

**City of Seattle
Seattle, Washington
FTTP Network - Data Services
June 2015**

Construction in Power Space

First is to ensure that all assumptions are clearly understood and their impact to the projected results. Second is to present a plausible outcome of the proposed broadband business. Third is to provide a guide to judge the progress of the broadband business as it unfolds. CTC does not warrant the analysis, the assumptions, or the success of the broadband business. CTC only offers this tool as a means of providing consultative advice. There will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

City of Seattle
FOTP Network - Data Services
Construction in Power Space
June 2015

Financial Statements	Page
Income Statement	1
Cash Flow Statement	3
Capital Additions	5
Scenarios	7
Assumptions	11
Summary Tables	18

City of Seattle
 FTTP Network - Data Services
 Construction in Power Space
 June 2015

Income Statement

	Year	1	2	3	4	5	6	7	8	9	10
a. Revenues											
Video	\$	-	-	-	-	-	-	-	-	-	-
Internet - Residential		8,868,600	47,379,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600
Internet - Business		1,193,400	3,449,640	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940
Enterprise		-	-	-	-	-	-	-	-	-	-
Voice		-	-	-	-	-	-	-	-	-	-
Connection Fee (net)		1,653,600	6,750,300	6,738,750	-	-	-	-	-	-	-
Provider Fee		-	-	-	-	-	-	-	-	-	-
Assessments		-	-	-	-	-	-	-	-	-	-
Ancillary Revenues		-	-	-	-	-	-	-	-	-	-
Total	\$	11,715,600	57,579,540	98,266,290	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540
b. Content Fees											
Internet	\$	206,310	958,760	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160
Enterprise		-	-	-	-	-	-	-	-	-	-
Total	\$	206,310	958,760	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160
c. Operating Costs											
Labor Costs	\$	5,186,070	14,254,790	21,699,810	22,127,750	22,564,250	23,009,480	23,463,610	23,926,830	24,399,310	24,881,240
Insurance		200,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Utilities		36,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Office Expenses		36,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Facility Lease		120,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Locates & Ticket Processing		-	280,000	561,000	561,000	561,000	561,000	561,000	561,000	561,000	561,000
Peering		33,100	168,100	302,900	302,900	302,900	302,900	302,900	302,900	302,900	302,900
Contingency		200,000	400,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Billing Maintenance Contract		-	-	-	-	-	-	-	-	-	-
Fiber & Network Maintenance		846,820	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650
Vendor Maintenance Contracts		-	-	-	-	-	-	-	-	-	-
Legal and Lobby Fees		750,000	500,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Planning		-	-	-	-	-	-	-	-	-	-
Consulting		500,000	500,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Marketing		2,400,000	2,400,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Education and Training		204,120	563,470	855,880	873,000	890,460	908,270	926,430	944,960	963,860	983,140
Customer Handholding		13,230	67,230	121,140	121,140	121,140	121,140	121,140	121,140	121,140	121,140
Customer Billing (Unit)		6,610	33,620	60,570	60,570	60,570	60,570	60,570	60,570	60,570	60,570
Allowance for Bad Debts		117,160	575,800	982,660	915,280	915,280	915,280	915,280	915,280	915,280	915,280
Churn (acquisition costs)		82,680	420,200	757,130	757,130	757,130	757,130	757,130	757,130	757,130	757,130
Low Income Assistance		-	-	-	-	-	-	-	-	-	-
Pole Attachment Expense		263,180	263,180	263,180	263,180	263,180	263,180	263,180	263,180	263,180	263,180
Total	\$	10,994,970	22,892,040	30,319,920	30,697,600	31,151,560	31,614,600	32,086,890	32,568,640	33,060,020	33,561,230
d. EBITDA	\$	514,320	33,728,740	66,236,210	59,119,780	58,665,820	58,202,780	57,730,490	57,248,740	56,757,360	56,256,150
e. Depreciation	\$	13,523,920	31,814,420	40,759,410	40,779,480	40,799,560	39,650,280	35,200,740	30,759,480	30,759,480	30,759,480
f. Operating Income (EBITDA less depreciation)	\$	(13,009,600)	1,914,320	25,476,800	18,340,300	17,866,260	18,552,500	22,529,750	26,489,260	25,997,880	25,496,670
g. Non-Operating Income											
Interest Income	\$	-	84,230	66,070	93,330	123,680	149,650	132,810	66,080	85,420	119,780
Interest Expense (10 Year Bond)		(720,400)	(960,400)	(869,650)	(775,270)	(677,110)	(575,030)	(468,870)	(358,460)	(243,620)	(124,200)
Interest Expense (20 Year Bond)		(9,350,000)	(19,125,000)	(20,027,510)	(19,234,290)	(18,407,370)	(17,545,310)	(16,646,610)	(15,709,710)	(14,733,000)	(13,714,770)
Interest Expense (Loan)		-	-	-	-	-	-	-	-	-	-
Total	\$	(10,070,400)	(20,001,170)	(20,831,090)	(19,916,230)	(18,960,800)	(17,970,690)	(16,982,670)	(16,002,090)	(14,891,200)	(13,719,190)
h. Net Income (before taxes)	\$	(23,080,000)	(18,086,850)	4,645,710	(1,575,930)	(1,094,540)	581,810	5,547,080	10,487,170	11,106,680	11,777,480
i. Taxes	\$	389,700	1,968,620	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860
j. Net Income	\$	(23,469,700)	(20,055,470)	1,100,850	(5,120,790)	(4,639,400)	(2,963,050)	2,002,220	6,942,310	7,561,820	8,232,620

City of Seattle
 FTTP Network - Data Services
 Construction in Power Space
 June 2015

