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FOR IMMEDIATE RELEASE

## **ECFiber Plans 2021 Expansion in New Towns**

Royalton VT, October 21, 2020: ECFiber will build over 160 miles of fiber-optic network in towns of Bradford, Corinth, Fairlee, West Fairlee and Windsor in 2021, according to a proposed budget released to its member towns this week. The budget also provides funding for 75 miles of network in Hartford and 40 miles of construction in existing towns to meet increased demand.

ECFiber Chairman F.X. Flinn commented, "The pandemic has made it crystal clear to everyone that rural Vermont needs access to world-class broadband. ECFiber's approach is the only real solution to meet those needs. That's why seven towns joined ECFiber this year. That's why eight new districts like ECFiber have been established in Vermont this year. Next construction season, we are going to start delivering in those new towns -- and we are not spending taxpayers money to do this."

The East Central Vermont Telecommunications District, which does business as ECFiber, sent its annual report and proposed budget to the selectboards of its 30 member towns this week and announced plans for an electronic public hearing on the proposed budget on Tuesday, November 10th, at 7pm. The budget, with any changes, will be formally adopted at the December 8th meeting.

Included in the materials is a chart showing planned construction for the next 3 years, along with notes indicating that the towns of Newbury, Topsham, and Washington, which also joined the district this year, may see some construction next year. The local electricity utility, Washington Electric Cooperative (WEC), is in discussions with ECFiber, and its operating partner, ValleyNet, regarding this possibility.

ValleyNet, a non-profit organization and the Upper Valley's first internet service provider, was instrumental in creating ECFiber and has proven it is possible to deliver world class broadband to rural Vermont in a cost-effective manner without putting any burden on taxpayers. As Vermont's

first communications union district (CUD), the effort is funded entirely by customer revenues, which back tax-free municipal bonds issued by the district. To date the district has borrowed over \$41 million and plans an additional bond offering for over \$11 million in December.

Chris Recchia, ValleyNet's Managing Director and head of ECFiber's day to day business, noted, "We are excited to be closing in on completing construction in our original member towns where there is no access to cable internet. This opens the door to a rapid build out of similar areas in our new towns. Our website is ready to start taking signups and I encourage residents in our new towns to do that now. The more advance planning we can do the faster we will be able to turn them into customers."

ECFiber delivers internet via fiber-to-the-premises (FTTP), where fiber-optic cable is used to provide equal speed for uploads and downloads, called symmetrical service. This results in smoother online meetings, effortless video streaming and the ability to use WiFi calling on mobile phones. Each connection is independent, so everyone in a neighborhood can be using the service without impacting others.

Presently ECFiber offers speeds of 25/25, 100/100, 300/300 and 800/800 mbps download/upload, plus a phone service option, and has over 5,200 customers. When fully built in all 30 member towns nearly 31,500 premises will be able to access world-class broadband.

For additional information please visit [ECFiber.net](http://ECFiber.net) or contact:

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F. X. Flinn  
Chair, Governing Board  
East Central Vermont Telecommunications District (dba ECFiber)  
[Chair@ECFiber.net](mailto:Chair@ECFiber.net)

Attachments: ECFiber Annual Report and Proposed 2021 Budget  
Notice of Public Hearing on Proposed Budget



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## **Annual Report and Proposed District Budget**

Vermont's Communications Union Districts are obligated to annually "approve and cause to be distributed to the legislative body of each district member for review and comment an annual report of [the district's] activities, together with a financial statement, a proposed district budget for the next fiscal year, and a forecast presenting anticipated year-end results."

Your town is a member of the East Central Vermont Telecommunications District, which does business as ECFiber, and this document is provided to the Selectboards of the district's member towns in conformance with the law. We are also providing a template your municipality can follow to post notice of the public hearing which the district governing board will conduct on the district's proposed budget on Tuesday, November 10, 2020 at 7pm.

