

Missouri Valley Communications
Midco Interconnect Impact

Assumptions:

	<u>Annual Growth</u>
MVC Local Service Rev Forecast	3.02%
MVC Network Acc Rev Forecast	0.00%
MVC Misc Revenue Forecast	0.00%
MVC Operating Expense Forecast	2.24%

Midco Subscriber

	<u>Annual Rate</u>
MVC Residential Resale Line Growth	-3.7%
MVC Business Resale Line Growth	37.1%
MVC Residential Resale Line Revenue	\$299.21
MVC Business Resale Line Revenue	\$445.78
MVC Long Distance Access Revenue	\$23.93
MVC Reciprocal Compensation	\$30.88 <i>assume RC rate remains the same</i>
MVC Special Access Revenue	\$206.84 <i>Intrastate only</i>
Midco Initial Special Access Take Rate	5.0% <i>estimated based on Original Model</i>
Intrastate Special Access Growth	33.1% <i>used to project Intrastate Special Access demand</i>

	<u>ACTUALS</u>					<u>PROJECTED</u>				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residential Resale Lines	1,443	1,628	1,759	1,827	1,760	1,695	1,633	1,573	1,515	1,459
Business Resale Lines	45	96	135	221	303	415	569	780	1,069	1,466
Total Lines	1,488	1,724	1,894	2,048	2,063	2,110	2,202	2,353	2,584	2,925
Midco Ckt Equiv					108	144	192	256	341	454

	<u>ACTUALS</u>					<u>PROJECTED</u>				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
RESALE MODEL										
MVC Revenues										
Local- Including Resale	2,815,389	2,848,566	2,801,543	2,841,283	2,973,938	3,063,600	3,156,000	3,251,200	3,349,200	3,450,200
Network Access	3,346,154	4,432,582	4,580,752	4,122,555	5,054,665	5,054,700	5,054,700	5,054,700	5,054,700	5,054,700
Miscellaneous	129,231	187,689	236,815	229,526	254,275	254,300	254,300	254,300	254,300	254,300
Total Revenues	6,290,774	7,468,837	7,619,110	7,193,364	8,282,878	8,372,600	8,465,000	8,560,200	8,658,200	8,759,200
Less: Operating Expenses	5,445,710	7,241,498	7,241,517	6,292,731	6,986,260	7,142,406	7,302,042	7,465,247	7,632,099	7,802,680
MVC Net Operating Margin	845,064	227,339	377,593	900,633	1,296,618	1,230,194	1,162,958	1,094,953	1,026,101	956,520

INTERCONNECT MODEL

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
MVC Revenues										
Local	2,815,389	2,848,566	2,801,543	2,841,283	2,973,938	3,063,600	3,156,000	3,251,200	3,349,200	3,450,200
Less: Resale Revenue Loss						(676,900)	(717,200)	(780,300)	(874,100)	(1,009,900)
Network Access	3,346,154	4,432,582	4,580,752	4,122,555	5,054,665	5,054,700	5,054,700	5,054,700	5,054,700	5,054,700
Less: Total Access Revenue Loss						(140,400)	(152,900)	(171,100)	(197,000)	(233,100)
Miscellaneous	129,231	187,689	236,815	229,526	254,275	254,300	254,300	254,300	254,300	254,300
Total Revenues	6,290,774	7,468,837	7,619,110	7,193,364	8,282,878	7,555,300	7,594,900	7,608,800	7,587,100	7,516,200
Less: Operating Expenses			7,241,517	6,292,731	6,986,260	7,142,406	7,302,042	7,465,247	7,632,099	7,802,680
MVC Net Operating Margin			377,593	900,633	1,296,618	412,894	292,858	143,553	(44,999)	(286,480)

MVC FINANCIAL IMPACT FROM INTERCONNECTION WITH MIDCO

TOTAL ACCESS REVENUE IMPACT

	(140,400)	(152,900)	(171,100)	(197,000)	(233,100)
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TOTAL REVENUE IMPACT

	(817,300)	(870,100)	(951,400)	(1,071,100)	(1,243,000)
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NET OPERATING MARGIN IMPACT

	(817,300)	(870,100)	(951,400)	(1,071,100)	(1,243,000)
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CUMULATIVE NET OPERATING MARGIN IMPACT

					(4,952,900)
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Model assumes 100% cutover of Midco resale customers to interconnect agreement as of 01/01/2012.