Income Statement

	Year	11	12	13	14	15	16	17	18	19	20
a. Revenues											
Video	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internet - Residential		85,818,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600	85,818,600
Internet - Business		5,708,940	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940	5,708,940
Enterprise		-	-	-	-	-	-	-	-	-	-
Voice		-	-	-	-	-	-	-	-	-	-
Provider Fee		-	-	-	-	-	-	-	-	-	-
Assessments		-	-	-	-	-	-	-	-	-	-
Ancillary Revenues		-	-	-	-	-	-	-	-	-	-
Total	\$	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540	91,527,540
b. Content Fees											
Internet	\$	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160
Enterprise		-	-	-	-	-	-	-	-	-	-
Total	\$	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160	1,710,160
c. Operating Costs											
Labor Costs	\$	25,372,810	25,874,210	26,385,640	26,907,300	27,439,390	27,982,120	28,535,710	29,100,370	29,676,320	30,263,790
Insurance		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Utilities		72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Office Expenses		60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Facility Lease		240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Locates & Ticket Processing		561,000	561,000	561,000	561,000	561,000	561,000	561,000	561,000	561,000	561,000
Peering		302,900	302,900	302,900	302,900	302,900	302,900	302,900	302,900	302,900	302,900
Contingency		600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Billing Maintenance Contract		-	-	-	-	-	-	-	-	-	-
Fiber & Network Maintenance		1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650	1,693,650
Vendor Maintenance Contracts		-	-	-	-	-	-	-	-	-	-
Legal and Lobby Fees		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Planning		-	-	-	-	-	-	-	-	-	-
Consulting		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Marketing		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Education and Training		1,002,800	1,022,850	1,043,310	1,064,180	1,085,460	1,107,170	1,129,310	1,151,900	1,174,940	1,198,440
Customer Handholding		121,140	121,140	121,140	121,140	121,140	121,140	121,140	121,140	121,140	121,140
Customer Billing (Unit)		60,570	60,570	60,570	60,570	60,570	60,570	60,570	60,570	60,570	60,570
Allowance for Bad Debts		915,280	915,280	915,280	915,280	915,280	915,280	915,280	915,280	915,280	915,280
Churn (acquisition costs)		757,130	757,130	757,130	757,130	757,130	757,130	757,130	757,130	757,130	757,130
Low Income Assistance		-	-	-	-	-	-	-	-	-	-
Pole Attachment Expense		263,180	263,180	263,180	263,180	263,180	263,180	263,180	263,180	263,180	263,180
Total	\$	34,072,460	34,593,910	35,125,800	35,668,330	36,221,700	36,786,140	37,361,870	37,949,120	38,548,110	39,159,080
d. EBITDA	\$	55,744,920	55,223,470	54,691,580	54,149,050	53,595,680	53,031,240	52,455,510	51,868,260	51,269,270	50,658,300
e. Depreciation	\$	30,759,480	30,759,480	30,759,480	30,759,480	30,759,480	30,759,480	30,759,480	30,759,480	30,759,480	30,759,480
f. Operating Income (EBITDA less depreciator	\$	24,985,440	24,463,990	23,932,100	23,389,570	22,836,200	22,271,760	21,696,030	21,108,780	20,509,790	19,898,820
g. Non-Operating Income											
Interest Income	\$	137,720	115,890	94,200	128,550	117,870	120,800	98,970	77,270	111,630	145,980
Interest Expense (10 Year Bond)		-	-	-	-	-	-	-	-	-	-
Interest Expense (20 Year Bond)		(12,653,260)	(11,546,650)	(10,393,000)	(9,190,320)	(7,936,540)	(6,629,460)	(5,266,830)	(3,846,300)	(2,365,380)	(821,530)
Interest Expense (Loan)		-	-	-	-	-	-	-	-	-	-
Total	\$	(12,515,540)	(11,430,760)	(10,298,800)	(9,061,770)	(7,818,670)	(6,508,660)	(5,167,860)	(3,769,030)	(2,253,750)	(675,550)
h. Net Income (before taxes)	\$	12,469,900	13,033,230	13,633,300	14,327,800	15,017,530	15,763,100	16,528,170	17,339,750	18,256,040	19,223,270
i. Taxes	\$	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860	3,544,860
j. Net Income	\$	8,925,040	9,488,370	10,088,440	10,782,940	11,472,670	12,218,240	12,983,310	13,794,890	14,711,180	15,678,410

City of Seattle
 FFTP Network - Data Services
 Construction in Power Space
 June 2015