### **Report of Activities October 1, 2019 – September 30, 2020**

During the past year ECFiber added almost 1,200 new customers and now serves 5,125 premises in 22 towns via 1,180 miles of fiber-optic cable. In recent months, the district approved applications from seven municipalities, and now consists of 30 member towns. Taken together, there are about 31,500 premises in the district located on almost 2,000 miles of roads.

The main goal of the district today is to complete construction of our network in our 23 original member towns, with the exception of central Woodstock, where all utilities are underground, and cable-serviced areas of Hartford. The district anticipates this goal will be reached during this coming winter.

The global pandemic has, of course, proven beyond any doubt that rural Vermonters need access to world-class broadband. ECFiber, the brainchild of the leadership of ValleyNet, a non-profit organization and the Upper Valley's first internet service provider, has demonstrated that this can be accomplished in a cost-effective manner without putting any burden on taxpayers. ECFiber is funded entirely by customer revenues, which in turn back tax-free municipal bonds issued by the district that provide capital to build our infrastructure. This year, the district has received for the first time grants to support construction from Vermont's CARES monies. We are using this money to install underground conduit in 13 mobile home parks in our district, and also for over 200

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*Vermont's First Communications Union District*

individually-sited mobile homes. To date, hundreds of would-be customers in mobile homes have been unable to connect because the cost of underground work was too high to bear (building codes require mobile home utilities to be delivered via underground conduit). Additional grants have enabled us to contract for additional construction crews to speed our buildout during the construction season.

ECFiber has also, on its own and without any federal or state support, provided free service to households with students who receive Community Supported Student Credit (CSSC) benefits. This has been done on an ad-hoc basis and we are examining methods to formalize this and come up with a funding mechanism that would enable federal, state and local governments, foundations, and community members to help make sure all students have equal access to broadband, regardless of their family's economic status.

The district has not been without problems this year. Our phone service partner was not able to grow as rapidly as ECFiber, and the decision was made in early summer to replace the system in its entirety. We anticipate this will be completed before the end of 2020 and that the occasional widespread phone issues the district has experienced will become a thing of the past for our customers.

We invite you to visit our website to learn more about ECFiber, access our district map showing member towns and network build status, and access minutes of our governing board meetings.

Just as a reminder, we ask each town to renew its appointments to the governing board each year after town meeting and before the end of April. The regular governing board meetings take place monthly on the second Tuesday, with the May meeting doubling as the annual meeting of the district.

F. X. Flinn  
Chair, Governing Board (Town of Hartford Delegate)  
October 16, 2020  
Quechee, Vermont

Attachments:

Financial Statement – Balance Sheet and Cash Flow for most recent fiscal year (2019)  
Proposed Budget including Forecast of 2020 year-end results  
Public Hearing Notice Template

EAST CENTRAL VERMONT TELECOMMUNICATIONS DISTRICT  
d/b/a ECFiber

BALANCE SHEETS

December 31, 2019 and 2018

		<i>ASSETS</i>	
		2019	2018
<b>CURRENT ASSETS</b>			
Cash	\$	11,294,545	\$ 7,827,055
Restricted cash, bond debt service reserve and reserve and contingency fund		1,212,465	1,143,555
Accounts receivable, net of allowance for doubtful accounts of \$5,000 for both 2019 and 2018		146,483	111,373
<i>Total current assets</i>		<u>12,653,493</u>	<u>9,081,983</u>
<b>PROPERTY AND EQUIPMENT, net</b>		<u>26,174,801</u>	<u>19,425,572</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Note prepayment premium, net of accumulated amortization of 2019 \$245,749; 2018 \$123,714		811,931	933,965
<i>Total assets</i>	<b>\$</b>	<b><u>39,640,225</u></b>	<b>\$ <u>29,441,520</u></b>
<b>LIABILITIES AND FUND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Bonds payable	\$	460,000	\$ 195,000
Notes payable		76,184	69,035
Notes payable to investors		0	700
Due to ValleyNet, Inc.		243,946	1,435
Accounts payable		677,501	406,746
Accrued liabilities		0	88,216
Accrued interest		146,148	146,797
<i>Total current liabilities</i>		<u>1,603,779</u>	<u>907,929</u>
<b>LONG TERM LIABILITIES</b>			
Bonds payable, less current portion		41,650,000	32,110,000
Notes payable to investors, less current portion		0	3,617
Notes payable, less current portion		102,366	149,062
<i>Total long term liabilities</i>		<u>41,752,366</u>	<u>32,262,679</u>
<b>FUND NET POSITION</b>			
Invested in capital assets		26,174,801	19,425,572
Unrestricted deficit		(29,890,721)	(23,154,660)
<i>Total fund net position</i>		<u>(3,715,920)</u>	<u>(3,729,088)</u>
<i>Total liabilities and fund net position</i>	<b>\$</b>	<b><u>39,640,225</u></b>	<b>\$ <u>29,441,520</u></b>

