Salary, General, and Administrative) expenses are relatively independent of the number of customers on the network. Operating expenses tend to increase in some proportion to the number of connected customers on the network.

## **CAPEX-Capital Expenditures**

Capital expenditures refer to the cost of building the network, and are divided into two sections: fiber construction costs and wireless construction costs (wireless is included only when needed). Both sections have their own sets of cost assumptions.

### **Capex Summary**

The Capex Summary page provides an overview by year of the cost of building the fiber portion of the network.

### **Network Cost Assumptions-Fiber**

This page provides key assumptions and variables used to predict network construction costs. Key costs include backbone construction, distribution network (down the street of a neighborhood or rural road), and access network (the drop cable or connection from the street/road to the premise). Other variables include the cost of switches, routers, and related network equipment, network management software, and customer premise equipment.

## **Other Capital Expenditures**

There are occasionally other capital assets like vehicles, tools, and testing equipment that may be needed. These items are usually added in on an as-needed basis according to local project requirements.

## Glossary

TERM	DEFINITION
<b>Financial Terms</b>	
<b>Capital Expenditures (CAPEX)</b>	Money spent to acquire or upgrade physical assets
<b>Cash-On-Hand at Year End</b>	The cumulative sum of total cash flow carried from year to year.
<b>Income</b>	Revenues minus cost of sales, operating expenses, and taxes, over a given period of time.
<b>Operational Expenses (OPEX)</b>	An expense arising in the normal course of running a business
<b>Revenue</b>	The total amount of money received by the company for goods sold or services provided during a certain time period. It also includes all net sales, exchange of assets; interest and any other increase in owner's equity and is calculated before any expenses are subtracted.
<b>Total Cash Flow</b>	The amount of cash that a company has left over after it has paid all of its expenses, including investments. (Net income plus amortization and depreciation) minus capital expenditures and dividends.
<b>Network Terms</b>	
<b>Access Infrastructure</b>	The connection from the street or road to a home or business (premise). Also called a drop.
<b>Access Network</b>	That part of a communications network which connects subscribers to their immediate service provider.
<b>Backbone Design</b>	
<b>Backbone Infrastructure</b>	High capacity fiber or wireless routes, typically between large areas (e.g. towns) and portions of the network
<b>Backbone Network</b>	See "Backbone Infrastructure"
<b>Backbone Router</b>	Network equipment used in the backbone network
<b>Copper Category 5/6 Home Wiring</b>	Copper Ethernet cables used inside homes and businesses. Usually not supplied by the network owner.
<b>Customer Premise Equipment</b>	A small Ethernet hub/switch that is connected to the access network. Gives the customer access to the network.
<b>Distribution Infrastructure</b>	Fiber or wireless routes within neighborhoods or down rural roads.
<b>Distribution Network</b>	See "Distribution Infrastructure"
<b>FTTP</b>	Fiber to the Premise. A form of fiber-optic communication delivery in which an optical fiber is run directly onto the customers' premises.
<b>Local Transport</b>	A service that just carries data from point to point on the network
<b>MDU</b>	Multiple Dwelling Unit (e.g. apartment, condo, dormitory, motel)
<b>Neighborhood Distribution Router</b>	A specialized piece of electronics that manages network traffic for up to a few hundred customers.
<b>Neighborhood Distribution Switch</b>	Network equipment; usually a 24 port switch, with one port per connected customer. Could be fiber or copper.
<b>Network Management Software</b>	Specialized software that helps manage the many services on the network.
<b>SDU</b>	Single Dwelling Unit
<b>VPN</b>	A private network that uses a public network (usually the Internet) to connect remote sites or users together. Instead of using a dedicated, real-world connection such as leased line, a VPN uses "virtual" connections routed through the Internet from the company's private network to the remote site or employee.
<b>WTTp</b>	Wireless to the Premise

## Financial Summary

Income Statement										
Summary of Project Revenue (Gross)	Legacy	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Fiber Network</b>										
Legacy non-SAA customer	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923
SAA customers (res., bus., MDU)	\$0	\$4,497,941	\$6,553,847	\$9,355,928	\$12,208,887	\$16,860,762	\$18,256,850	\$20,798,024	\$23,415,417	\$26,032,810
<b>Total Fiber Network Revenue</b>	<b>\$3,352,923</b>	<b>\$7,850,864</b>	<b>\$9,906,770</b>	<b>\$12,708,851</b>	<b>\$15,561,810</b>	<b>\$20,213,685</b>	<b>\$21,609,773</b>	<b>\$24,150,947</b>	<b>\$26,768,340</b>	<b>\$29,385,733</b>
<b>TOTAL PROJECT REVENUE</b>	<b>\$3,352,923</b>	<b>\$7,850,864</b>	<b>\$9,906,770</b>	<b>\$12,708,851</b>	<b>\$15,561,810</b>	<b>\$20,213,685</b>	<b>\$21,609,773</b>	<b>\$24,150,947</b>	<b>\$26,768,340</b>	<b>\$29,385,733</b>
<b>EXPENSES:</b>										
Salary, General & Administrative Expenses (S	\$4,191,300	\$8,526,208	\$6,245,248	\$7,103,346	\$7,081,745	\$8,992,320	\$5,801,512	\$7,265,990	\$7,297,466	\$7,329,256
Operational Expenses (OPEX)	\$77,781,651	\$889,138	\$928,533	\$992,625	\$1,021,717	\$1,105,204	\$1,143,812	\$1,397,597	\$1,651,381	\$1,691,833
Interest Expense	\$12,487,500	\$13,274,480	\$13,743,826	\$13,348,307	\$13,971,575	\$13,901,459	\$13,394,385	\$12,854,028	\$12,278,192	\$11,686,777
<b>Total Expenses</b>	<b>\$94,460,451</b>	<b>\$22,689,826</b>	<b>\$20,917,607</b>	<b>\$21,444,278</b>	<b>\$22,075,037</b>	<b>\$23,998,983</b>	<b>\$20,339,709</b>	<b>\$21,517,614</b>	<b>\$21,227,039</b>	<b>\$20,707,866</b>
<b>Income After Expenses</b>	<b>-\$91,107,528</b>	<b>-\$14,838,962</b>	<b>-\$11,010,837</b>	<b>-\$8,735,426</b>	<b>-\$6,513,227</b>	<b>-\$3,785,298</b>	<b>\$1,270,064</b>	<b>\$2,633,333</b>	<b>\$5,541,300</b>	<b>\$8,677,867</b>
Interest Income	\$0	\$3,751,638	\$4,088,261	\$3,983,339	\$4,275,170	\$4,294,632	\$4,289,457	\$4,027,046	\$3,882,968	\$3,814,234
<b>Earnings Before Taxes</b>	<b>-\$91,107,528</b>	<b>-\$11,087,324</b>	<b>-\$6,922,576</b>	<b>-\$4,752,088</b>	<b>-\$2,238,056</b>	<b>\$509,334</b>	<b>\$5,559,520</b>	<b>\$6,660,378</b>	<b>\$9,424,269</b>	<b>\$12,492,101</b>
Partner Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$6,415,827	\$6,971,768	\$7,199,245	\$7,529,510	\$7,858,675	\$7,565,348	\$7,290,279	\$8,218,376	\$9,075,702	\$9,130,129
Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Income</b>	<b>-\$97,523,355</b>	<b>-\$18,059,092</b>	<b>-\$14,121,821</b>	<b>-\$12,281,597</b>	<b>-\$10,096,731</b>	<b>-\$7,056,014</b>	<b>-\$1,730,759</b>	<b>-\$1,557,998</b>	<b>\$348,567</b>	<b>\$21,622,230</b>
Capital Expenditures (CAPEX)	\$115,753,011	\$4,918,505	\$1,992,902	\$2,934,603	\$2,929,103	\$4,860,005	\$1,232,998	\$6,670,016	\$6,687,516	\$2,667,517
Accumulated CAPEX	\$115,753,011	\$120,671,516	\$122,664,418	\$125,599,021	\$128,528,124	\$133,388,129	\$134,621,127	\$141,291,142	\$147,978,658	\$150,646,174
Summary of Funding and Borrowing	Legacy	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Sources of Funds</b>										
Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Debt	\$185,000,000	\$20,000,000	\$15,000,000	\$0	\$19,000,000	\$8,000,000	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$185,000,000</b>	<b>\$20,000,000</b>	<b>\$15,000,000</b>	<b>\$0</b>	<b>\$19,000,000</b>	<b>\$8,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Cost of Debt</b>	<b>\$12,487,500</b>	<b>\$13,274,480</b>	<b>\$13,743,826</b>	<b>\$13,348,307</b>	<b>\$13,971,575</b>	<b>\$13,901,459</b>	<b>\$13,394,385</b>	<b>\$12,854,028</b>	<b>\$12,278,192</b>	<b>\$11,686,777</b>