Cash Flow Statement

	1	2	3	4	5	6	7	8	9	10
a. Net Income	\$ (23,469,700)	\$ (20,055,470)	\$ 1,100,850	\$ (5,120,790)	\$ (4,639,400)	\$ (2,963,050)	\$ 2,002,220	\$ 6,942,310	\$ 7,561,820	\$ 8,232,620
b. Cash Outflows										
Debt Service Reserve	\$ (11,900,500)	\$ (11,800,000)	\$ (1,500,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Reserve	(20,140,800)	(20,007,320)	(2,501,410)	-	-	-	-	-	-	-
Depreciation Reserve	-	-	-	(12,233,840)	(12,239,870)	(17,049,620)	(15,840,330)	(13,841,770)	(13,841,770)	(13,841,770)
Financing	(2,380,100)	(2,360,000)	(300,000)	-	-	-	-	-	-	-
Capital Expenditures	(199,790,180)	(220,191,770)	(44,724,940)	(100,370)	(100,370)	(6,664,710)	(22,574,460)	(40,532,890)	(6,105,120)	(100,370)
Total	\$ (234,211,580)	\$ (254,359,090)	\$ (49,026,350)	\$ (12,334,210)	\$ (12,340,240)	\$ (23,714,330)	\$ (38,414,790)	\$ (54,374,660)	\$ (19,946,890)	\$ (13,942,140)
c. Cash Inflows										
Interest Reserve	\$ 10,070,400	\$ 20,085,400	\$ 11,267,320	\$ 1,226,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Reserve	-	-	-	100,370	100,370	6,664,710	22,574,460	40,532,890	6,105,120	100,370
Start Up Capital	-	-	-	-	-	-	-	-	-	-
Start Up Funds	-	-	-	-	-	-	-	-	-	-
Grants (infrastructure)	-	-	-	-	-	-	-	-	-	-
Grants (customer premises)	-	-	-	-	-	-	-	-	-	-
10-Year Bond Proceeds	18,010,000	6,000,000	-	-	-	-	-	-	-	-
20-Year Bond Proceeds	220,000,000	230,000,000	30,000,000	-	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Total	\$ 248,080,400	\$ 256,085,400	\$ 41,267,320	\$ 1,326,780	\$ 100,370	\$ 6,664,710	\$ 22,574,460	\$ 40,532,890	\$ 6,105,120	\$ 100,370
d. Total Cash Outflows and Inflows	\$ 13,868,820	\$ 1,726,310	\$ (7,759,030)	\$ (11,007,430)	\$ (12,239,870)	\$ (17,049,620)	\$ (15,840,330)	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)
e. Non-Cash Expenses - Depreciation	\$ 13,523,920	\$ 31,814,420	\$ 40,759,410	\$ 40,779,480	\$ 40,799,560	\$ 39,650,280	\$ 35,200,740	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480
f. Adjustments										
Proceeds from Additional Cash Flows (10 Year Bond)	\$ (18,010,000)	\$ (6,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Additional Cash Flows (20 Year Bond)	(220,000,000)	(230,000,000)	(30,000,000)	-	-	-	-	-	-	-
Proceeds from Additional Cash Flows (Loan)	-	-	-	-	-	-	-	-	-	-
g. Adjusted Available Net Revenue	\$ (234,086,960)	\$ (222,514,740)	\$ 4,101,230	\$ 24,651,260	\$ 23,920,290	\$ 19,637,610	\$ 21,362,630	\$ 23,860,020	\$ 24,479,530	\$ 25,150,330
h. Principal Payments on Debt										
10 Year Bond Principal	\$ -	\$ 2,268,780	\$ 2,359,530	\$ 2,453,910	\$ 2,552,070	\$ 2,654,150	\$ 2,760,310	\$ 2,870,720	\$ 2,985,560	\$ 3,104,980
20 Year Bond Principal	-	8,764,570	18,663,760	19,456,980	20,283,900	21,145,960	22,044,660	22,981,560	23,958,270	24,976,500
Loan Principal	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ 11,033,350	\$ 21,023,290	\$ 21,910,890	\$ 22,835,970	\$ 23,800,110	\$ 24,804,970	\$ 25,852,280	\$ 26,943,830	\$ 28,081,480
i. Net Cash	\$ 3,923,040	\$ 2,451,910	\$ 13,077,940	\$ 2,740,370	\$ 1,084,320	\$ (4,162,500)	\$ (3,442,340)	\$ (1,992,260)	\$ (2,464,300)	\$ (2,931,150)
j. Cash Balance										
Unrestricted Cash Balance	\$ 3,923,040	\$ 6,374,950	\$ 19,452,890	\$ 22,193,260	\$ 23,277,580	\$ 19,115,080	\$ 15,672,740	\$ 13,680,480	\$ 11,216,180	\$ 8,285,030
Depreciation Reserve	-	-	-	12,133,470	24,272,970	34,657,880	27,923,750	1,232,630	8,969,280	22,710,680
Interest Reserve	10,070,400	9,992,320	1,226,410	-	-	-	-	-	-	-
Debt Service Reserve	11,900,500	23,700,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500
Total Cash Balance	\$ 25,893,940	\$ 40,067,770	\$ 45,879,800	\$ 59,527,230	\$ 72,751,050	\$ 78,973,460	\$ 68,796,990	\$ 40,113,610	\$ 45,385,960	\$ 56,196,210
Un-depreciated Value of Capital Assets	\$ 186,266,260	\$ 374,643,610	\$ 378,609,140	\$ 337,930,030	\$ 297,230,840	\$ 264,245,270	\$ 251,618,980	\$ 261,392,390	\$ 236,738,030	\$ 206,078,920
Debt Service Balance (10 Year Bond)	\$ 18,010,000	\$ 24,010,000	\$ 21,741,220	\$ 19,381,690	\$ 14,375,710	\$ 14,375,710	\$ 11,721,560	\$ 8,961,250	\$ 6,090,530	\$ 3,104,970
Debt Service Balance (20 Year Bond)	\$ 220,000,000	\$ 450,000,000	\$ 471,235,430	\$ 452,571,670	\$ 433,114,690	\$ 412,830,790	\$ 391,684,830	\$ 369,640,170	\$ 346,658,610	\$ 322,700,340
Debt Service Balance (Internal Loan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service (P&I)	\$ 10,070,400	\$ 31,118,750	\$ 41,920,450	\$ 41,920,450	\$ 41,920,450	\$ 41,920,450	\$ 41,920,450	\$ 41,920,450	\$ 41,920,450	\$ 41,920,450
Debt Coverage Ratio	-	(18.35)	1.19	2.04	1.88	1.59	1.55	1.54	1.46	1.39
Debt Service Coverage Ratio	-	(20.17)	0.20	1.13	1.05	0.83	0.86	0.92	0.91	0.90

City of Seattle
 FTTP Network - Data Services
 June 2015

Cash Flow Statement

	11	12	13	14	15	16	17	18	19	20
a. Net Income	\$ 8,925,040	\$ 9,488,370	\$ 10,088,440	\$ 10,782,940	\$ 11,472,670	\$ 12,218,240	\$ 12,983,310	\$ 13,794,890	\$ 14,711,180	\$ 15,678,410
b. Cash Outflows										
Debt Service Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Reserve	-	-	-	-	-	-	-	-	-	-
Depreciation Reserve	(13,841,770)	(13,841,770)	(13,841,770)	(13,841,770)	(13,841,770)	(13,841,770)	(13,841,770)	(13,841,770)	(13,841,770)	(13,841,770)
Financing	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	(6,664,710)	(22,574,460)	(22,518,640)	(100,370)	(18,114,620)	(12,669,460)	(22,574,460)	(22,518,640)	(100,370)	(100,370)
Total	\$ (20,506,480)	\$ (36,416,230)	\$ (36,360,410)	\$ (13,942,140)	\$ (31,956,390)	\$ (26,511,230)	\$ (36,416,230)	\$ (36,360,410)	\$ (13,942,140)	\$ (13,942,140)
c. Cash Inflows										
Interest Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Reserve	6,664,710	22,574,460	22,518,640	100,370	18,114,620	12,669,460	22,574,460	22,518,640	100,370	100,370
Start Up Capital	-	-	-	-	-	-	-	-	-	-
Start Up Funds	-	-	-	-	-	-	-	-	-	-
Grants (infrastructure)	-	-	-	-	-	-	-	-	-	-
Grants (customer premises)	-	-	-	-	-	-	-	-	-	-
10-Year Bond Proceeds	-	-	-	-	-	-	-	-	-	-
20-Year Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Total	\$ 6,664,710	\$ 22,574,460	\$ 22,518,640	\$ 100,370	\$ 18,114,620	\$ 12,669,460	\$ 22,574,460	\$ 22,518,640	\$ 100,370	\$ 100,370
d. Total Cash Outflows and Inflows	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)	\$ (13,841,770)
e. Non-Cash Expenses - Depreciation	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480	\$ 30,759,480
f. Adjustments										
Proceeds from Additional Cash Flows (10 Year Bond)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Additional Cash Flows (20 Year Bond)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Additional Cash Flows (Loan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
g. Adjusted Available Net Revenue	\$ 25,842,750	\$ 26,406,080	\$ 27,006,150	\$ 27,700,650	\$ 28,390,380	\$ 29,135,950	\$ 29,901,020	\$ 30,712,600	\$ 31,628,890	\$ 32,596,120
h. Principal Payments on Debt										
10 Year Bond Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20 Year Bond Principal	26,038,010	27,144,620	28,298,270	29,500,950	30,754,730	32,061,810	33,424,440	34,844,970	36,325,890	19,330,170
Loan Principal	-	-	-	-	-	-	-	-	-	-
Total	\$ 26,038,010	\$ 27,144,620	\$ 28,298,270	\$ 29,500,950	\$ 30,754,730	\$ 32,061,810	\$ 33,424,440	\$ 34,844,970	\$ 36,325,890	\$ 19,330,170
i. Net Cash	\$ (195,260)	\$ (738,540)	\$ (1,292,120)	\$ (1,800,300)	\$ (2,364,350)	\$ (2,925,860)	\$ (3,523,420)	\$ (4,132,370)	\$ (4,697,000)	\$ 13,265,950
j. Cash Balance										
Unrestricted Cash Balance	\$ 8,089,770	\$ 7,351,230	\$ 6,059,110	\$ 4,258,810	\$ 1,894,460	\$ (1,031,400)	\$ (4,554,820)	\$ (8,687,190)	\$ (13,384,190)	\$ (118,240)
Depreciation Reserve	29,887,740	21,155,050	12,478,180	26,219,580	21,946,730	23,119,040	14,386,350	5,709,480	19,450,880	33,192,280
Interest Reserve	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500	25,200,500
Total Cash Balance	\$ 63,178,010	\$ 53,706,780	\$ 43,737,790	\$ 55,678,890	\$ 49,041,690	\$ 47,288,140	\$ 35,032,030	\$ 22,222,790	\$ 31,267,190	\$ 58,274,540
Un-depreciated Value of Capital Assets	\$ 181,984,150	\$ 173,799,130	\$ 165,558,290	\$ 134,899,180	\$ 122,254,320	\$ 104,164,300	\$ 95,979,280	\$ 87,738,440	\$ 57,079,330	\$ 26,420,220
Debt Service Balance (10 Year Bond)	\$ (10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Balance (20 Year Bond)	\$ 296,662,330	\$ 269,517,710	\$ 241,219,440	\$ 211,718,490	\$ 180,963,760	\$ 148,901,950	\$ 115,477,510	\$ 80,632,540	\$ 44,306,650	\$ 24,976,480
Debt Service Balance (Internal Loan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service (P&I)	\$ 38,691,270	\$ 38,691,270	\$ 38,691,270	\$ 38,691,270	\$ 38,691,270	\$ 38,691,270	\$ 38,691,270	\$ 38,691,270	\$ 38,691,270	\$ 20,151,700
Debt Coverage Ratio	1.48	1.40	1.32	1.25	1.18	1.12	1.05	0.99	0.94	
Debt Service Coverage Ratio	0.99	0.97	0.95	0.94	0.92	0.91	0.89	0.88	0.87	

