

Pineville Communications Systems – Strategic Analysis

September 2024

Chris Fortuna, Director Financial Services

Nova Patel, Executive Business Consultant

Bhavini Sokhey, Vice President Financial Services



Index

- 1. Strengths and Weaknesses**
- 2. National Broadband Trends**
- 3. Competitive Analysis**
- 4. Subscriber Trends**
- 5. Financial Modelling**
 - Assumptions
 - Scenario Analysis
- 6. Recommendations**

Pineville: Strengths and Weakness

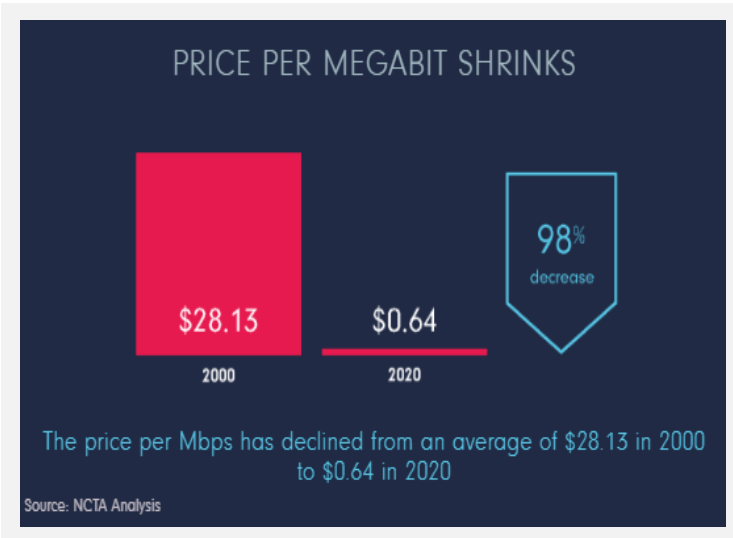
Strengths

- Local Provider: Strong community presence and trust
- Long History of Operations: Established reputation and reliability in the area
- Bundled Services: Customers receive discounts when both electric and internet services are subscribed.
- Strong customer service
- High quality Fiber-to-the-Home network

Weakness

- Heavy Competition: Facing strong competition from Spectrum, T-Mobile, and Verizon. Spectrum has a presence in over 93% of the serviceable locations
- Lack of Economies of Scale: Smaller scale operations limit cost advantages
- Lower Capex Funding Ability: Challenges in securing funds for capital expenditures
- Reduced agility in decision-making compared to private competitors limits adaptability and competitiveness
- Heavy competition constrains Pineville's ability to increase revenues by increasing product pricing

National Broadband Trends



Broadband Prices Drop as Speeds Increase

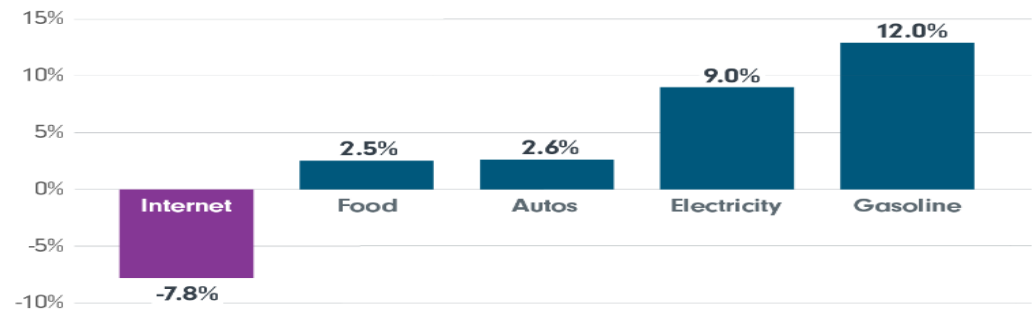
Between 2015 and 2023, broadband prices declined as speeds skyrocketed.



Source: USTelecom 2023 Broadband Pricing Index, Tables 5 and 7, reflecting a subscriber-weighted average of real (inflation-adjusted) prices.

- According to an analysis by NCTA, the cost per megabit per second has significantly decreased over the years. In 2008, consumers were paying around \$9.01 per Mbps, but by 2018, that price had dropped to just \$0.76 per Mbps—a remarkable 92% decline. As a result, broadband has become much more competitive, offering consumers more choices and lower prices.

Inflation-adjusted Prices for Internet Services Versus Other Goods & Services, 2021–2024

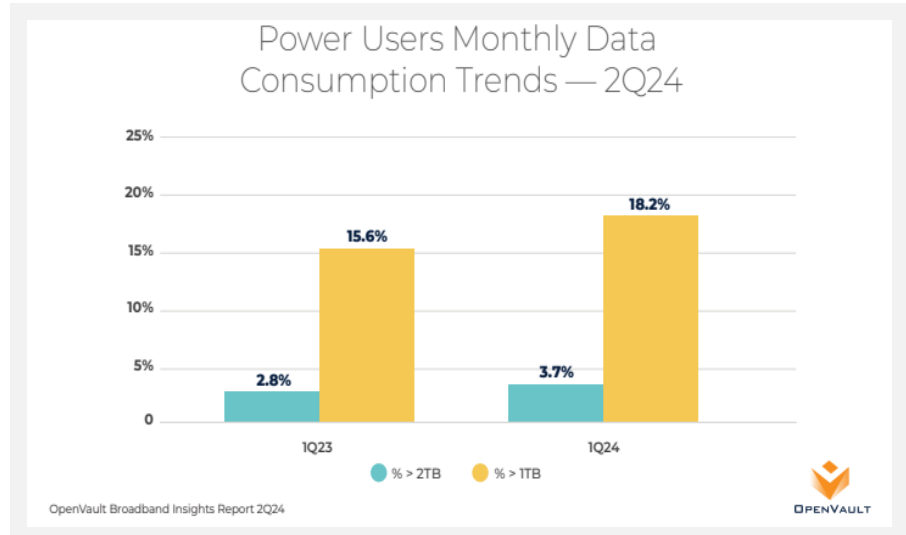
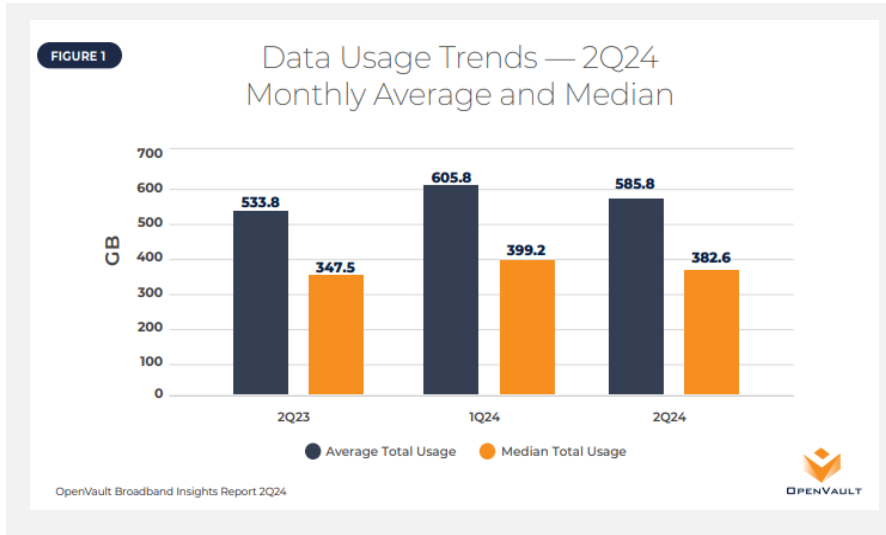


Note: U.S. Bureau of Labor Statistics Consumer Price Index data for “Internet services and electronic information providers in U.S. city average, all urban consumers, not seasonally adjusted”, comparing January 2021 to January 2024

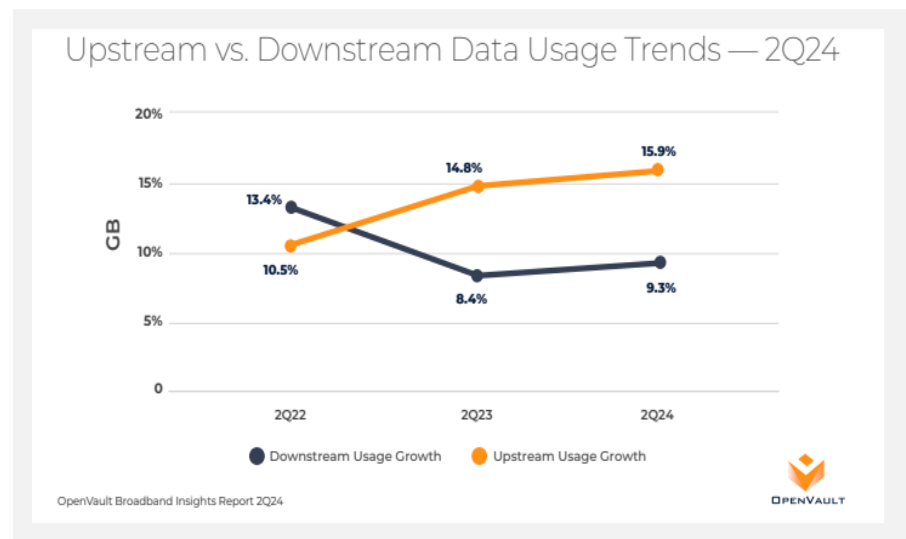
Source: Bureau of Labor Statistics

Source: NCTA

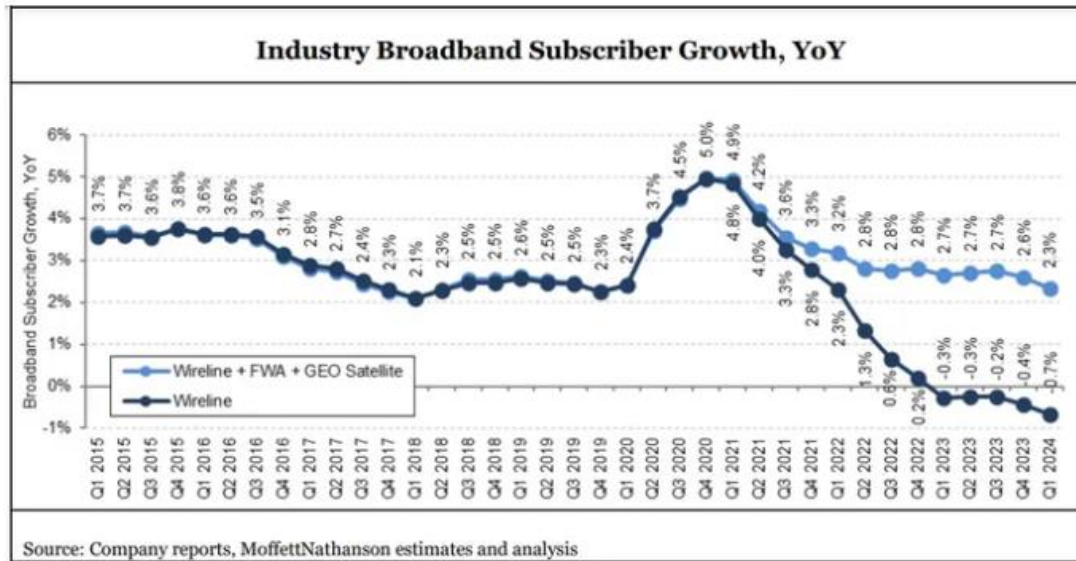
National Broadband Trends



- According to OpenVault's Average Broadband Household Index – 2Q24, the average U.S. broadband household used 585.8 GB (544.3 GB downstream, 41.5 GB upstream) with average speeds of 567 Mbps downstream and 31 Mbps upstream.
- Upstream data usage increased by 15.9% from 2Q23, continuing to outpace downstream growth, which was 9.3%.
- In 2Q24, 18.2% of users consumed 1 TB or more per month, a 16.5% year-over-year increase, with Power Users seeing a 34% rise in upstream data usage and a 17% increase in downstream usage.
- The percentage of subscribers with speeds below 400 Mbps dropped by over 33%, now sits at 41%, while Extreme Power Users (5 TB+ per month) increased by 77% since 2Q23.

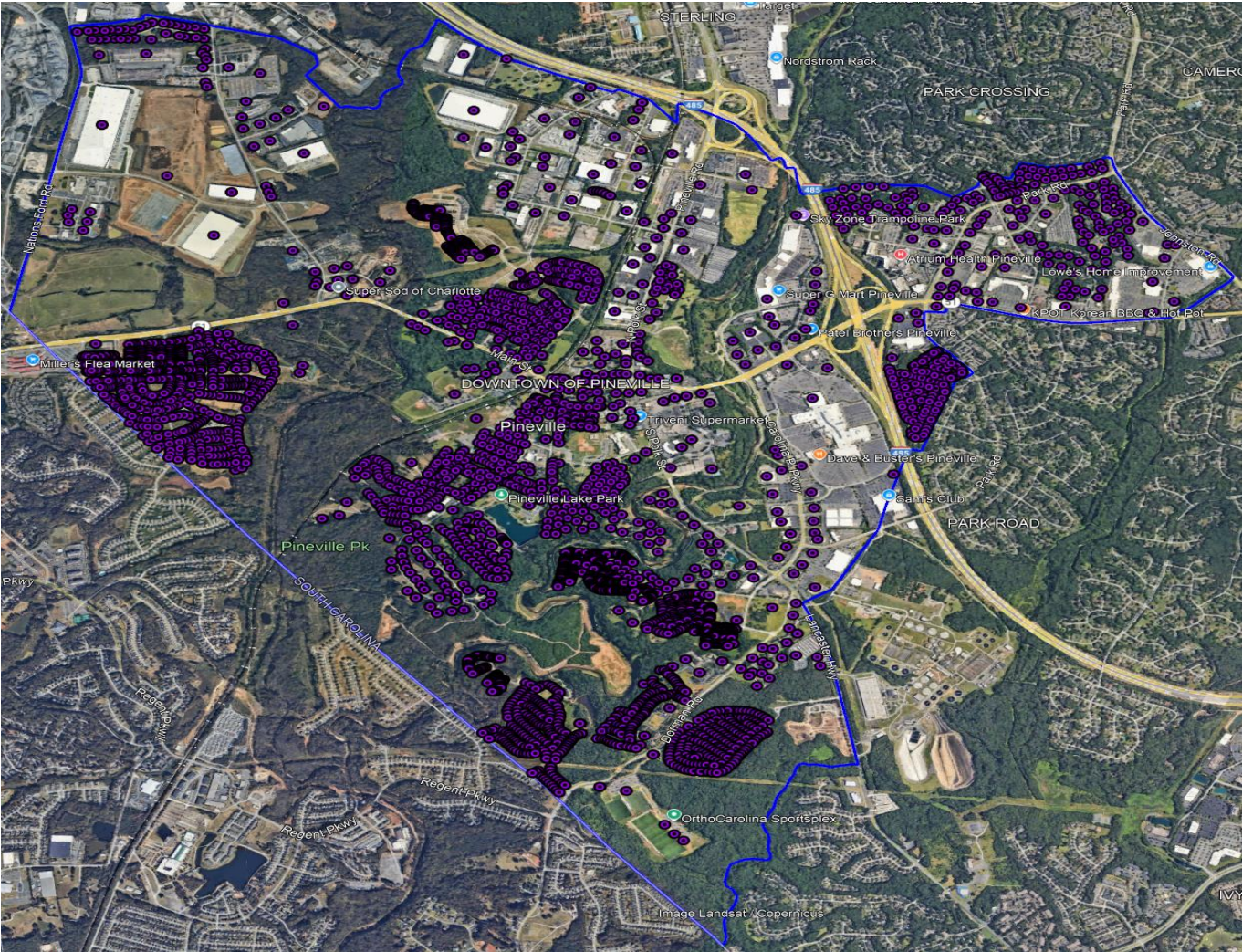


National Broadband Trends



- Declining Growth Across Technologies: Growth in Wireline, Fixed Wireless Access (FWA), and GEO Satellite services has slowed since Q4 2020
- Steeper Decline in Wireline: Wireline services have experienced a sharper decline, reaching negative growth in recent quarters (Q1 2023 to Q1 2024)
- FWA & GEO Satellite Resilience: While growth in FWA and GEO Satellite has also slowed, it has maintained a positive rate, dropping to 2.3% in Q1 2024 from 5% in Q4 2020
- Comparative Performance: In contrast, Wireline saw a significant decline, with growth falling to -0.7% in Q1 2024
- Higher current growth in FWA and GEO Satellite may be attributable to as those technologies emerge, they are reaching new customers in under-served areas quicker than wireline network investments.

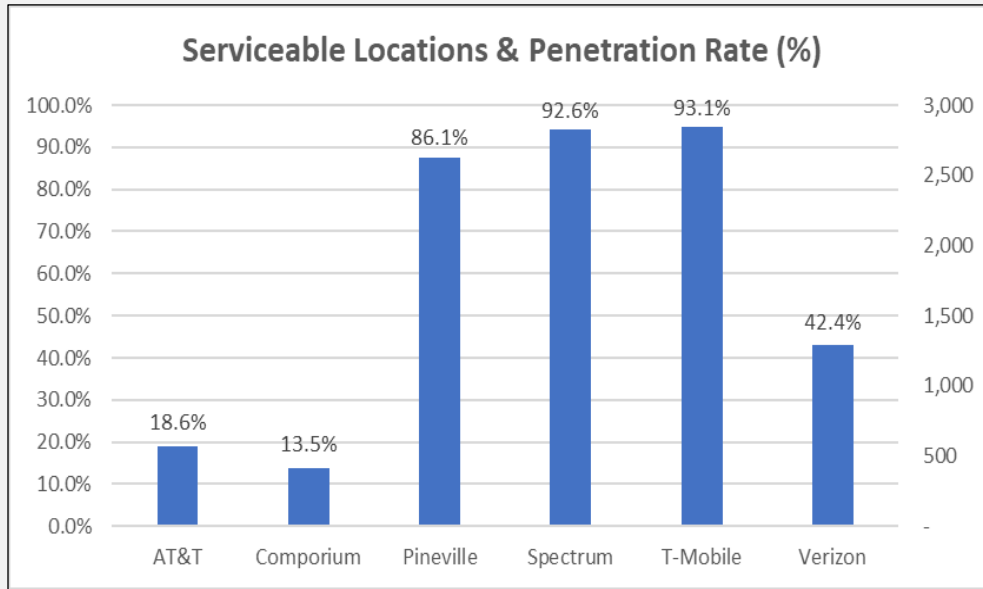
Pineville Town Map



Source: Competitive Analysis KMZ File



Location & Competitor Analysis



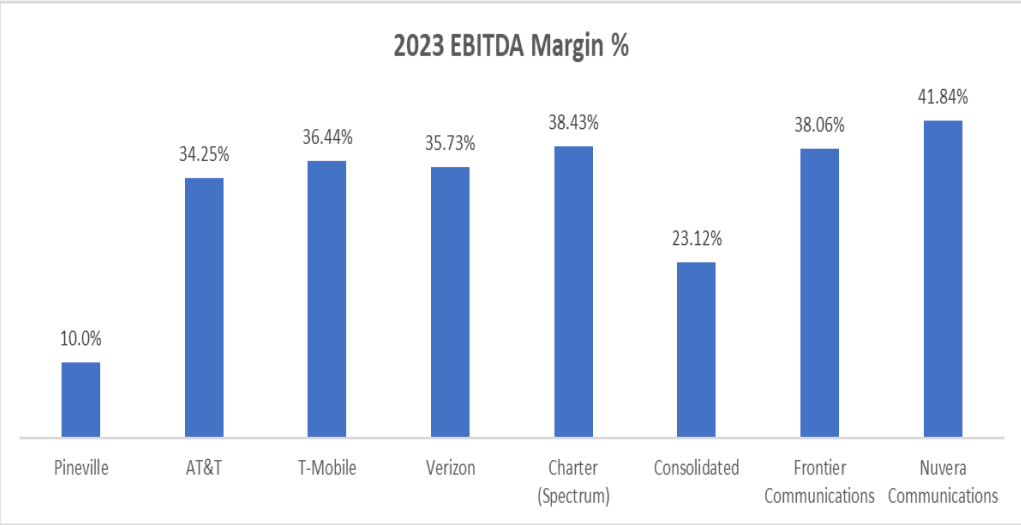
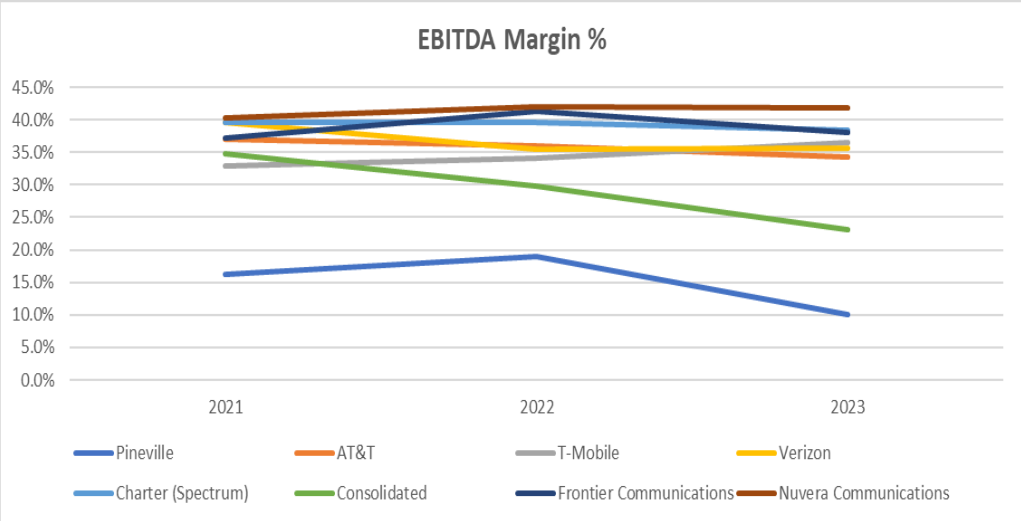
Provider	# of Locations	Max Download	Max Upload
AT&T Copper 0/0	39	0	0
AT&T Copper 10/1+	17	10	1
AT&T Copper 100/20+	13	100	20
AT&T Copper 25/3+	94	75	20
AT&T Fiber 1 Gig+	403	5000	5000
AT&T L Fixed Wireless 25/3+	3	25	3
Comporium, Inc. Fiber 1 Gig+	411	1000	1000
Pineville Communication Systems Copper 25/3+	276	50	5
Pineville Communication Systems Fiber 1 Gig+	2351	1000	1000
Spectrum Coax 1 Gig+	2708	1000	35
Spectrum Fiber 1 Gig+	117	1000	500
T-Mobile L Fixed Wireless 0/0	239	0	0
T-Mobile L Fixed Wireless 100/20+	928	100	20
T-Mobile L Fixed Wireless 25/3+	1673	25	3
Verizon L Fixed Wireless 1 Gig+	3	1000	75
Verizon L Fixed Wireless 10/1+	243	10	1
Verizon L Fixed Wireless 100/20+	1019	400	40
Verizon L Fixed Wireless 25/3+	28	50	5

Provider	Unique Locations	Penetration Rate
T-Mobile	2,840	93.1%
Spectrum	2,825	92.6%
Pineville	2,627	86.1%
Verizon	1,293	42.4%
AT&T	569	18.6%
Comporium	411	13.5%
Total Serviceable Unique Locations	3,051	100.0%

- The total number of unique serviceable locations across all providers is 3,051.
- T-Mobile has the highest location penetration rate at 93.1%. However, all its serviceable locations offer a maximum download speed of 100 Mbps and a maximum upload speed of 20 Mbps.
- Spectrum follows with a location penetration rate of 92.6%. It provides high-speed internet with 1 GIG+ speeds. Of its serviceable locations, 2,708 are served by Coax, and 117 are served by Fiber.
- Pineville has the third highest location penetration rate at 86.1%. Notably, 89.4% of its serviceable locations are covered by 1 GIG+ Fiber, highlighting its strong competitive



Peer Group EBITDA Margin Comparison



- Note: EBITDA figures for AT&T, T-Mobile, Verizon, and Charter (Spectrum) represent blended rates across multiple services, including wireless, video, and cable
- Pineville’s EBITDA has shown big changes, dropping from 19.0% in 2022 to 10.0% in 2023, with a slight increase to 12.9% in 2024 FQ2.
- In comparison, peers like AT&T, T-Mobile, Verizon, and Charter (Spectrum) have much higher and stable EBITDA rates, usually over 30%.
- T-Mobile, in particular, has had strong growth, increasing from 32.93% in 2021 to 37.85% in 2024 FQ2.
- Nuvera Communications has consistently reported high EBITDA, with rates above 40% across the years, showing a slight decrease to 40.14% in 2024 FQ2, reflecting a strong and stable performance, partially driven by its regulatory USF support.
- Frontier Communications has demonstrated strong and stable EBITDA rates, increasing from 37.20% in 2021 to 38.89% in 2024 FQ2, highlighting its consistent operational efficiency.
- Consolidated Communications has experienced a decline in EBITDA from 34.78% in 2021 to 24.09% in 2024 FQ2, indicating challenges in maintaining profitability, although their rates have remained relatively higher than Pineville’s.
- Please note that the EBITDA figures for AT&T, T-Mobile, Verizon, and Charter (Spectrum) cover multiple services, including wireless, video, and cable, which may make direct comparisons with Pineville less clear.