## Cash Flow Statement (Indirect Method)

Net Income	-\$97,523,355	-\$18,059,092	-\$14,121,821	-\$12,281,597	-\$10,096,731	-\$7,056,014	-\$1,730,759	-\$1,557,998	\$348,567	\$21,622,230
Depreciation	\$6,415,827	\$6,971,768	\$7,199,245	\$7,529,510	\$7,858,675	\$7,565,348	\$7,290,279	\$8,218,376	\$9,075,702	\$9,130,129
Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$1,366,216	-\$581,604	-\$186,797	\$76,849	\$624	\$166,172	-\$262,683	\$143,189	\$23,772	\$6,020
<b>Net Cash Flow from Operating Activities</b>	<b>-\$92,473,744</b>	<b>-\$10,505,721</b>	<b>-\$6,735,779</b>	<b>-\$4,828,937</b>	<b>-\$2,238,681</b>	<b>\$343,162</b>	<b>\$5,822,204</b>	<b>\$6,517,190</b>	<b>\$9,400,497</b>	<b>\$30,746,338</b>
<b>Cash Flow from Investing Activities</b>										
Capital Expenditures	-\$115,753,011	-\$4,918,505	-\$1,992,902	-\$2,934,603	-\$2,929,103	-\$4,860,005	-\$1,232,998	-\$6,670,016	-\$6,687,516	-\$2,667,517
<b>Net Cash Flow from Investing Activities</b>	<b>-\$115,753,011</b>	<b>-\$4,918,505</b>	<b>-\$1,992,902</b>	<b>-\$2,934,603</b>	<b>-\$2,929,103</b>	<b>-\$4,860,005</b>	<b>-\$1,232,998</b>	<b>-\$6,670,016</b>	<b>-\$6,687,516</b>	<b>-\$2,667,517</b>
<b>Cash Flow from Financing Activities</b>										
Issuance of New Long-Term Debt	\$185,000,000	\$20,000,000	\$15,000,000	\$0	\$19,000,000	\$8,000,000	\$0	\$0	\$0	\$0
Repayment of Long-Term Debt	-\$4,637,339	-\$5,341,346	-\$5,990,240	-\$6,385,759	-\$7,178,929	-\$7,769,457	-\$8,276,531	-\$8,816,888	-\$9,392,723	-\$9,984,139
Equity/Grant Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Cash Flow from Financing Activities</b>	<b>\$180,362,661</b>	<b>\$14,658,654</b>	<b>\$9,009,760</b>	<b>-\$6,385,759</b>	<b>\$11,821,071</b>	<b>\$230,543</b>	<b>-\$8,276,531</b>	<b>-\$8,816,888</b>	<b>-\$9,392,723</b>	<b>-\$9,984,139</b>
<b>Total Cash Flow at Year-End</b>	<b>-\$27,864,094</b>	<b>-\$765,572</b>	<b>\$281,079</b>	<b>-\$14,149,299</b>	<b>\$6,653,287</b>	<b>-\$4,286,299</b>	<b>-\$3,687,325</b>	<b>-\$8,969,714</b>	<b>-\$6,679,741</b>	<b>\$18,094,683</b>
Increase (Decrease) in Cash Flow	-\$27,864,094	\$27,098,522	\$1,046,651	-\$14,430,378	\$20,802,586	-\$10,939,587	\$598,975	-\$5,282,389	\$2,289,972	\$24,774,424
Cash-On-Hand at Year End	-\$27,864,094	-\$28,629,666	-\$28,348,587	-\$42,497,886	-\$35,844,599	-\$40,130,898	-\$43,818,222	-\$52,787,936	-\$59,467,677	-\$41,372,994

## Balance Sheet

	Legacy	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Current Assets</b>										
Cash	-\$27,864,094	-\$28,629,666	-\$28,348,587	-\$42,497,886	-\$35,844,599	-\$40,130,898	-\$43,818,222	-\$52,787,936	-\$59,467,677	-\$41,372,994
Total Current Assets	-\$27,864,094	-\$28,629,666	-\$28,348,587	-\$42,497,886	-\$35,844,599	-\$40,130,898	-\$43,818,222	-\$52,787,936	-\$59,467,677	-\$41,372,994
<b>Non-Current Assets</b>										
Long Term Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortizable Asset (Net Amortization)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plant in Service	\$115,753,011	\$120,671,516	\$122,664,418	\$125,599,021	\$128,528,124	\$133,388,129	\$134,621,127	\$141,291,142	\$147,978,658	\$150,646,174
Less: Accumulated Depreciation	\$6,415,827	\$13,387,595	\$20,586,840	\$28,116,349	\$35,975,024	\$43,540,372	\$50,830,650	\$59,049,026	\$68,124,729	\$77,254,857
Net Plant	\$109,337,184	\$107,283,921	\$102,077,578	\$97,482,672	\$92,553,100	\$89,847,757	\$83,790,476	\$82,242,116	\$79,853,929	\$73,391,317
Other										
Total Non Current Assets	\$109,337,184	\$107,283,921	\$102,077,578	\$97,482,672	\$92,553,100	\$89,847,757	\$83,790,476	\$82,242,116	\$79,853,929	\$73,391,317
<b>Total Assets</b>	<b>\$81,473,090</b>	<b>\$78,654,256</b>	<b>\$73,728,992</b>	<b>\$54,984,786</b>	<b>\$56,708,502</b>	<b>\$49,716,859</b>	<b>\$39,972,254</b>	<b>\$29,454,179</b>	<b>\$20,386,251</b>	<b>\$32,018,322</b>
<b>Net Equity and Liabilities</b>										
Accounts Payable										
Notes Payable										
Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$1,366,216	\$784,612	\$597,815	\$674,664	\$675,288	\$841,460	\$578,777	\$721,966	\$745,737	\$751,757
Long Term Liabilities	\$180,362,661	\$195,021,315	\$204,031,075	\$197,645,316	\$209,466,387	\$209,696,930	\$201,420,399	\$192,603,512	\$183,210,789	\$173,226,650
Retained Earnings	-\$97,523,355	-\$115,582,447	-\$129,704,269	-\$141,985,866	-\$152,082,597	-\$159,138,610	-\$160,869,369	-\$162,427,367	-\$162,078,800	-\$140,456,570
<b>Total Equity and Liabilities</b>	<b>\$81,473,090</b>	<b>\$78,654,256</b>	<b>\$73,728,992</b>	<b>\$54,984,786</b>	<b>\$56,708,502</b>	<b>\$49,716,859</b>	<b>\$39,972,254</b>	<b>\$29,454,179</b>	<b>\$20,386,251</b>	<b>\$32,018,322</b>