City of Seattle
 FTTP Network - Data Services
 Construction in Power Space
 June 2015

Capital Additions

	1	2	3	4	5	6	7	8	9	10
Network Equipment										
Headend- Data	\$ 18,014,250	\$ 6,004,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
Total	\$ 18,014,250	\$ 6,004,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Outside Plant and Facilities

Total Backbone and FTTP	\$ 169,364,850	\$ 169,364,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
Total	\$ 169,364,850	\$ 169,364,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Last Mile and Customer Premises Equipment

CPE Gbps Commercial	\$ 1,141,920	\$ 2,158,910	\$ 2,161,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CPE Residential & Small Commercial	5,121,720	22,240,570	22,198,990	-	-	-	-	-	-	-
Enterprise CPE and Drop	-	-	-	-	-	-	-	-	-	-
IP Telephone Adapter (2 telephones)	-	-	-	-	-	-	-	-	-	-
Average Drop Cost	4,951,440	20,212,690	20,178,110	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
Digital Set-top Box and CAT-5 Wiring	-	-	-	-	-	-	-	-	-	-
Additional Annual Replacement Capital	-	-	-	100,370	100,370	100,370	100,370	100,370	100,370	100,370
Total	\$ 11,215,080	\$ 44,612,170	\$ 44,538,940	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370

Miscellaneous Implementation Costs

Splicing	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles	300,000	-	-	-	-	-	-	-	-	-
Emergency Restoration Kit	50,000	-	-	-	-	-	-	-	-	-
Work Station, Computers, and Software	96,000	210,000	186,000	-	-	-	-	-	-	-
Fiber OTDR and Other Tools	150,000	-	-	-	-	-	-	-	-	-
Generators & UPS	100,000	-	-	-	-	-	-	-	-	-
Billing Software	250,000	-	-	-	-	-	-	-	-	-
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,196,000	\$ 210,000	\$ 186,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Replacement Costs for Depreciation

Network Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,014,250	\$ 6,004,750	\$ -
Last Mile and Customer Premises Equipment	-	-	-	-	-	5,607,540	22,306,090	22,269,470	-	-
Miscellaneous Implementation Costs	-	-	-	-	-	956,800	168,000	148,800	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,564,340	\$ 22,474,090	\$ 40,432,520	\$ 6,004,750	\$ -

Total Capital Additions	\$ 199,790,180	\$ 220,191,770	\$ 44,724,940	\$ 100,370	\$ 100,370	\$ 6,664,710	\$ 22,574,460	\$ 40,532,890	\$ 6,105,120	\$ 100,370
Depreciation Reserve Contribution	\$ -	\$ -	\$ -	\$ 12,233,840	\$ 12,239,870	\$ 17,049,620	\$ 15,840,330	\$ 13,841,770	\$ 13,841,770	\$ 13,841,770
Draws from Depreciation Reserve	-	-	-	(100,370)	(100,370)	(6,664,710)	(22,574,460)	(40,532,890)	(6,105,120)	(100,370)
Net Depreciation Reserve Balance	\$ -	\$ -	\$ -	\$ 12,133,470	\$ 24,272,970	\$ 34,657,880	\$ 27,923,750	\$ 1,232,630	\$ 8,969,280	\$ 22,710,680