EAST CENTRAL VERMONT TELECOMMUNICATIONS DISTRICT  
d/b/a ECFiber

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
Years Ended December 31, 2019 and 2018

	2019	2018
<b>OPERATING REVENUES</b>		
Service revenue	\$ 4,662,275	\$ 3,492,196
Installation and activation revenue	369,729	261,144
Grant income	101,500	123,427
Miscellaneous income	3,417	4,216
	<hr/>	<hr/>
<i>Total operating revenue</i>	5,136,921	3,880,983
	<hr/>	<hr/>
<b>OPERATING EXPENSES</b>		
Subcontract expense, ValleyNet, Inc. (Note 7)	2,275,616	1,841,283
Depreciation expense	822,373	606,817
Miscellaneous direct expenses	62,110	34,326
	<hr/>	<hr/>
<i>Total operating expenses</i>	3,160,099	2,482,426
	<hr/>	<hr/>
<i>Operating income</i>	1,976,822	1,398,557
	<hr/>	<hr/>
<b>NONOPERATING INCOME (EXPENSE)</b>		
Interest income	147,415	108,874
Bond origination fees	(182,518)	(237,753)
Original issue discount	(37,350)	(37,350)
Amortization, note prepayment premium	(122,035)	(122,035)
Interest expense, bonds	(1,760,919)	(1,462,064)
Interest expense, notes	(8,247)	(4,755)
	<hr/>	<hr/>
<i>Total nonoperating expense</i>	(1,963,654)	(1,755,083)
	<hr/>	<hr/>
<i>Increase (decrease) in fund net position</i>	13,168	(356,526)
	<hr/>	<hr/>
Fund net position, beginning of year	(3,729,088)	(3,372,562)
	<hr/>	<hr/>
Fund net position, end of year	<u>\$ (3,715,920)</u>	<u>\$ (3,729,088)</u>

EAST CENTRAL VERMONT TELECOMMUNICATIONS DISTRICT  
d/b/a ECFiber

STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and grants	\$ 5,223,844	\$ 4,050,509
Cash paid to suppliers and subcontractors	(2,277,221)	(1,889,898)
<i>Net cash provided by operating activities</i>	<b>2,946,623</b>	<b>2,160,611</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	147,415	108,874
Increase in restricted cash	(68,910)	(293,555)
Purchase of property and equipment	(7,540,273)	(7,469,677)
<i>Net cash used in investing activities</i>	<b>(7,461,768)</b>	<b>(7,654,358)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bond issue, net of bond origination fees 2019 \$275,103; 2018 \$471,503	9,780,132	8,224,897
Principal repayment of bonds payable	(195,000)	0
Interest paid, bonds	(1,761,568)	(1,423,167)
Interest paid, notes	(8,247)	(4,755)
Repayment on long-term debt	(70,876)	(43,409)
Decrease in notes payable to investors	(4,317)	(779)
Increase in amount due to ValleyNet, Inc.	242,511	338,220
<i>Net cash provided by financing activities</i>	<b>7,982,635</b>	<b>7,091,007</b>
<i>Net increase in cash</i>	3,467,490	1,597,260
Cash, beginning of year	7,827,055	6,229,795
<i>Cash, end of year</i>	<b>\$ 11,294,545</b>	<b>\$ 7,827,055</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 1,976,822	\$ 1,398,557
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	822,373	606,817
(Increase) decrease in accounts receivable	(35,111)	47,490
Increase in accounts payable	270,755	203,747
Decrease in accrued liabilities	(88,216)	(96,000)
<i>Net cash provided by operating activities</i>	<b>\$ 2,946,623</b>	<b>\$ 2,160,611</b>