## Funding, Equity, and Loan Costs

Equity Investments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Long Term Debt	100%										
- Income interests	2%										
Telecom Cost Savings		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		1	2	3	4	5	6	7	8	9	10
Cash Injections		\$185,000,000	\$20,000,000	\$15,000,000	\$0	\$19,000,000	\$8,000,000	\$0	\$0	\$0	\$0
Stockholder equity											
-Equity investments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
-Face amount value		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
-Extra Payments											
Accumulated Loan Unpaid Balance		\$180,362,661	\$195,021,315	\$204,031,075	\$197,645,316	\$209,466,387	\$209,696,930	\$201,420,399	\$192,603,512	\$183,210,789	\$173,226,650
Amortization		\$4,637,339	\$5,341,346	\$5,990,240	\$6,385,759	\$7,178,929	\$7,769,457	\$8,276,531	\$8,816,888	\$9,392,723	\$9,984,139
Dividend											
Interest Expenses		\$12,487,500	\$13,274,480	\$13,743,826	\$13,348,307	\$13,971,575	\$13,901,459	\$13,394,385	\$12,854,028	\$12,278,192	\$11,686,777
Loan Maturity (years)	20										
Loan Cost of Capital (%)	6.75%										
<b>External Funding Year 1</b>											
- Initial Loan Balance		\$185,000,000	\$180,362,661	\$175,412,302	\$170,127,794	\$164,486,581	\$158,464,587	\$152,036,108	\$145,173,707	\$137,848,093	\$130,028,001
- Total Loan Payments		-\$17,124,839	-\$17,124,839	-\$17,124,839	-\$17,124,839	-\$17,124,839	-\$17,124,839	-\$17,124,839	-\$17,124,839	-\$17,124,839	-\$17,124,839
- Principal Payment		-\$4,637,339	-\$4,950,359	-\$5,284,508	-\$5,641,213	-\$6,021,994	-\$6,428,479	-\$6,862,401	-\$7,325,613	-\$7,820,092	-\$8,347,949
- Interest Payment		-\$12,487,500	-\$12,174,480	-\$11,840,330	-\$11,483,626	-\$11,102,844	-\$10,696,360	-\$10,262,437	-\$9,799,225	-\$9,304,746	-\$8,776,890
- Ending Loan Balance		\$180,362,661	\$175,412,302	\$170,127,794	\$164,486,581	\$158,464,587	\$152,036,108	\$145,173,707	\$137,848,093	\$130,028,001	\$121,680,052
Loan Maturity (years)	25										
Loan Cost of Capital (%)	5.5%										
<b>External Funding Year 2</b>											
- Initial Loan Balance		\$20,000,000	\$19,609,013	\$19,196,522	\$18,761,343	\$18,302,230	\$17,817,866	\$17,306,861	\$16,767,751	\$16,198,991	
- Total Loan Payments		-\$1,490,987	-\$1,490,987	-\$1,490,987	-\$1,490,987	-\$1,490,987	-\$1,490,987	-\$1,490,987	-\$1,490,987	-\$1,490,987	
- Principal Payment		-\$390,987	-\$412,491	-\$435,178	-\$459,113	-\$484,364	-\$511,004	-\$539,110	-\$568,761	-\$600,043	
- Interest Payment		-\$1,100,000	-\$1,078,496	-\$1,055,809	-\$1,031,874	-\$1,006,623	-\$979,983	-\$951,877	-\$922,226	-\$890,944	
- Ending Loan Balance		\$19,609,013	\$19,196,522	\$18,761,343	\$18,302,230	\$17,817,866	\$17,306,861	\$16,767,751	\$16,198,991	\$15,598,948	
Loan Maturity (years)	25										
Loan Cost of Capital (%)	5.5%										
<b>External Funding Year 3</b>											
- Initial Loan Balance			\$15,000,000	\$14,706,760	\$14,397,391	\$14,071,007	\$13,726,673	\$13,363,399	\$12,980,146	\$12,575,814	
- Total Loan Payments			-\$1,118,240	-\$1,118,240	-\$1,118,240	-\$1,118,240	-\$1,118,240	-\$1,118,240	-\$1,118,240	-\$1,118,240	
- Principal Payment			-\$293,240	-\$309,369	-\$326,384	-\$344,335	-\$363,273	-\$383,253	-\$404,332	-\$404,332	

## Funding, Equity, and Loan Costs

- Interest Payment										
- Ending Loan Balance										
Loan Maturity (years)										
Loan Cost of Capital (%)										
<b>External Funding Year 4</b>										
- Initial Loan Balance										
- Total Loan Payments										
- Principal Payment										
- Interest Payment										
- Ending Loan Balance										
Loan Maturity (years)										
Loan Cost of Capital (%)										
<b>External Funding Year 5</b>										
- Initial Loan Balance										
- Total Loan Payments										
- Principal Payment										
- Interest Payment										
- Ending Loan Balance										
Loan Maturity (years)										
Loan Cost of Capital (%)										
<b>External Funding Year 6</b>										
- Initial Loan Balance										
- Total Loan Payments										
- Principal Payment										
- Interest Payment										
- Ending Loan Balance										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Accumulated Init. Loan Bal.	\$185,000,000	\$200,362,661	\$210,021,315	\$204,031,075	\$216,645,316	\$217,466,387	\$209,696,930	\$201,420,399	\$192,603,512	\$183,210,789
Accumulated Loan Pmts	-\$17,124,839	-\$18,615,826	-\$19,734,066	-\$19,734,066	-\$21,150,504	-\$21,670,915	-\$21,670,915	-\$21,670,915	-\$21,670,915	-\$21,670,915
Accumulated Princ. Pmts.	-\$4,637,339	-\$5,341,346	-\$5,990,240	-\$6,385,759	-\$7,178,929	-\$7,769,457	-\$8,276,531	-\$8,816,888	-\$9,392,723	-\$9,984,139
Accumulated Interest Exp.	-\$12,487,500	-\$13,274,480	-\$13,743,826	-\$13,348,307	-\$13,971,575	-\$13,901,459	-\$13,394,385	-\$12,854,028	-\$12,278,192	-\$11,686,777
Acc. Ending Loan Bal.	\$180,362,661	\$195,021,315	\$204,031,075	\$197,645,316	\$209,466,387	\$209,696,930	\$201,420,399	\$192,603,512	\$183,210,789	\$173,226,650
Interest Income		\$0	\$3,751,638	\$4,088,261	\$3,983,339	\$4,275,170	\$4,294,632	\$4,289,457	\$4,027,046	\$3,882,968

## Internal Rate of Return (IRR)

Cash Flow Calculations	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flow from Operating Activities	-\$92,473,744	-\$10,505,721	-\$6,735,779	-\$4,828,937	-\$2,238,681	\$343,162	\$5,822,204	\$6,517,190	\$9,400,497	\$30,746,338
Cash Flow from Investing Activities	-\$115,753,011	-\$4,918,505	-\$1,992,902	-\$2,934,603	-\$2,929,103	-\$4,860,005	-\$1,232,998	-\$6,670,016	-\$6,687,516	-\$2,667,517
Cash Flow from Financing Activities	\$180,362,661	\$14,658,654	\$9,009,760	-\$6,385,759	\$11,821,071	\$230,543	-\$8,276,531	-\$8,816,888	-\$9,392,723	-\$9,984,139
Total Cash Flow	-\$27,864,094	-\$765,572	\$281,079	-\$14,149,299	\$6,653,287	-\$4,286,299	-\$3,687,325	-\$8,969,714	-\$6,679,741	\$18,094,683
Growth Rate	<div>2%</div>									
IRR (NOT INCLUDING TAXES)										

## Working Capital and Tax

Working Capital		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Receivables	Days <input type="text" value="30"/>	279,410	654,239	825,564	1,059,071	1,296,817	1,684,474	1,800,814	2,012,579	2,230,695	2,448,811
Payable (Direct Cost)	<input type="text" value="30"/>	0	0	0	0	0	0	0	0	0	0
Payable (Indirect Cost)	<input type="text" value="30"/>	1,366,216	784,612	597,815	674,664	675,288	841,460	578,777	721,966	745,737	751,757
Working Capital		-1,086,806	-130,374	227,749	384,407	621,529	843,013	1,222,037	1,290,613	1,484,958	1,697,054
Change in Working Capital		-1,086,806	956,432	358,123	156,658	237,122	221,484	379,024	68,576	194,344	212,095.9
<b>Tax Calculations</b>											
Tax %	<input type="text" value="0.00%"/>										
Earnings Before Taxes		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Accumulated Earnings Before Taxes		-91,107,528	-11,087,324	-6,922,576	-4,752,088	-2,238,056	509,334	5,559,520	6,660,378	9,424,269	12,492,101
Actual Tax		-91,107,528	-102,194,855	-109,117,421	-113,869,516	-116,107,573	-115,598,239	-110,038,718	-103,378,340	-93,954,071	-81,461,970

## Community Share Distribution

Earnings Before Taxes		-\$91,107,5	-\$11,087,32	-\$6,922,576	-\$4,752,088	-\$2,238,056	\$509,334	\$5,559,520	\$6,660,378	\$9,424,269	\$12,492,101
Partner 1	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partner 2	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partner 3	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Partner Share		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Share		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Service Provider and Project Revenue Summary