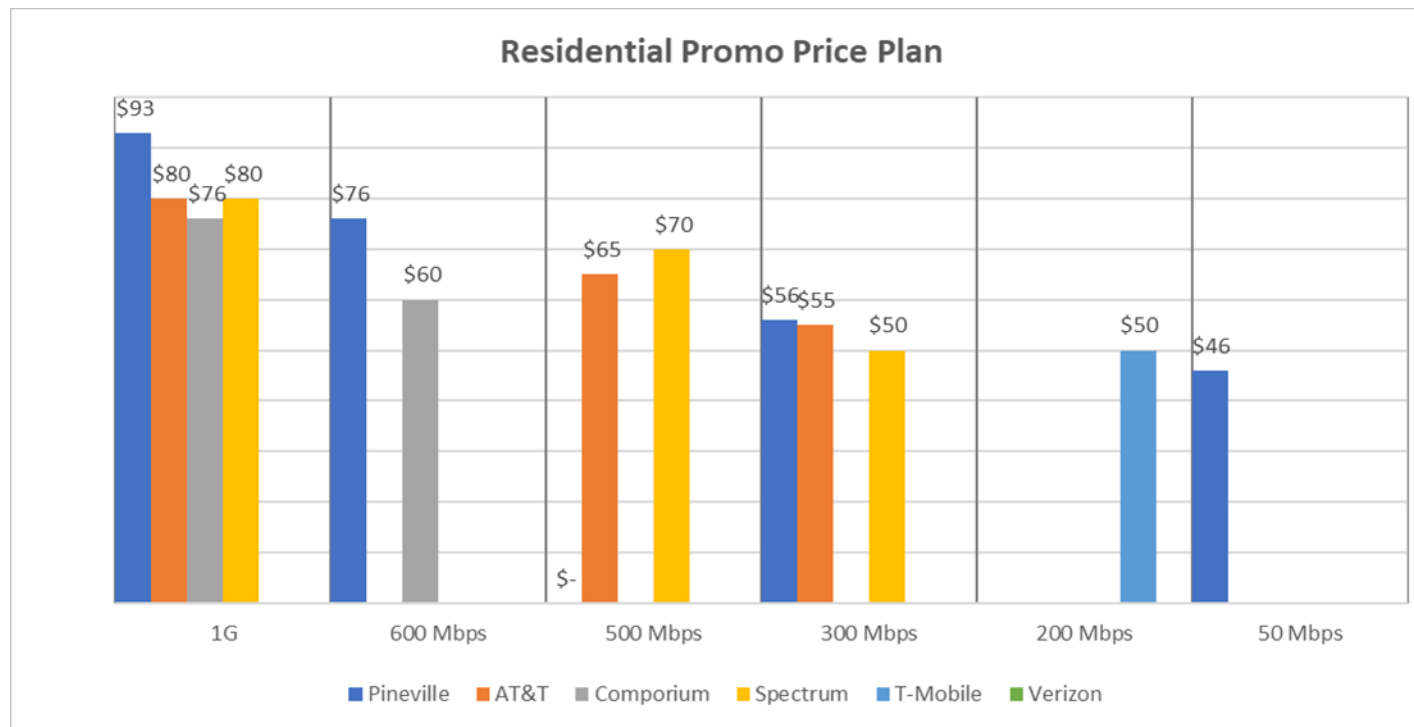


Competitor Pricing: Residential (Excl. Promotions)



- Pineville offers the lowest price for most speed tiers, making it highly competitive in the market (when excluding promotional pricing).
- At the 1 Gbps speed tier, Pineville's price is \$92.95, which is lower than all other providers except for AT&T at \$90. The highest competitor price is Spectrum's \$117.99, making Pineville's offering 22% cheaper than the highest price.
- For the 300 Mbps tier, Pineville's price is \$55.95, significantly lower than AT&T and Spectrum, which charge \$65 and \$87.99 respectively. This makes Pineville nearly 48% cheaper than Spectrum for this speed.
- Note: T-Mobile advertises 200 Mbps but its wireless technology may not realize those speeds in all locations.

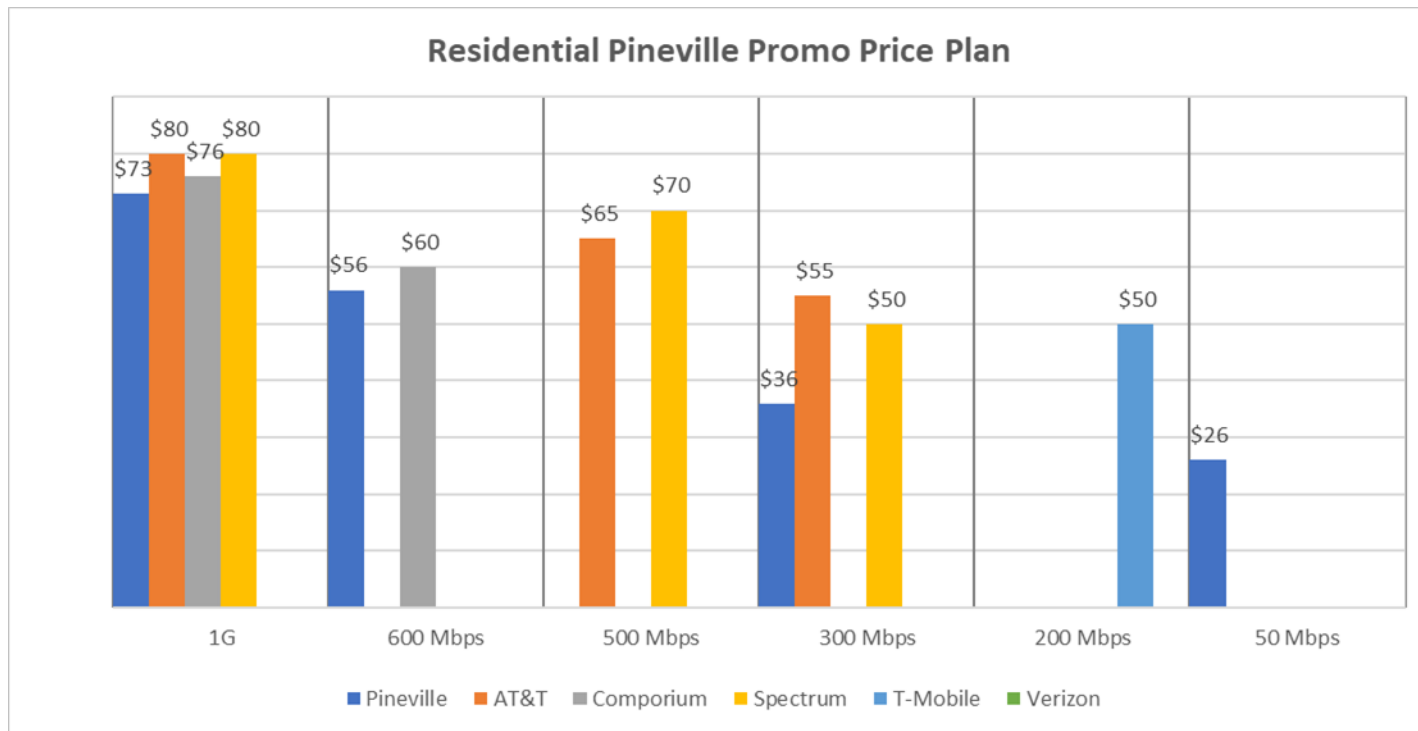
Competitive Pricing: Residential (Incl. Competitor Promotions)



*Notes: Reflects Spectrum's recent promo pricing updates as of September 16, 2024.
Pineville is non promo price plan

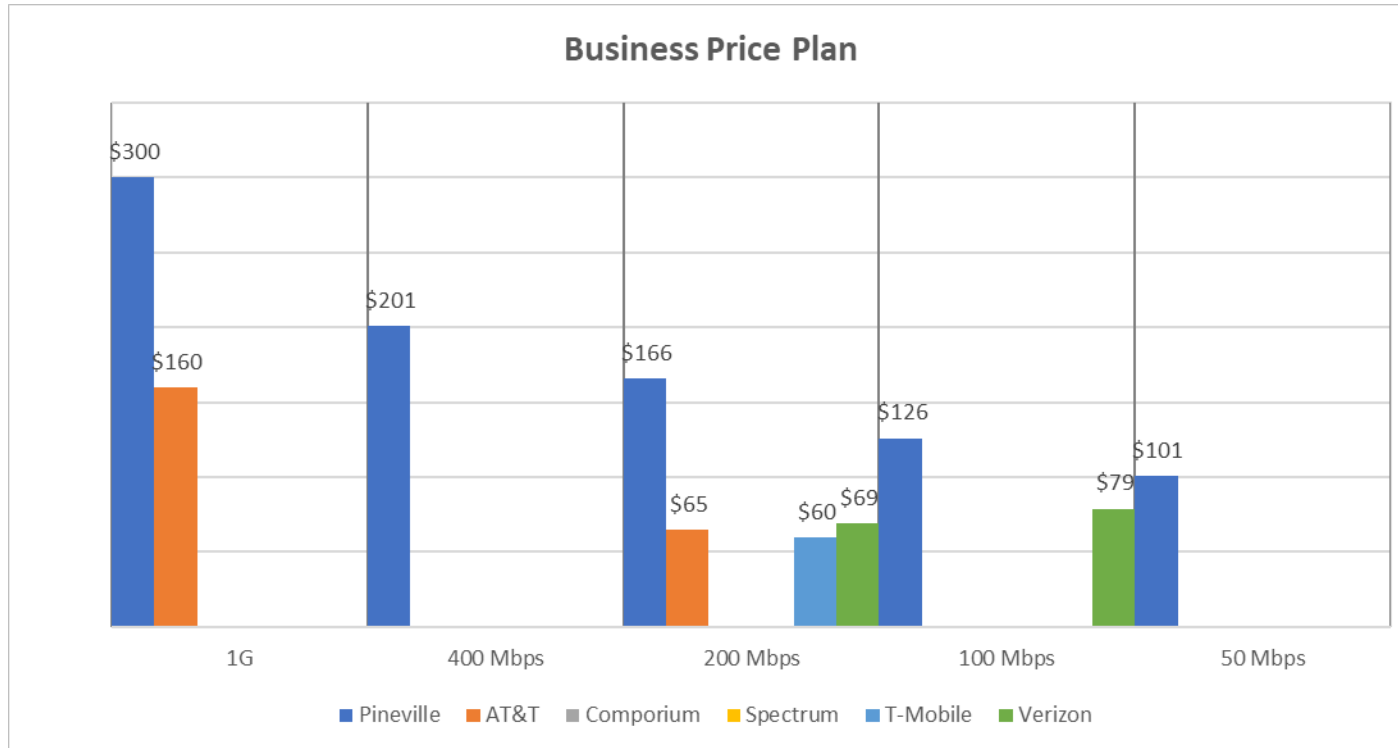
- For the 1 Gbps speed tier, Pineville is priced at \$92.95, which is higher than all competitors who are offering promotional rates ranging between \$76 and \$80. Pineville may need to introduce or adjust its promotional pricing to better compete with other providers in the 1 Gbps tier. This could involve temporary discounts or bundled offers to match or undercut competitor prices.
- At the 600 Mbps tier, Pineville offers a price of \$75.95, which is higher than Comporium's \$59.99, but still within a competitive range considering the slight price difference.
- In the 300 Mbps categories, Pineville's undiscounted pricing is quite competitive, where it remains higher than Spectrum's and close to AT&T's price point.

Competitive Pricing: Residential (Incl. Pineville Promotions and Competitor Promotions)



- For the 1 Gbps tier, Pineville's \$72.95 price is competitive, especially with its \$20 promotion, compared to competitors' rates of \$76 to \$80.
- At 600 Mbps, Pineville's \$55.95 is slightly lower than Comporium's \$60.
- At 300 Mbps, Pineville's \$35.95 is lower than Spectrum's \$49.99 and AT&T's \$55, making it a strong offer.
- Pineville does not offer 500 Mbps and 200 Mbps service tiers.
- Note: Pineville Electric consumers receive a \$20 monthly discount when subscribing to internet service. They can also get an additional \$22.50 discount by adding both phone and internet services, or a \$25 discount by adding phone, internet, and unlimited long distance. Pineville also offers case-by-case discounts for modem/router installation. For our analysis, we assumed at \$20 discount.

Competitor Pricing: Business



- For the 1 Gbps tier, Pineville is priced at \$299.95, much higher than AT&T's \$160. Indicates price adjustment is necessary to compete.
- In the 200 Mbps tier, Pineville's \$165.95 is notably higher than Comporium's \$65, T-Mobile's \$60, and Verizon's \$69. A price reduction could improve competitiveness.
- For the 100 Mbps tier, Pineville's \$125.95 is significantly above T-Mobile's \$79, indicating room for adjustment to attract more customers (depending on the quality of T-Mobile's realized broadband speeds).
- For the 400 Mbps and 50 Mbps, Pineville faces no direct competition.
- Pineville business consumers do not receive any discounts but may receive case-by-case discounts on modem/router installations.

Competitor Prices

Internet Plans	Pineville		AT&T		Comporium		Spectrum		T-Mobile		Verizon	
	Price	Promo Price	Price	Promo Price	Price	Promo Price	Price	Promo Price	Price	Promo Price	Price	Promo Price
RESIDENTIAL												
5G			\$ 255.00	\$ 245.00	\$ 134.94							
2G			\$ 155.00	\$ 145.00	\$ 119.94							
1G	\$ 92.95		\$ 90.00	\$ 80.00	\$ 104.94	\$ 75.99	\$ 117.99	\$ 79.99				
600 Mbps	\$ 79.95				\$ 88.94	\$ 59.99						
600 Mbps+Voice					\$ 89.99							
600 Mbps+Video+Security					\$ 238.86	\$ 179.99						
600 Mbps+Video+Voice+Security					\$ 250.33	\$ 190.99						
500 Mbps			\$ 75.00	\$ 65.00			\$ 107.99	\$ 69.99				
400 Mbps					\$ 29.94							
400 Mbps+Video					\$ 155.86	\$ 99.99						
400 Mbps+Voice+Video					\$ 181.59	\$ 114.99						
300 Mbps	\$ 55.95		\$ 65.00	\$ 55.00			\$ 87.99	\$ 49.99			\$ 79.00	
200 Mbps									\$ 65.00	\$ 40.00		
200 Mbps									\$ 75.00	\$ 50.00		
100 Mbps					\$ 29.99	\$ 49.94					\$ 69.00	
50 Mbps	\$ 45.95											
Business												
5G			\$ 285.00									
2G			\$ 185.00									
1G	\$ 299.95		\$ 160.00									
500 Mbps			\$ 110.00									
400 Mbps	\$ 200.95											
300 Mbps			\$ 70.00									
200 Mbps	\$ 165.95		\$ 65.00	\$ 60.00					\$ 60.00		\$ 69.00	
100 Mbps	\$ 125.95										\$ 79.00	
50 Mbps	\$ 100.95											

- **Residential Plans:** Pineville offers lower prices compared to Spectrum, Comporium, and most of AT&T's plans for equivalent speed tiers. However, for the 1G speed plan, Pineville's price is higher than AT&T's
- **Business Plans:** Pineville's business plans are generally more expensive than competitor offerings, particularly in higher-speed tiers, which may impact their competitiveness
- When considering promotional prices, Pineville's prices are generally higher compared to most competitors, especially in the higher-speed and lower-speed tiers where competitors like Spectrum, T-Mobile, Verizon, and Comporium offer more competitive promotional rates. Pineville does not offer any standalone promotional pricing, which puts its rates at a disadvantage compared to other major providers who do provide promotional offers. Pineville Electric Consumers who then subscribe to PCS Internet service receive a \$20.00 discount monthly off of their electric bill, with the possibility of a higher discount if they add phone service and unlimited long distance.



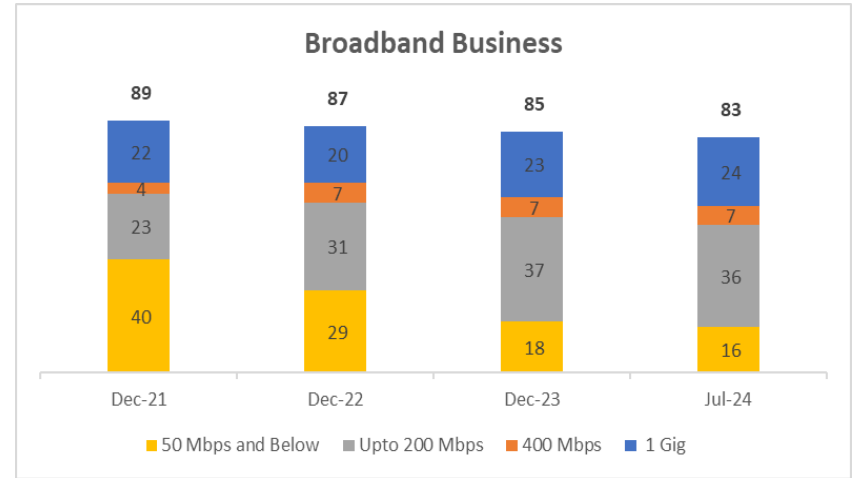
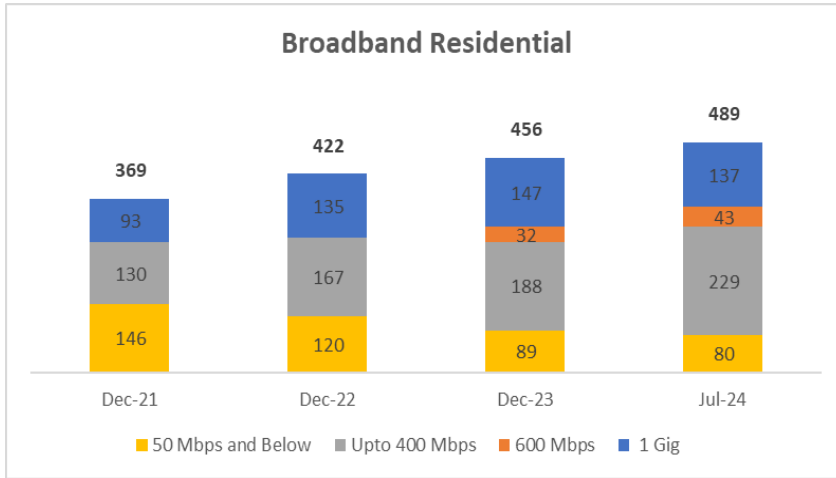
Competitive Summary

- Spectrum (Charter) is the strongest direct competitor to Pineville with high market penetration, well established penetration in the region with aggressive pricing and bundling strategies. Spectrum also delivers a wireline broadband product deliver fast broadband speed that can directly compete with Pineville in its broadband speed offerings.
- AT&T can provide 1G+ speeds speeds but only in select markets. Its limited coverage restricts overall market impact.
- Similar to AT&T, Comporium offers high speed broadband but only in a limited portion of Pineville’s service area also restricting its overall market competitive impact.
- T-Mobile and Verizon both offer a fixed wireless broadband product which is considered inferior to wireline broadband in terms of download/upload broadband speed capability. However, they both cover large portions of Pineville’s service territory. At this point, they were not considered to be a strong competitive threat to Pineville due to the quality of their broadband offerings.
- In summary, Pineville should price its residential broadband product speed packages to directly compete with Spectrum for market share. For business, Pineville should price its business broadband offerings to directly compete with AT&T and Spectrum for business customers.
- Pineville enjoys a competitive advantage being the “local” provider and should aim to capitalize on that as much as possible emphasizing its local customer service position, high quality fiber-to-the-home network and overall stake in/connection to the Pineville community.

Competitive Product Analysis

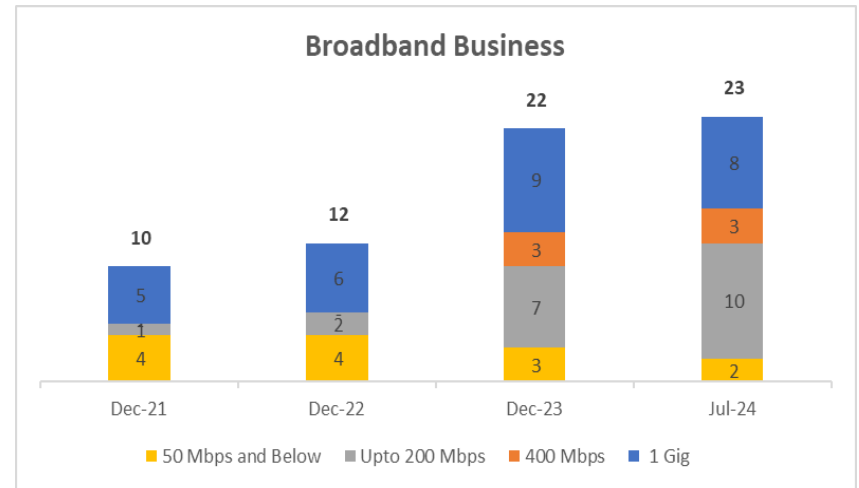
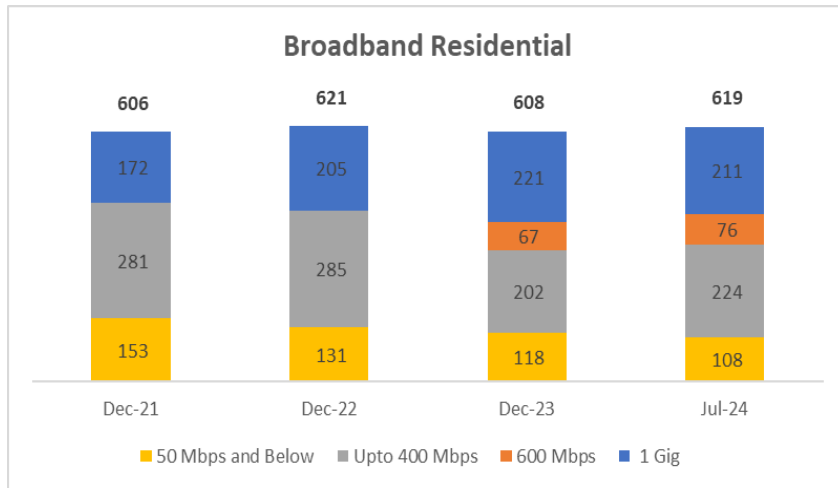
- 1 Assess your current product pricing.
- 2 Compare key features.
- 3 Pinpoint differentiators.
- 4 Identify market gaps.