EAST CENTRAL VERMONT TELECOMMUNICATIONS DISTRICT  
d/b/a ECFiber

STATEMENTS OF CASH FLOWS (CONTINUED)  
Years Ended December 31, 2019 and 2018

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	2019	2018
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of property and equipment		
Cost of property and equipment	\$ 7,571,602	\$ 7,628,104
Amount financed	<u>(31,329)</u>	<u>(158,427)</u>
	<u>\$ 7,540,273</u>	<u>\$ 7,469,677</u>





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## East Central Vermont Telecommunications District 2021 Budget Proposal

Here is a summary of the proposed 2021 East Central Vermont Telecommunications District (“ECFiber”) Budget. These figures are based on an eight-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/existing miles, new/existing customers, number of full time employees (FTEs), average revenue per unit (ARPU) trends, and consumer price index (CPI) increases.

		2019	2020	2021
		actual	projected	budget
<b>Miles of FTTH Broadband Lines</b>		<b>981</b>	<b>1,245</b>	<b>1,529</b>
<b>Customers</b>		<b>4,239</b>	<b>5,458</b>	<b>7,132</b>
	<i>per mile</i>	4.3	4.4	4.7
	<i>Penetration</i>	29%	30%	30%
	<b>added</b>	<b>1,024</b>	<b>1,219</b>	<b>1,674</b>
	<i>ARPU - Residential</i>	\$102.35	\$105.74	\$105.91
	<i>ARPU - Commerical</i>	\$121.73	\$170.31	\$166.16
<b>Gross Revenues</b>		<b>5,150,655</b>	<b>6,749,869</b>	<b>8,716,649</b>
	Cost of Goods Sold	790,412	991,526	1,015,831
	Labor	925,015	1,114,793	1,379,292
	Other Expense	622,529	1,111,905	1,448,961
<b>Operating Earnings/EBITDA</b>		<b>2,812,699</b>	<b>3,531,644</b>	<b>4,872,565</b>
	<i>EBITDA as % of Revenue</i>	55%	52%	56%
<b>Interest Income</b>		<b>147,173</b>	<b>48,687</b>	<b>36,515</b>
<b>Debt Service (P&amp;I) - Cash not accrued</b>				
5.8%	Series 2016 A Bonds	635,938	633,138	645,138
6.1%	Series 2017 A Bonds	853,869	1,113,869	1,212,169
5.5%	Series 2018 A Bonds	466,763	466,763	651,763
4.8%	Series 2019 A Bonds	-	432,045	469,888
4.2%	Series 2020 A Bonds	-	-	432,045
	<b>Total Parity Debt Service</b>	<b>1,956,569</b>	<b>2,645,814</b>	<b>3,411,001</b>
Cash Flow After Debt Service		856,131	885,830	1,461,564
<b>*EBITDA Coverage of Parity Debt Svc</b>		<b>1.51</b>	<b>1.35</b>	<b>1.44</b>
<b>*Revenue Coverage of Parity Debt Svc</b>		<b>2.71</b>	<b>2.57</b>	<b>2.57</b>
	* Incl Interest Income			

## Discussion of Assumptions

### Miles of FTTP Broadband

Construction of 284 miles in 2021, 40 of which are miles originally planned for 2020, the remaining 244 will be a new build that adoption of this budget will approve.