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Residential</b>										
Fiber Revenue to Service Provider (SP)	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923
Fiber Revenue Share	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923
Fiber Connection Fee (SP)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiber Connection Fee Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Business</b>										
Fiber Revenue to SP	\$0	\$2,377,424	\$5,705,640	\$8,083,618	\$10,936,576	\$14,740,244	\$17,719,911	\$19,630,766	\$22,248,160	\$24,865,553
Fiber Revenue Share	\$0	\$2,377,424	\$5,705,640	\$8,083,618	\$10,936,576	\$14,740,244	\$17,719,911	\$19,630,766	\$22,248,160	\$24,865,553
Fiber Connection Fee (SP)	\$0	\$2,120,517	\$848,207	\$1,272,310	\$1,272,310	\$2,120,517	\$536,938	\$1,167,257	\$1,167,257	\$1,167,257
Fiber Connection Fee Share	\$0	\$2,120,517	\$848,207	\$1,272,310	\$1,272,310	\$2,120,517	\$536,938	\$1,167,257	\$1,167,257	\$1,167,257
<b>Government</b>										
Fiber Revenue to SP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiber Revenue Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiber Connection Fee (SP)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiber Connection Fee Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue to Service Providers</b>	\$3,352,923	\$7,850,864	\$9,906,770	\$12,708,851	\$15,561,810	\$20,213,685	\$21,609,773	\$24,150,947	\$26,768,340	\$29,385,733
<b>Total Project Gross Revenue</b>	\$3,352,923	\$7,850,864	\$9,906,770	\$12,708,851	\$15,561,810	\$20,213,685	\$21,609,773	\$24,150,947	\$26,768,340	\$29,385,733

### Fiber Market Summary

<b>Market Assumptions</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Total Addressable Market										
Legacy services (ARPU)	89,445	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
SAA five year plan	89,445	0	7,312	10,237	14,624	19,012	26,324	28,175	32,200	40,250
<b>Total Addressable Market %</b>										
Legacy services (ARPU)	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
SAA five year plan	0%	8%	11%	16%	21%	29%	31%	36%	40%	45%
<b>Fiber Proportion of Market</b>										
Legacy services (ARPU)	20%	35%	45%	65%	80%	80%	80%	80%	80%	80%
SAA five year plan	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
<b>Fiber Addressable Market (potential customers)</b>										
Legacy services (ARPU)	1,521	2,661	3,421	4,942	6,082	6,082	6,082	6,082	6,082	6,082
SAA five year plan	0	5,850	8,190	11,699	15,210	21,059	22,540	25,760	28,980	32,200

## Legacy Market (non-SAA) and Build Out Assumptions

### Market Assumptions

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Available Market	89,445	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Locations that could take service		7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
Locations that do take service		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Addressable Market		7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
Addressable Market %		9%	9%	9%	9%	9%	9%	9%	9%	9%	9%

### Fiber Split

Fiber Available Market		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Homes that do take service		7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603

### Fiber Optic Build Out

New FTTH Premises Passed		7,603	0	0	0	0	0	0	0	0	0
New customers		7,603	0	0	0	0	0	0	0	0	0
Average new customers per year		7,603	0	0	0	0	0	0	0	0	0
Year end		7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
Average customers per year		7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603

### Customer Split

Res., Business, MDU combined	100%	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
N/A	0%	0	0	0	0	0	0	0	0	0	0

### Customers Passed

Res., Business, MDU combined		7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
N/A		0	0	0	0	0	0	0	0	0	0

### New Customers Passed

Res., Business, MDU combined		7,603	0	0	0	0	0	0	0	0	0
N/A		0	0	0	0	0	0	0	0	0	0

## Legacy Market (non-SAA) Take Rate Assumptions - Fiber

### Fiber to the Premise (FTTP)

#### Customer Base

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
New customers	7,603	0	0	0	0	0	0	0	0	0
Average customers per year	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
Year end	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603

### Fiber to the Premise (FTTP) Take

#### Rate Per Service

	1	2	3	4	5	6	7	8	9	10
Combined services ARPU	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Internet: 1 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Internet: 3 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Internet: 5 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Internet: 10 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
IP Telephony (Voice)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
IPTV	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
VoD	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Gaming	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bundle 1 Voice, Data	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bundle 2 Voice, Data, IPTV	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
SAA fee	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Computer backup	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Service	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

### Internet Market Total

### IPTV Market Total

### VoIP Market Total

0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

### New Customers per Service, Fiber

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Combined services ARPU	7,603	0	0	0	0	0	0	0	0	0
Internet: 1 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 3 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 5 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 10 Mbps	0	0	0	0	0	0	0	0	0	0
IP Telephony (Voice)	0	0	0	0	0	0	0	0	0	0
IPTV	0	0	0	0	0	0	0	0	0	0
VoD	0	0	0	0	0	0	0	0	0	0
Gaming	0	0	0	0	0	0	0	0	0	0
Bundle 1 Voice, Data	0	0	0	0	0	0	0	0	0	0

## Legacy Market (non-SAA) Take Rate Assumptions - Fiber

Bundle 2 Voice, Data, IPTV	0	0	0	0	0	0	0	0	0	0
SAA fee	0	0	0	0	0	0	0	0	0	0
Computer backup	0	0	0	0	0	0	0	0	0	0
Other Service	0	0	0	0	0	0	0	0	0	0

### Average, Fiber

Combined services ARPU	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
Internet: 1 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 3 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 5 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 10 Mbps	0	0	0	0	0	0	0	0	0	0
IP Telephony (Voice)	0	0	0	0	0	0	0	0	0	0
IPTV	0	0	0	0	0	0	0	0	0	0
VoD	0	0	0	0	0	0	0	0	0	0
Gaming	0	0	0	0	0	0	0	0	0	0
Bundle 1 Voice, Data	0	0	0	0	0	0	0	0	0	0
Bundle 2 Voice, Data, IPTV	0	0	0	0	0	0	0	0	0	0
SAA fee	0	0	0	0	0	0	0	0	0	0
Computer backup	0	0	0	0	0	0	0	0	0	0
Other Service	0	0	0	0	0	0	0	0	0	0

### Year End, Fiber

Combined services ARPU	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603	7,603
Internet: 1 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 3 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 5 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 10 Mbps	0	0	0	0	0	0	0	0	0	0
IP Telephony (Voice)	0	0	0	0	0	0	0	0	0	0
IPTV	0	0	0	0	0	0	0	0	0	0
VoD	0	0	0	0	0	0	0	0	0	0
Gaming	0	0	0	0	0	0	0	0	0	0
Bundle 1 Voice, Data	0	0	0	0	0	0	0	0	0	0
Bundle 2 Voice, Data, IPTV	0	0	0	0	0	0	0	0	0	0
SAA fee	0	0	0	0	0	0	0	0	0	0
Computer backup	0	0	0	0	0	0	0	0	0	0
Other Service	0	0	0	0	0	0	0	0	0	0



## Legacy Market (non-SAA) Services & Price Assumptions

	One Time Connection Fee	Revenue Percentage	Monthly Cost of Service	Revenue Percentage
<b>Fiber to the Premise (FTTP)</b>				
Combined services ARPU	\$0	0%	\$35	100%
Internet: 1 Mbps	\$0	0%	\$25	27%
Internet: 3 Mbps	\$0	0%	\$35	27%
Internet: 5 Mbps	\$0	0%	\$55	27%
Internet: 10 Mbps	\$0	0%	\$75	27%
IP Telephony (Voice)	\$0	0%	\$25	27%
IPTV	\$0	0%	\$55	12%
VoD	\$0	0%	\$20	27%
Gaming	\$0	0%	\$15	27%
Bundle 1 Voice, Data	\$0	0%	\$65	27%
Bundle 2 Voice, Data, IPTV	\$0	0%	\$100	24%
SAA fee	\$3,000	100%	\$25	100%
Computer backup	\$0	0%	\$20	27%
Other Service	\$0	0%	\$10	27%