Subscriber Trends: ILEC Funds



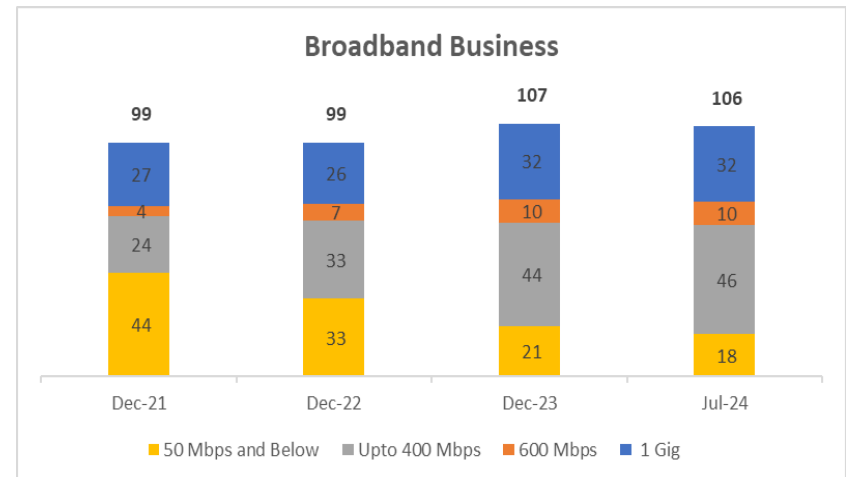
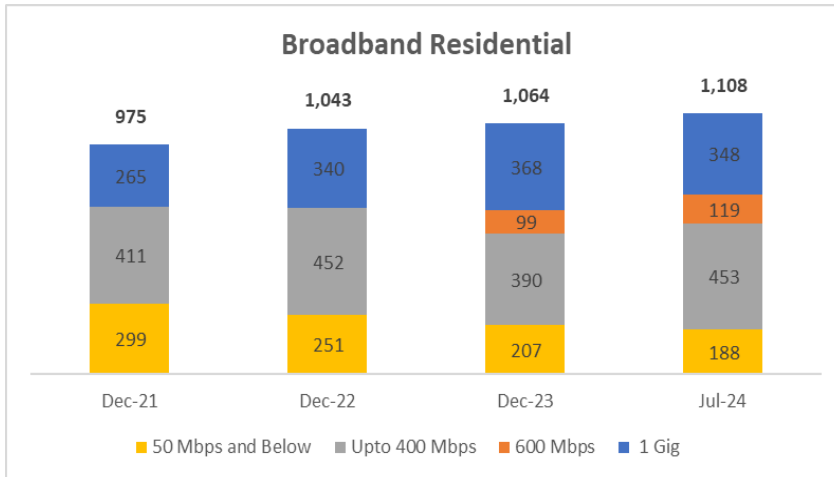
- **Residential Broadband: Subscriber base grew steadily from 369 in Dec 2021 to July 2024, shows a consistent increase in market penetration**
 - 1 Gig: Grew from 93 subscribers in Dec 2021 to 147 in Dec 2023, but declined slightly to 137 by July 2024
 - 600 Mbps: Service introduced after 2022, Rapid growth from 32 in Dec 2023 to 43 by July 2024
 - Up to 400 Mbps: Significant growth from 130 subscribers in Dec 2021 to 229 by July 2024
 - 50 Mbps and Below: Decline in share as more subscribers migrate to higher speed options, reflecting overall market trend towards faster internet service
- **Business Broadband: Subscriber base slightly decreased from 89 in Dec 2021 to 83 in July 2024**
 - 1 Gig: Stable growth, increasing from 22 subscribers in Dec 2021 to 24 by July 2024
 - 400 Mbps: Moderate growth, rising from 4 subscribers in Dec 2021 to 7 since Dec 2022, maintaining stability through July 2024
 - Up to 200 Mbps: Consistent growth from 23 subscribers in Dec 2021 to 36 in July 2024
 - 50 Mbps and Below: Significant decline from 40 subscribers in Dec 2021 to 16 by July 2024

Subscriber Trends: CLEC Funds



- Residential Broadband: Subscriber base saw modest growth, increasing from 606 in December 2021 to 619 by July 2024**
 - 1 Gig: Subscriber count grew from 172 in December 2021 to 221 in December 2023, but then saw a slight decrease to 211 by July 2024
 - 600 Mbps: Service was introduced in 2022 and has experienced growth, reaching 76 subscribers by July 2024 from an initial count of 67
 - Up to 400 Mbps: Subscriber numbers showed variability but overall growth, rising from 281 in December 2021 to 224 in July 2024
 - 50 Mbps and Below: Segment steadily declining, with subscribers falling from 153 in December 2021 to 108 by July 2024, reflecting a shift towards higher-speed plans
- Business Broadband: The subscriber base experienced a slight increase, growing from 10 in December 2021 to 23 by July 2024**
 - 1 Gig: Subscriber count was relatively stable, increasing from 5 in December 2021 to 8 by July 2024
 - 400 Mbps: Service introduced in 2022, stayed constant
 - Up to 200 Mbps: Showed growth, expanding from 1 subscriber in December 2021 to 10 by July 2024
 - 50 Mbps and Below: Decrease, with subscribers dropping from 4 in December 2021 to 2 by July 2024

Subscriber Trends: ILEC & CLEC



- Residential Broadband: Overall subscriber base increased from 975 in December 2021 to 1,108 by July 2024, indicating consistent growth across service plans**
 - 1 Gig: Subscribers grew from 265 in December 2021 to 368 in December 2023, before declining slightly to 348 by July 2024
 - 600 Mbps: Service introduced in 2022, saw substantial growth, reaching 119 subscribers by July 2024
 - Up to 400 Mbps: Showed significant growth, rising from 411 subscribers in December 2021 to 453 by July 2024
 - 50 Mbps and Below: Subscribers declined from 299 in December 2021 to 188 by July 2024, reflecting a shift towards higher-speed options
- Business Broadband: Subscriber base remained relatively stable, increasing slightly from 99 in December 2021 to 106 by July 2024**
 - 1 Gig: Subscriber numbers remained consistent, with a slight increase from 27 in December 2021 to 32 by July 2024
 - 600 Mbps: Plan saw steady growth, increasing from 4 subscribers in December 2021 to 10 by July 2024
 - Up to 400 Mbps: Experienced notable growth, rising from 24 subscribers in December 2021 to 46 by July 2024
 - 50 Mbps and Below: Subscribers decreased from 44 in December 2021 to 18 by July 2024, reflecting a trend towards higher-speed plans

Up Next

The following sections provide 5 distinct scenario analyses with varying levels of business and residential customer growth rates, price plans, and operating expenses. Each scenario includes detailed insights on financials, subscriber numbers, ARPU, penetration rates, and serviceable locations.

- **Scenario Analysis Breakdown:**

- **Scenario 1:** Business-As-Usual
- **Scenario 2:** New 3 GIG Business Plan, 1 GIG Price Change
- **Scenario 3:** Business Plan Price Changes; Additional Residential Growth
- **Scenario 4:** Reducing Operating Expenses
- **Scenario 5:** Optimized Pricing and Reduced Operating Expenses

Scenario 1 Base: Business-As-Usual

SUMMARY OPERATING FORECAST - BASE SCENARIO														Amounts in \$000
10 YR PROJECTIONS														
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Revenues														
Internet Revenues	759	977	1,138	1,223	1,291	1,387	1,493	1,609	1,736	1,838	1,919	1,989	2,055	2,118
All Other Revenues	1,201	1,179	1,215	1,208	1,168	1,129	1,094	1,061	1,030	1,001	974	949	925	902
Total Revenues	1,960	2,155	2,352	2,431	2,459	2,516	2,587	2,669	2,766	2,840	2,893	2,938	2,979	3,021
<i>Growth</i>		10.0%	9.1%	3.4%	1.1%	2.3%	2.8%	3.2%	3.6%	2.7%	1.9%	1.5%	1.4%	1.4%
Operating Expenses	1,643	1,746	2,118	2,117	2,169	2,240	2,314	2,390	2,471	2,550	2,628	2,707	2,787	2,870
EBITDA	317	410	235	314	289	276	274	279	295	290	265	231	192	151
<i>EBITDA Margin</i>	16%	19%	10%	13%	12%	11%	11%	10%	11%	10%	9%	8%	6%	5%
Total Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(415)	(415)	(415)	(415)	(415)	(415)
Balance Sheet - Ending Cash	1,955	1,616	1,480	1,568	421	(115)	(853)	(1,627)	(1,755)	(1,887)	(2,042)	(2,230)	(2,457)	(2,725)

*Internet Revenue include internet revenues and modem revenues

- **Main Assumption:** The business remains as usual with no change in any residential or business plans and their prices. Planned network additions through 2028 to 613 new locations are completed.
- **Projected Subscriber Growth:** Moderate growth observed with ILEC & CLEC subscribers increasing by 7.0% in 2025, tapering down gradually to 2.9% by 2034 as penetration reaches higher saturation. Broadband penetration rate grows steadily from 34.0% in 2025, reaching 48.2% by 2034, driven by the expansion of new locations passed and subscriber growth
- **Revenue Growth:** Residential blended ARPU remains relatively stable, increasing slightly from \$68.31 in 2025 to \$69.07 by 2034. Business blended ARPU continues to grow steadily, from \$186.74 in 2025 to \$211.82 in 2034, reflecting increasing demand for higher-tier business plans. Total revenues increase moderately, from \$2,459K in 2025 to \$3,021K by 2034. This growth is largely driven by the rise in internet revenues, which steadily increase from \$1,291K in 2025 to \$2,118K in 2034. However, all other revenues are on a declining trend, which slightly offsets the internet revenue gains
- **Operating Expenses:** Operating expenses grow at a consistent pace, largely driven by historical trends, future inflationary expectations and projected growth. By 2034, Opex increases steadily, reaching \$2,870K, a growth rate of approximately 3% per year
- **EBITDA Margin:** EBITDA margin declines from 12% in 2025 to 5% by 2034, indicating rising costs and expenses outpacing revenue growth
- **Capital Expenditures (Capex):** Capex surges to \$1,633K in 2025 and remain significantly high until 2028, as the company embarks on network buildout to new developments for 613 new locations. The capex here incorporates their 5-year project construction list
- **Balance Sheet – Ending Balance:** The ending cash balance shows a significant decline, turning negative by 2026 with a rapid acceleration in cash depletion. The company ends up with a negative cash balance of \$2,725K by 2034



Scenario 1 Base: Subscribers & Price Plan

SUMMARY BROADBAND SUBSCRIBER - BASE SCENARIO														
10 YR PROJECTIONS														
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
ILEC & CLEC Fund Residential														
1 GIG	265	340	368	348	355	364	376	390	403	414	422	430	439	448
Upto 600 Mbps	21	34	99	119	143	167	192	217	237	254	268	281	294	305
Upto 300 Mbps	90	87	383	445	517	592	665	731	796	852	899	939	977	1,011
Upto 100 Mbps	300	331	7	8	8	8	9	9	9	9	9	9	10	10
50 Mbps and Below	299	251	207	188	165	137	107	81	61	45	33	25	19	14
Total ILEC & CLEC Fund Residential	975	1,043	1,064	1,108	1,188	1,268	1,348	1,428	1,506	1,573	1,631	1,685	1,738	1,787
ILEC & CLEC Fund Residential Blended ARPU				\$ 68.25	\$ 68.31	\$ 68.47	\$ 68.71	\$ 68.96	\$ 69.05	\$ 69.10	\$ 69.10	\$ 69.10	\$ 69.09	\$ 69.07
ILEC & CLEC Fund Business														
3 GIG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1 GIG	27	26	32	32	35	39	45	54	68	74	78	81	83	85
Upto 400 Mbps	11	14	18	17	19	21	23	25	27	28	30	31	32	33
Upto 100 Mbps	17	26	36	39	43	47	51	54	57	62	66	70	73	76
50 Mbps and Below	44	33	21	18	15	12	9	7	5	-	-	-	-	-
Total ILEC & CLEC Fund Business	99	99	107	106	112	119	129	140	156	165	173	181	187	194
ILEC & CLEC Fund Business Blended ARPU				\$ 183.95	\$ 186.74	\$ 190.27	\$ 195.10	\$ 201.97	\$ 209.91	\$ 214.11	\$ 213.80	\$ 212.74	\$ 212.28	\$ 211.82
Total Broadband Blended ARPU				\$ 78.35	\$ 78.48	\$ 78.90	\$ 79.74	\$ 80.84	\$ 82.30	\$ 82.83	\$ 83.00	\$ 83.02	\$ 83.03	\$ 83.06
Locations Passed	3,500	3,500	3,500	3,500	3,820	3,820	3,953	4,113	4,113	4,113	4,113	4,113	4,113	4,113
Broadband Penetration Rate - Locations Passed	30.7%	32.6%	33.5%	34.7%	34.0%	36.3%	37.4%	38.1%	40.4%	42.3%	43.9%	45.4%	46.8%	48.2%

Plan Pricing Assumptions

ILEC Fund			
Broadband Residential		Broadband Business	
1 GIG	\$ 92.95	3 GIG	\$ -
600 Mbps	\$ 79.95	1 GIG	\$ 299.95
400 Mbps	\$ -	400 Mbps	\$ 200.95
300 Mbps	\$ 55.95	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		

CLEC Fund			
Broadband Residential		Broadband Business	
1 GIG	\$ 92.95	3 GIG	\$ -
600 Mbps	\$ 79.95	1 GIG	\$ 299.95
400 Mbps		400 Mbps	\$ 200.95
300 Mbps	\$ 55.95	200 Mbps	\$ 165.95
200 Mbps		100 Mbps	\$ 125.95
100 Mbps		90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		



Scenario 2: New 3 GIG Business Plan

SUMMARY OPERATING FORECAST - SCENARIO 2													Amounts in \$000		
10 YR PROJECTIONS															
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	
Revenues															
Internet Revenues	759	977	1,138	1,223	1,327	1,426	1,535	1,652	1,779	1,887	1,974	2,051	2,124	2,196	
All Other Revenues	1,201	1,179	1,215	1,208	1,168	1,129	1,094	1,061	1,030	1,001	974	949	925	903	
Total Revenues	1,960	2,155	2,352	2,431	2,495	2,556	2,629	2,713	2,810	2,888	2,948	3,000	3,050	3,099	
<i>Growth</i>		10.0%	9.1%	3.4%	2.6%	2.5%	2.9%	3.2%	3.6%	2.8%	2.1%	1.8%	1.6%	1.6%	
Operating Expenses	1,643	1,746	2,118	2,117	2,174	2,245	2,319	2,396	2,477	2,557	2,636	2,716	2,797	2,881	
EBITDA	317	410	235	314	320	311	310	317	333	331	312	285	253	219	
<i>EBITDA Margin</i>	16%	19%	10%	13%	13%	12%	12%	12%	12%	11%	11%	9%	8%	7%	
Total Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(421)	(421)	(421)	(421)	(421)	(421)	
Balance Sheet - Ending Cash	1,955	1,616	1,480	1,568	451	(52)	(754)	(1,489)	(1,587)	(1,684)	(1,798)	(1,940)	(2,113)	(2,320)	

*Internet Revenue include internet revenues and modem revenues

- **Main Assumption:** A new 3 GIG business plan is introduced at \$299.95, with half of the original 1 GIG subscribers expected to upgrade. The 1 GIG plan is repriced at \$149.98, potentially increasing overall revenue from existing subscribers and attracting new customers
- **Subscriber Growth:** Moderate growth observed with ILEC & CLEC residential subscribers grow by 7.1% in 2025, tapering to 3.1% by 2034. Broadband penetration rate increases from 34.1% in 2025 to 48.8% by 2034, driven by location expansion and subscriber growth
- **Revenue Growth:** Residential blended ARPU remains stable, increasing slightly from \$68.31 in 2025 to \$69.09 by 2034. Business blended ARPU rises from \$164.23 in 2025 to \$176.77 by 2034, driven by the introduction of a 3 GIG plan at \$299.95, which attracts half of the original 1 GIG subscribers.
- **Operating Expenses:** Operating expenses grow at a constant pace (~3% growth rate per year) seen historically, and by 2034 reaches \$2,881K
- **Capex Assumption:** Similar to the base scenario, Capex remains elevated between 2025 and 2028 due to significant investments in network buildout to serve additional locations, then stabilizes at a constant \$421K annually from 2029 onwards to fund network maintenance and customer installs.
- **EBITDA Margin:** EBITDA margin declines from 12.8% in 2025 to 7.1% (versus 5.0% in the base scenario) by 2034, indicating rising costs and expenses outpacing revenue growth.
- **Balance Sheet – Ending Balance:** The ending cash balance declines sharply, turning negative by 2026. However, due to higher revenue and improved margins from the revised business 1 GIG and 3 GIG price plans, the cash depletion is less severe compared to the base scenario, with a negative balance of \$2,320K by 2034 (versus \$2,725K in the base scenario).



Scenario 2: Subscribers & Price Plan Assumptions

SUMMARY BROADBAND SUBSCRIBER - SCENARIO 2 10 YR PROJECTIONS

	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
ILEC & CLEC Fund Residential														
1 GIG	265	340	368	348	355	364	376	390	403	414	422	430	439	448
Upto 600 Mbps	21	34	99	119	143	167	192	217	237	254	268	281	294	305
Upto 300 Mbps	90	87	383	445	517	592	665	731	796	852	899	939	977	1,011
Upto 100 Mbps	300	331	7	8	8	8	9	9	9	9	9	9	10	10
50 Mbps and Below	299	251	207	188	165	137	107	81	61	45	33	25	19	14
Total ILEC & CLEC Fund Residential	975	1,043	1,064	1,108	1,188	1,268	1,348	1,428	1,506	1,573	1,631	1,685	1,738	1,787
ILEC & CLEC Fund Residential Blended ARPU				\$ 68.25	\$ 68.31	\$ 68.47	\$ 68.71	\$ 68.96	\$ 69.05	\$ 69.10	\$ 69.10	\$ 69.10	\$ 69.09	\$ 69.07
ILEC & CLEC Fund Business														
3 GIG	-	-	-	-	18	20	24	28	35	39	41	42	43	45
1 GIG	27	26	32	32	18	21	26	32	42	48	53	57	62	67
Upto 400 Mbps	11	14	18	17	19	21	23	25	27	28	30	31	32	33
Upto 100 Mbps	17	26	36	39	43	47	51	54	57	62	66	70	73	76
50 Mbps and Below	44	33	21	18	15	12	9	7	5	-	-	-	-	-
Total ILEC & CLEC Fund Business	99	99	107	106	113	121	133	146	166	177	189	199	209	220
ILEC & CLEC Fund Residential Blended ARPU				\$ 138.67	\$ 164.23	\$ 166.56	\$ 169.41	\$ 173.25	\$ 177.28	\$ 179.49	\$ 178.92	\$ 177.99	\$ 177.38	\$ 176.77
Total Broadband Blended ARPU				\$ 74.40	\$ 76.66	\$ 77.04	\$ 77.76	\$ 78.65	\$ 79.79	\$ 80.27	\$ 80.50	\$ 80.63	\$ 80.74	\$ 80.87
Locations Passed	3,500	3,500	3,500	3,500	3,820	3,820	3,953	4,113	4,113	4,113	4,113	4,113	4,113	4,113
Broadband Penetration Rate - Locations Passed	30.7%	32.6%	33.5%	34.7%	34.1%	36.4%	37.5%	38.3%	40.6%	42.6%	44.2%	45.8%	47.3%	48.8%

Plan Pricing Assumptions

ILEC Fund		CLEC Fund	
Broadband Residential		Broadband Business	
1 GIG	\$ 92.95	3 GIG	\$ 299.95
600 Mbps	\$ 79.95	1 GIG	\$ 149.98
400 Mbps	\$ -	400 Mbps	\$ 200.95
300 Mbps	\$ 55.95	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		

ILEC Fund		CLEC Fund	
Broadband Residential		Broadband Business	
1 GIG	\$ 92.95	3 GIG	\$ 299.95
600 Mbps	\$ 79.95	1 GIG	\$ 149.98
400 Mbps	\$ -	400 Mbps	\$ 200.95
300 Mbps	\$ 55.95	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		



Scenario 3: Business Plan Price Changes; Residential Growth

SUMMARY OPERATING FORECAST - SCENARIO 3													Amounts in \$'000	
10 YR PROJECTIONS														
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Revenues														
Internet Revenues	759	977	1,138	1,223	1,388	1,609	1,856	2,125	2,372	2,537	2,656	2,774	2,880	2,964
All Other Revenues	1,201	1,179	1,215	1,208	1,168	1,131	1,098	1,067	1,039	1,013	989	968	948	931
Total Revenues	1,960	2,155	2,352	2,431	2,556	2,740	2,954	3,192	3,411	3,550	3,645	3,741	3,829	3,895
<i>Growth</i>		10.0%	9.1%	3.4%	5.1%	7.2%	7.8%	8.1%	6.9%	4.1%	2.7%	2.7%	2.3%	1.7%
Operating Expenses	1,643	1,746	2,118	2,117	2,183	2,270	2,363	2,461	2,559	2,647	2,730	2,816	2,903	2,989
EBITDA	317	410	235	314	373	470	591	731	853	904	915	925	926	906
<i>EBITDA Margin</i>	16%	19%	10%	13%	15%	17%	20%	23%	25%	25%	25%	25%	24%	23%
Total Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(512)	(512)	(512)	(512)	(512)	(512)
Balance Sheet - Ending Cash	1,955	1,616	1,480	1,568	501	154	(280)	(615)	(294)	91	511	964	1,442	1,927

- **Main Assumption:** A new 3 GIG business plan is introduced at \$299.95, with half of the original 1 GIG subscribers expected to upgrade. The 1 GIG plan is repriced at \$149.98. Residential growth rate and price plan for 1 GIG and 300 Mbps adjusted to match Spectrum's rates after discounts provided to Pineville's electric customers.
- **Subscriber Growth:** High subscriber growth rate in initial years, broadband growth reaching 14.1% in 2025, gradually tapering slowly to 2.4% in 2034. The significant growth in the early years is primarily driven by increased residential adoption and the expansion of service locations. As the market saturates, growth is assumed to remain constant in later years ultimately reaching a broadband customer penetration rate of 63.5% by 2034.
- **Revenue Growth:** Residential blended ARPU starts at \$77.09 in 2025 and increases steadily to \$80.37 by 2034, driven by increase in service pricing over the years. Business APRU starts at \$138.67 in 2025, peaks at \$172.32 by 2029 and slightly decreases to \$167.41 by 2034. Annual Operating revenue is growing at an average rate of 4.9% YoY.
- **Operating Expenses:** Operating expenses grow at a constant pace (~3.5% growth rate per year) seen historically, and by 2034 reaches \$2,989K
- **Capex Assumption:** Similar to the base scenario, Capex remains elevated between 2025 and 2028 due to significant investments in network buildout to serve additional locations, then stabilizes at a constant \$512K annually from 2029 onwards to fund network maintenance and customer installs.
- **EBITDA Margin:** The EBITDA margin improves significantly from 14.6% in 2025 to 23.3% by 2034. This increase is driven by strong growth in 1 GIG business subscribers, higher residential penetration rates, and price increases in the 1 GIG and 300 Mbps residential plans.
- **Balance Sheet – Ending Balance:** The ending cash balance turns negative in 2027 through 2029, due to increased Capex for network buildout to support new serviceable locations. Despite these temporary declines, the cash balance sits at positive \$1,927K by 2034.