### New Build

	year	miles
Hartford excl Jericho 1	2021	75
West Fairlee	2021	21
Fairlee	2021	35
Bradford (W)	2021	29
Windsor (W)	2021	10
Corinth	2021	74
Newbury	2022	106
Topsham	2022	72
Washington	2022	58
Bradford (E)	2023	42
Hartford excl Jericho 2	2023	75
Windsor (E)	2023	40

year	miles	cabled	uncabled	uncabled %
2021	244	112	132	54%
2022	236	57	179	76%
2023	157	157	0	0%
	637	326	311	49%

Washington Electric Cooperative is contemplating providing ECFiber with leased distribution fiber in its service area and those towns are marked for 2022 build in order to remove them from the 2021 budget. However, if WEC does in fact build that distribution fiber and make it available to ECFiber in 2021, the district will be in a position to accelerate deployment in those areas.

ECFiber is also contracting for pole surveys and network design in all new towns and will be expensing these items in Q4 of 2020 and Q1 of 2021. This will allow for a strategic approach to building out the new towns because the entire network design will be complete.

ValleyNet recommends that the ECFiber Governing Board relax its guidance with respect to prioritizing completion of its original 23 towns before commencing with the buildout of its new towns. The complexity of the Hartford buildout is such that it cannot be completed in 2021, even if all resources were devoted to that task alone. In addition, our bond underwriters have expressed concern with the uncertainty of the take rate in direct competition with Comcast's Xfinity product, and despite our best intentions, we have not found the time and resources

necessary to conduct the marketing tests to develop evidence, and construct marketing programs, that would alleviate their concerns.

Consequently, as provided in Appendix A of the ECFiber – ValleyNet operating agreement, Section II.C.b, ValleyNet has determined that the implementation of this guidance would be financially or operationally detrimental to the project, and request that the Governing Board allow for an exception to the policy for 2021 by approving the 2021 schedule of miles to be built, which includes 75 miles in Hartford. The remainder of 75 miles in Hartford can be accelerated to 2022 if WEC helps us build distribution fiber in its towns, or if take rates in the first 75 miles are favorable.

Finally, we note that ValleyNet’s mission (and ECFiber’s practice) has been to prioritize underserved towns. Because the Operating Agreement provides that the Governing Board of the District sets policy, and because the guidance adopted at the time expansion was agreed to prioritized the original towns over the new towns, we are bringing this matter to the board to decide.

### **Customers (and Lit Miles)/ARPU**

The key assumption as always is the number of customers – we hope to end 2020 with 5,458 customers (4.4 per mile), having added 1,255 customers. In 2021 we hope to add 1,674 customers, ending with 7,132 customers (4.7 per mile). To do this, ECFiber will need to add over 450 customers in the second and third quarters of 2021 vs. previous highs of about 365 customers.

Although customer additions will depend on ending 2020 with 1,245 miles, and then adding 284 miles in 2021 (40 rolled over from 2020 and 244 new), ending 2021 with 1,529 miles in service, since March the fulfillment of existing demand is proving to be the limiting factor. We will again end 2020 with a substantial backlog of demand, approximately 3,000 subscribers in lit towns, of which we expect to convert 80%.

ARPU will trend down gradually as fewer customers take phone service.

### **Cost of Goods Sold**

A recent ruling, recognizing that we only get 1 foot of pole space not 2 feet, reduced our pole rental rate from \$15 to \$10 per pole per year, a savings of about \$150,000 per year.

### **Staffing/Vehicles**

Two New Installation Technicians (one inside) (for a total of 8) will be added in 2020 to cover increased installation volume as well as increased tech service requirements of the expanding customer base. We will also begin trialing a contractor for installations during peak periods. One new Customer Service Rep/Admin Assistant (for a total of 6) will be added. Salaries will increase in the second quarter of the year by approximately 5% (inflation plus catch up to industry standards). A key new position of COO will be added in Q2 or sooner to assist Chris with technical management, and new bookkeeping help will also be needed during the year.