City of Seattle
 FTTP Network - Data Services
 June 2015

Capital Additions

	11	12	13	14	15	16	17	18	19	20
Network Equipment										
Headend- Data	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outside Plant and Facilities										
Total Backbone and FTTP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Last Mile and Customer Premises Equipment										
CPE Gbps Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CPE Residential & Small Commercial	-	-	-	-	-	-	-	-	-	-
Average Drop Cost	-	-	-	-	-	-	-	-	-	-
Additional Annual Replacement Capital	100,370	100,370	100,370	100,370	100,370	100,370	100,370	100,370	100,370	100,370
Total	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370
Miscellaneous Implementation Costs										
Splicing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles	-	-	-	-	-	-	-	-	-	-
Emergency Restoration Kit	-	-	-	-	-	-	-	-	-	-
Work Station, Computers, and Software	-	-	-	-	-	-	-	-	-	-
Fiber OTDR and Other Tools	-	-	-	-	-	-	-	-	-	-
Generators & UPS	-	-	-	-	-	-	-	-	-	-
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Costs for Depreciation										
Network Equipment	\$ -	\$ -	\$ -	\$ -	\$ 18,014,250	\$ 6,004,750	\$ -	\$ -	\$ -	\$ -
Last Mile and Customer Premises Equipment	5,607,540	22,306,090	22,269,470	-	-	5,607,540	22,306,090	22,269,470	-	-
Miscellaneous Implementation Costs	956,800	168,000	148,800	-	-	956,800	168,000	148,800	-	-
Total	\$ 6,564,340	\$ 22,474,090	\$ 22,418,270	\$ -	\$ 18,014,250	\$ 12,569,090	\$ 22,474,090	\$ 22,418,270	\$ -	\$ -
Total Capital Additions	\$ 6,664,710	\$ 22,574,460	\$ 22,518,640	\$ 100,370	\$ 18,114,620	\$ 12,669,460	\$ 22,574,460	\$ 22,518,640	\$ 100,370	\$ 100,370

City of Seattle
FTTP Network - Data Services
Construction in Power Space
June 2015

Scenarios

Base Case - Residential Service Price at \$75 per month, 48 percent of Occupied Households with Internet (43.2 percent of homes passed, 21.6 percent of businesses passed)

Income Statement	1	5	10	15	20
Total Revenues	\$ 11,715,600	\$ 91,527,540	\$ 91,527,540	\$ 91,527,540	\$ 91,527,540
Total Cash Expenses	11,201,280	32,861,720	35,271,390	37,931,860	40,869,240
Depreciation	13,523,920	40,799,560	30,759,480	30,759,480	30,759,480
Interest Expense	(10,070,400)	(18,960,800)	(13,719,190)	(7,818,670)	(675,550)
Net Income	\$ (23,469,700)	\$ (4,639,400)	\$ 8,232,620	\$ 11,472,670	\$ 15,678,410

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 3,923,040	\$ 23,277,580	\$ 23,277,580	\$ 1,894,460	\$ (118,240)
Depreciation Reserve	-	24,272,970	24,272,970	21,946,730	33,192,280
Interest Reserve	10,070,400	-	-	-	-
Debt Service Reserve	11,900,500	25,200,500	25,200,500	25,200,500	25,200,500
Total Cash Balance	\$ 25,893,940	\$ 72,751,050	\$ 72,751,050	\$ 49,041,690	\$ 58,274,540

Investment Metric	
Internal Rate of Return (IRR)	-5.32%

1. Residential Service Price Increases by \$5 per month

Income Statement	1	5	10	15	20
Total Revenues	\$ 12,306,840	\$ 97,248,780	\$ 97,248,780	\$ 97,248,780	\$ 97,248,780
Total Cash Expenses	11,207,190	32,918,930	35,328,600	37,989,070	40,926,450
Depreciation	13,523,920	40,799,560	30,759,480	30,759,480	30,759,480
Interest Expense	(10,070,400)	(18,960,800)	(13,719,190)	(7,818,670)	(675,550)
Net Income	\$ (22,907,270)	\$ 803,040	\$ 13,675,060	\$ 16,915,110	\$ 21,120,850

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 4,485,470	\$ 43,172,050	\$ 43,172,050	\$ 76,213,330	\$ 101,412,830
Depreciation Reserve	-	24,272,970	24,272,970	21,946,730	33,192,280
Interest Reserve	10,070,400	-	-	-	-
Debt Service Reserve	11,900,500	25,200,500	25,200,500	25,200,500	25,200,500
Total Cash Balance	\$ 26,456,370	\$ 92,645,520	\$ 92,645,520	\$ 123,360,560	\$ 159,805,610

Investment Metric	
Internal Rate of Return (IRR)	-3.83%

2. Residential Service Price Decreases by \$5 per month

Income Statement	1	5	10	15	20
Total Revenues	\$ 11,124,360	\$ 85,806,300	\$ 85,806,300	\$ 85,806,300	\$ 85,806,300
Total Cash Expenses	11,195,360	32,804,500	35,214,170	37,874,640	40,812,020
Depreciation	13,523,920	40,799,560	30,759,480	30,759,480	30,759,480
Interest Expense	(10,070,400)	(18,960,800)	(13,719,190)	(7,818,670)	(675,550)
Net Income	\$ (24,032,120)	\$ (10,081,840)	\$ 2,790,180	\$ 6,030,230	\$ 10,235,970

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 3,360,620	\$ 3,383,120	\$ 3,383,120	\$ (72,424,400)	\$ (101,649,300)
Depreciation Reserve	-	24,272,970	24,272,970	21,946,730	33,192,280
Interest Reserve	10,070,400	-	-	-	-
Debt Service Reserve	11,900,500	25,200,500	25,200,500	25,200,500	25,200,500
Total Cash Balance	\$ 25,331,520	\$ 52,856,590	\$ 52,856,590	\$ (25,277,170)	\$ (43,256,520)

Investment Metric	
Internal Rate of Return (IRR)	-7.02%

3. Residential Take Rate Increases by 5 percent (percent of Internet users)

Income Statement	1	5	10	15	20
Total Revenues	\$ 11,715,600	\$ 101,061,900	\$ 101,061,900	\$ 101,061,900	\$ 101,061,900
Total Cash Expenses	11,201,280	35,012,685	37,601,015	40,458,745	43,613,905
Depreciation	13,728,030	43,175,270	32,094,290	32,094,290	32,094,290
Interest Expense	(10,127,600)	(19,010,910)	(13,734,220)	(7,833,170)	(697,010)
Net Income	\$ (23,731,010)	\$ (51,095)	\$ 13,718,245	\$ 16,761,565	\$ 20,742,565

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 3,724,100	\$ 36,463,355	\$ 36,463,355	\$ 75,203,885	\$ 102,631,860
Depreciation Reserve	-	25,676,870	25,676,870	16,053,350	24,512,610
Interest Reserve	10,127,600	-	-	-	-
Debt Service Reserve	11,972,000	25,296,000	25,296,000	25,296,000	25,296,000
Total Cash Balance	\$ 25,823,700	\$ 87,436,225	\$ 87,436,225	\$ 116,553,235	\$ 152,440,470