Scenario 3: Subscribers & Price Plan Assumptions

SUMMARY BROADBAND SUBSCRIBER - SCENARIO 3 10 YR PROJECTIONS

	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
ILEC & CLEC Fund Residential														
1 GIG	265	340	368	348	390	437	489	548	575	598	616	634	647	660
Upto 600 Mbps	21	34	99	119	155	201	251	314	346	363	381	400	412	420
Upto 300 Mbps	90	87	383	445	539	648	763	881	970	1,018	1,069	1,122	1,156	1,179
Upto 100 Mbps	300	331	7	8	8	8	9	9	9	9	9	9	10	10
50 Mbps and Below	299	251	207	188	165	137	107	81	50	24	9	3	1	1
Total ILEC & CLEC Fund Residential	975	1,043	1,064	1,108	1,257	1,431	1,619	1,834	1,950	2,012	2,084	2,170	2,226	2,270
ILEC & CLEC Fund Residential Blended ARPU				\$ 76.10	\$ 77.09	\$ 78.00	\$ 78.79	\$ 79.39	\$ 79.79	\$ 80.23	\$ 80.39	\$ 80.39	\$ 80.36	\$ 80.37
ILEC & CLEC Fund Business														
3 GIG	-	-	-	-	20	24	29	36	45	50	52	54	55	57
1 GIG	27	26	32	32	20	25	31	39	51	58	64	69	75	81
Upto 400 Mbps	11	14	18	17	21	25	30	34	37	40	42	43	45	46
Upto 100 Mbps	17	26	36	39	55	71	85	94	103	119	130	143	151	158
50 Mbps and Below	44	33	21	18	13	9	6	-	-	-	-	-	-	-
Total ILEC & CLEC Fund Business	99	99	107	106	128	154	181	203	236	266	288	310	325	342
ILEC & CLEC Fund Business Blended ARPU				\$ 138.67	\$ 163.69	\$ 164.42	\$ 165.52	\$ 170.09	\$ 172.32	\$ 171.20	\$ 170.05	\$ 168.56	\$ 167.98	\$ 167.41
Total Broadband Blended ARPU				\$ 81.57	\$ 85.08	\$ 86.39	\$ 87.51	\$ 88.42	\$ 89.77	\$ 90.86	\$ 91.29	\$ 91.40	\$ 91.53	\$ 91.77
Locations Passed	3,500	3,500	3,500	3,500	3,820	3,820	3,953	4,113	4,113	4,113	4,113	4,113	4,113	4,113
Broadband Penetration Rate - Locations Passed	30.7%	32.6%	33.5%	34.7%	36.3%	41.5%	45.5%	49.5%	53.1%	55.4%	57.7%	60.3%	62.0%	63.5%

Plan Pricing Assumptions

ILEC Fund			
Broadband Residential		Broadband Business	
1 GIG	\$ 100.00	3 GIG	\$ 299.95
600 Mbps	\$ 79.95	1 GIG	\$ 149.98
400 Mbps	\$ -	400 Mbps	\$ 200.95
300 Mbps	\$ 69.99	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		

CLEC Fund			
Broadband Residential		Broadband Business	
1 GIG	\$ 100.00	3 GIG	\$ 299.95
600 Mbps	\$ 79.95	1 GIG	\$ 149.98
400 Mbps	\$ -	400 Mbps	\$ 200.95
300 Mbps	\$ 69.99	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		

*Launched 3 GIG business plan at \$299.95 and reduced business 1 GIG price to \$149.98; Increased the Residential 1 GIG price to \$100 and the 300 Mbps plan to \$69.99 to remain competitive with Spectrum (Charter)



Scenario 4: Reducing Operating Expenses

SUMMARY OPERATING FORECAST - SCENARIO 4													Amounts in \$000	
10 YR PROJECTIONS														
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Revenues														
Internet Revenues	759	977	1,138	1,223	1,291	1,387	1,493	1,609	1,736	1,838	1,919	1,989	2,055	2,118
All Other Revenues	1,201	1,179	1,215	1,208	1,168	1,129	1,094	1,061	1,030	1,001	974	949	925	902
Total Revenues	1,960	2,155	2,352	2,431	2,459	2,516	2,587	2,669	2,766	2,840	2,893	2,938	2,979	3,021
<i>Growth</i>		10.0%	9.1%	3.4%	1.1%	2.3%	2.8%	3.2%	3.6%	2.7%	1.9%	1.5%	1.4%	1.4%
Operating Expenses	1,643	1,746	2,118	2,117	2,019	2,090	2,164	2,240	2,321	2,400	2,478	2,557	2,637	2,720
EBITDA	317	410	235	314	439	426	424	429	445	440	415	381	342	301
<i>EBITDA Margin</i>	16%	19%	10%	13%	18%	17%	16%	16%	16%	15%	14%	13%	11%	10%
Total Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(415)	(415)	(415)	(415)	(415)	(415)
Balance Sheet - Ending Cash	1,955	1,616	1,480	1,568	579	203	(385)	(1,009)	(987)	(969)	(974)	(1,012)	(1,089)	(1,207)

*Internet Revenue include internet revenues and modem revenues

- **Main Assumption:** Operating expenses decrease by \$150K in cost savings, with no changes to residential or business plans and their pricing
- **Subscriber Growth:** Similar to the base scenario, moderate growth is observed with ILEC and CLEC residential subscribers increasing by 7.1% in 2025, tapering to 2.9% by 2034. The broadband penetration rate rises from 34.0% in 2025 to 48.2% by 2034, driven by location expansion and subscriber growth
- **Revenue Growth:** Residential blended ARPU remains stable, increasing slightly from \$68.31 in 2025 to \$69.07 by 2034. Business blended ARPU rises from \$186.74 in 2025 to \$211.82 by 2034, due to increasing demand for higher-tier business plans
- **Operating Expenses:** Operating expenses grow at a steady 2.6% annually (compared to 3% in the base scenario), reaching \$2,720K by 2034
- **Capex Assumption:** Similar to the base scenario, Capex remains elevated between 2025 and 2028 due to significant investments in network buildout to serve additional locations, then stabilizes at a constant \$415K annually from 2029 onwards to fund network maintenance and customer installs
- **EBITDA Margin:** EBITDA margin declines from 17.9% in 2025 to 10.0% by 2034 (compared to 5.0% in the base case), showing rising costs and expenses outpacing revenue growth. The \$150K reduction in operating expenses softens the margin decline compared to the base scenario
- **Balance Sheet – Ending Balance:** The ending cash balance declines sharply, turning negative by 2027. However, due to reduced operating expenses, the cash depletion is less severe compared to the base scenario, with a negative balance of \$1,207K by 2034 (versus \$2,725K in the base scenario)



Scenario 4: Reducing Operating Expenses

SUMMARY BROADBAND SUBSCRIBER - SCENARIO 4 10 YR PROJECTIONS

	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
ILEC & CLEC Fund Residential														
1 GIG	265	340	368	348	355	364	376	390	403	414	422	430	439	448
Upto 600 Mbps	21	34	99	119	143	167	192	217	237	254	268	281	294	305
Upto 300 Mbps	90	87	383	445	517	592	665	731	796	852	899	939	977	1,011
Upto 100 Mbps	300	331	7	8	8	8	9	9	9	9	9	9	10	10
50 Mbps and Below	299	251	207	188	165	137	107	81	61	45	33	25	19	14
Total ILEC & CLEC Fund Residential	975	1,043	1,064	1,108	1,188	1,268	1,348	1,428	1,506	1,573	1,631	1,685	1,738	1,787
ILEC & CLEC Fund Residential Blended ARPU				\$ 68.25	\$ 68.31	\$ 68.47	\$ 68.71	\$ 68.96	\$ 69.05	\$ 69.10	\$ 69.10	\$ 69.10	\$ 69.09	\$ 69.07
ILEC & CLEC Fund Business														
3 GIG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1 GIG	27	26	32	32	35	39	45	54	68	74	78	81	83	85
Upto 400 Mbps	11	14	18	17	19	21	23	25	27	28	30	31	32	33
Upto 100 Mbps	17	26	36	39	43	47	51	54	57	62	66	70	73	76
50 Mbps and Below	44	33	21	18	15	12	9	7	5	-	-	-	-	-
Total ILEC & CLEC Fund Business	99	99	107	106	112	119	129	140	156	165	173	181	187	194
ILEC & CLEC Fund Business Blended ARPU				\$ 183.95	\$ 186.74	\$ 190.27	\$ 195.10	\$ 201.97	\$ 209.91	\$ 214.11	\$ 213.80	\$ 212.74	\$ 212.28	\$ 211.82
Total Broadband Blended ARPU				\$ 78.35	\$ 78.48	\$ 78.90	\$ 79.74	\$ 80.84	\$ 82.30	\$ 82.83	\$ 83.00	\$ 83.02	\$ 83.03	\$ 83.06
Locations Passed	3,500	3,500	3,500	3,500	3,820	3,820	3,953	4,113	4,113	4,113	4,113	4,113	4,113	4,113
Broadband Penetration Rate - Locations Passed	30.7%	32.6%	33.5%	34.7%	34.0%	36.3%	37.4%	38.1%	40.4%	42.3%	43.9%	45.4%	46.8%	48.2%

Plan Pricing Assumptions

ILEC Fund		CLEC Fund	
Broadband Residential	Broadband Business	Broadband Residential	Broadband Business
1 GIG	\$ 92.95	3 GIG	\$ -
600 Mbps	\$ 79.95	1 GIG	\$ 299.95
400 Mbps	\$ -	400 Mbps	\$ 200.95
300 Mbps	\$ 55.95	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		

ILEC Fund		CLEC Fund	
Broadband Residential	Broadband Business	Broadband Residential	Broadband Business
1 GIG	\$ 92.95	3 GIG	\$ -
600 Mbps	\$ 79.95	1 GIG	\$ 299.95
400 Mbps	\$ -	400 Mbps	\$ 200.95
300 Mbps	\$ 55.95	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		



Scenario 5: Optimized Pricing & Reduced Operating Expenses

SUMMARY OPERATING FORECAST - SCENARIO 5													Amounts in \$'000		
10 YR PROJECTIONS															
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	
Revenues															
Internet Revenues	759	977	1,138	1,223	1,388	1,609	1,856	2,125	2,372	2,537	2,656	2,774	2,880	2,964	
All Other Revenues	1,201	1,179	1,215	1,208	1,168	1,131	1,098	1,067	1,039	1,013	989	968	948	931	
Total Revenues	1,960	2,155	2,352	2,431	2,556	2,740	2,954	3,192	3,411	3,550	3,645	3,741	3,829	3,895	
<i>Growth</i>		10.0%	9.1%	3.4%	5.1%	7.2%	7.8%	8.1%	6.9%	4.1%	2.7%	2.7%	2.3%	1.7%	
Operating Expenses	1,643	1,746	2,118	2,117	2,033	2,120	2,213	2,311	2,409	2,497	2,580	2,666	2,753	2,839	
EBITDA	317	410	235	314	523	620	741	881	1,003	1,054	1,065	1,075	1,076	1,056	
<i>EBITDA Margin</i>	16%	19%	10%	13%	20%	23%	25%	28%	29%	30%	29%	29%	28%	27%	
Total Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(512)	(512)	(512)	(512)	(512)	(512)	
Balance Sheet - Ending Cash	1,955	1,616	1,480	1,568	659	478	205	20	518	1,102	1,733	2,409	3,121	3,853	

*Internet Revenue include internet revenues and modem revenues

- **Main Assumption:** A new 3 GIG business plan is introduced at \$299.95, with half of the original 1 GIG subscribers expected to upgrade. The 1 GIG plan is repriced at \$149.98. Residential growth rate and price plan for 1 GIG and 300 Mbps adjusted to match Spectrum's rates after discounts provided to Pineville's electric customers. This scenario also decreases the operating expenses by \$150K in cost savings
- **Subscriber Growth:** High subscriber growth rate in initial years, broadband growth reaching 14.1% in 2025, gradually tapering slowly to 2.4% in 2034. The growth in the early years is primarily driven by increased residential adoption and the expansion of service locations. As the market saturates, growth remains constant in later years but remains steady. Penetration rate grows from 36.3% (2025) to 63.5% (2034)
- **Revenue Growth:** Residential blended ARPU starts at \$77.09 in 2025 and increases steadily to \$80.37 by 2034, driven by increase in service pricing over the years. Business APRU starts at \$163.69 in 2025, peaks at \$172.32 by 2029 and slightly decreases to \$167.41 by 2034. Annual Operating revenue is growing at an average rate of 4.9% YoY
- **Operating Expenses:** Operating expenses grow at a constant pace (~2.6% growth rate per year) seen historically, and by 2034 reaches \$2,839K
- **Capex Assumption:** Similar to the base scenario, Capex remains elevated between 2025 and 2028 due to significant investments in network buildout to serve additional locations, then stabilizes at a constant \$512K annually from 2029 onwards to fund network maintenance and customer installs
- **EBITDA Margin:** The EBITDA margin sees a notable improvement, rising from 20.5% in 2025 to 27.1% by 2034. This growth is fueled by robust increases in 1 GIG business subscribers, enhanced residential penetration rates, and strategic price hikes for the 1 GIG and 300 Mbps residential plans. Additionally, a reduction in operating expenses further boosts the margin
- **Balance Sheet – Ending Balance:** The ending cash balance remains positive over the network build period 2025-2028, then begins to accumulate cash reserves reaching \$3,853K by 2034



Scenario 5: Subscribers & Price Plan Assumptions

SUMMARY BROADBAND SUBSCRIBER - SCENARIO 5 10 YR PROJECTIONS

	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
ILEC & CLEC Fund Residential														
1 GIG	265	340	368	348	390	437	489	548	575	598	616	634	647	660
Upto 600 Mbps	21	34	99	119	155	201	251	314	346	363	381	400	412	420
Upto 300 Mbps	90	87	383	445	539	648	763	881	970	1,018	1,069	1,122	1,156	1,179
Upto 100 Mbps	300	331	7	8	8	8	9	9	9	9	9	9	10	10
50 Mbps and Below	299	251	207	188	165	137	107	81	50	24	9	3	1	1
Total ILEC & CLEC Fund Residential	975	1,043	1,064	1,108	1,257	1,431	1,619	1,834	1,950	2,012	2,084	2,170	2,226	2,270
ILEC & CLEC Fund Residential Blended ARPU				\$ 76.10	\$ 77.09	\$ 78.00	\$ 78.79	\$ 79.39	\$ 79.79	\$ 80.23	\$ 80.39	\$ 80.39	\$ 80.36	\$ 80.37
ILEC & CLEC Fund Business														
3 GIG	-	-	-	-	20	24	29	36	45	50	52	54	55	57
1 GIG	27	26	32	32	20	25	31	39	51	58	64	69	75	81
Upto 400 Mbps	11	14	18	17	21	25	30	34	37	40	42	43	45	46
Upto 100 Mbps	17	26	36	39	55	71	85	94	103	119	130	143	151	158
50 Mbps and Below	44	33	21	18	13	9	6	-	-	-	-	-	-	-
Total ILEC & CLEC Fund Business	99	99	107	106	128	154	181	203	236	266	288	310	325	342
ILEC & CLEC Fund Business Blended ARPU				\$ 138.67	\$ 163.69	\$ 164.42	\$ 165.52	\$ 170.09	\$ 172.32	\$ 171.20	\$ 170.05	\$ 168.56	\$ 167.98	\$ 167.41
Total Broadband Blended ARPU				\$ 81.57	\$ 85.08	\$ 86.39	\$ 87.51	\$ 88.42	\$ 89.77	\$ 90.86	\$ 91.29	\$ 91.40	\$ 91.53	\$ 91.77
Locations Passed	3,500	3,500	3,500	3,500	3,820	3,820	3,953	4,113	4,113	4,113	4,113	4,113	4,113	4,113
Broadband Penetration Rate - Locations Passed	30.7%	32.6%	33.5%	34.7%	36.3%	41.5%	45.5%	49.5%	53.1%	55.4%	57.7%	60.3%	62.0%	63.5%

Plan Pricing Assumptions

ILEC Fund				CLEC Fund			
Broadband Residential		Broadband Business		Broadband Residential		Broadband Business	
1 GIG	\$ 100.00	3 GIG	\$ 299.95	1 GIG	\$ 100.00	3 GIG	\$ 299.95
600 Mbps	\$ 79.95	1 GIG	\$ 149.98	600 Mbps	\$ 79.95	1 GIG	\$ 149.98
400 Mbps	\$ -	400 Mbps	\$ 200.95	400 Mbps	\$ -	400 Mbps	\$ 200.95
300 Mbps	\$ 69.99	200 Mbps	\$ 165.95	300 Mbps	\$ 69.99	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95	200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95	100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95	90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95			50 Mbps	\$ 45.95		

* Launched 3 GIG business plan at \$299.95 and reduced business 1 GIG price to \$149.98; Increased the Residential 1 GIG price to \$100 and the 300 Mbps plan to \$69.99 to remain competitive with Spectrum (Charter)



Financial Projection Scenarios - Summary

Scenario 1: Base Case - Business-As-Usual

The business operates without any changes to its existing residential and business plans or their pricing, while completing its network expansion to 613 new developments. Subscriber growth is moderate, with subscribers increasing by 7.0% in 2025 and gradually tapering to 2.9% by 2034. Broadband penetration grows steadily from 34% to 48%. Revenue growth is modest, with residential blended ARPU rising slightly and business blended ARPU increasing significantly due to the migration of subscribers to higher-tiered plans. Total revenues grow at a modest rate, while operating expenses increase at a steady pace of 3% annually. EBITDA margins decline from 12% in 2025 to 5% by 2034, reflecting operating expenses surpassing revenue growth from subscribers. The ending cash balance worsens over time, turning negative by 2026 and dropping to negative \$2,725K by 2034.

Alternatively, if Pineville did not extend the network to the planned new housing developments and do network upgrades on its current Project List, the cash produced by operations in this scenario would be just enough to support \$400k in annual capital expenditures. Roughly enough for network maintenance and customer installations.

Scenario 2: New 3 GIG Business Plan

This scenario introduces a new 3 GIG business plan priced at \$299.95, expecting that half of the original 1 GIG subscribers will upgrade to. The 1 GIG plan is repriced at \$149.98, which will decrease revenue from current subscribers but may attract new customers. Subscriber growth slightly improves, with residential subscribers increasing by 7.1% in 2025 and tapering to 3.1% by 2034. The broadband penetration rate rises from 34.1% to 48.8%. Revenue growth is supported by the new plan, with residential ARPU remaining stable and business ARPU increasing from \$164.23 to \$176.77. Operating expenses grow at a consistent rate, reaching \$2,881K by 2034. Despite the higher revenue and improved margins, the ending cash balance declines sharply, turning negative by 2026 due to the builds to new developments. However, the cash depletion is less severe compared to Scenario 1, ending at negative \$2,320K by 2034.

Scenario 3: Business Plan Price Changes; Additional Residential Growth and Incremental Price Changes

In this scenario, a new 3 GIG business plan at \$299.95 and a repriced 1 GIG plan at \$149.98 are introduced, with residential growth and pricing adjustments aligned with Spectrum's rates. Subscriber growth is strong initially, reaching 14.1% in 2025 and tapering to 2.4% by 2034. Revenue growth is robust, with residential ARPU increasing from \$77.09 to \$80.37 and business ARPU peaking at \$172.32 before slightly decreasing. Operating expenses grow at a steady rate of approximately 3.5% annually, reaching \$2,989K by 2034. The EBITDA margin improves significantly from 14.6% in 2025 to 23.3% by 2034. Although the ending cash balance turns negative in 2027 through 2029 due to increased capex for network buildout, cash ends strongly at positive \$1,927K by 2034.



Financial Projection Scenarios – Summary Continued

Scenario 4: Reducing Operating Expenses

This scenario assumes a \$150K annual reduction in operating expenses with no changes to pricing plans. Revenue growth is consistent with the Base Case Scenario and the network build-out is assumed. Subscriber growth follows the base scenario, with ILEC and CLEC subscribers increasing by 7.1% in 2025 and gradually decreasing to 2.9% by 2034. Revenue growth remains consistent, with residential blended ARPU slightly increasing and business ARPU growing. Operating expenses rise at a reduced rate of 2.6% per year, reaching \$2,720K by 2034. The EBITDA margin declines from 17.9% in 2025 to 10.0% by 2034, reflecting a milder margin decrease due to the lower growth rate in operating expenses. Despite a negative cash balance starting in 2026, the ending balance improves slightly compared to Scenario 1, at negative \$1,207K in 2034.

Scenario 5: Optimized Pricing and Reduced Operating Expenses

In this scenario, a new 3 GIG business plan is introduced at \$299.95, the 1 GIG business plan is repriced to \$149.98, and residential price plan for 1 GIG and 300 Mbps adjusted to match Spectrum's rates after discounts provided to Pineville's electric customers. Operating expenses are reduced by a net \$150K starting in 2025 going forward. At the beginning, subscriber growth is very high, reaching 14.1% in 2025, and then slowing to 2.4% by 2034. The broadband penetration rate increases significantly from 36.3% to 63.5%. Revenue growth is strong; residential ARPU rises from \$77.09 to \$80.37, and business ARPU peaks at \$172.32 before slightly decreasing. Operating expenses grow at a moderate rate of about 3.0% each year, reaching \$2,939K by 2034. The EBITDA margin improves significantly from 20.5% in 2025 to 27.1% by 2034. Although there are temporary declines in the cash balance in 2027 and 2028 due to increased capex through the network build-out, the forecasted cash balance remains positive through 2028 and improves steadily thereafter, ending at a positive \$3,853K by 2034, assuming no other additional large network builds after 2028. This scenario displays the best financial performance with a positive cash balance throughout all forecast years.

Recommendations

- To achieve sufficient operating profitability to generate a positive ending cash balance each year, while funding network build-outs, **Scenario 5 offers really the only path forward** by optimizing business broadband speed packages, residential/business pricing and reducing operating expenses.
- Launch the 3 GIG business plan at \$299.95 and reprice the 1 GIG plan to \$149.98 to boost customer additions and revenue growth. This may cause a decrease in revenue in the short-term, but overtime should drive increased revenues.
- Align the residential ARPU with Spectrum’s pricing after including the \$20 discount for electric subscribers. For our analysis we utilized the \$20 discount for customers subscribing to broadband and electric service. We recognize the increased discount up to \$25 when also subscribing to voice and long-distance service, however, we would expect the voice and long-distance customers to decrease over time, so we focused on the \$20 PCS Rewards Program.
 - Increase the residential 1 GIG plan price to \$100 and the 300 Mbps plan to \$69.99 before applying the discount.
- Our modelling indicated that reducing operating expenses by at least \$150,000 annually is crucial in achieving profitability levels to fund network investment. We modelled differing levels of cost reductions and anything less than \$150,000 resulted in increasing broadband customer penetration into the 70% range to produce enough cash to fund network builds in Pineville’s project list through 2028. Alternatively, finding \$150,000 of costs savings annually in performing network build-outs would have the same financial effect.
- Target broadband penetration to exceed 60% by 2034 to capture market share and ensure ongoing revenue growth. While 60% is considered a high customer penetration rate, especially in a market with strong competition, anything less requires increasing operating expense savings beyond \$150,000 to produce enough cash to fund network build-outs.
- To achieve the highest customer penetration rate as possible, Pineville’s marketing should educate its customer base that its fiber-to-the-home network can provide high-quality broadband service equal to, in some cases better than, its more brand-name competition.
- A combination of higher revenues, increased growth rates, and reduced operating expenses displayed in Scenario 5 results in a positive cash balance throughout the forecast period (2025–2034).
- Once the network buildout is completed in 2028, the forecasted cash balance begins to accumulate, providing resources for future project investments.