## Legacy Revenues - Fiber Network

Connection Fee Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Combined services ARPU	0	0	0	0	0	0	0	0	0	0
Internet: 1 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 3 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 5 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 10 Mbps	0	0	0	0	0	0	0	0	0	0
IP Telephony (Voice)	0	0	0	0	0	0	0	0	0	0
IPTV	0	0	0	0	0	0	0	0	0	0
VoD	0	0	0	0	0	0	0	0	0	0
Gaming	0	0	0	0	0	0	0	0	0	0
Bundle 1 Voice, Data	0	0	0	0	0	0	0	0	0	0
Bundle 2 Voice, Data, IPTV	0	0	0	0	0	0	0	0	0	0
SAA fee	0	0	0	0	0	0	0	0	0	0
Computer backup	0	0	0	0	0	0	0	0	0	0
Other Service	0	0	0	0	0	0	0	0	0	0
Total yearly fees residential	0	0	0	0	0	0	0	0	0	0
Annual Community Revenue Share	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Combined services ARPU	3,193,260	3,193,260	3,193,260	3,193,260	3,193,260	3,193,260	3,193,260	3,193,260	3,193,260	3,193,260
Internet: 1 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 3 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 5 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 10 Mbps	0	0	0	0	0	0	0	0	0	0
IP Telephony (Voice)	0	0	0	0	0	0	0	0	0	0
IPTV	0	0	0	0	0	0	0	0	0	0
VoD	0	0	0	0	0	0	0	0	0	0
Gaming	0	0	0	0	0	0	0	0	0	0
Bundle 1 Voice, Data	0	0	0	0	0	0	0	0	0	0
Bundle 2 Voice, Data, IPTV	0	0	0	0	0	0	0	0	0	0
SAA fee	0	0	0	0	0	0	0	0	0	0
Computer backup	0	0	0	0	0	0	0	0	0	0
Other Service	0	0	0	0	0	0	0	0	0	0
Growth in Advanced Services	5%	159,663	159,663	159,663	159,663	159,663	159,663	159,663	159,663	159,663
Total yearly fees residential	3,352,923	3,352,923	3,352,923	3,352,923	3,352,923	3,352,923	3,352,923	3,352,923	3,352,923	3,352,923
Revenue per Customer	441	441	441	441	441	441	441	441	441	441
Community Contribution, Fiber										
Installation cost as a % of start revenue, residential	0%	0	0	0	0	0	0	0	0	0
<b>Fiber Net Revenue Before Expenses</b>	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923	\$3,352,923

## SAA Market and Build Out Assumptions - Fiber

<b>Market Assumptions</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Available Market	89,445	0%	25%	35%	50%	65%	90%	90%	90%	90%
Premises that could take services	0	22,361	31,306	44,723	58,139	80,501	80,501	80,501	80,501	80,501
Premises that take a service	0%	33%	33%	33%	33%	33%	35%	40%	45%	50%
Addressable Market	0	7,312	10,237	14,624	19,012	26,324	28,175	32,200	36,225	40,250
Addressable Market %	0%	8%	11%	16%	21%	29%	32%	36%	41%	45%
<b>Fiber/Wireless Split</b>										
Fiber Available Market	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Premises that do take service	0	7,312	10,237	14,624	19,012	26,324	28,175	32,200	36,225	40,250
<b>Fiber Optic Build Out</b>										
New FTTH Premises Passed	0	22,361	8,945	13,417	13,417	22,361	0	0	0	0
New fiber customers	0	7,312	2,925	4,387	4,387	7,312	1,852	4,025	4,025	4,025
Average new customers per year	0	3,656	1,462	2,194	2,194	3,656	926	2,013	2,013	2,013
Year end	0	7,312	10,237	14,624	19,012	26,324	28,175	32,200	36,225	40,250
Average customers per year	0	3,656	8,774	12,431	16,818	22,668	27,250	30,188	34,213	38,238
<b>Customer Split</b>										
Premises	100%	0	7,312	10,237	14,624	19,012	26,324	28,175	32,200	40,250
<b>Locations passed</b>										
Premises	0	7,312	10,237	14,624	19,012	26,324	28,175	32,200	36,225	40,250
<b>Total</b>	0	7,312	10,237	14,624	19,012	26,324	28,175	32,200	36,225	40,250
<b>Locations passed</b>										
Premises	0	7,312	2,925	4,387	4,387	7,312	1,852	4,025	4,025	4,025
<b>Total</b>	0	7,312	2,925	4,387	4,387	7,312	1,852	4,025	4,025	4,025

## SAA Customer Take Rate Assumptions - Fiber

<b>Fiber to the Premises (FTTP)</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Customer Base</b>										
New customers	0	7,312	2,925	4,387	4,387	7,312	1,852	4,025	4,025	4,025
Average customers per year	0	3,656	8,774	12,431	16,818	22,668	27,250	30,188	34,213	38,238
Year end	0	7,312	10,237	14,624	19,012	26,324	28,175	32,200	36,225	40,250
<b>Fiber to the Premises (FTTP)</b>										
<b>Take Rate Per Service</b>										
Residential, \$3000	0%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Residential, \$25/month	0%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Business	0%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MDU	0%	7%	7%	7%	7%	7%	7%	7%	7%	7%
VPN: 100 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
VPN: 1 Gbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Internet: 2 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Internet: 5 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Internet: 10 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Internet: 25 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Internet: 100 Mbps	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Telephone-VoIP-3 lines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bundle: Internet/Telephone	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Advanced services	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Internet Market Total</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>VoIP Market Total</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>New Customers per Service, Fiber</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Residential, \$3000	0	585	234	351	351	585	148	322	322	322
Residential, \$25/month	0	5,484	2,194	3,290	3,290	5,484	1,389	3,019	3,019	3,019
Business	0	731	292	439	439	731	185	403	403	403
MDU	0	512	205	307	307	512	130	282	282	282
VPN: 100 Mbps	0	0	0	0	0	0	0	0	0	0
VPN: 1 Gbps	0	0	0	0	0	0	0	0	0	0
Internet: 2 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 5 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 10 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 25 Mbps	0	0	0	0	0	0	0	0	0	0

## SAA Customer Take Rate Assumptions - Fiber

Internet: 100 Mbps	0	0	0	0	0	0	0	0	0	0
Telephone-VoIP-3 lines	0	0	0	0	0	0	0	0	0	0
Bundle: Internet/Telephone	0	0	0	0	0	0	0	0	0	0
Advanced services	0	0	0	0	0	0	0	0	0	0
<b>Average, Fiber</b>										
Residential, \$3000	0	292	702	994	1,345	1,813	2,180	2,415	2,737	3,059
Residential, \$25/month	0	2,742	6,581	9,323	12,614	17,001	20,437	22,641	25,660	28,679
Business	0	366	877	1,243	1,682	2,267	2,725	3,019	3,421	3,824
MDU	0	256	614	870	1,177	1,587	1,907	2,113	2,395	2,677
VPN: 100 Mbps	0	0	0	0	0	0	0	0	0	0
VPN: 1 Gbps	0	0	0	0	0	0	0	0	0	0
Internet: 2 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 5 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 10 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 25 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 100 Mbps	0	0	0	0	0	0	0	0	0	0
Telephone-VoIP-3 lines	0	0	0	0	0	0	0	0	0	0
Bundle: Internet/Telephone	0	0	0	0	0	0	0	0	0	0
Advanced services	0	0	0	0	0	0	0	0	0	0
<b>Year End, Fiber</b>										
Residential, \$3000	0	585	819	1,170	1,521	2,106	2,254	2,576	2,898	3,220
Residential, \$25/month	0	5,484	7,678	10,968	14,259	19,743	21,131	24,150	27,169	30,188
Business	0	731	1,024	1,462	1,901	2,632	2,818	3,220	3,623	4,025
MDU	0	512	717	1,024	1,331	1,843	1,972	2,254	2,536	2,818
VPN: 100 Mbps	0	0	0	0	0	0	0	0	0	0
VPN: 1 Gbps	0	0	0	0	0	0	0	0	0	0
Internet: 2 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 5 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 10 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 25 Mbps	0	0	0	0	0	0	0	0	0	0
Internet: 100 Mbps	0	0	0	0	0	0	0	0	0	0
Telephone-VoIP-3 lines	0	0	0	0	0	0	0	0	0	0
Bundle: Internet/Telephone	0	0	0	0	0	0	0	0	0	0
Advanced services	0	0	0	0	0	0	0	0	0	0

<b>SAA Service and Price Assumptions - Fiber</b>				
	One Time Connection Fee	Revenue Percentage	Monthly Cost of Service	Revenue Percentage
<b>Fiber</b>				
Residential, \$3000	\$3,000	100%	\$25	100%
Residential, \$25/month	\$0	100%	\$50	100%
Business	\$500	100%	\$135	100%
MDU	\$0	100%	\$17	100%
VPN: 100 Mbps	\$500	100%	\$1,000	27%
VPN: 1 Gbps	\$600	100%	\$2,000	27%
Internet: 2 Mbps	\$35	27%	\$65	27%
Internet: 5 Mbps	\$50	27%	\$125	27%
Internet: 10 Mbps	\$75	27%	\$225	27%
Internet: 25 Mbps	\$100	27%	\$500	27%
Internet: 100 Mbps	\$100	27%	\$2,000	27%
Telephone-VoIP-3 lines	\$100	27%	\$100	27%
Bundle: Internet/Telephone	\$100	27%	\$200	27%
Advanced services	\$500	100%	\$135	100%