One more installation pickup will be purchased (financed) in 2021 and the bucket truck from 2013 will need to be replaced. Two bucket trucks should continue to handle +/- 800ft drops and minor repairs; contractors (primarily Eustis) will continue to provide crews for drops exceeding 800ft, and major repairs, as necessary.

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
	actual	actual	projection	projection	budget			
<b>Customers</b>								
Res	4,103	4,466	4,816	5,137	5,462	5,912	6,362	6,761
ARPU	\$104.94	\$107.41	\$107.41	\$107.41	\$106.41	\$106.41	\$106.41	\$106.41
Bus	277	278	293	321	336	351	366	371
ARPU	\$171.92	\$179.93	\$179.93	\$179.93	\$178.00	\$178.00	\$178.00	\$178.00
<b>Total</b>	<b>4,380</b>	<b>4,744</b>	<b>5,109</b>	<b>5,458</b>	<b>5,798</b>	<b>6,263</b>	<b>6,728</b>	<b>7,132</b>
<b>added</b>	<b>141</b>	<b>364</b>	<b>365</b>	<b>349</b>	<b>340</b>	<b>465</b>	<b>465</b>	<b>404</b>
<b>Miles</b>								
	1,041	1,123	1,193	1,245	1,285	1,366	1,448	1,529
<b>added</b>	60	82	70	52	40	81	81	81
<b>FTEs</b>								
	22.13	22.13	24.13	24.38	26.38	27.88	27.88	28.25

**Customer Accommodations - FRSL/WIC Subsidy**

The line item for customer accommodations has increased to nearly \$160,000 primarily due to a change in accounting for revenue from municipal accounts (getting wicker for the price of basic). These are now classified as business customers and the full wicker revenue is included in ARPU; an offsetting expense of \$178 per month (difference between wicker business and residential basic) for 63 locations (about \$11,000 per month) is charged to customer accommodations.

We are also including an additional \$43,200 in customer accommodations to subsidize up to 100 families at \$36/mo for one year, although the proposed ECFiber Equal Access Fund, if established, will receive a direct donation in cash in place of these monies.

**Financing Assumptions**

- 1) \$11M - 12/31 closing
- 2) Interest rate of 4.2% vs 4.8% last year based on last year's spreads and current interest rates
  - Could be lower if buyers view us as a stronger credit
- 3) 28 year amortization
- 4) Two more offerings in late 2021/22 of \$8M/6M to complete network throughout district

Projections show that if, by 2024, ECFiber can:

- 1) Build out all towns and achieve roughly 6 customers per mile (over 11,000 customers),
- 2) get a credit rating, and
- 3) refinance the first 4 years of revenue bonds at rates below 4%

then

a substantial rate cut of \$5 to \$10 across the board could be possible in 2025.

### **Uncertainties to the Upside – Resolved by December?**

**Grants** – We have received several substantial state grants and one foundation grant. I am unsure as to when this revenue will be booked but it will add directly to our EBITDA. Grant projections will be available in time for the final budget approval in December.

**RDOF** – There is no provision for any support from RDOF (the Rural Digital Opportunity Fund auction), which offers 10 years of support in various census blocks, pending results of a reverse auction to be held in October/November. We hope to garner support from this program.

**WEC** - WEC may decide to build distribution fiber in its service area and lease it to CUDs, who would be responsible for drops and operations (customer service/billing, etc.), but we do not have any firm terms. Any deal with WEC should be positive for the financials since they can finance new fiber at a lower interest rate than we can.

### **Contingency**

As usual expense contingencies of 1.5% of Revenue (excl. Grants) and a capital contingency of 5% of Capital Expenditures are added.

### **Coverage Ratio (EBITDA plus Interest Income over Revenue Bond Debt Service)**

Coverage is projected to be 1.35X in 2020 and 1.44X in 2021. This looks sustainable even if we only add 75% of our added customer goals – i.e., in 2021 we would need to add only 1,300 customers (vs 1,674 goal) to achieve our required debt coverage ratio of 1.25X.