Update – Spectrum Price Change

Recap From Previous Meeting

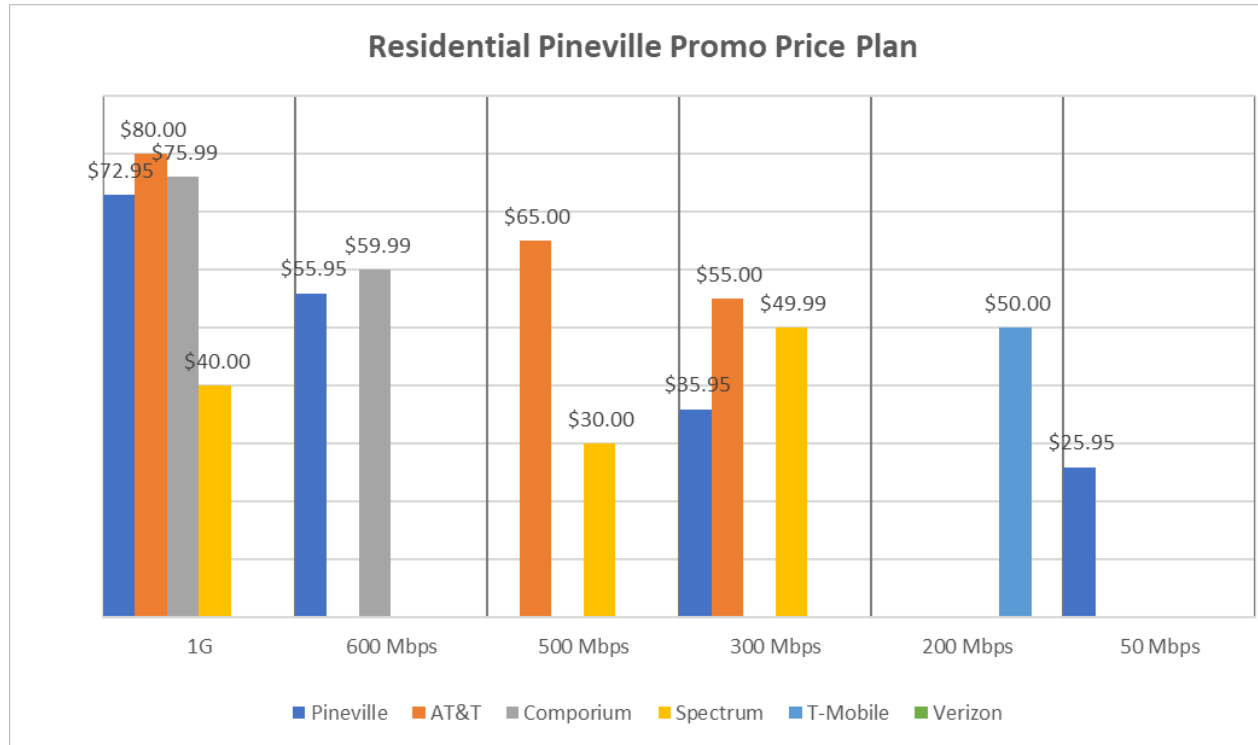
- Prior Analysis recommended offering 3 GIG business plan at the current price of the 1 GIG offering and lowering the price of the 1 GIG business offering to better compete. Increase residential broadband prices incrementally to match Spectrum's, after taking into consideration promotions and discounts.
- Decrease operating expenses by at least \$150,000 annually.
- Embark on marketing plan and increase customer penetration steadily over time to reach 60% by 2034.

Updated Considerations

- **On September 16, Spectrum announced new pricing as follows:**
 - **1 GIG at \$40/month and 500 Mbps at \$30/month when bundled with two lines of Spectrum Mobile or Video service.**
 - **The prices are guaranteed for 3 years**
- Spectrum's pricing reduction could pose significant risk in PCS maintaining and growing revenues.
- In light of Spectrum's announcement, JSI developed a new analysis for PCS to fund its network enhancements/extensions.
- PCS will have to lower its residential broadband pricing to compete with Spectrum and should consider increasing its broadband speeds in an effort to retain revenues.
- PCS will need cash in the short-term to help fund the planned network capital expenditures.
- PCS should consider transferring (selling) its idle building to generate cash in the short-term. JSI understands this would generate \$1.8 million for PCS.
- JSI modeled selling the building along with recommended residential pricing changes and targeted customer growth path to achieve increased profitability and generate free cash flows to fund network enhancements in the future.



Competitive Pricing: Residential (Incl. Pineville Promotions and Competitor Promotions)



- For the 1 Gbps tier, Pineville's \$72.95 price, after considering its \$20 discount, is significantly greater than Spectrum's new \$40 offering.
- At 600 Mbps, Pineville's \$55.95 is slightly lower than Comporium's \$60
- Spectrum's new \$30 price for 500 Mbps, is a much better deal than Pineville's \$55.95 for 600 Mbps or Pineville's \$35.95 for 300 Mbps.
- At 300 Mbps, Pineville's \$35.95 is lower than Spectrum's \$49.99 and AT&T's \$55, making it a strong offer.
- Pineville does not offer 500 Mbps and 200 Mbps service tiers
- Note: Pineville Electric consumers receive a \$20 monthly discount when subscribing to internet service. They can also get an additional \$22.50 discount by adding both phone and internet services, or a \$25 discount by adding phone, internet, and unlimited long distance. Pineville also offers case-by-case discounts for modem/router installation. For our analysis, we assumed at \$20 discount.

Scenario 6: Subscribers & Price Plan Assumptions

SUMMARY BROADBAND SUBSCRIBER - SCENARIO 6 10 YR PROJECTIONS

	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
ILEC & CLEC Fund Residential														
1 GIG (Now 2 GIG)	265	340	368	348	390	468	538	619	711	818	941	1,035	1,087	1,141
Upto 600 Mbps (Now 1 GIG)	21	34	99	119	155	209	282	352	441	551	633	728	765	803
Upto 300 Mbps (Now 600 Mbps)	90	87	383	445	490	529	550	550	522	470	400	320	256	205
Upto 100 Mbps	300	331	7	8	8	7	5	4	2	-	-	-	-	-
50 Mbps and Below	299	251	207	188	165	137	107	81	50	24	9	-	-	-
Total ILEc & CLEC Fund Residential	975	1,043	1,064	1,108	1,207	1,349	1,482	1,606	1,726	1,863	1,982	2,083	2,107	2,148
ILEC & CLEC Fund Residential Blended ARPU			\$ 76.10		\$ 51.96	\$ 52.35	\$ 53.27	\$ 54.13	\$ 55.12	\$ 56.35	\$ 57.69	\$ 59.06	\$ 60.15	\$ 60.91
ILEC & CLEC Fund Business														
3 GIG	-	-	-	-	20	26	38	57	85	106	127	140	154	169
1 GIG	27	26	32	32	20	26	38	57	85	106	127	140	154	169
Upto 400 Mbps	11	14	18	17	18	20	22	25	25	29	30	31	31	31
Upto 100 Mbps	17	26	36	39	40	38	34	-	-	-	-	-	-	-
50 Mbps and Below	44	33	21	18	13	9	6	-	-	-	-	-	-	-
Total ILEc & CLEC Fund Business	99	99	107	106	111	119	138	138	195	241	285	311	339	369
ILEC & CLEC Fund Business Blended ARPU			\$ 183.95		\$ 169.30	\$ 178.49	\$ 189.81	\$ 219.61	\$ 221.89	\$ 222.11	\$ 222.43	\$ 222.59	\$ 222.79	\$ 222.97
Total Broadband Blended ARPU			\$ 81.57		\$ 62.18	\$ 63.39	\$ 65.68	\$ 68.13	\$ 73.11	\$ 76.50	\$ 79.56	\$ 81.23	\$ 83.33	\$ 85.22
Locations Passed	3,500	3,500	3,500	3,500	3,820	3,820	3,953	4,113	4,113	4,113	4,113	4,113	4,113	4,113
Broadband Penetration Rate - Locations Passed	30.7%	32.6%	33.5%	34.7%	34.5%	38.4%	41.0%	42.4%	46.7%	51.1%	55.1%	58.2%	59.5%	61.2%

Plan Pricing Assumptions

ILEC Fund			
Broadband Residential		Broadband Business	
2 GIG (fmr. 1 GIG)	\$ 70.00	3 GIG	\$ 299.95
1 GIG (Fmr. 600 Mbps)	\$ 55.00	1 GIG	\$ 149.98
400 Mbps	\$ -	400 Mbps	\$ 200.95
600 Mbps (Fmr. 300 Mbps)	\$ 40.00	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		

CLEC Fund			
Broadband Residential		Broadband Business	
2 GIG (fmr. 1 GIG)	\$ 70.00	3 GIG	\$ 299.95
1 GIG (Fmr. 600 Mbps)	\$ 55.00	1 GIG	\$ 149.98
400 Mbps		400 Mbps	\$ 200.95
600 Mbps (Fmr. 300 Mbps)	\$ 40.00	200 Mbps	\$ 165.95
200 Mbps		100 Mbps	\$ 125.95
100 Mbps		90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95		

*Launched 3 GIG business plan at \$299.95 and reduced business 1 GIG price to \$149.98; Increased the Residential 1 GIG price to \$100 and the 300 Mbps plan to \$69.99 to remain competitive with Spectrum (Charter)



Scenario 6: Updated – Speed/Pricing Changes, Opex Reductions, Building Transfer

SUMMARY OPERATING FORECAST - SCENARIO 6													Amounts in \$'000		
10 YR PROJECTIONS															
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	
Revenues															
Internet Revenues	759	977	1,138	1,223	1,006	1,127	1,292	1,457	1,697	1,945	2,192	2,384	2,536	2,658	
All Other Revenues	1,201	1,179	1,215	1,208	1,168	1,130	1,095	1,062	1,032	1,005	979	955	933	911	
Total Revenues	1,960	2,155	2,352	2,431	2,174	2,257	2,387	2,519	2,729	2,949	3,171	3,339	3,469	3,569	
<i>Growth</i>		10.0%	9.1%	3.4%	-10.6%	3.8%	5.8%	5.5%	8.3%	8.1%	7.5%	5.3%	3.9%	2.9%	
Operating Expenses	1,643	1,746	2,118	2,117	1,981	2,055	2,136	2,220	2,316	2,415	2,516	2,612	2,704	2,794	
EBITDA	317	410	235	314	193	202	250	299	413	535	655	728	765	775	
<i>EBITDA Margin</i>	16%	19%	10%	13%	9%	9%	10%	12%	15%	18%	21%	22%	22%	22%	
Total Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(409)	(409)	(409)	(409)	(409)	(409)	
Balance Sheet - Ending Ca:	1,955	1,616	1,480	1,568	2,241	1,714	997	252	250	374	632	984	1,399	1,848	

*Internet Revenue include internet revenues and modem revenues

- **Main Assumption:** Building transferred for \$1.8m, Double the current 1 GIG, 600 Mbps and 300 Mbps speeds and re-price at \$70, \$55, and \$40, respectively, to better compete with Spectrum's promotional rates after discounts provided to Pineville's electric customers are considered. A new 3 GIG business plan is introduced at \$299.95, with half of the original 1 GIG subscribers expected to upgrade. The 1 GIG plan is repriced at \$149.98. This scenario also decreases the operating expenses by \$150K in cost savings
- **Subscriber Growth:** High broadband subscriber growth rate in initial years, averaging 10% through 2027, gradually tapering slowly to 3% in 2034. The growth in the early years is primarily driven by increased residential adoption, business growth and the expansion of service locations. As the market saturates, growth remains constant in later years but remains steady. Penetration rate grows from 34.7% (2024) to 61.2% (2034)
- **Revenue Growth:** Residential blended ARPU starts at \$76.10 in 2024, decreases to \$51.96 in 2025 and increases steadily to \$60.91 by 2034, driven by increase in customers taking higher speeds over time. Business APRU starts at \$183.85 in 2024, declines to \$169.30 in 2025 then steadily increases to \$222.97 by 2034 as more business customers are moved to higher speed packages.
- **Operating Expenses:** Operating expenses grow at a constant pace (~2.6% growth rate per year) seen historically, and by 2034 reaches \$2,794K
- **Capex Assumption:** 2025 and 2028 consistent with PCS's capital investment plan, then stabilizes at \$400K annually from 2029 onwards to fund network maintenance and customer installs
- **EBITDA Margin:** The EBITDA margin remains declines in the short-term then rises to 22% as customer penetration rate increases and more customers are moved to higher broadband speed tiers over time.
- **Balance Sheet – Ending Balance:** The ending cash balance remains positive over the network build period 2025-2028, then begins to accumulate cash reserves reaching \$1,848K by 2034



Scenario 6: Updated – Speed/Pricing Changes, Opex Reductions, Don't Transfer Building

SUMMARY OPERATING FORECAST - SCENARIO 6 - Without Cash From Building Transfer													Amounts in \$'000	
10 YR PROJECTIONS														
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Revenues														
Internet Revenues	759	977	1,138	1,223	1,006	1,127	1,292	1,457	1,697	1,945	2,192	2,384	2,536	2,658
All Other Revenues	1,201	1,179	1,215	1,208	1,168	1,130	1,095	1,062	1,032	1,005	979	955	933	911
Total Revenues	1,960	2,155	2,352	2,431	2,174	2,257	2,387	2,519	2,729	2,949	3,171	3,339	3,469	3,569
<i>Growth</i>		10.0%	9.1%	3.4%	-10.6%	3.8%	5.8%	5.5%	8.3%	8.1%	7.5%	5.3%	3.9%	2.9%
Operating Expenses	1,643	1,746	2,118	2,117	1,981	2,055	2,136	2,220	2,316	2,415	2,516	2,612	2,704	2,794
EBITDA	317	410	235	314	193	202	250	299	413	535	655	728	765	775
<i>EBITDA Margin</i>	16%	19%	10%	13%	9%	9%	10%	12%	15%	18%	21%	22%	22%	22%
Total Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(409)	(409)	(409)	(409)	(409)	(409)
Balance Sheet - Ending Ca:	1,955	1,616	1,480	1,568	346	(266)	(1,033)	(1,791)	(1,806)	(1,700)	(1,474)	(1,170)	(826)	(470)

*Internet Revenue include internet revenues and modem revenues

- **Main Assumption:** Same as previous Scenario 6 slide 37, but assumes building is not sold for cash of \$1.8m
- **Balance Sheet – Ending Balance:** If the building is not converted to \$1.8m in cash, ending cash balance turns negative and remains over there over the forecasted period as cash produced by operations is not enough to fund the network build period 2025-2028.



Scenario 6.2 – Lower Penetration: Subscribers & Price Plan Assumptions

SUMMARY BROADBAND SUBSCRIBER - SCENARIO 6.2 - Lower Broadband Penetration Rate 10 YR PROJECTIONS

	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
ILEC & CLEC Fund Residential														
1 GIG (Now 2 GIG)	265	340	368	348	390	468	524	550	578	606	637	669	702	737
Upto 600 Mbps (Now 1 GIG)	21	34	99	119	155	209	251	288	331	381	419	461	507	558
Upto 300 Mbps (Now 600 Mbps)	90	87	383	445	490	529	550	522	496	437	393	354	318	255
Upto 100 Mbps	300	331	7	8	8	7	5	4	2	-	-	-	-	-
50 Mbps and Below	299	251	207	188	165	137	107	81	50	24	9	-	-	-
Total ILEc & CLEc Fund Residential	975	1,043	1,064	1,108	1,207	1,349	1,437	1,446	1,457	1,448	1,458	1,483	1,528	1,550
ILEC & CLEC Fund Residential Blended ARPU				\$ 76.10	\$ 52.35	\$ 53.27	\$ 53.95	\$ 54.71	\$ 55.49	\$ 56.61	\$ 57.45	\$ 58.18	\$ 58.77	\$ 59.67
ILEC & CLEC Fund Business														
3 GIG	-	-	-	-	20	26	38	55	82	102	113	118	124	131
1 GIG	27	26	32	42	32	40	55	75	107	131	153	166	173	180
Upto 400 Mbps	11	14	18	39	39	37	33	4	-	-	-	-	-	-
Upto 100 Mbps	17	26	36	7	7	7	6	-	-	-	-	-	-	-
50 Mbps and Below	44	33	21	18	13	9	6	-	-	-	-	-	-	-
Total ILEc & CLEc Fund Business	99	99	107	106	111	119	138	134	189	234	266	284	297	310
ILEC & CLEC Fund Business Blended ARPU				\$ 183.95	\$ 169.30	\$ 178.49	\$ 189.81	\$ 219.45	\$ 221.80	\$ 222.02	\$ 219.36	\$ 217.91	\$ 218.00	\$ 218.09
Total Broadband Blended ARPU				\$ 81.57	\$ 62.18	\$ 63.39	\$ 65.86	\$ 68.69	\$ 74.57	\$ 79.59	\$ 82.42	\$ 83.87	\$ 84.69	\$ 86.10
Locations Passed	3,500	3,500	3,500	3,500	3,820	3,820	3,953	4,113	4,113	4,113	4,113	4,113	4,113	4,113
Broadband Penetration Rate - Locations Passed	30.7%	32.6%	33.5%	34.7%	34.5%	38.4%	39.8%	38.4%	40.0%	40.9%	41.9%	43.0%	44.4%	45.2%

Plan Pricing Assumptions

ILEC Fund				CLEC Fund			
Broadband Residential		Broadband Business		Broadband Residential		Broadband Business	
2 GIG (fmr. 1 GIG)	\$ 70.00	3 GIG	\$ 299.95	2 GIG (fmr. 1 GIG)	\$ 70.00	3 GIG	\$ 299.95
1 GIG (Fmr.600 Mbps)	\$ 55.00	1 GIG	\$ 149.98	1 GIG (Fmr.600 Mbps)	\$ 55.00	1 GIG	\$ 149.98
400 Mbps	\$ -	400 Mbps	\$ 200.95	400 Mbps		400 Mbps	\$ 200.95
600 Mbps (Fmr. 300 Mbps)	\$ 40.00	200 Mbps	\$ 165.95	600 Mbps (Fmr. 300 Mbps)	\$ 40.00	200 Mbps	\$ 165.95
200 Mbps	\$ -	100 Mbps	\$ 125.95	200 Mbps		100 Mbps	\$ 125.95
100 Mbps	\$ -	90 Mbps	\$ 109.95	100 Mbps		90 Mbps	\$ 109.95
90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95	90 Mbps	\$ 27.95	50 Mbps and Below	\$ 100.95
50 Mbps	\$ 45.95			50 Mbps	\$ 45.95		

*Launched 3 GIG business plan at \$299.95 and reduced business 1 GIG price to \$149.98; Increased the Residential 1 GIG price to \$100 and the 300 Mbps plan to \$69.99 to remain competitive with Spectrum (Charter)



Scenario 6: Updated – Lower Penetration Rate - Speed/Pricing Changes, Opex Reductions, Building Transfer

SUMMARY OPERATING FORECAST - SCENARIO 6.2 - Lower Broadband Penetration Rate														Amounts in \$000
10 YR PROJECTIONS														
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Revenues														
Internet Revenues	759	977	1,138	1,223	1,006	1,127	1,276	1,377	1,522	1,670	1,767	1,842	1,912	1,993
All Other Revenues	1,201	1,179	1,215	1,208	1,168	1,130	1,095	1,062	1,031	1,002	975	950	926	904
Total Revenues	1,960	2,155	2,352	2,431	2,174	2,257	2,371	2,438	2,552	2,672	2,741	2,791	2,839	2,897
<i>Growth</i>		10.0%	9.1%	3.4%	-10.6%	3.8%	5.0%	2.9%	4.7%	4.7%	2.6%	1.8%	1.7%	2.1%
Operating Expenses	1,643	1,746	2,118	2,117	1,981	2,055	2,134	2,209	2,292	2,377	2,458	2,537	2,618	2,703
EBITDA	317	410	235	314	193	202	237	229	261	295	284	254	220	194
<i>EBITDA Margin</i>	16%	19%	10%	13%	9%	9%	10%	9%	10%	11%	10%	9%	8%	7%
Total Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(383)	(383)	(383)	(383)	(383)	(383)
Balance Sheet - Ending Ca:	1,955	1,616	1,480	1,568	2,241	1,714	984	171	41	(58)	(163)	(297)	(464)	(658)

*Internet Revenue include internet revenues and modem revenues

- **Main Assumption:** Same as previous Scenario 6 slide 37 assuming building transfer for \$1.8 million, but assumes Broadband Customer Penetration Rate Reaches the mid-40% range
- **Balance Sheet – Ending Balance:** With lower customer broadband penetration rate, cash turns negative in 2030 and grows more negative after that.



Recommendations

- Business - Launch the 3 GIG business plan at \$299.95 and reprice the 1 GIG plan to \$149.98 to boost customer additions and revenue growth. This may cause a decrease in revenue in the short-term, but overtime should drive increased revenues.
- Residential - Double the speeds of the current 1 GIG, 600 Mbps and 300 Mbps and re-price at \$70 for 2 GIG, \$55 for 1 GIG, and \$40 for 600 Mbps, before including the \$20 discount for electric subscribers. For our analysis we utilized the \$20 discount for customers subscribing to broadband and electric service. We recognize the increased discount up to \$25 when also subscribing to voice and long-distance service, however, we would expect the voice and long-distance customers to decrease over time, so we focused on the \$20 PCS Rewards Program.
- Transfer the idle PCS owned building for \$1.8 million to fund network expansion/enhancement in the short-term.
- Work to reduce operating expenses by at least \$150,000 annually which is crucial in achieving profitability levels to help fund network investment.
- Target broadband penetration to reach 47% by the end of 2029 and 60% by the end of 2034 to capture market share and ensure ongoing revenue growth. While 60% is considered a high customer penetration rate, especially in a market with strong competition, anything less requires increasing operating expense savings beyond \$150,000 to produce enough cash to fund future network enhancements.
- To achieve the highest customer penetration rate as possible, Pineville's marketing should educate its customer base that its fiber-to-the-home network can provide high-quality broadband service equal to, in some cases better than, its more brand-name competition.
- A combination of increasing market share, moving customers to higher broadband speed tiers, increased growth rates, and reduced operating expenses displayed in Scenario 6 results in a positive cash balance throughout the forecast period (2025–2034).
- Once the network buildout is completed in 2028, the forecasted cash balance begins to accumulate, providing resources for future project investments.