## SAA Revenues - Fiber Network

Residential, \$3000		\$0	\$1,754,911	\$701,964	\$1,052,947	\$1,052,947	\$1,754,911	\$444,363	\$966,006	\$966,006	\$966,006
Residential, \$25/month		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Business		\$0	\$365,606	\$146,243	\$219,364	\$219,364	\$365,606	\$92,576	\$201,251	\$201,251	\$201,251
MDU		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VPN: 100 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VPN: 1 Gbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 2 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 5 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 10 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 25 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 100 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone-VoIP-3 lines		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bundle: Internet/Telephone		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Advanced services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total start fees		\$0	\$2,120,517	\$848,207	\$1,272,310	\$1,272,310	\$2,120,517	\$536,938	\$1,167,257	\$1,167,257	\$1,167,257
Residential, \$3000		\$0	\$87,744	\$210,579	\$298,344	\$403,638	\$544,021	\$653,992	\$724,516	\$821,117	\$917,717
Residential, \$25/month		\$0	\$1,645,200	\$3,948,358	\$5,593,941	\$7,568,216	\$10,200,391	\$12,262,349	\$13,584,679	\$15,395,940	\$17,207,201
Business		\$0	\$592,272	\$1,421,409	\$2,013,819	\$2,724,558	\$3,672,141	\$4,414,445	\$4,890,484	\$5,542,538	\$6,194,592
MDU		\$0	\$52,208	\$125,295	\$177,514	\$240,165	\$323,692	\$389,125	\$431,087	\$488,564	\$546,042
VPN: 100 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VPN: 1 Gbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 2 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 5 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 10 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 25 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet: 100 Mbps		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone-VoIP-3 lines		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bundle: Internet/Telephone		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Advanced services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Growth in Advanced Services	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total yearly fees business		\$0	\$2,377,424	\$5,705,640	\$8,083,618	\$10,936,576	\$14,740,244	\$17,719,911	\$19,630,766	\$22,248,160	\$24,865,553
Revenue per customer, Fiber		\$0	\$1,230	\$747	\$753	\$726	\$744	\$670	\$689	\$684	\$681
Direct , Fiber											
Installation cost as a % of start revenue, business	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiber Net Revenue Before Expenses		\$0	\$4,497,941	\$6,553,847	\$9,355,928	\$12,208,887	\$16,860,762	\$18,256,850	\$20,798,024	\$23,415,417	\$26,032,810

## Salary, General & Administrative (SG&A) Expenses

<b>Fringe Benefits</b>	40%	<b>Annual Salary Increase</b> 1%									
<b>Staff</b>		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Senior Management	\$125,000	\$1,050,000	\$1,060,500	\$1,071,105	\$1,081,816	\$1,092,634	\$1,103,561	\$1,114,596	\$1,125,742	\$1,137,000	\$1,148,370
		4.00	4.00	5.00	5.00	5.00	6.00	6.00	7.00	7.00	7.00
Outside Plant Maintenance	\$82,500	\$462,000	\$466,620	\$589,108	\$594,999	\$600,949	\$728,350	\$735,633	\$866,821	\$875,490	\$884,245
		3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Systems Engineering	\$92,000	\$386,400	\$390,264	\$525,556	\$530,811	\$536,119	\$541,480	\$546,895	\$552,364	\$557,888	\$563,467
		6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Network Operations	\$43,500	\$182,700	\$184,527	\$248,496	\$250,981	\$253,491	\$256,026	\$258,586	\$261,172	\$263,784	\$266,422
		1.00	1.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Customer Service	\$32,500	\$45,500	\$45,955	\$92,829	\$93,757	\$94,695	\$95,642	\$144,898	\$146,346	\$147,810	\$149,288
		3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Administration	\$32,500	\$136,500	\$137,865	\$139,244	\$187,515	\$189,390	\$191,284	\$193,197	\$195,129	\$197,080	\$199,051
Total Staff Expense		\$2,263,100	\$2,285,731	\$2,666,337	\$2,739,879	\$2,767,278	\$2,916,343	\$2,993,805	\$3,147,575	\$3,179,051	\$3,210,841
Total # of Employees		17	17	20	21	21	22	23	24	24	24
<b>Other Staff Costs</b>											
Travel Expenses	\$1,000	\$17,000	\$17,000	\$20,000	\$21,000	\$21,000	\$22,000	\$23,000	\$24,000	\$24,000	\$24,000
Communications	\$600	\$10,200	\$10,200	\$12,000	\$12,600	\$12,600	\$13,200	\$13,800	\$14,400	\$14,400	\$14,400
Other costs	\$3,000	\$51,000	\$51,000	\$60,000	\$63,000	\$63,000	\$66,000	\$69,000	\$72,000	\$72,000	\$72,000
<b>Total Other Staff Costs</b>		\$78,200	\$78,200	\$92,000	\$96,600	\$96,600	\$101,200	\$105,800	\$110,400	\$110,400	\$110,400
<b>Office Expenses</b>											
Staff Office Expenses	\$2,000	\$34,000	\$34,000	\$40,000	\$42,000	\$42,000	\$44,000	\$46,000	\$48,000	\$48,000	\$48,000
Office Supplies & Equipment		\$6,000	\$6,000	\$7,000	\$7,500	\$8,500	\$8,500	\$10,000	\$10,000	\$10,000	\$10,000
Computer Supplies		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Mailing & Delivery		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Total Office Expenses</b>		\$60,000	\$60,000	\$67,000	\$69,500	\$70,500	\$72,500	\$76,000	\$78,000	\$78,000	\$78,000
<b>Marketing Expenses</b>	\$600	\$0	\$4,387,277	\$1,754,911	\$2,632,366	\$2,632,366	\$4,387,277	\$1,110,907	\$2,415,015	\$2,415,015	\$2,415,015
<b>Other External Expenses</b>											
Law & Audit		\$375,000	\$300,000	\$250,000	\$150,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Financial & Technical Consulting		\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Insurance		\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000
Other		\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
<b>Total Other External Expenses</b>		\$1,790,000	\$1,715,000	\$1,665,000	\$1,565,000	\$1,515,000	\$1,515,000	\$1,515,000	\$1,515,000	\$1,515,000	\$1,515,000
<b>Total SG&amp;A Expenses</b>		\$4,191,300	\$8,526,208	\$6,245,248	\$7,103,346	\$7,081,745	\$8,992,320	\$5,801,512	\$7,265,990	\$7,297,466	\$7,329,256



## Operating Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Support Fees (Equipment)</b>											
Support Fees											
Core & Distribution	10%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$133,333	\$266,667	\$266,667
FTTP Access Equipment	3%	\$61,584	\$120,813	\$144,504	\$180,041	\$215,578	\$274,806	\$289,803	\$402,406	\$515,009	\$547,611
CPE	4%	\$84,241	\$84,241	\$84,241	\$84,241	\$84,241	\$84,241	\$84,241	\$84,241	\$84,241	\$84,241
Billing System & Consumer Portal	13%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
License & Support Cost		<b>\$145,826</b>	<b>\$205,054</b>	<b>\$228,745</b>	<b>\$264,282</b>	<b>\$299,819</b>	<b>\$359,047</b>	<b>\$374,044</b>	<b>\$619,980</b>	<b>\$865,916</b>	<b>\$898,519</b>
Per Subscriber s/w License Fee	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Network maintenance		\$36,000	\$65,000	\$65,000	\$75,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Locates		\$10,000	\$15,000	\$25,000	\$35,000	\$45,000	\$55,000	\$75,000	\$75,000	\$75,000	\$75,000
Fiber Leases		\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Utilities		\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000
Interconnect fees		\$277,000	\$277,000	\$277,000	\$277,000	\$277,000	\$277,000	\$277,000	\$277,000	\$277,000	\$277,000
Site Leases and easements		\$94,000	\$94,000	\$94,000	\$94,000	\$94,000	\$94,000	\$94,000	\$94,000	\$94,000	\$94,000
Total Support Fees		<b>\$536,000</b>	<b>\$570,000</b>	<b>\$580,000</b>	<b>\$600,000</b>	<b>\$585,000</b>	<b>\$595,000</b>	<b>\$615,000</b>	<b>\$615,000</b>	<b>\$615,000</b>	<b>\$615,000</b>
<b>Service and Maintenance (Fiber)</b>											
Maintenance Fees											
Backbone	0%	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Distribution	0	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
Access	0.50%	\$14,826	\$29,085	\$34,788	\$43,343	\$51,898	\$66,157	\$69,767	\$77,616	\$85,465	\$93,314
Maintenance Fees		<b>\$99,826</b>	<b>\$114,085</b>	<b>\$119,788</b>	<b>\$128,343</b>	<b>\$136,898</b>	<b>\$151,157</b>	<b>\$154,767</b>	<b>\$162,616</b>	<b>\$170,465</b>	<b>\$178,314</b>
Historical Opex and interest		\$77,000,000									
Total Operational Expenses		<b>\$77,781,651</b>	<b>\$889,138</b>	<b>\$928,533</b>	<b>\$992,625</b>	<b>\$1,021,717</b>	<b>\$1,105,204</b>	<b>\$1,143,812</b>	<b>\$1,397,597</b>	<b>\$1,651,381</b>	<b>\$1,691,833</b>