Investment Metric	
Internal Rate of Return (IRR)	-3.79%

4. Residential Take Rate Decreases by 5 percent (percent of Internet users)

Income Statement	1	5	10	15	20
Total Revenues	\$ 11,715,600	\$ 81,993,180	\$ 81,993,180	\$ 81,993,180	\$ 81,993,180
Total Cash Expenses	11,201,280	30,634,675	32,857,755	35,312,235	38,022,165
Depreciation	13,393,420	38,521,550	29,522,470	29,522,470	29,522,470
Interest Expense	(10,034,000)	(18,930,190)	(13,708,730)	(7,805,840)	(655,630)
Net Income	\$ (23,302,800)	\$ (9,268,835)	\$ 2,728,625	\$ 6,177,035	\$ 10,617,315

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 4,053,940	\$ 9,903,340	\$ 9,903,340	\$ (71,668,860)	\$ (102,858,785)
Depreciation Reserve	-	22,927,720	22,927,720	27,138,090	41,219,900
Interest Reserve	10,034,000	-	-	-	-
Debt Service Reserve	11,855,000	25,140,000	25,140,000	25,140,000	25,140,000
Total Cash Balance	\$ 25,942,940	\$ 57,971,060	\$ 57,971,060	\$ (19,390,770)	\$ (36,498,885)

Investment Metric	
Internal Rate of Return (IRR)	-7.11%

5. Residential Take Rate Increases by 5 percent (percent of Internet users) and Price Increases by \$5 per month

Income Statement	1	5	10	15	20
Total Revenues	\$ 12,306,840	\$ 107,379,120	\$ 107,379,120	\$ 107,379,120	\$ 107,379,120
Total Cash Expenses	11,207,190	35,075,855	37,664,185	40,521,915	43,677,075
Depreciation	13,728,030	43,175,270	32,094,290	32,094,290	32,094,290
Interest Expense	(10,127,600)	(19,010,910)	(13,734,220)	(7,833,170)	(697,010)
Net Income	\$ (23,168,580)	\$ 5,958,295	\$ 19,727,635	\$ 22,770,955	\$ 26,751,955

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 4,286,530	\$ 58,342,105	\$ 58,342,105	\$ 157,176,535	\$ 214,651,460
Depreciation Reserve	-	25,676,870	25,676,870	16,053,350	24,512,610
Interest Reserve	10,127,600	-	-	-	-
Debt Service Reserve	11,972,000	25,296,000	25,296,000	25,296,000	25,296,000
Total Cash Balance	\$ 26,386,130	\$ 109,314,975	\$ 109,314,975	\$ 198,525,885	\$ 264,460,070

Investment Metric	
Internal Rate of Return (IRR)	-2.32%

6. Residential Take Rate Decreases by 5 percent (percent of Internet users) and Price Decreases by \$5 per month

Income Statement	1	5	10	15	20
Total Revenues	\$ 11,124,360	\$ 76,867,920	\$ 76,867,920	\$ 76,867,920	\$ 76,867,920
Total Cash Expenses	11,195,360	30,583,425	32,806,505	35,260,985	37,970,915
Depreciation	13,393,420	38,521,550	29,522,470	29,522,470	29,522,470
Interest Expense	(10,034,000)	(18,930,190)	(13,708,730)	(7,805,840)	(655,630)
Net Income	\$ (23,865,220)	\$ (14,144,335)	\$ (2,146,875)	\$ 1,301,535	\$ 5,741,815

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 3,491,520	\$ (8,006,790)	\$ (8,006,790)	\$ (138,333,990)	\$ (193,901,415)
Depreciation Reserve	-	22,927,720	22,927,720	27,138,090	41,219,900
Interest Reserve	10,034,000	-	-	-	-
Debt Service Reserve	11,855,000	25,140,000	25,140,000	25,140,000	25,140,000
Total Cash Balance	\$ 25,380,520	\$ 40,060,930	\$ 40,060,930	\$ (86,055,900)	\$ (127,541,515)

Investment Metric	
Internal Rate of Return (IRR)	-8.91%

7. Residential Service Price at \$55 per month, Take Rate at 85 percent (percent of Internet users)

Income Statement	1	5	10	15	20
Total Revenues	\$ 9,350,640	\$ 121,554,180	\$ 121,554,180	\$ 121,554,180	\$ 121,554,180
Total Cash Expenses	11,177,630	48,765,820	52,538,440	56,703,720	61,302,510
Depreciation	14,731,850	57,978,090	40,235,120	40,235,120	40,235,120
Interest Expense	(10,408,800)	(19,252,130)	(13,811,790)	(7,919,080)	(828,010)
Net Income	\$ (27,265,750)	\$ (9,149,650)	\$ 10,261,040	\$ 11,988,470	\$ 14,480,750

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 493,410	\$ (16,987,140)	\$ (16,987,140)	\$ 20,382,550	\$ 41,869,560
Depreciation Reserve	-	34,420,740	34,420,740	(18,779,310)	(28,357,470)
Interest Reserve	10,408,800	-	-	-	-
Debt Service Reserve	12,323,500	25,764,500	25,764,500	25,764,500	25,764,500
Total Cash Balance	\$ 23,225,710	\$ 43,198,100	\$ 43,198,100	\$ 27,367,740	\$ 39,276,590

Investment Metric	
Internal Rate of Return (IRR)	-4.45%

8. Residential Service Price at \$65 per month, Take Rate at 73 percent (percent of Internet users)

Income Statement	1	5	10	15	20
Total Revenues	\$ 10,533,120	\$ 121,795,500	\$ 121,795,500	\$ 121,795,500	\$ 121,795,500
Total Cash Expenses	11,189,450	43,700,955	47,030,835	50,707,315	54,766,425
Depreciation	14,353,750	52,424,800	37,180,090	37,180,090	37,180,090
Interest Expense	(10,302,800)	(19,161,220)	(13,782,600)	(7,886,820)	(778,850)
Net Income	\$ (25,656,780)	\$ 1,791,385	\$ 19,084,835	\$ 21,304,135	\$ 24,352,995

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 1,986,030	\$ 29,852,970	\$ 29,852,970	\$ 143,006,240	\$ 204,338,795
Depreciation Reserve	-	31,140,440	31,140,440	(5,701,120)	(8,516,390)
Interest Reserve	10,302,800	-	-	-	-
Debt Service Reserve	12,191,000	25,588,000	25,588,000	25,588,000	25,588,000
Total Cash Balance	\$ 24,479,830	\$ 86,581,410	\$ 86,581,410	\$ 162,893,120	\$ 221,410,405