Appendix

Competitive Landscape: Broadband

Pineville Competitive Service Offerings

Broadband Only						
Service Provider	Service Offerings	Service Package Description	DL Speed Mbps	UL Speed Mbps	Price	Customer Type
Pineville	Data	PCS Internet plan	1G	1G	\$92.95/mo	Residential
Pineville	Data	PCS Internet plan	600 Mbps	600 Mbps	\$75.95/mo	Residential
Pineville	Data	PCS Internet plan	300 Mbps	300 Mbps	\$55.95/mo	Residential
Pineville	Data	PCS Internet plan-only available where Fiber to the home FTTH is not available	50 Mbps	X	\$49.95/mo	Residential
Pineville	Data	Business PCS Internet, with 1-yr contract	1G	1G	\$299.95	Business
Pineville	Data	Business PCS Internet, with 1-yr contract	400 Mbps	X	\$200.95	Business
Pineville	Data	Business PCS Internet, with 1-yr contract	200 Mbps	X	\$165.95	Business
Pineville	Data	Business PCS Internet, with 1-yr contract	100 Mbps	X	\$125.95	Business
Pineville	Data	Business PCS Internet, with 1-yr contract	50 Mbps	X	\$100.95	Business
AT&T	Data	AT&T Internet 5000 (Fiber)-Promo price \$245.00/mo after \$10/mo discount (starts within 2 bills) with paperless billing and autopay	5 G	4462 Mbps	\$255.00/mo	Residential
AT&T	Data	AT&T Internet 2000 (Fiber)-Promo price \$145.00/mo after \$10/mo discount (starts within 2 bills) with paperless billing and autopay	2 G	2506 Mbps	\$155.00/mo	Residential
AT&T	Data	AT&T Internet 1000 (Fiber)-Promo price \$80.00/mo after \$10/mo discount (starts within 2 bills) with paperless billing and autopay	Up to 1G	928 Mbps	\$90.00/mo	Residential
AT&T	Data	AT&T Internet 500 (Fiber)-Promo price \$65.00/mo after \$10/mo discount (starts within 2 bills) with paperless billing and autopay	500 Mbps	622 Mbps	\$75.00/mo	Residential
AT&T	Data	AT&T Internet 300 (Fiber)-Promo price \$55.00/mo after \$10/mo discount (starts within 2 bills) with paperless billing and autopay	300 Mbps	381 Mbps	\$65.00/mo	Residential
AT&T	Data	Business Fiber 5G-No annual contract, data caps, or equipment fees	5G	5G	\$285.00/mo	Business
AT&T	Data	Business Fiber 2G-No annual contract, data caps, or equipment fees	2G	2G	\$185.00/mo	Business
AT&T	Data	Business Fiber 1G-No annual contract, data caps, or equipment fees, AT&T ActiveArmorSM 24/7 proactive security helps block malicious threats from ever reaching your devices.	1G	1G	\$160.00/mo	Business
AT&T	Data	Business Fiber 500 Mbps-No annual contract, data caps, or equipment fees, AT&T ActiveArmorSM 24/7 proactive security helps block malicious threats from ever reaching your devices.	500 Mbps	500 Mbps	\$110.00/mo	Business
AT&T	Data	Business Fiber 300 Mbps-No annual contract, data caps, or equipment fees, AT&T ActiveArmorSM 24/7 proactive security helps block malicious threats from ever reaching your devices.	300 Mbps	300 Mbps	\$70.00/mo	Business
Comporium	Data	Standard Internet-Free basic WiFi included, Antivirus software included	400 Mbps	400 Mbps	\$29.94/mo	Residential
Comporium	Data	Zipstream 2G-service contract not required	2G	2G	\$119.94/mo	Residential
Comporium	Data/Video	Internet+TV-Free WiFi included, No data caps, Antivirus software for up to 3 computers. Promo price \$99.99/mo	400 Mbps	400 Mbps	\$155.86/mo	Residential
Comporium	Data	Zipstream 5G-service contract not required	5G	5G	\$134.94/mo	Residential
Comporium	Data	Zipstream 1G-service contract not required, promo price \$75.99 for 12-mo	1G	1G	\$104.94/mo	Residential
Comporium	Data	Ultra Internet-service contract not required, promo price \$59.99 for 12-mo	600 Mbps	600Mbps	\$88.94/mo	Residential
Comporium	Data	Essential Internet-service contract not required, promo price \$29.99 for 3-mo	100 Mbps	100 Mbps	\$49.94/mo	Residential
Comporium	Data/Voice	Internet+Phone-Ultra Package, Free WiFi included, No data caps, Antivirus software for up to 3 computers	600 Mbps	600 Mbps	\$89.99/mo	Residential
Comporium	Data/Video	Internet+TV+Security-Ultra Package, Free WiFi included, No data caps, Stream HD Basic Plus Package w/100+ Channels, Package includes 2 Streams and 20 hours DVR. ReadyHome Smart Home Security, After 12 months, regular retail rates apply. Promo price \$179.99/mo	600 Mbps	600 Mbps	\$235.86/mo	Residential
Comporium	Data/Voice/Video	Internet+Phone+TV-Standard Package, No data caps, Stream HD Basic Plus Package w/100+ Channels, Package includes 2 Streams and 20 hours DVR. Unlimited Nationwide Calling. Promo price \$114.99 for 12-mo	400 Mbps	400 Mbps	\$181.59/mo	Residential
Comporium	Data/Voice/Video	Internet+TV+Phone+Security-Ultra Package, Free WiFi included, No data caps, Stream HD Basic Plus Package w/100+ Channels, Package includes 2 Streams and 20 hours DVR, Unlimited Local Calling. ReadyHome Smart Home Security, After 12 months, regular retail rates apply. Promo price \$190.99 for 12-mo	600 Mbps	600 Mbps	\$250.33/mo	Residential
Comporium	Voice	Voice Plus-Unlimited local inbound and outbound calls, Caller ID, Voice Mail	X	X	\$25.95/mo	Residential
Comporium	Voice	Voice PlusUnlimited-Long-Distance calls to anywhere in the continental U.S., Caller ID, Voice Mail	X	X	\$40.00/mo	Residential
Comporium	Voice	Basic Telephone-unlimited outbound and inbound local calling	X	X	\$21.75/mo	Residential
Spectrum	Data	Internet-Up to 300 mbps, \$49.99/mo for 12 mos	300 Mbps	12 Mbps	\$87.99/mo	Residential
Spectrum	Data	Internet Ultra-Up to 500 mbps, \$69.99/mo for 24 mos	500 Mbps	23 Mbps	\$107.99/mo	Residential
Spectrum	Data	Internet Gig-Up to 1G, \$79.99/mo for 24 mos	1G	41 Mbps	\$117.99/mo	Residential

- Major Broadband Providers: The market is dominated by Pineville, AT&T Comporium and Spectrum



Competitive Landscape

Pineville Competitive Service Offerings						
Mobile						
AT&T	Data	AT&T Internet AirTM for Business Standard- no speed caps, no data caps, and no overage fees. Promo price \$60.00/mo after \$5/mo. AutoPay and paperless billing discount.	139-389 Mbps	6-33 Mbps	\$65.00/mo	Business
T-Mobile	Data	5G Home Internet Unlimited-Unlimited data, 5G WiFi Gateway. Promo price \$40.00 mo	72-245 Mbps	15-31 Mbps	\$65.00/mo	Residential
T-Mobile	Data	5G Home Internet Plus-Unlimited data, 5G WiFi Gateway. Promo price \$50.00 mo	72-245 Mbps	15-31 Mbps	\$75.00/mo	Residential
T-Mobile	Data	5G Business Internet Unlimited-Contract not required for service	72-245 Mbps	15-31 Mbps	\$60.00/mo	Business
Verizon	Data	5G Home Plus up to 300 Mbps-Ultra HD 4K video streaming, router and whole home Wi-Fi included, 3-yr price guarantee.	85-250 Mbps	10-20 Mbps	\$80.00/mo	Residential
Verizon	Data	5G Home up to 100 Mbps-1080p HD video streaming, router included, 2-yr price guarantee.	50-85 Mbps	5-10 Mbps	\$60.00/mo	Residential
Verizon	Data	5G Business Internet-Fast speeds, 10-year price lock, low lag, unlimited data, no coverage fees	100 Mbps	20 Mbps	\$69.00/mo	Business
Verizon	Data	5G Business Internet-Fast speeds, 10-year price lock, low lag, unlimited data, no coverage fees	200 Mbps	20 Mbps	\$79.00/mo	Business
Verizon	Voice/Data	Unlimited Welcome-5G, home internet as low as \$35/mo, service availability varies. \$10 autopay discount. Promo price \$75.00/mo	X	X	\$85.00/mo	Residential

- Other known providers are Verizon (Fixed Broadband), T-Mobile (Fixed Wireless Broadband) and AT&T (Internet Air Fixed Broadband)



Detailed Financial Statements for Scenario Analysis

Scenario 1 Base: Business-As-Usual

10 YR PROJECTIONS														
SUMMARY OPERATING FORECAST - BASE SCENARIO														
Valuation Date	Historical				Forecast									
	6/30/2021	6/30/2022	6/30/2023	6/30/2024	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Forecast Summary														
Operating Revenue														
ILEC Fund														
Local Voice Revenues	175	159	149	139	131	123	115	108	102	96	90	84	79	75
Network Access Revenues	501	528	655	618	593	569	547	525	504	484	464	446	428	411
Long Distance Revenues	25	18	12	7	5	3	2	1	1	1	0	0	0	0
Other Revenues	119	114	118	114	112	109	107	105	103	101	99	97	95	93
Other Non-Regulated Revenues	26	26	23	19	17	15	14	12	11	10	9	8	7	7
Miscellaneous Revenues	253	243	176	234	236	238	241	243	246	248	251	253	256	258
Total ILEC Fund Revenues	1,099	1,088	1,132	1,131	1,094	1,059	1,026	995	966	939	913	889	865	844
CLEC Fund														
Local Voice Revenues	63	58	53	48	45	41	38	36	33	31	29	27	25	23
Network Access Revenues	4	4	4	1	1	1	0	0	0	0	0	0	0	0
Long Distance Revenues	12	11	10	9	8	7	6	5	5	4	4	3	3	2
Internet Revenues	770	998	1,115	1,165	1,230	1,322	1,424	1,535	1,658	1,756	1,833	1,900	1,963	2,023
Modem Revenues	(11)	(21)	23	58	61	65	69	74	78	82	86	89	92	95
Install Revenues	6	5	6	6	7	8	9	10	11	13	14	16	17	19
Other Non-Regulated Revenues	10	11	10	10	10	10	10	10	10	10	10	10	10	10
Miscellaneous Revenues	7	1	1	6	6	6	6	6	6	6	6	6	6	6
Total CLEC Fund Revenues	860	1,067	1,221	1,302	1,367	1,459	1,563	1,676	1,802	1,903	1,982	2,051	2,116	2,179
Uncollectibles	1	0	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Total Operating Revenue	1,960	2,155	2,352	2,431	2,459	2,516	2,587	2,669	2,766	2,840	2,893	2,938	2,979	3,021
<i>Growth</i>		10.0%	9.1%	3.4%	1.1%	2.3%	2.8%	3.2%	3.6%	2.7%	1.9%	1.5%	1.4%	1.4%
Operating Expenses	1,643	1,746	2,118	2,117	2,169	2,240	2,314	2,390	2,471	2,550	2,628	2,707	2,787	2,870
COGS & OpEx	1,643	1,746	2,118	2,117	2,169	2,240	2,314	2,390	2,471	2,550	2,628	2,707	2,787	2,870
<i>Growth</i>		6.3%	21.3%	0.0%	2.5%	3.2%	3.3%	3.3%	3.4%	3.2%	3.1%	3.0%	3.0%	3.0%
EBITDA	317	410	235	314	289	276	274	279	295	290	265	231	192	151
<i>EBITDA Margin %</i>	16.2%	19.0%	10.0%	12.9%	11.8%	11.0%	10.6%	10.5%	10.7%	10.2%	9.2%	7.9%	6.4%	5.0%
Depreciation & Amortization	447	286	319	272	460	505	561	619	642	665	688	711	734	757
Operating Income	(130)	124	(84)	42	(171)	(229)	(287)	(340)	(347)	(376)	(423)	(481)	(542)	(607)
Other Income (Expense)														
Interest and Dividend Income	4	8	123	148	21	-	-	-	-	-	-	-	-	-
Other Income (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	4	8	123	148	21	-	-	-	-	-	-	-	-	-
Net Income before Tax	(126)	132	39	191	(150)	(229)	(287)	(340)	(347)	(376)	(423)	(481)	(542)	(607)
Income Tax Expense (Benefit) (Norm.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Income Tax %</i>	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%
Net Income	(126)	132	39	191	(150)	(229)	(287)	(340)	(347)	(376)	(423)	(481)	(542)	(607)
Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(415)	(415)	(415)	(415)	(415)	(415)
<i>Capex % of revenues</i>	43.3%	26.0%	19.7%	15.7%	66.4%	32.1%	38.9%	39.1%	15.0%	14.6%	14.3%	14.1%	13.9%	13.7%



Scenario 1 Base: Business-As-Usual

10 YR PROJECTIONS											
BALANCE SHEET FORECAST - BASE SCENARIO											
Amounts in \$000											
	Historical	Forecast									
	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CURRENT ASSETS											
Cash & cash equivalents	1,568	421	(115)	(853)	(1,627)	(1,755)	(1,887)	(2,042)	(2,230)	(2,457)	(2,725)
Accounts receivable	205	172	176	181	187	194	199	203	206	209	211
Inventory	366	295	302	310	320	332	341	347	353	358	362
Leases receivable	47	47	47	47	47	47	47	47	47	47	47
Other current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>2,186</u>	<u>935</u>	<u>410</u>	<u>(315)</u>	<u>(1,073)</u>	<u>(1,183)</u>	<u>(1,301)</u>	<u>(1,445)</u>	<u>(1,625)</u>	<u>(1,844)</u>	<u>(2,104)</u>
OTHER ASSETS											
Leases receivable, non-current	99	99	99	99	99	99	99	99	99	99	99
Pension deferrals	308	308	308	308	308	308	308	308	308	308	308
OPEB deferrals	84	84	84	84	84	84	84	84	84	84	84
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>
PROPERTY, PLANT AND EQUIPMENT											
Property, plant and equipment	14,468	16,100	16,908	17,913	18,958	19,373	19,788	20,203	20,618	21,033	21,448
Accumulated depreciation	(9,464)	(9,924)	(10,429)	(10,990)	(11,609)	(12,251)	(12,916)	(13,604)	(14,316)	(15,050)	(15,807)
Net property, plant and equipment	<u>5,004</u>	<u>6,176</u>	<u>6,479</u>	<u>6,923</u>	<u>7,349</u>	<u>7,122</u>	<u>6,872</u>	<u>6,599</u>	<u>6,302</u>	<u>5,983</u>	<u>5,641</u>
	<u>7,681</u>	<u>7,603</u>	<u>7,380</u>	<u>7,100</u>	<u>6,768</u>	<u>6,431</u>	<u>6,063</u>	<u>5,645</u>	<u>5,169</u>	<u>4,630</u>	<u>4,028</u>
CURRENT LIABILITIES											
Accounts payable	(0)	74	75	78	80	83	85	87	88	89	91
Advance billing & Customer deposits	179	172	176	181	187	194	199	203	206	209	211
Other current liabilities	(2)	2	3	3	3	3	3	3	3	3	3
	<u>177</u>	<u>248</u>	<u>254</u>	<u>261</u>	<u>270</u>	<u>279</u>	<u>287</u>	<u>292</u>	<u>297</u>	<u>301</u>	<u>305</u>
LONG-TERM DEBT	-	-	-	-	-	-	-	-	-	-	-
OTHER LONG-TERM LIABILITIES											
Net pension liability	465	465	465	465	465	465	465	465	465	465	465
OPEB liability	396	396	396	396	396	396	396	396	396	396	396
Compensated absences	41	41	41	41	41	41	41	41	41	41	41
Pension deferrals	27	27	27	27	27	27	27	27	27	27	27
OPEB deferrals	142	142	142	142	142	142	142	142	142	142	142
Deferred Leases	143	143	143	143	143	143	143	143	143	143	143
	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>
NET POSITION											
Net investment in capital stocks	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262
Unrestricted	<u>1,028</u>	<u>878</u>	<u>649</u>	<u>362</u>	<u>22</u>	<u>(325)</u>	<u>(701)</u>	<u>(1,124)</u>	<u>(1,605)</u>	<u>(2,147)</u>	<u>(2,754)</u>
	<u>6,290</u>	<u>6,140</u>	<u>5,911</u>	<u>5,624</u>	<u>5,284</u>	<u>4,937</u>	<u>4,561</u>	<u>4,138</u>	<u>3,658</u>	<u>3,115</u>	<u>2,508</u>
	<u>7,681</u>	<u>7,603</u>	<u>7,380</u>	<u>7,100</u>	<u>6,768</u>	<u>6,431</u>	<u>6,063</u>	<u>5,645</u>	<u>5,169</u>	<u>4,630</u>	<u>4,028</u>



Scenario 1 Base: Business-As-Usual

10 YR PROJECTIONS										
STATEMENT OF CASH FLOWS FORECAST - BASE SCENARIO										Amounts in \$'000
	Forecast									
	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CASH FLOWS FROM OPERATING ACTIVITIES:										
Net income	(150)	(229)	(287)	(340)	(347)	(376)	(423)	(481)	(542)	(607)
Adjustment to reconcile net income to net cash from operating act.										
Depreciation	460	505	561	619	642	665	688	711	734	757
Accounts receivable	33	(4)	(5)	(6)	(7)	(5)	(4)	(3)	(3)	(3)
Inventory	71	(7)	(9)	(10)	(12)	(9)	(6)	(5)	(5)	(5)
Accounts payable	74	2	2	2	3	2	2	1	1	1
Advanced billings & cust. Deposits	(7)	4	5	6	7	5	4	3	3	3
Accrued and other current liabilities	4	0	0	0	0	0	0	0	0	0
Other liabilities	-	-	-	-	-	-	-	-	-	-
	<u>486</u>	<u>271</u>	<u>267</u>	<u>272</u>	<u>286</u>	<u>283</u>	<u>260</u>	<u>227</u>	<u>188</u>	<u>147</u>
CASH FLOWS FROM INVESTING ACTIVITIES										
Net additions to PPE	<u>(1,633)</u>	<u>(808)</u>	<u>(1,006)</u>	<u>(1,045)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>
	<u>(1,633)</u>	<u>(808)</u>	<u>(1,006)</u>	<u>(1,045)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>
CASH FLOWS FROM FINANCING ACTIVITIES										
Distributions	-	-	-	-	-	-	-	-	-	-
Long-term debt advances	-	-	-	-	-	-	-	-	-	-
Long-term debt principal payments	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(1,147)	(536)	(738)	(773)	(128)	(132)	(155)	(188)	(227)	(268)
CASH, beginning	<u>1,568</u>	<u>421</u>	<u>(115)</u>	<u>(853)</u>	<u>(1,627)</u>	<u>(1,755)</u>	<u>(1,887)</u>	<u>(2,042)</u>	<u>(2,230)</u>	<u>(2,457)</u>
CASH, ending	<u>421</u>	<u>(115)</u>	<u>(853)</u>	<u>(1,627)</u>	<u>(1,755)</u>	<u>(1,887)</u>	<u>(2,042)</u>	<u>(2,230)</u>	<u>(2,457)</u>	<u>(2,725)</u>

Scenario 2: New 3 GIG Business Plan

SUMMARY OPERATING FORECAST												Amounts in \$000		
Valuation Date	Historical				Forecast									
	6/30/2021	6/30/2022	6/30/2023	6/30/2024	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Forecast Summary														
Operating Revenue														
ILEC Fund														
Local Voice Revenues	175	159	149	139	131	123	115	108	102	96	90	84	79	75
Network Access Revenues	501	528	655	618	593	569	547	525	504	484	464	446	428	411
Long Distance Revenues	25	18	12	7	5	3	2	1	1	1	0	0	0	0
Other Revenues	119	114	118	114	112	109	107	105	103	101	99	97	95	93
Other Non-Regulated Revenues	26	26	23	19	17	15	14	12	11	10	9	8	7	7
Miscellaneous Revenues	253	243	176	234	236	238	241	243	246	248	251	253	256	258
Total ILEC Fund Revenues	1,099	1,088	1,132	1,131	1,094	1,059	1,026	995	966	939	913	889	865	844
CLEC Fund														
Local Voice Revenues	63	58	53	48	45	41	38	36	33	31	29	27	25	23
Network Access Revenues	4	4	4	1	1	1	0	0	0	0	0	0	0	0
Long Distance Revenues	12	11	10	9	8	7	6	5	5	4	4	3	3	2
Internet Revenues	770	998	1,115	1,165	1,266	1,361	1,466	1,578	1,701	1,804	1,887	1,962	2,032	2,100
Modem Revenues	(11)	(21)	23	58	61	65	70	74	79	83	87	90	93	96
Install Revenues	6	5	6	6	7	8	9	10	11	13	14	16	18	20
Other Non-Regulated Revenues	10	11	10	10	10	10	10	10	10	10	10	10	10	10
Miscellaneous Revenues	7	1	1	6	6	6	6	6	6	6	6	6	6	6
Total CLEC Fund Revenues	860	1,067	1,221	1,302	1,403	1,499	1,605	1,720	1,845	1,951	2,037	2,113	2,186	2,257
Uncollectibles	1	0	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Total Operating Revenue	1,960	2,155	2,352	2,431	2,495	2,556	2,629	2,713	2,810	2,888	2,948	3,000	3,050	3,099
<i>Growth</i>		10.0%	9.1%	3.4%	2.6%	2.5%	2.9%	3.2%	3.6%	2.8%	2.1%	1.8%	1.6%	1.6%
Operating Expenses	1,643	1,746	2,118	2,117	2,174	2,245	2,319	2,396	2,477	2,557	2,636	2,716	2,797	2,881
COGS & OpEx	1,643	1,746	2,118	2,117	2,174	2,245	2,319	2,396	2,477	2,557	2,636	2,716	2,797	2,881
<i>Growth</i>		6.3%	21.3%	0.0%	2.7%	3.3%	3.3%	3.3%	3.4%	3.2%	3.1%	3.0%	3.0%	3.0%
EBITDA	317	410	235	314	320	311	310	317	333	331	312	285	253	219
<i>EBITDA Margin %</i>	16.2%	19.0%	10.0%	12.9%	12.8%	12.2%	11.8%	11.7%	11.8%	11.5%	10.6%	9.5%	8.3%	7.1%
Depreciation & Amortization	447	286	319	272	460	505	561	619	642	666	689	713	736	759
Operating Income	(130)	124	(84)	42	(140)	(194)	(251)	(302)	(310)	(334)	(377)	(428)	(483)	(541)
Other Income (Expense)														
Interest and Dividend Income	4	8	123	148	23	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	4	8	123	148	23	-	-	-	-	-	-	-	-	-
Net Income before Tax	(126)	132	39	191	(117)	(194)	(251)	(302)	(310)	(334)	(377)	(428)	(483)	(541)
Income Tax Expense (Benefit) (Norm.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Income Tax %</i>	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%
Net Income	(126)	132	39	191	(117)	(194)	(251)	(302)	(310)	(334)	(377)	(428)	(483)	(541)
Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(421)	(421)	(421)	(421)	(421)	(421)
<i>Capex % of revenues</i>	43.3%	26.0%	19.7%	15.7%	65.4%	31.6%	38.2%	38.5%	15.0%	14.6%	14.3%	14.0%	13.8%	13.6%



