

ECFiber 2019 Budget Package Final Dec 2018

ValleyNet is pleased to present the 2019 East Central Vermont Telecommunications District ("ECFiber") Budget, based on a six year history of very stable operating results and variances to budget. This experience drives revenue, expense and capital expenditure estimates based on inputs such as new miles, existing miles, new customers, existing customers, #FTEs, and CPI increases. This budget was based on projections used in the August 2018 offering, adjusted for Q3 actuals and recent experience in the market for new hires.

	2018 projected/ actual	2019 budget
Miles of FTTH Broadband Lines	775	1,120
Customers	3,347	5,026
<i>per mile</i>	4.3	4.5
<i>Penetration</i>	30%	31%
added customers	1,065	1,679
<i>ARPU - Residential</i>	\$97.96	\$100.11
<i>ARPU - Commerical</i>	\$136.79	\$136.60
Revenues		
Recurring	\$ 3,486,687	\$ 5,143,533
Installation	287,678	364,240
Grants/Misc.	127,135	1,800
Gross Revenues	3,901,500	5,509,572
Cost of Goods Sold	615,908	806,227
Labor	741,996	962,689
Other Expense	447,105	748,561
Operating Earnings/EBITDA	2,096,491	2,992,096
<i>EBITDA as % of Revenue</i>	54%	54%
Other Expenses		
Interest - New Bonds	(1,423,166)	(1,882,064)
Interest - Vehicle Loans	(5,477)	(4,675)
Issuance Expenses	(255,000)	(185,000)
Amortization of Note Prepayment Penalties	(95,476)	(128,748)
Depreciation (25 year)	(1,200,000)	(1,696,220)
Net income	(882,628)	(904,611)
Debt Service (Principal and Interest)		
Series 2016 A Bonds	440,938	635,938
Series 2017 A Bonds	853,869	853,869
Series 2018 A Bonds	128,360	466,763
Series 2019 A Bonds		120,495
Series 2020 A Bonds		
Total Parity Debt Service	1,423,166	2,077,064
Cash Flow After Debt Service	673,325	915,032
EBITDA Coverage of Parity Debt Svc	1.47	1.44
Revenue Coverage of Parity Debt Svc	2.74	2.65