Investment Metric	
Internal Rate of Return (IRR)	-2.41%

9. Residential Service Price at \$85 per month, Take Rate at 27 percent (percent of Internet users)

Income Statement	1	5	10	15	20
Total Revenues	\$ 12,898,080	\$ 57,921,720	\$ 57,921,720	\$ 57,921,720	\$ 57,921,720
Total Cash Expenses	11,213,100	23,566,795	25,192,205	26,986,805	28,968,165
Depreciation	12,811,210	31,013,140	25,344,970	25,344,970	25,344,970
Interest Expense	(9,871,200)	(18,788,820)	(13,665,050)	(7,761,060)	(588,440)
Net Income	\$ (21,432,930)	\$ (17,690,345)	\$ (8,523,815)	\$ (4,414,425)	\$ 776,835

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 5,754,090	\$ (8,659,790)	\$ (8,659,790)	\$ (219,482,450)	\$ (312,865,885)
Depreciation Reserve	-	18,491,580	18,491,580	45,322,310	68,369,360
Interest Reserve	9,871,200	-	-	-	-
Debt Service Reserve	11,651,500	24,868,500	24,868,500	24,868,500	24,868,500
Total Cash Balance	\$ 27,276,790	\$ 34,700,290	\$ 34,700,290	\$ (149,291,640)	\$ (219,628,025)

Investment Metric	
Internal Rate of Return (IRR)	-12.46%

10. Residential Service Price at \$95 per month, Take Rate at 15 percent (percent of Internet users)

Income Statement	1	5	10	15	20
Total Revenues	\$ 14,080,560	\$ 35,753,700	\$ 35,753,700	\$ 35,753,700	\$ 35,753,700
Total Cash Expenses	11,224,930	18,277,670	19,460,360	20,766,160	22,207,860
Depreciation	12,359,520	25,361,460	22,191,660	22,191,660	22,191,660
Interest Expense	(9,744,400)	(18,678,690)	(13,631,350)	(7,727,130)	(537,720)
Net Income	\$ (19,729,590)	\$ (27,948,860)	\$ (20,914,410)	\$ (16,315,990)	\$ (10,568,280)

Cash Flow Statement	1	5	10	15	20
Unrestricted Cash Balance	\$ 7,314,630	\$ (35,939,410)	\$ (35,939,410)	\$ (383,239,580)	\$ (543,133,420)
Depreciation Reserve	-	15,152,280	15,152,280	59,104,630	88,865,830
Interest Reserve	9,744,400	-	-	-	-
Debt Service Reserve	11,493,000	24,657,500	24,657,500	24,657,500	24,657,500
Total Cash Balance	\$ 28,552,030	\$ 3,870,370	\$ 3,870,370	\$ (299,477,450)	\$ (429,610,090)

Investment Metric	
Internal Rate of Return (IRR)	N/A

PROJECT ASSUMPTIONS

Page Title Information

Organization	City of Seattle Seattle, Washington
Plan Name	FTTP Network - Data Services Construction in Power Space
Date	June 2015
	Power Space Yes

Financial Assumptions

10 Year Bond or Loan	
Finance Rate	4.00%
Period (Years)	10
Principal Repayment Period Start	2
Bond Issuance Cost	1.00% of issue
Debt Service Reserve	5.00%
Interest Reserve	yes

20 Year Bond	
Finance Rate	4.25%
Period (Years)	20
Principal Repayment Period Start	3
Bond Issuance Cost	1.00% of issue
Debt Service Reserve	5.00%
Interest Reserve	yes

Loan	
	Year
	1 2 3 4 5
Finance Rate	6.00% 6.00% 6.00% 6.00% 6.00%
Period (Years)	3 3 3 3 3
Principal Repayment Start	3 2 1 1 1

Other	
Interest Earned on Available Cash	0.25% only applied to reserve funds in calculation

Source of Funds		Amount Issued	Year									
Cash flow w/o investment funds, grants, bonds, loans, or interest		\$ (462,026,560)	\$ (438,429,340)	\$ (5,001,610)	\$ 44,660,820	\$ 43,004,770	\$ 19,637,610	\$ 21,362,630	\$ 23,860,020	\$ 24,479,530	\$ 25,150,330	\$ 25,842,750
Cash flow after investment funds (no principle payments)		\$ (234,086,960)	\$ (222,514,740)	\$ 4,101,230	\$ 24,651,260	\$ 23,920,290	\$ 19,637,610	\$ 21,362,630	\$ 23,860,020	\$ 24,479,530	\$ 25,150,330	\$ 25,842,750
Unrestricted cash balance (years 1 to 10)		\$ 3,923,040	\$ 6,374,950	\$ 19,452,890	\$ 22,193,260	\$ 23,277,580	\$ 19,115,080	\$ 15,672,740	\$ 13,680,480	\$ 11,216,180	\$ 8,285,030	\$ 8,089,770
Total cash balance		\$ 25,893,940	\$ 40,067,770	\$ 45,879,800	\$ 59,527,230	\$ 72,751,050	\$ 78,973,460	\$ 68,796,990	\$ 40,113,610	\$ 45,385,960	\$ 56,196,210	\$ 63,178,010
Unrestricted cash balance (years 11 to 20)		\$ 8,089,770	\$ 7,351,230	\$ 6,059,110	\$ 4,258,810	\$ 1,894,460	\$ (1,031,400)	\$ (4,554,820)	\$ (8,687,190)	\$ (13,384,190)	\$ (118,240)	

		1	2	3	4	5	
Use Start Up Capital		no	no	no			
Start Up Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	IRR -5.32% Calculated from cash flow w/start-up capital
Start Up Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Grants (infrastructure)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Grants (customer premises)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		0.00%	0.00%	0.00%	0.00%	0.00%	Weighted rate
		89.39%	95.08%	95.07%	100.00%	100.00%	Percent Residential
		10.61%	4.92%	4.93%	0.00%	0.00%	Percent Commercial
10-Year Bond Proceeds	\$ 24,010,000	\$ 18,010,000	\$ 6,000,000	\$ -	\$ -	\$ -	
20-Year Bond Proceeds	\$ 480,000,000	\$ 220,000,000	\$ 230,000,000	\$ 30,000,000	\$ -	\$ -	
Loan Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Sub-total	\$ 504,010,000						
Total	\$ 504,010,000						

Depreciation (Straight Line)		Years	Annual Rate										
Outside Plant and Facilities	20	5.00%	Sheet D1	If years changed, need to change CA sheet (when replenishments occur)									
Network Equipment	7	14.29%	Sheet D2	If years changed, need to change CA sheet (when replenishments occur)									
Miscellaneous Implementation Costs	5	20.00%	Sheet D3	If years changed, need to change CA sheet (when replenishments occur)									
Last Mile and Customer Premises Equipment	5	20.00%	Sheet D4	If years changed, need to change CA sheet (when replenishments occur)									
Depreciation Reserve (years 1 to 10)	-	-	-	12,133,470	24,272,970	34,657,880	27,923,750	1,232,630	8,969,280	22,710,680			
Depreciation Reserve (years 11 to 20)	29,887,740	21,155,050	12,478,180	26,219,580	21,946,730	23,119,040	14,386,350	5,709,480	19,450,880	33,192,280			
	1	2	3	4	5	6	7	8	9	10			