Scenario 2: New 3 GIG Business Plan

BALANCE SHEET FORECAST											Amounts in \$'000
	Historical	Forecast									
	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CURRENT ASSETS											
Cash & cash equivalents	1,568	451	(52)	(754)	(1,489)	(1,587)	(1,684)	(1,798)	(1,940)	(2,113)	(2,320)
Accounts receivable	205	175	179	184	190	197	202	206	210	213	217
Inventory	366	299	307	316	326	337	347	354	360	366	372
Leases receivable	47	47	47	47	47	47	47	47	47	47	47
Other current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,186</u>	<u>971</u>	<u>481</u>	<u>(207)</u>	<u>(927)</u>	<u>(1,006)</u>	<u>(1,088)</u>	<u>(1,191)</u>	<u>(1,323)</u>	<u>(1,487)</u>	<u>(1,684)</u>
OTHER ASSETS											
Leases receivable, non-current	99	99	99	99	99	99	99	99	99	99	99
Pension deferrals	308	308	308	308	308	308	308	308	308	308	308
OPEB deferrals	84	84	84	84	84	84	84	84	84	84	84
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>
PROPERTY, PLANT AND EQUIPMENT											
Property, plant and equipment	14,468	16,100	16,908	17,913	18,958	19,380	19,801	20,223	20,644	21,065	21,487
Accumulated depreciation	(9,464)	(9,924)	(10,429)	(10,990)	(11,609)	(12,251)	(12,917)	(13,607)	(14,319)	(15,055)	(15,815)
Net property, plant and equipment	<u>5,004</u>	<u>6,176</u>	<u>6,479</u>	<u>6,923</u>	<u>7,349</u>	<u>7,128</u>	<u>6,884</u>	<u>6,616</u>	<u>6,325</u>	<u>6,010</u>	<u>5,672</u>
	<u>7,681</u>	<u>7,639</u>	<u>7,451</u>	<u>7,207</u>	<u>6,913</u>	<u>6,613</u>	<u>6,287</u>	<u>5,916</u>	<u>5,493</u>	<u>5,015</u>	<u>4,479</u>
CURRENT LIABILITIES											
Accounts payable	(0)	75	77	79	81	84	87	88	90	91	93
Advance billing & Customer deposits	179	175	179	184	190	197	202	206	210	213	217
Current portion - long-term debt	-	-	-	-	-	-	-	-	-	-	-
Other accrued expenses	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(2)	2	3	3	3	3	3	3	3	3	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>177</u>	<u>252</u>	<u>258</u>	<u>266</u>	<u>274</u>	<u>284</u>	<u>292</u>	<u>298</u>	<u>303</u>	<u>308</u>	<u>313</u>
LONG-TERM DEBT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER LONG-TERM LIABILITIES											
Net pension liability	465	465	465	465	465	465	465	465	465	465	465
OPEB liability	396	396	396	396	396	396	396	396	396	396	396
Compensated absences	41	41	41	41	41	41	41	41	41	41	41
Pension deferrals	27	27	27	27	27	27	27	27	27	27	27
OPEB deferrals	142	142	142	142	142	142	142	142	142	142	142
Deferred Leases	143	143	143	143	143	143	143	143	143	143	143
	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>
NET POSITION											
Net investment in capital stocks	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262
Unrestricted	1,028	910	716	465	163	(147)	(481)	(858)	(1,286)	(1,770)	(2,311)
Accumulated other comprehensive	-	-	-	-	-	-	-	-	-	-	-
	<u>6,290</u>	<u>6,173</u>	<u>5,978</u>	<u>5,727</u>	<u>5,425</u>	<u>5,115</u>	<u>4,781</u>	<u>4,404</u>	<u>3,976</u>	<u>3,492</u>	<u>2,952</u>
	<u>7,681</u>	<u>7,639</u>	<u>7,451</u>	<u>7,207</u>	<u>6,913</u>	<u>6,613</u>	<u>6,287</u>	<u>5,916</u>	<u>5,493</u>	<u>5,015</u>	<u>4,479</u>



Scenario 2: New 3 GIG Business Plan

STATEMENT OF CASH FLOWS FORECAST										Amounts in \$000
	Forecast									
	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CASH FLOWS FROM										
OPERATING ACTIVITIES:										
Net income	(117)	(194)	(251)	(302)	(310)	(334)	(377)	(428)	(483)	(541)
Adjustment to reconcile net income to net cash from operating act.										
Depreciation	460	505	561	619	642	666	689	713	736	759
Accounts receivable	30	(4)	(5)	(6)	(7)	(5)	(4)	(4)	(3)	(3)
Inventory	67	(7)	(9)	(10)	(12)	(9)	(7)	(6)	(6)	(6)
Leases receivable	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	-	-	-	-	-	-	-	-	-	-
Accounts payable	75	2	2	3	3	2	2	2	1	1
Advanced billings & cust. Deposits	(4)	4	5	6	7	5	4	4	3	3
Accrued and other current liabilities	4	0	0	0	0	0	0	0	0	0
Other liabilities	-	-	-	-	-	-	-	-	-	-
	<u>515</u>	<u>305</u>	<u>304</u>	<u>309</u>	<u>324</u>	<u>324</u>	<u>307</u>	<u>280</u>	<u>248</u>	<u>214</u>
CASH FLOWS FROM										
INVESTING ACTIVITIES										
Net additions to PPE	(1,633)	(808)	(1,006)	(1,045)	(421)	(421)	(421)	(421)	(421)	(421)
Plant retirements	-	-	-	-	-	-	-	-	-	-
	<u>(1,633)</u>	<u>(808)</u>	<u>(1,006)</u>	<u>(1,045)</u>	<u>(421)</u>	<u>(421)</u>	<u>(421)</u>	<u>(421)</u>	<u>(421)</u>	<u>(421)</u>
CASH FLOWS FROM										
FINANCING ACTIVITIES										
Distributions	-	-	-	-	-	-	-	-	-	-
Long-term debt advances	-	-	-	-	-	-	-	-	-	-
Long-term debt principal payments	-	-	-	-	-	-	-	-	-	-
Proceeds from other new debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(1,117)	(502)	(702)	(736)	(97)	(97)	(114)	(141)	(173)	(207)
CASH, beginning	1,568	451	(52)	(754)	(1,489)	(1,587)	(1,684)	(1,798)	(1,940)	(2,113)
CASH, ending	<u>451</u>	<u>(52)</u>	<u>(754)</u>	<u>(1,489)</u>	<u>(1,587)</u>	<u>(1,684)</u>	<u>(1,798)</u>	<u>(1,940)</u>	<u>(2,113)</u>	<u>(2,320)</u>

Scenario 3: Business Plan Price Changes; Residential Growth

SUMMARY OPERATING FORECAST													Amounts in \$'000		
Valuation Date	7/1/2024	Historical				Forecast									
		6/30/2021	6/30/2022	6/30/2023	6/30/2024	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Forecast Summary															
Operating Revenue															
ILEC Fund															
Local Voice Revenues	175	159	149	139	131	123	115	108	102	96	90	84	79	75	
Network Access Revenues	501	528	655	618	593	569	547	525	504	484	464	446	428	411	
Long Distance Revenues	25	18	12	7	5	3	2	1	1	1	0	0	0	0	
Other Revenues	119	114	118	114	112	109	107	105	103	101	99	97	95	93	
Other Non-Regulated Revenues	26	26	23	19	17	15	14	12	11	10	9	8	7	7	
Miscellaneous Revenues	253	243	176	234	236	238	241	243	246	248	251	253	256	258	
Total ILEC Fund Revenues	1,099	1,088	1,132	1,131	1,094	1,059	1,026	995	966	939	913	889	865	844	
CLEC Fund															
Local Voice Revenues	63	58	53	48	45	41	38	36	33	31	29	27	25	23	
Network Access Revenues	4	4	4	1	1	1	0	0	0	0	0	0	0	0	
Long Distance Revenues	12	11	10	9	8	7	6	5	5	4	4	3	3	2	
Internet Revenues	770	998	1,115	1,165	1,325	1,537	1,774	2,032	2,270	2,429	2,543	2,656	2,758	2,838	
Modem Revenues	(11)	(21)	23	58	63	72	82	93	102	108	113	118	122	125	
Install Revenues	6	5	6	6	7	10	13	16	20	25	29	35	41	48	
Other Non-Regulated Revenues	10	11	10	10	10	10	10	10	10	10	10	10	10	10	
Miscellaneous Revenues	7	1	1	6	6	6	6	6	6	6	6	6	6	6	
Total CLEC Fund Revenues	860	1,067	1,221	1,302	1,464	1,683	1,930	2,199	2,447	2,613	2,734	2,855	2,965	3,053	
Uncollectibles	1	0	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
Total Operating Revenue	1,960	2,155	2,352	2,431	2,556	2,740	2,954	3,192	3,411	3,550	3,645	3,741	3,829	3,895	
<i>Growth</i>		10.0%	9.1%	3.4%	5.1%	7.2%	7.8%	8.1%	6.9%	4.1%	2.7%	2.7%	2.3%	1.7%	
Operating Expenses	1,643	1,746	2,118	2,117	2,183	2,270	2,363	2,461	2,559	2,647	2,730	2,816	2,903	2,989	
COGS & OpEx	1,643	1,746	2,118	2,117	2,183	2,270	2,363	2,461	2,559	2,647	2,730	2,816	2,903	2,989	
<i>Growth</i>		6.3%	21.3%	0.0%	3.1%	4.0%	4.1%	4.1%	3.9%	3.4%	3.2%	3.1%	3.1%	3.0%	
EBITDA	317	410	235	314	373	470	591	731	853	904	915	925	926	906	
<i>EBITDA Margin %</i>	16.2%	19.0%	10.0%	12.9%	14.6%	17.1%	20.0%	22.9%	25.0%	25.5%	25.1%	24.7%	24.2%	23.3%	
Depreciation & Amortization	447	286	319	272	460	505	561	619	647	676	704	733	761	790	
Operating Income	(130)	124	(84)	42	(87)	(35)	30	112	205	228	210	192	165	117	
Other Income (Expense)															
Interest and Dividend Income	4	8	123	148	25	8	-	-	-	5	26	48	72	96	
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Income (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	4	8	123	148	25	8	-	-	-	5	26	48	72	96	
Net Income before Tax	(126)	132	39	191	(62)	(28)	30	112	205	232	236	241	237	213	
Income Tax Expense (Benefit) (Norm.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Income Tax %</i>	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%	
Net Income	(126)	132	39	191	(62)	(28)	30	112	205	232	236	241	237	213	
Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(512)	(512)	(512)	(512)	(512)	(512)	
<i>Capex % of revenues</i>	43.3%	26.0%	19.7%	15.7%	63.9%	29.5%	34.0%	32.7%	15.0%	14.4%	14.0%	13.7%	13.4%	13.1%	



Scenario 3: Business Plan Price Changes; Residential Growth

BALANCE SHEET FORECAST											Amounts in \$000
	Historical	Forecast									
	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CURRENT ASSETS											
Cash & cash equivalents	1,568	501	154	(280)	(615)	(294)	91	511	964	1,442	1,927
Accounts receivable	205	179	192	207	223	239	249	255	262	268	273
Inventory	366	307	329	354	383	409	426	437	449	459	467
Leases receivable	47	47	47	47	47	47	47	47	47	47	47
Other current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>2,186</u>	<u>1,033</u>	<u>722</u>	<u>328</u>	<u>38</u>	<u>401</u>	<u>812</u>	<u>1,250</u>	<u>1,721</u>	<u>2,216</u>	<u>2,714</u>
OTHER ASSETS											
Leases receivable, non-current	99	99	99	99	99	99	99	99	99	99	99
Pension deferrals	308	308	308	308	308	308	308	308	308	308	308
OPEB deferrals	84	84	84	84	84	84	84	84	84	84	84
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>
PROPERTY, PLANT AND EQUIPMENT											
Property, plant and equipment	14,468	16,100	16,908	17,913	18,958	19,470	19,982	20,493	21,005	21,517	22,029
Accumulated depreciation	(9,464)	(9,924)	(10,429)	(10,990)	(11,609)	(12,256)	(12,932)	(13,637)	(14,369)	(15,130)	(15,920)
Net property, plant and equipment	<u>5,004</u>	<u>6,176</u>	<u>6,479</u>	<u>6,923</u>	<u>7,349</u>	<u>7,214</u>	<u>7,049</u>	<u>6,857</u>	<u>6,636</u>	<u>6,386</u>	<u>6,109</u>
	<u>7,681</u>	<u>7,701</u>	<u>7,692</u>	<u>7,743</u>	<u>7,879</u>	<u>8,106</u>	<u>8,353</u>	<u>8,598</u>	<u>8,848</u>	<u>9,094</u>	<u>9,314</u>
CURRENT LIABILITIES											
Accounts payable	(0)	77	82	89	96	102	107	109	112	115	117
Advance billing & Customer deposits	179	179	192	207	223	239	249	255	262	268	273
Current portion - long-term debt	-	-	-	-	-	-	-	-	-	-	-
Other accrued expenses	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(2)	3	3	3	3	3	4	4	4	4	4
	<u>177</u>	<u>258</u>	<u>277</u>	<u>298</u>	<u>322</u>	<u>345</u>	<u>359</u>	<u>368</u>	<u>378</u>	<u>387</u>	<u>393</u>
LONG-TERM DEBT	-	-	-	-	-	-	-	-	-	-	-
OTHER LONG-TERM LIABILITIES											
Net pension liability	465	465	465	465	465	465	465	465	465	465	465
OPEB liability	396	396	396	396	396	396	396	396	396	396	396
Compensated absences	41	41	41	41	41	41	41	41	41	41	41
Pension deferrals	27	27	27	27	27	27	27	27	27	27	27
OPEB deferrals	142	142	142	142	142	142	142	142	142	142	142
Deferred Leases	143	143	143	143	143	143	143	143	143	143	143
	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>
NET POSITION											
Net investment in capital stocks	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262
Unrestricted	1,028	966	938	968	1,080	1,285	1,518	1,753	1,994	2,231	2,444
Accumulated other comprehensive	-	-	-	-	-	-	-	-	-	-	-
	<u>6,290</u>	<u>6,228</u>	<u>6,200</u>	<u>6,230</u>	<u>6,342</u>	<u>6,547</u>	<u>6,780</u>	<u>7,015</u>	<u>7,256</u>	<u>7,493</u>	<u>7,706</u>
	<u>7,681</u>	<u>7,701</u>	<u>7,692</u>	<u>7,743</u>	<u>7,879</u>	<u>8,106</u>	<u>8,353</u>	<u>8,598</u>	<u>8,848</u>	<u>9,094</u>	<u>9,314</u>



Scenario 3: Business Plan Price Changes; Residential Growth

STATEMENT OF CASH FLOWS FORECAST										Amounts in \$000
	Forecast									
	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CASH FLOWS FROM										
OPERATING ACTIVITIES:										
Net income	(62)	(28)	30	112	205	232	236	241	237	213
Adjustment to reconcile net income to net cash from operating act.										
Depreciation	460	505	561	619	647	676	704	733	761	790
Accounts receivable	26	(13)	(15)	(17)	(15)	(10)	(7)	(7)	(6)	(5)
Inventory	60	(22)	(26)	(29)	(26)	(17)	(11)	(12)	(10)	(8)
Leases receivable	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	-	-	-	-	-	-	-	-	-	-
Accounts payable	77	6	6	7	7	4	3	3	3	2
Advanced billings & cust. Deposits	0	13	15	17	15	10	7	7	6	5
Accrued and other current liabilities	4	0	0	0	0	0	0	0	0	0
Other liabilities	-	-	-	-	-	-	-	-	-	-
	<u>565</u>	<u>461</u>	<u>572</u>	<u>709</u>	<u>833</u>	<u>896</u>	<u>932</u>	<u>965</u>	<u>990</u>	<u>997</u>
CASH FLOWS FROM										
INVESTING ACTIVITIES										
Net additions to PPE	(1,633)	(808)	(1,006)	(1,045)	(512)	(512)	(512)	(512)	(512)	(512)
Plant retirements	-	-	-	-	-	-	-	-	-	-
	<u>(1,633)</u>	<u>(808)</u>	<u>(1,006)</u>	<u>(1,045)</u>	<u>(512)</u>	<u>(512)</u>	<u>(512)</u>	<u>(512)</u>	<u>(512)</u>	<u>(512)</u>
CASH FLOWS FROM										
FINANCING ACTIVITIES										
Distributions	-	-	-	-	-	-	-	-	-	-
Long-term debt advances	-	-	-	-	-	-	-	-	-	-
Long-term debt principal payments	-	-	-	-	-	-	-	-	-	-
Proceeds from other new debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(1,067)	(346)	(434)	(336)	322	384	420	453	479	485
CASH, beginning	1,568	501	154	(280)	(615)	(294)	91	511	964	1,442
CASH, ending	<u>501</u>	<u>154</u>	<u>(280)</u>	<u>(615)</u>	<u>(294)</u>	<u>91</u>	<u>511</u>	<u>964</u>	<u>1,442</u>	<u>1,927</u>

Scenario 4: Reducing Operating Expenses

SUMMARY OPERATING FORECAST														Amounts in \$000	
Valuation Date	7/1/2024	Historical				Forecast									
		6/30/2021	6/30/2022	6/30/2023	6/30/2024	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Forecast Summary															
Operating Revenue															
ILEC Fund															
Local Voice Revenues	175	159	149	139	131	123	115	108	102	96	90	84	79	75	
Network Access Revenues	501	528	655	618	593	569	547	525	504	484	464	446	428	411	
Long Distance Revenues	25	18	12	7	5	3	2	1	1	1	0	0	0	0	
Other Revenues	119	114	118	114	112	109	107	105	103	101	99	97	95	93	
Other Non-Regulated Revenues	26	26	23	19	17	15	14	12	11	10	9	8	7	7	
Miscellaneous Revenues	253	243	176	234	236	238	241	243	246	248	251	253	256	258	
Total ILEC Fund Revenues	1,099	1,088	1,132	1,131	1,094	1,059	1,026	995	966	939	913	889	865	844	
CLEC Fund															
Local Voice Revenues	63	58	53	48	45	41	38	36	33	31	29	27	25	23	
Network Access Revenues	4	4	4	1	1	1	0	0	0	0	0	0	0	0	
Long Distance Revenues	12	11	10	9	8	7	6	5	5	4	4	3	3	2	
Internet Revenues	770	998	1,115	1,165	1,230	1,322	1,424	1,535	1,658	1,756	1,833	1,900	1,963	2,023	
Modem Revenues	(11)	(21)	23	58	61	65	69	74	78	82	86	89	92	95	
Install Revenues	6	5	6	6	7	8	9	10	11	13	14	16	17	19	
Other Non-Regulated Revenues	10	11	10	10	10	10	10	10	10	10	10	10	10	10	
Miscellaneous Revenues	7	1	1	6	6	6	6	6	6	6	6	6	6	6	
Total CLEC Fund Revenues	860	1,067	1,221	1,302	1,367	1,459	1,563	1,676	1,802	1,903	1,982	2,051	2,116	2,179	
Uncollectibles	1	0	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
Total Operating Revenue	1,960	2,155	2,352	2,431	2,459	2,516	2,587	2,669	2,766	2,840	2,893	2,938	2,979	3,021	
<i>Growth</i>		10.0%	9.1%	3.4%	1.1%	2.3%	2.8%	3.2%	3.6%	2.7%	1.9%	1.5%	1.4%	1.4%	
Operating Expenses	1,643	1,746	2,118	2,117	2,019	2,090	2,164	2,240	2,321	2,400	2,478	2,557	2,637	2,720	
COGS & OpEx	1,643	1,746	2,118	2,117	2,019	2,090	2,164	2,240	2,321	2,400	2,478	2,557	2,637	2,720	
<i>Growth</i>		6.3%	21.3%	0.0%	-4.6%	3.5%	3.5%	3.6%	3.6%	3.4%	3.3%	3.2%	3.1%	3.1%	
EBITDA	317	410	235	314	439	426	424	429	445	440	415	381	342	301	
<i>EBITDA Margin %</i>	16.2%	19.0%	10.0%	12.9%	17.9%	16.9%	16.4%	16.1%	16.1%	15.5%	14.3%	13.0%	11.5%	10.0%	
Depreciation & Amortization	447	286	319	272	460	505	561	619	642	665	688	711	734	757	
Operating Income	(130)	124	(84)	42	(21)	(79)	(137)	(190)	(197)	(226)	(273)	(331)	(392)	(457)	
Other Income (Expense)															
Interest and Dividend Income	4	8	123	148	29	10	-	-	-	-	-	-	-	-	
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Income (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	4	8	123	148	29	10	-	-	-	-	-	-	-	-	
Net Income before Tax	(126)	132	39	191	8	(69)	(137)	(190)	(197)	(226)	(273)	(331)	(392)	(457)	
Income Tax Expense (Benefit) (Norm.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Income Tax %</i>	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%	
Net Income	(126)	132	39	191	8	(69)	(137)	(190)	(197)	(226)	(273)	(331)	(392)	(457)	
Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(415)	(415)	(415)	(415)	(415)	(415)	
<i>Capex % of revenues</i>	43.3%	26.0%	19.7%	15.7%	66.4%	32.1%	38.9%	39.1%	15.0%	14.6%	14.3%	14.1%	13.9%	13.7%	



Scenario 4: Reducing Operating Expenses

BALANCE SHEET FORECAST		Amounts in \$000									
	Historical	Forecast									
	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CURRENT ASSETS											
Cash & cash equivalents	1,568	579	203	(385)	(1,009)	(987)	(969)	(974)	(1,012)	(1,089)	(1,207)
Accounts receivable	205	172	176	181	187	194	199	203	206	209	211
Inventory	366	295	302	310	320	332	341	347	353	358	362
Leases receivable	47	47	47	47	47	47	47	47	47	47	47
Other current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>2,186</u>	<u>1,093</u>	<u>728</u>	<u>153</u>	<u>(455)</u>	<u>(415)</u>	<u>(383)</u>	<u>(377)</u>	<u>(407)</u>	<u>(476)</u>	<u>(586)</u>
OTHER ASSETS											
Leases receivable, non-current	99	99	99	99	99	99	99	99	99	99	99
Pension deferrals	308	308	308	308	308	308	308	308	308	308	308
OPEB deferrals	84	84	84	84	84	84	84	84	84	84	84
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>
PROPERTY, PLANT AND EQUIPMENT											
Property, plant and equipment	14,468	16,100	16,908	17,913	18,958	19,373	19,788	20,203	20,618	21,033	21,448
Accumulated depreciation	(9,464)	(9,924)	(10,429)	(10,990)	(11,609)	(12,251)	(12,916)	(13,604)	(14,316)	(15,050)	(15,807)
Net property, plant and equipment	<u>5,004</u>	<u>6,176</u>	<u>6,479</u>	<u>6,923</u>	<u>7,349</u>	<u>7,122</u>	<u>6,872</u>	<u>6,599</u>	<u>6,302</u>	<u>5,983</u>	<u>5,641</u>
	<u>7,681</u>	<u>7,761</u>	<u>7,698</u>	<u>7,568</u>	<u>7,386</u>	<u>7,199</u>	<u>6,981</u>	<u>6,713</u>	<u>6,387</u>	<u>5,998</u>	<u>5,546</u>
CURRENT LIABILITIES											
Accounts payable	(0)	74	75	78	80	83	85	87	88	89	91
Advance billing & Customer deposits	179	172	176	181	187	194	199	203	206	209	211
Current portion - long-term debt	-	-	-	-	-	-	-	-	-	-	-
Other accrued expenses	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(2)	2	3	3	3	3	3	3	3	3	3
	<u>177</u>	<u>248</u>	<u>254</u>	<u>261</u>	<u>270</u>	<u>279</u>	<u>287</u>	<u>292</u>	<u>297</u>	<u>301</u>	<u>305</u>
LONG-TERM DEBT											
	-	-	-	-	-	-	-	-	-	-	-
OTHER LONG-TERM LIABILITIES											
Net pension liability	465	465	465	465	465	465	465	465	465	465	465
OPEB liability	396	396	396	396	396	396	396	396	396	396	396
Compensated absences	41	41	41	41	41	41	41	41	41	41	41
Pension deferrals	27	27	27	27	27	27	27	27	27	27	27
OPEB deferrals	142	142	142	142	142	142	142	142	142	142	142
Deferred Leases	143	143	143	143	143	143	143	143	143	143	143
	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>
NET POSITION											
Net investment in capital stocks	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262
Unrestricted	1,028	1,036	967	830	640	443	217	(56)	(387)	(779)	(1,236)
Accumulated other comprehensive	-	-	-	-	-	-	-	-	-	-	-
	<u>6,290</u>	<u>6,298</u>	<u>6,229</u>	<u>6,092</u>	<u>5,902</u>	<u>5,705</u>	<u>5,479</u>	<u>5,206</u>	<u>4,876</u>	<u>4,483</u>	<u>4,027</u>
	<u>7,681</u>	<u>7,761</u>	<u>7,698</u>	<u>7,568</u>	<u>7,386</u>	<u>7,199</u>	<u>6,981</u>	<u>6,713</u>	<u>6,387</u>	<u>5,998</u>	<u>5,546</u>