Detailed Line Items

		2019	2020	2021
		actual	projected	budget
<b>Customers</b>				
Residential		3,960	5,137	6,761
	ARPU	\$102.35	\$ 105.74	\$105.91
Business		279	321	371
	ARPU	\$121.73	\$ 170.31	\$ 166.16
<b>Total</b>		<b>4,239</b>	<b>5,458</b>	<b>7,132</b>
	average	3,727	4,831	6,295
	<b>added customers</b>	<b>1,024</b>	<b>1,255</b>	<b>1,674</b>
<b>Miles</b>		<b>981</b>	<b>1,245</b>	<b>1,529</b>
	<b>added miles</b>	296	264	284
		2019	2020	2021
<b>Income</b>				
10 - SALES REVENUE				
	10 - 1 RESIDENTIAL SALES	2,225	2,300	2,000
	10 - 2 BUSINESS SALES		-	-
<b>Total 10 - SALES REVENUE</b>		<b>2,225</b>	<b>2,300</b>	<b>2,000</b>
15 - INSTALL/ACTIVATION REVENUE				
	15 - 1 RES INSTALL/ACTIV REV	124,403	125,273	160,793
	15 - 2 BUS INSTALL/ACTIV REV	9,257	8,926	7,500
	15 - 3 LABOR	7,790	7,425	8,000
	15 - 4 MATERIALS		-	-
	15 - 5 NON STANDARD INSTALL	109,590	148,679	198,396
	15 - INSTALL/ACTIVATION REVENUE - Other			
<b>Total - INSTALL/ACTIVATION REV</b>		<b>369,729</b>	<b>290,304</b>	<b>374,689</b>
18 - SERVICE REVENUE				
	18-1-10 RESIDENTIAL INTERNET	3,704,696	5,369,124	7,561,297
	18-1-20 RESIDENTIAL TELEPHONE	591,593	379,782	-
	18-1-40 RESIDENTIAL ANTI VIRUS	-	-	-
	18-2-10 BUSINESS INTERNET	251,714	565,232	746,746
	18-2-20 BUSINESS TELEPHONE	82,803	47,739	-
	18-2-30 BUS DARK FIBER RENTAL	30,000	30,000	30,000
	18-2-40 BUSINESS ANTI VIRUS		-	-
	18-9-10 RESIDENTIAL BILL RENDER	1,470	1,671	1,918
<b>Total 18 - SERVICE REVENUE</b>		<b>4,662,275</b>	<b>6,393,548</b>	<b>8,339,960</b>
	20 - PREPAY DSCNTS & CRD CD FEE	880	468	-
	21 - GRANT PROCEEDS	101,500	63,249	-
	22 - POLE APP REV/RENT	312	-	-
<b>Total Revenue</b>		<b>5,136,921</b>	<b>6,749,869</b>	<b>8,716,649</b>
<b>Cost of Goods Sold</b>				
25 - COST OF GOODS SOLD				
	25 1 - INTERNET PROVISIONING	150,817	211,666	235,113
	25 2-1 - TEL PROV - RECURRING	288,528	332,228	394,068
	25 2-2 - TEL PROV - ACTIVATION	-	-	-
	25 2-3 - TEL PROV - USAGE	-	-	-
	25 4 - ANTI VIRUS PROVISIONING	-	13,413	21,600
	40 31 - POLE/CONDUIT RENTALS	297,975	430,404	361,050
	25 - COST OF GOODS SOLD - Other	7,558	3,816	4,000
<b>Total 25 - COST OF GOODS SOLD</b>		<b>744,878</b>	<b>991,526</b>	<b>1,015,831</b>
<b>Gross Margin</b>		<b>4,346,509</b>	<b>5,758,343</b>	<b>7,700,818</b>