### Capital Expenditure (CAPEX) Summary - Fiber

<b>Passive Infrastructure</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Backbone Network Cost	\$108,600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distribution Network Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Access Infrastructure (FTTP)	\$2,965,170	\$2,851,730	\$1,140,692	\$1,711,038	\$1,711,038	\$2,851,730	\$722,089	\$1,569,760	\$1,569,760	\$1,569,760
<b>Total Backbone, Distribution and Access Costs</b>	<b>\$111,565,170</b>	<b>\$2,851,730</b>	<b>\$1,140,692</b>	<b>\$1,711,038</b>	<b>\$1,711,038</b>	<b>\$2,851,730</b>	<b>\$722,089</b>	<b>\$1,569,760</b>	<b>\$1,569,760</b>	<b>\$1,569,760</b>
<b>Active Infrastructure</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Core Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333,333	\$1,333,333	\$0
Neighborhood Distribution Router Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Neighborhood Distribution Switch Costs (SDU)	\$2,052,810	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333,333	\$1,333,333	\$0
Neighborhood Distribution Switch Costs (MDU)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Neighborhood Distribution Switch Costs (Bus)	\$0	\$1,974,275	\$789,710	\$1,184,565	\$1,184,565	\$1,974,275	\$499,908	\$2,420,090	\$2,420,090	\$1,086,757
Neighborhood Distribution Switch Costs (Govt)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Premise Equipment (SDU)	\$2,106,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Premise Equipment (MDU)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Software Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Active Infrastructure Costs</b>	<b>\$4,158,841</b>	<b>\$1,974,275</b>	<b>\$789,710</b>	<b>\$1,184,565</b>	<b>\$1,184,565</b>	<b>\$1,974,275</b>	<b>\$499,908</b>	<b>\$5,086,756</b>	<b>\$5,086,756</b>	<b>\$1,086,757</b>
<b>Other Capital Costs</b>	<b>\$29,000</b>	<b>\$92,500</b>	<b>\$62,500</b>	<b>\$39,000</b>	<b>\$33,500</b>	<b>\$34,000</b>	<b>\$11,000</b>	<b>\$13,500</b>	<b>\$31,000</b>	<b>\$11,000</b>
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$115,753,011</b>	<b>\$4,918,505</b>	<b>\$1,992,902</b>	<b>\$2,934,603</b>	<b>\$2,929,103</b>	<b>\$4,860,005</b>	<b>\$1,232,998</b>	<b>\$6,670,016</b>	<b>\$6,687,516</b>	<b>\$2,667,517</b>
<b>30 Year Depreciation Capex</b>	\$111,565,170	\$2,851,730	\$1,140,692	\$1,711,038	\$1,711,038	\$2,851,730	\$722,089	\$1,569,760	\$1,569,760	\$1,569,760
<b>5 Year Depreciation Capex</b>	\$4,187,841	\$2,066,775	\$852,210	\$1,223,565	\$1,218,065	\$2,008,275	\$510,908	\$5,100,256	\$5,117,756	\$1,097,757
<b>3 Year Amortization Capex</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Network Cost Assumptions - Fiber

Backbone Network	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Fiber Construction Cost	\$108,600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Number of Backbone Routers	0	0	0	0	0	0	0	0	0	0
Number of Colocation Facilities	0	0	0	0	0	0	0	0	0	0
<b>Backbone Equipment Costs</b>										
Backbone Router (Core)	\$35,000									
Colocation Facility	\$40,000									
<b>Core/Distribution Network</b>										
Fiber cost per premise passed	\$0									
Neighborhood Distribution Router	\$3,500									
Hut/Cabinet Cost	\$20,000									
Number of Distribution Routers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0
Number of Huts/Cabinets	0	0	0	0	0	0	0	0	0	0
<b>Core/Distribution Switch</b>	Ports/Switch	Unit Cost	Cost/Port	Overcapacity	New Cost					
24-port Copper	24	\$4,354	\$181	\$36	\$218					
24-port Fiber	24	\$5,400	\$225	\$45	\$270					
<b>Per Port License Fee</b>	\$0	Pick per port or per subscriber on Opex								
						<b>Overcapacity</b>				
						Copper	20%			
						Fiber	20%			
<b>Access Network</b>								<b>Fiber per Premise Cost</b>	<b>Copper per Premise Cost</b>	
Single Dwelling Unit Drop Cost	\$390					Single Dwelling Unit	\$937		\$706	
Multi Dwelling Unit Drop Cost	\$390					Multi Dwelling Unit	\$937		\$706	
Business Drop Cost	\$390					Business	\$937		\$706	
Government Drop Cost	\$390					Government	\$937		\$706	
CPE Copper	\$98									
CPE Fiber	\$228					Fiber CPE Cost				
Fiber Termination Unit	\$49					\$277				
<b>Access Type</b>										
SDU (1=fiber, 2=copper)	1									
MDU (1=fiber, 2=copper)	2									
Business (1=fiber, 2=copper)	1									
Government (1=fiber, 2=copper)	1									
<b>Network Management Software</b>										
- Network Software Base Price	\$0					<b>Upgrade/Replacement Plan</b>	Year			
- Operations Support Software	\$0					- Backbone Router (Core)	8			
- Billing Software	\$0					- Distribution	8			
- Web Portal Software	\$0					- Neighborhood Distribution Switch	8			
						- Customer Premise Equipment (CPE)	8			
						<b>Plan for Replacement of Obsolete Eqmt.</b>	0%			

## Passive Infrastructure Capital Expenditures (CAPEX) Summary - Fiber

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Backbone Network Costs</b>										
Construction Costs	\$108,600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Colocation Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Backbone Network Cost	\$108,600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cumulative</b>	\$108,600,000	\$108,600,000	\$108,600,000	\$108,600,000	\$108,600,000	\$108,600,000	\$108,600,000	\$108,600,000	\$108,600,000	\$108,600,000
<b>Core/Distribution Network</b>										
Fiber to the Premises (FTTP)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hut/Cabinet	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distribution Network Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cumulative</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Access Infrastructure (FTTP)</b>										
Single Dwelling Unit (SDU)	\$2,965,170	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Multi Dwelling Unit (MDU)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Business	\$0	\$2,851,730	\$1,140,692	\$1,711,038	\$1,711,038	\$2,851,730	\$722,089	\$1,569,760	\$1,569,760	\$1,569,760
Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Last Mile Cost	\$2,965,170	\$2,851,730	\$1,140,692	\$1,711,038	\$1,711,038	\$2,851,730	\$722,089	\$1,569,760	\$1,569,760	\$1,569,760
<b>Cumulative</b>	\$2,965,170	\$5,816,900	\$6,957,592	\$8,668,630	\$10,379,669	\$13,231,399	\$13,953,488	\$15,523,248	\$17,093,008	\$18,662,768
Backbone, Distribution and Access Costs	\$111,565,170	\$2,851,730	\$1,140,692	\$1,711,038	\$1,711,038	\$2,851,730	\$722,089	\$1,569,760	\$1,569,760	\$1,569,760
<b>Cumulative</b>	\$111,565,170	\$114,416,900	\$115,557,592	\$117,268,630	\$118,979,669	\$121,831,399	\$122,553,488	\$124,123,248	\$125,693,008	\$127,262,768