Scenario 4: Reducing Operating Expenses

STATEMENT OF CASH FLOWS FORECAST										Amounts in \$'000
	Forecast									
	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CASH FLOWS FROM OPERATING ACTIVITIES:										
Net income	8	(69)	(137)	(190)	(197)	(226)	(273)	(331)	(392)	(457)
Adjustment to reconcile net income to net cash from operating act.										
Depreciation	460	505	561	619	642	665	688	711	734	757
Accounts receivable	33	(4)	(5)	(6)	(7)	(5)	(4)	(3)	(3)	(3)
Inventory	71	(7)	(9)	(10)	(12)	(9)	(6)	(5)	(5)	(5)
Leases receivable	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	-	-	-	-	-	-	-	-	-	-
Accounts payable	74	2	2	2	3	2	2	1	1	1
Advanced billings & cust. Deposits	(7)	4	5	6	7	5	4	3	3	3
Accrued and other current liabilities	4	0	0	0	0	0	0	0	0	0
Other liabilities	-	-	-	-	-	-	-	-	-	-
	<u>644</u>	<u>431</u>	<u>417</u>	<u>422</u>	<u>436</u>	<u>433</u>	<u>410</u>	<u>377</u>	<u>338</u>	<u>297</u>
CASH FLOWS FROM INVESTING ACTIVITIES										
Net additions to PPE	(1,633)	(808)	(1,006)	(1,045)	(415)	(415)	(415)	(415)	(415)	(415)
Plant retirements	-	-	-	-	-	-	-	-	-	-
	<u>(1,633)</u>	<u>(808)</u>	<u>(1,006)</u>	<u>(1,045)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>	<u>(415)</u>
CASH FLOWS FROM FINANCING ACTIVITIES										
Distributions	-	-	-	-	-	-	-	-	-	-
Long-term debt advances	-	-	-	-	-	-	-	-	-	-
Long-term debt principal payments	-	-	-	-	-	-	-	-	-	-
Proceeds from other new debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(989)	(376)	(588)	(623)	22	18	(5)	(38)	(77)	(118)
CASH, beginning	<u>1,568</u>	<u>579</u>	<u>203</u>	<u>(385)</u>	<u>(1,009)</u>	<u>(987)</u>	<u>(969)</u>	<u>(974)</u>	<u>(1,012)</u>	<u>(1,089)</u>
CASH, ending	<u>579</u>	<u>203</u>	<u>(385)</u>	<u>(1,009)</u>	<u>(987)</u>	<u>(969)</u>	<u>(974)</u>	<u>(1,012)</u>	<u>(1,089)</u>	<u>(1,207)</u>

Scenario 5: Optimized Pricing & Reduced Operating Expenses

SUMMARY OPERATING FORECAST														Amounts in \$000	
Valuation Date	7/1/2024	Historical				Forecast									
		6/30/2021	6/30/2022	6/30/2023	6/30/2024	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Forecast Summary															
Operating Revenue															
ILEC Fund															
Local Voice Revenues		175	159	149	139	131	123	115	108	102	96	90	84	79	75
Network Access Revenues		501	528	655	618	593	569	547	525	504	484	464	446	428	411
Long Distance Revenues		25	18	12	7	5	3	2	1	1	1	0	0	0	0
Other Revenues		119	114	118	114	112	109	107	105	103	101	99	97	95	93
Other Non-Regulated Revenues		26	26	23	19	17	15	14	12	11	10	9	8	7	7
Miscellaneous Revenues		253	243	176	234	236	238	241	243	246	248	251	253	256	258
Total ILEC Fund Revenues		1,099	1,088	1,132	1,131	1,094	1,059	1,026	995	966	939	913	889	865	844
CLEC Fund															
Local Voice Revenues		63	58	53	48	45	41	38	36	33	31	29	27	25	23
Network Access Revenues		4	4	4	1	1	1	0	0	0	0	0	0	0	0
Long Distance Revenues		12	11	10	9	8	7	6	5	5	4	4	3	3	2
Internet Revenues		770	998	1,115	1,165	1,325	1,537	1,774	2,032	2,270	2,429	2,543	2,656	2,758	2,838
Modem Revenues		(11)	(21)	23	58	63	72	82	93	102	108	113	118	122	125
Install Revenues		6	5	6	6	7	10	13	16	20	25	29	35	41	48
Other Non-Regulated Revenues		10	11	10	10	10	10	10	10	10	10	10	10	10	10
Miscellaneous Revenues		7	1	1	6	6	6	6	6	6	6	6	6	6	6
Total CLEC Fund Revenues		860	1,067	1,221	1,302	1,464	1,683	1,930	2,199	2,447	2,613	2,734	2,855	2,965	3,053
Uncollectibles		1	0	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Total Operating Revenue		1,960	2,155	2,352	2,431	2,556	2,740	2,954	3,192	3,411	3,550	3,645	3,741	3,829	3,895
<i>Growth</i>			10.0%	9.1%	3.4%	5.1%	7.2%	7.8%	8.1%	6.9%	4.1%	2.7%	2.7%	2.3%	1.7%
Operating Expenses		1,643	1,746	2,118	2,117	2,033	2,120	2,213	2,311	2,409	2,497	2,580	2,666	2,753	2,839
COGS & OpEx		1,643	1,746	2,118	2,117	2,033	2,120	2,213	2,311	2,409	2,497	2,580	2,666	2,753	2,839
<i>Growth</i>			6.3%	21.3%	0.0%	-4.0%	4.3%	4.4%	4.4%	4.2%	3.7%	3.4%	3.3%	3.2%	3.1%
EBITDA		317	410	235	314	523	620	741	881	1,003	1,054	1,065	1,075	1,076	1,056
<i>EBITDA Margin %</i>		16.2%	19.0%	10.0%	12.9%	20.5%	22.6%	25.1%	27.6%	29.4%	29.7%	29.2%	28.7%	28.1%	27.1%
Depreciation & Amortization		447	286	319	272	460	505	561	619	647	676	704	733	761	790
Operating Income		(130)	124	(84)	42	63	115	180	262	355	378	360	342	315	267
Other Income (Expense)															
Interest and Dividend Income		4	8	123	148	33	24	10	1	26	55	87	120	156	193
Interest Expense		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income (Expense)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		4	8	123	148	33	24	10	1	26	55	87	120	156	193
Net Income before Tax		(126)	132	39	191	96	139	190	263	381	433	447	463	471	459
Income Tax Expense (Benefit) (Norm.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Income Tax %</i>		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%
Net Income		(126)	132	39	191	96	139	190	263	381	433	447	463	471	459
Capex		(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(512)	(512)	(512)	(512)	(512)	(512)
<i>Capex % of revenues</i>		43.3%	26.0%	19.7%	15.7%	63.9%	29.5%	34.0%	32.7%	15.0%	14.4%	14.0%	13.7%	13.4%	13.1%



Scenario 5: Optimized Pricing & Reduced Operating Expenses

BALANCE SHEET FORECAST											Amounts in \$'000
	Historical	Forecast									
	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CURRENT ASSETS											
Cash & cash equivalents	1,568	659	478	205	20	518	1,102	1,733	2,409	3,121	3,853
Accounts receivable	205	179	192	207	223	239	249	255	262	268	273
Inventory	366	307	329	354	383	409	426	437	449	459	467
Leases receivable	47	47	47	47	47	47	47	47	47	47	47
Other current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>2,186</u>	<u>1,191</u>	<u>1,046</u>	<u>813</u>	<u>673</u>	<u>1,213</u>	<u>1,824</u>	<u>2,473</u>	<u>3,166</u>	<u>3,896</u>	<u>4,640</u>
OTHER ASSETS											
Leases receivable, non-current	99	99	99	99	99	99	99	99	99	99	99
Pension deferrals	308	308	308	308	308	308	308	308	308	308	308
OPEB deferrals	84	84	84	84	84	84	84	84	84	84	84
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>
PROPERTY, PLANT AND EQUIPMENT											
Property, plant and equipment	14,468	16,100	16,908	17,913	18,958	19,470	19,982	20,493	21,005	21,517	22,029
Accumulated depreciation	(9,464)	(9,924)	(10,429)	(10,990)	(11,609)	(12,256)	(12,932)	(13,637)	(14,369)	(15,130)	(15,920)
Net property, plant and equipment	<u>5,004</u>	<u>6,176</u>	<u>6,479</u>	<u>6,923</u>	<u>7,349</u>	<u>7,214</u>	<u>7,049</u>	<u>6,857</u>	<u>6,636</u>	<u>6,386</u>	<u>6,109</u>
	<u>7,681</u>	<u>7,859</u>	<u>8,016</u>	<u>8,227</u>	<u>8,514</u>	<u>8,917</u>	<u>9,365</u>	<u>9,821</u>	<u>10,294</u>	<u>10,773</u>	<u>11,239</u>
CURRENT LIABILITIES											
Accounts payable	(0)	77	82	89	96	102	107	109	112	115	117
Advance billing & Customer deposits	179	179	192	207	223	239	249	255	262	268	273
Current portion - long-term debt	-	-	-	-	-	-	-	-	-	-	-
Other accrued expenses	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(2)	3	3	3	3	3	4	4	4	4	4
	<u>177</u>	<u>258</u>	<u>277</u>	<u>298</u>	<u>322</u>	<u>345</u>	<u>359</u>	<u>368</u>	<u>378</u>	<u>387</u>	<u>393</u>
LONG-TERM DEBT											
	-	-	-	-	-	-	-	-	-	-	-
OTHER LONG-TERM LIABILITIES											
Net pension liability	465	465	465	465	465	465	465	465	465	465	465
OPEB liability	396	396	396	396	396	396	396	396	396	396	396
Compensated absences	41	41	41	41	41	41	41	41	41	41	41
Pension deferrals	27	27	27	27	27	27	27	27	27	27	27
OPEB deferrals	142	142	142	142	142	142	142	142	142	142	142
Deferred Leases	143	143	143	143	143	143	143	143	143	143	143
	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>
NET POSITION											
Net investment in capital stocks	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262
Unrestricted	1,028	1,124	1,262	1,452	1,715	2,096	2,529	2,976	3,439	3,910	4,369
Accumulated other comprehensive	-	-	-	-	-	-	-	-	-	-	-
	<u>6,290</u>	<u>6,386</u>	<u>6,525</u>	<u>6,715</u>	<u>6,977</u>	<u>7,358</u>	<u>7,792</u>	<u>8,238</u>	<u>8,701</u>	<u>9,172</u>	<u>9,632</u>
	<u>7,681</u>	<u>7,859</u>	<u>8,016</u>	<u>8,227</u>	<u>8,514</u>	<u>8,917</u>	<u>9,365</u>	<u>9,821</u>	<u>10,294</u>	<u>10,773</u>	<u>11,239</u>



Scenario 5: Optimized Pricing & Reduced Operating Expenses

STATEMENT OF CASH FLOWS FORECAST										Amounts in \$'000
	Forecast									
	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CASH FLOWS FROM										
OPERATING ACTIVITIES:										
Net income	96	139	190	263	381	433	447	463	471	459
Adjustment to reconcile net income to net cash from operating act.										
Depreciation	460	505	561	619	647	676	704	733	761	790
Accounts receivable	26	(13)	(15)	(17)	(15)	(10)	(7)	(7)	(6)	(5)
Inventory	60	(22)	(26)	(29)	(26)	(17)	(11)	(12)	(10)	(8)
Leases receivable	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	-	-	-	-	-	-	-	-	-	-
Accounts payable	77	6	6	7	7	4	3	3	3	2
Advanced billings & cust. Deposits	0	13	15	17	15	10	7	7	6	5
Accrued and other current liabilities	4	0	0	0	0	0	0	0	0	0
Other liabilities	-	-	-	-	-	-	-	-	-	-
	<u>723</u>	<u>627</u>	<u>732</u>	<u>860</u>	<u>1,009</u>	<u>1,097</u>	<u>1,143</u>	<u>1,187</u>	<u>1,224</u>	<u>1,243</u>
CASH FLOWS FROM										
INVESTING ACTIVITIES										
Net additions to PPE	(1,633)	(808)	(1,006)	(1,045)	(512)	(512)	(512)	(512)	(512)	(512)
Plant retirements	-	-	-	-	-	-	-	-	-	-
	<u>(1,633)</u>	<u>(808)</u>	<u>(1,006)</u>	<u>(1,045)</u>	<u>(512)</u>	<u>(512)</u>	<u>(512)</u>	<u>(512)</u>	<u>(512)</u>	<u>(512)</u>
CASH FLOWS FROM										
FINANCING ACTIVITIES										
Distributions	-	-	-	-	-	-	-	-	-	-
Long-term debt advances	-	-	-	-	-	-	-	-	-	-
Long-term debt principal payments	-	-	-	-	-	-	-	-	-	-
Proceeds from other new debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(909)	(180)	(274)	(185)	497	585	631	675	713	731
CASH, beginning	<u>1,568</u>	<u>659</u>	<u>478</u>	<u>205</u>	<u>20</u>	<u>518</u>	<u>1,102</u>	<u>1,733</u>	<u>2,409</u>	<u>3,121</u>
CASH, ending	<u>659</u>	<u>478</u>	<u>205</u>	<u>20</u>	<u>518</u>	<u>1,102</u>	<u>1,733</u>	<u>2,409</u>	<u>3,121</u>	<u>3,853</u>

Scenario 6: Updated – Speed/Pricing Changes, Opex Reductions, Building Transfer

SUMMARY OPERATING FORECAST

Amounts in \$000

Valuation Date	Historical				Forecast									
	6/30/2021	6/30/2022	6/30/2023	6/30/2024	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
Forecast Summary														
Operating Revenue														
ILEC Fund														
Local Voice Revenues	175	159	149	139	131	123	115	108	102	96	90	84	79	75
Network Access Revenues	501	528	655	618	593	569	547	525	504	484	464	446	428	411
Long Distance Revenues	25	18	12	7	5	3	2	1	1	1	0	0	0	0
Other Revenues	119	114	118	114	112	109	107	105	103	101	99	97	95	93
Other Non-Regulated Revenues	26	26	23	19	17	15	14	12	11	10	9	8	7	7
Miscellaneous Revenues	253	243	176	234	236	238	241	243	246	248	251	253	256	258
Total ILEC Fund Revenues	1,099	1,088	1,132	1,131	1,094	1,059	1,026	995	966	939	913	889	865	844
CLEC Fund														
Local Voice Revenues	63	58	53	48	45	41	38	36	33	31	29	27	25	23
Network Access Revenues	4	4	4	1	1	1	0	0	0	0	0	0	0	0
Long Distance Revenues	12	11	10	9	8	7	6	5	5	4	4	3	3	2
Internet Revenues	770	998	1,115	1,165	944	1,059	1,217	1,375	1,608	1,847	2,086	2,271	2,419	2,538
Modem Revenues	(11)	(21)	23	58	61	68	75	82	89	98	106	113	117	120
Install Revenues	6	5	6	6	7	8	10	12	14	16	19	22	25	28
Other Non-Regulated Revenues	10	11	10	10	10	10	10	10	10	10	10	10	10	10
Miscellaneous Revenues	7	1	1	6	6	6	6	6	6	6	6	6	6	6
Total CLEC Fund Revenues	860	1,067	1,221	1,302	1,082	1,200	1,363	1,526	1,765	2,012	2,260	2,453	2,605	2,728
Uncollectibles	1	0	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Total Operating Revenue	1,960	2,155	2,352	2,431	2,174	2,257	2,387	2,519	2,729	2,949	3,171	3,339	3,469	3,569
<i>Growth</i>		10.0%	9.1%	3.4%	-10.6%	3.8%	5.8%	5.5%	8.3%	8.1%	7.5%	5.3%	3.9%	2.9%
Operating Expenses	1,643	1,746	2,118	2,117	1,981	2,055	2,136	2,220	2,316	2,415	2,516	2,612	2,704	2,794
COGS & OpEx	1,643	1,746	2,118	2,117	1,981	2,055	2,136	2,220	2,316	2,415	2,516	2,612	2,704	2,794
<i>Growth</i>		6.3%	21.3%	0.0%	-6.5%	3.7%	4.0%	3.9%	4.3%	4.3%	4.2%	3.8%	3.5%	3.3%
EBITDA	317	410	235	314	193	202	250	299	413	535	655	728	765	775
<i>EBITDA Margin %</i>	16.2%	19.0%	10.0%	12.9%	8.9%	9.0%	10.5%	11.9%	15.1%	18.1%	20.7%	21.8%	22.1%	21.7%
Depreciation & Amortization	447	286	319	272	460	505	561	619	642	664	687	710	733	755
Operating Income	(130)	124	(84)	42	(267)	(303)	(311)	(320)	(229)	(130)	(32)	18	32	20
Other Income (Expense)														
Interest and Dividend Income	4	8	123	148	112	86	50	13	12	19	32	49	70	92
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	4	8	123	148	112	86	50	13	12	19	32	49	70	92
Net Income before Tax	(126)	132	39	191	(155)	(217)	(261)	(307)	(216)	(111)	(0)	67	102	112
Income Tax Expense (Benefit) (Norm.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Income Tax %</i>	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%
Net Income	(126)	132	39	191	(155)	(217)	(261)	(307)	(216)	(111)	(0)	67	102	112
Capex	(848)	(560)	(463)	(382)	(1,633)	(808)	(1,006)	(1,045)	(409)	(409)	(409)	(409)	(409)	(409)
<i>Capex % of revenues</i>	43.3%	26.0%	19.7%	15.7%	75.1%	35.8%	42.1%	41.5%	15.0%	13.9%	12.9%	12.3%	11.8%	11.5%



Scenario 6: Updated – Speed/Pricing Changes, Opex Reductions, Building Transfer

BALANCE SHEET FORECAST

Amounts in \$000

	Historical	Forecast									
	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CURRENT ASSETS											
Cash & cash equivalents	1,568	2,241	1,714	997	252	250	374	632	984	1,399	1,848
Accounts receivable	205	152	158	167	176	191	206	222	234	243	250
Inventory	366	261	271	286	302	327	354	381	401	416	428
Leases receivable	47	47	47	47	47	47	47	47	47	47	47
Other current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>2,186</u>	<u>2,701</u>	<u>2,190</u>	<u>1,498</u>	<u>778</u>	<u>815</u>	<u>981</u>	<u>1,281</u>	<u>1,666</u>	<u>2,104</u>	<u>2,573</u>
OTHER ASSETS											
Leases receivable, non-current	99	99	99	99	99	99	99	99	99	99	99
Pension deferrals	308	308	308	308	308	308	308	308	308	308	308
OPEB deferrals	84	84	84	84	84	84	84	84	84	84	84
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-
	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>
PROPERTY, PLANT AND EQUIPMENT											
Property, plant and equipment	14,468	14,300	15,108	16,113	17,158	17,568	17,977	18,386	18,796	19,205	19,614
Accumulated depreciation	(9,464)	(9,924)	(10,429)	(10,990)	(11,609)	(12,251)	(12,915)	(13,602)	(14,312)	(15,045)	(15,801)
Net property, plant and equipment	<u>5,004</u>	<u>4,376</u>	<u>4,679</u>	<u>5,123</u>	<u>5,549</u>	<u>5,317</u>	<u>5,062</u>	<u>4,784</u>	<u>4,483</u>	<u>4,160</u>	<u>3,814</u>
	<u>7,681</u>	<u>7,569</u>	<u>7,360</u>	<u>7,112</u>	<u>6,818</u>	<u>6,623</u>	<u>6,534</u>	<u>6,556</u>	<u>6,640</u>	<u>6,756</u>	<u>6,878</u>
CURRENT LIABILITIES											
Accounts payable	(0)	65	68	72	76	82	88	95	100	104	107
Advance billing & Customer deposits	179	152	158	167	176	191	206	222	234	243	250
Current portion - long-term debt	-	-	-	-	-	-	-	-	-	-	-
Other accrued expenses	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(2)	2	2	2	3	3	3	3	3	3	4
	<u>177</u>	<u>220</u>	<u>228</u>	<u>241</u>	<u>254</u>	<u>276</u>	<u>298</u>	<u>320</u>	<u>337</u>	<u>350</u>	<u>361</u>
LONG-TERM DEBT	-	-	-	-	-	-	-	-	-	-	-
OTHER LONG-TERM LIABILITIES											
Net pension liability	465	465	465	465	465	465	465	465	465	465	465
OPEB liability	396	396	396	396	396	396	396	396	396	396	396
Compensated absences	41	41	41	41	41	41	41	41	41	41	41
Pension deferrals	27	27	27	27	27	27	27	27	27	27	27
OPEB deferrals	142	142	142	142	142	142	142	142	142	142	142
Deferred Leases	143	143	143	143	143	143	143	143	143	143	143
	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>
NET POSITION											
Net investment in capital stocks	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262	5,262
Unrestricted	1,028	872	655	395	87	(129)	(240)	(241)	(174)	(71)	41
Accumulated other comprehensive	-	-	-	-	-	-	-	-	-	-	-
	<u>6,290</u>	<u>6,135</u>	<u>5,917</u>	<u>5,657</u>	<u>5,349</u>	<u>5,133</u>	<u>5,022</u>	<u>5,022</u>	<u>5,089</u>	<u>5,191</u>	<u>5,303</u>
	<u>7,681</u>	<u>7,569</u>	<u>7,360</u>	<u>7,112</u>	<u>6,818</u>	<u>6,623</u>	<u>6,534</u>	<u>6,556</u>	<u>6,640</u>	<u>6,756</u>	<u>6,878</u>



Scenario 6: Updated – Speed/Pricing Changes, Opex Reductions, Building Transfer

STATEMENT OF CASH FLOWS FORECAST

Amounts in \$000

	Forecast									
	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34
CASH FLOWS FROM										
OPERATING ACTIVITIES:										
Net income	(155)	(217)	(261)	(307)	(216)	(111)	(0)	67	102	112
Adjustment to reconcile net income to net cash from operating act.										
Depreciation	460	505	561	619	642	664	687	710	733	755
Accounts receivable	53	(6)	(9)	(9)	(15)	(15)	(16)	(12)	(9)	(7)
Inventory	105	(10)	(16)	(16)	(25)	(26)	(27)	(20)	(16)	(12)
Leases receivable	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	-	-	-	-	-	-	-	-	-	-
Accounts payable	65	2	4	4	6	7	7	5	4	3
Advanced billings & cust. Deposits	(27)	6	9	9	15	15	16	12	9	7
Accrued and other current liabilities	4	0	0	0	0	0	0	0	0	0
Other liabilities	-	-	-	-	-	-	-	-	-	-
	<u>506</u>	<u>281</u>	<u>289</u>	<u>300</u>	<u>407</u>	<u>534</u>	<u>667</u>	<u>762</u>	<u>823</u>	<u>858</u>
CASH FLOWS FROM										
INVESTING ACTIVITIES										
Net additions to PPE	(1,633)	(808)	(1,006)	(1,045)	(409)	(409)	(409)	(409)	(409)	(409)
Sale of Assets	1,800	-	-	-	-	-	-	-	-	-
	<u>168</u>	<u>(808)</u>	<u>(1,006)</u>	<u>(1,045)</u>	<u>(409)</u>	<u>(409)</u>	<u>(409)</u>	<u>(409)</u>	<u>(409)</u>	<u>(409)</u>
CASH FLOWS FROM										
FINANCING ACTIVITIES										
Distributions	-	-	-	-	-	-	-	-	-	-
Long-term debt advances	-	-	-	-	-	-	-	-	-	-
Long-term debt principal payments	-	-	-	-	-	-	-	-	-	-
Proceeds from other new debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	673	(527)	(717)	(745)	(2)	124	258	353	414	449
CASH, beginning	<u>1,568</u>	<u>2,241</u>	<u>1,714</u>	<u>997</u>	<u>252</u>	<u>250</u>	<u>374</u>	<u>632</u>	<u>984</u>	<u>1,399</u>
CASH, ending	<u>2,241</u>	<u>1,714</u>	<u>997</u>	<u>252</u>	<u>250</u>	<u>374</u>	<u>632</u>	<u>984</u>	<u>1,399</u>	<u>1,848</u>