Expense		2019	2020	2021
40 - OPERATING COST		actual	projected	budget
	40 11 - CONTRACTED LABOR	678,870	1,476,631	1,656,725
	40 110 PAYROLL TAXES	107,426	125,748	132,538
	40 111 HEALTH INSURANCE	103,258	166,080	211,049
	40 112 401K EXPENSE	35,460	43,752	49,702
	40 12 - CONTRACTED LABOR - ACCR	-	-	-
	capitalized	-	(697,417)	(670,721)
	40 2 - EMPLOYEE EXPENSES	23,687	17,329	22,313
	40 21 - ENTERTAIN, MEALS, ETC	14,569	2,198	35,587
	40 22 - TRAINING	19,415	498	38,286
	40 3 - OFFICE RENT	46,960	57,645	56,625
	40 32 - HUB RENTAL	2,787	21,196	11,486
	40 35 - ELECTRICITY	27,686	27,493	28,035
	40 4 - MAIL, COURIER, PO BOX	2,181	3,232	3,787
	40 5 - COMPUTER, INTERNET, PHON	20,180	30,380	49,291
	40 61 - BILLING	6,315	7,093	149,986
	Auditing	24,870	24,800	26,000
	40 63 - OFFICE CLEANING	8,676	9,205	10,462
	40 64 - ANSWERING SERVICE	2,602	4,447	4,519
	40 65 - NETWORK MAINTENANCE	87,629	354,027	130,727
	40 66 - WASTE DISPOSAL	7,280	7,926	7,250
	40 67 - PAYROLL SERVICES	2,673	2,633	6,530
	40 68 - LEGAL SERVICES	8,500	4,787	8,000
	40 68 - BANK CHARGES incl cc fees .3%	46,637	48,233	43,799
	40 7 - INSURANCE GENERAL	73,279	70,394	72,339
	INSURANCE - PLANT	-	15,000	31,500
	40 8 - OFFICE SUPPLIES	10,464	9,672	25,559
	40 81 - INSTALL MATLS & SUPPL	11,026	11,986	22,187
	40 82 - VEHICLE MAINT & RPR	23,945	27,977	35,722
	40 88 CUSTOMER ACCOMODATIONS	42,996	166,625	260,934
	MARKETING	34,099	85,000	90,000
	40 89 - MISC incl VN fee	38,582	54,813	89,323
	40 9 - REGULATORY FEES	20,020	25,854	37,968
	40 - 91 DEPRECIATION	-	-	-
	40 95 - BAD DEBT	15,470	30,000	20,000
	CONTINGENCY	-	54,027	130,750
	ECF TRUSTEE/TREAS	budgetted above		
<b>Total Expense excl COGS</b>		<b>1,549,562</b>	<b>2,291,283</b>	<b>2,830,274</b>
<b>Total Expense incl COGS</b>		<b>2,294,441</b>	<b>3,282,809</b>	<b>3,846,106</b>
<b>EBI TDA</b>		<b>2,796,946</b>	<b>3,467,060</b>	<b>4,870,544</b>
<b>Recurring EBITDA</b>		2,322,301	3,110,739	4,493,855
<b>FTE's</b>		22.93	24.38	28.25
<b>Capex</b>		(6,542,455)	(10,108,719)	(12,162,927)



# NOTICE OF PUBLIC HEARING

## ECFiber Proposed Budget for 2021

The East Central Vermont Telecommunications District will hold an electronic public hearing on Tuesday, November 10th, 2020 beginning at 7 pm via Zoom software. This hearing can be joined by computer at:

<https://zoom.us/j/96972180482?pwd=SFoyMjJKaXc4enJKSFZGQU1yWVpKZz09>

or by telephone at:

+1-646-558-8656 using Meeting ID: 969 7218 0482 and Passcode: 005939

The purpose of this hearing is to consider the proposed district budget for 2021.

Copies of the proposed budget, along with an annual report and financial statements, can be reviewed online at ECFiber.net or are available upon request in written or electronic form. Contact:

Megan Flemings

ECFiber

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