## Active Infrastructure Capital Expenditures (CAPEX) Summary - Fiber

Equipment		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Backbone Network</b>	cost/unit										
Backbone Routers	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333,333	\$1,333,333	\$0
<b>Backbone Network Costs</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333,333	\$1,333,333	\$0
<b>Core/Distribution Routers</b>	cost/unit										
Cost Neighborhood Dist.	\$3,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Core/Distribution Router Costs</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Core/Distribution Switch (SDU)</b>	cost/port										
Cost per Customer	\$270	\$2,052,810	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333,333	\$1,333,333	\$0
<b>Core/Distribution Switch Costs (SDU)</b>		\$2,052,810	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333,333	\$1,333,333	\$0
<b>Core/Distribution Switch (MDU)</b>	cost/port										
Cost per Customer	\$218	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Core/Distribution Switch Costs (MDU)</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Core/Distribution Switch (Business)</b>	cost/port										
Cost per Customer	\$270	\$0	\$1,974,275	\$789,710	\$1,184,565	\$1,184,565	\$1,974,275	\$499,908	\$1,086,757	\$1,086,757	\$1,086,757
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333,333	\$1,333,333	\$0
<b>Core/Distribution Switch Costs (Bus)</b>		\$0	\$1,974,275	\$789,710	\$1,184,565	\$1,184,565	\$1,974,275	\$499,908	\$2,420,090	\$2,420,090	\$1,086,757
<b>Core/Distribution Switch (Government)</b>	cost/port										
Cost per Customer	\$270	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Core/Distribution Switch Costs (Govt)</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Access Network CPE (SDU)</b>	cost/unit										
Cost per Customer	\$277	\$2,106,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Access Network CPE Costs (SDU)</b>		\$2,106,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Access Network CPE (MDU)</b>	cost/unit										
Cost per Customer	\$98	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Access Network CPE Costs (MDU)</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Access Network CPE (Bus.)</b>	cost/unit										
Cost per Customer	\$277	\$0	\$2,025,460	\$810,184	\$1,215,276	\$1,215,276	\$2,025,460	\$512,869	\$1,114,932	\$1,114,932	\$1,114,932
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Access Network CPE Costs (Bus.)</b>		\$0	\$2,025,460	\$810,184	\$1,215,276	\$1,215,276	\$2,025,460	\$512,869	\$1,114,932	\$1,114,932	\$1,114,932
<b>Access Network CPE (Govt.)</b>	cost/unit										
Cost per Customer	\$277	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Upgrades/Replacements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Access Network CPE Costs (Govt.)</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Active Infrastructure Capital Expenditures (CAPEX) Summary - Fiber

<b>Software</b>											
cost/unit											
Per port fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Software Base Price	\$0	0									
Operations Support Software	\$0	0									
Billing Software	\$0	0									
Web Portal Software	\$0	0									
<b>Software Cost</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment Costs	\$4,158,841	\$3,999,734	\$1,599,894	\$2,399,841	\$2,399,841	\$3,999,734	\$1,012,777	\$6,201,688	\$6,201,688	\$2,201,689	
Accumulated	\$4,158,841	\$8,158,575	\$9,758,469	\$12,158,310	\$14,558,151	\$18,557,885	\$19,570,662	\$25,772,349	\$31,974,037	\$34,175,726	

## Depreciation Schedule - Fiber

	Depreciation (Yrs)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>- Passive</b>	20	\$5,578,259	\$5,578,259	\$5,578,259	\$5,578,259	\$5,578,259	\$5,578,259	\$5,578,259	\$5,578,259	\$5,578,259	\$5,578,259
			\$142,587	\$142,587	\$142,587	\$142,587	\$142,587	\$142,587	\$142,587	\$142,587	\$142,587
				\$57,035	\$57,035	\$57,035	\$57,035	\$57,035	\$57,035	\$57,035	\$57,035
					\$85,552	\$85,552	\$85,552	\$85,552	\$85,552	\$85,552	\$85,552
						\$85,552	\$85,552	\$85,552	\$85,552	\$85,552	\$85,552
							\$142,587	\$142,587	\$142,587	\$142,587	\$142,587
								\$36,104	\$36,104	\$36,104	\$36,104
									\$78,488	\$78,488	\$78,488
										\$78,488	\$78,488
											\$78,488
Depreciation/ Yr		\$5,578,259	\$5,720,845	\$5,777,880	\$5,863,432	\$5,948,983	\$6,091,570	\$6,127,674	\$6,206,162	\$6,284,650	\$6,363,138
Accumulated		\$5,578,259	\$11,299,104	\$17,076,983	\$22,940,415	\$28,889,398	\$34,980,968	\$41,108,642	\$47,314,805	\$53,599,455	\$59,962,594
<b>- Active</b>	5	\$837,568	\$837,568	\$837,568	\$837,568	\$837,568	\$0	\$0	\$0	\$0	\$0
			\$413,355	\$413,355	\$413,355	\$413,355	\$413,355	\$0	\$0	\$0	\$0
				\$170,442	\$170,442	\$170,442	\$170,442	\$170,442	\$0	\$0	\$0
					\$244,713	\$244,713	\$244,713	\$244,713	\$244,713	\$0	\$0
						\$243,613	\$243,613	\$243,613	\$243,613	\$243,613	\$0
							\$401,655	\$401,655	\$401,655	\$401,655	\$401,655
								\$102,182	\$102,182	\$102,182	\$102,182
									\$1,020,051	\$1,020,051	\$1,020,051
										\$1,023,551	\$1,023,551
											\$219,551
Depreciation/ Yr		\$837,568	\$1,250,923	\$1,421,365	\$1,666,078	\$1,909,691	\$1,473,778	\$1,162,604	\$2,012,214	\$2,791,052	\$2,766,990
Accumulated		\$837,568	\$2,088,491	\$3,509,856	\$5,175,935	\$7,085,626	\$8,559,403	\$9,722,008	\$11,734,222	\$14,525,274	\$17,292,264
<b>- Amortization</b>	3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
					\$0	\$0	\$0	\$0	\$0	\$0	\$0
						\$0	\$0	\$0	\$0	\$0	\$0
							\$0	\$0	\$0	\$0	\$0
								\$0	\$0	\$0	\$0
									\$0	\$0	\$0
										\$0	\$0
											\$0
Amortization/ Yr		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

### Depreciation Schedule - Fiber

<b>Assets</b>										
<b>Yearly Costs</b>	\$115,753,011	\$4,918,505	\$1,992,902	\$2,934,603	\$2,929,103	\$4,860,005	\$1,232,998	\$6,670,016	\$6,687,516	\$2,667,517
- Passive	\$111,565,170	\$2,851,730	\$1,140,692	\$1,711,038	\$1,711,038	\$2,851,730	\$722,089	\$1,569,760	\$1,569,760	\$1,569,760
- Equipment	\$4,187,841	\$2,066,775	\$852,210	\$1,223,565	\$1,218,065	\$2,008,275	\$510,908	\$5,100,256	\$5,117,756	\$1,097,757
- Software	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Accumulated Costs</b>	\$115,753,011	\$120,671,516	\$122,664,418	\$125,599,021	\$128,528,124	\$133,388,129	\$134,621,127	\$141,291,142	\$147,978,658	\$150,646,174
<b>Amortization</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Depreciation</b>	\$6,415,827	\$6,971,768	\$7,199,245	\$7,529,510	\$7,858,675	\$7,565,348	\$7,290,279	\$8,218,376	\$9,075,702	\$9,130,129
<b>Intangible Asset Value</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Book Value</b>	\$109,337,184	\$107,283,921	\$102,077,578	\$97,482,672	\$92,553,100	\$89,847,757	\$83,790,476	\$82,242,116	\$79,853,929	\$73,391,317

### Other Capital Assets Expenditures

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Other Capital Expenditures</b>										
Vehicles	\$20,000	\$40,000	\$20,000	\$20,000	\$20,000	\$20,000			\$20,000	
Office Equipment	\$5,000	\$10,000	\$15,000	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Office Furnishings	\$2,500	\$2,500	\$2,500	\$1,500	\$1,000	\$1,500	\$1,000	\$1,000	\$1,000	\$1,000
Network Diagnostic Equipment	\$0	\$20,000	\$15,000	\$5,000	\$5,000	\$2,500	\$2,500	\$5,000	\$2,500	\$2,500
Field Tools and Equipment	\$1,500	\$20,000	\$10,000	\$2,500	\$2,500	\$5,000	\$2,500	\$2,500	\$2,500	\$2,500
<b>Other Capital Expenditures</b>	<b>\$29,000</b>	<b>\$92,500</b>	<b>\$62,500</b>	<b>\$39,000</b>	<b>\$33,500</b>	<b>\$34,000</b>	<b>\$11,000</b>	<b>\$13,500</b>	<b>\$31,000</b>	<b>\$11,000</b>