Funded Depreciation	0%	0%	0%	30%	30%	43%	45%	45%	45%	45%		
Replacement/Upgrade Costs (Percent of Total Costs)											Start in year	3

Replacement	
Network Equipment	100%
Miscellaneous Implementation Costs	80%
Last Mile and Customer Premises Equipment	50%

PROJECT ASSUMPTIONS

Operation and Maintenance Expenses

Annual Fixed Operating Expense					
	Year 1	Year 2	Year 3	Year 4	Year 5 plus
Insurance	\$ 200,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Utilities	\$ 36,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000
Office Expenses	\$ 36,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Facility Lease	\$ 120,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
Locates & Ticket Processing	\$ -	\$ 280,000	\$ 561,000	\$ 561,000	\$ 561,000
Peering	\$ 33,100	\$ 168,100	\$ 302,900	\$ 302,900	\$ 302,900
Contingency	\$ 200,000	\$ 400,000	\$ 600,000	\$ 600,000	\$ 600,000
Billing Maintenance Contract	\$ -	\$ -	\$ -	\$ -	\$ -
Fiber & Network Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
Vendor Maintenance Contracts	\$ -	\$ 630,000	\$ 630,000	\$ 630,000	\$ 630,000
					Link to Network Sheet
	Year 1	Year 2	Year 3	Year 4	Year 5 plus
Legal and Lobby Fees	\$ 750,000	\$ 500,000	\$ 250,000	\$ 250,000	\$ 250,000
Planning	\$ -	\$ -	\$ -	\$ -	\$ -
Consulting	\$ 500,000	\$ 500,000	\$ 200,000	\$ 200,000	\$ 200,000
Marketing	\$ 2,400,000	\$ 2,400,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
				\$ 200,000	\$ 2,400,000
Annual Variable Operating Expense (not including DIA)					
Education and Training	4%	percent of direct payroll			
Customer Handholding	\$ 0.10	per subscriber per month			
Customer Billing (Unit)	\$ 0.05	per bill			
Allowance for Bad Debts	1.00%	percentage of revenues			
Customer Churn (annual)	2.50%	Customer Promotions/Acquisition \$ 300			
	Year 1	Year 2	Year 3	Year 4	Year 5+
Internet Connection Fee	\$ 206,310	\$ 958,760	\$ 1,710,160	\$ 1,710,160	\$ 1,710,160
Minimum BW	2,000	Mbps	1,000	per month	0.50 per Mbps per month
					-5.32%
Pole Attachment Expense					
Attachment Fees	13,159 poles at	\$ 20.00 per year	Charge even if in Power Space - perception		
			3,289,661 feet	250 per span	
Taxes					
Franchise Fees	0%	percent of access fee revenue		Starts in year	6
City and State Tax	3.8730%	percent of revenue		State	3.8730%
Property Tax	0.00%	of outside plant		Starts in year	2
				City	0.0000%
				Overhead	1,912.17
				Underground	623.04
					2,535.22
					75.42%
					24.58%
Low Income Assistance					
Assistance Rate	0%	for	0%	of households	based on assessment and access fee

PROJECT ASSUMPTIONS

Labor Expense

Labor (Direct)

New Employees	Year 1	Year 2	Year 3	Year 4	Year 5+	Labor Cost		
Business Manager	1.00	1.00	1.00	1.00	1.00	170,000	229,500	
Market & Sales Manager	1.00	1.00	1.00	1.00	1.00	120,000		
Broadband Service Engineer	1.00	2.00	2.00	2.00	2.00	120,000		
Headend Technician	-	-	-	-	-	-		
Telephone Technician	-	-	-	-	-	-		
Internet Technician (staff in field tech support)	-	-	-	-	-	-		
Customer Service Representative	5.00	23.00	41.00	41.00	41.00	50,000	2,500	1 Number of Customers per CSR-Number of Sh Based on Wilson
Service Technicians/Installers & IT Support	5.00	23.00	41.00	41.00	41.00	70,000	2,500	1 Number of Customers per Tech Number of Sh Based on Wilson 4 for 7500 cost
Sales and Marketing Representative	10.00	10.00	10.00	10.00	10.00	75,000	with commissions	
Call Center Support (24x7)	14.00	71.00	128.00	128.00	128.00	50,000	750	1 Ratio for 24x7 Based on Wilson Wilson 750
Fiber Plant O&M Technicians	11.00	22.00	22.00	22.00	22.00	120,000	120	Miles of line per technician
TBD	-	-	-	-	-	-	2,535	Miles of line
Total New Staff	48	153	246	246	246	-	50.00%	In Year 1 In power space- lineperson required 3 for 350 miles (Wilson)
Existing Employees	Year 1	Year 2	Year 3+	Labor Cost				
Broadband Service Manager	-	-	-	\$ 50,000	Seattle Min Wage	\$ 15.00	per hour	
Broadband Technician	-	-	-	\$ 70,000		\$ 31,200	per year	
Switch Technician	-	-	-	\$ 75,000			internet	250 calls per month
Customer Service Representative	-	-	-	\$ 50,000			call customers	month
Service Technicians	-	-	-	\$ 120,000			dedicated 24X7	10 staff
Sales and Marketing Representative	-	-	-	\$ -				7500
Total Existing Staff	-	-	-	\$ -				750 customers
Service Position Total	Year 1	Year 2	Year 3	Year 4	Year 5+	Year 1 Salary		
Business Manager	1.00	1.00	1.00	1.00	1.00	170,000		
Market & Sales Manager	1.00	1.00	1.00	1.00	1.00	120,000		
Broadband Service Engineer	1.00	2.00	2.00	2.00	2.00	120,000		
Headend Technician	-	-	-	-	-	-		
Telephone Technician	-	-	-	-	-	-		
Internet Technician (staff in field tech support)	-	-	-	-	-	-		
Customer Service Representative	5.00	23.00	41.00	41.00	41.00	50,000		
Service Technicians/Installers & IT Support	5.00	23.00	41.00	41.00	41.00	70,000		
Sales and Marketing Representative	10.00	10.00	10.00	10.00	10.00	75,000		
Call Center Support (24x7)	14.00	71.00	128.00	128.00	128.00	50,000		
Fiber Plant O&M Technicians	11.00	22.00	22.00	22.00	22.00	120,000	\$ 2,640,000	
TBD	-	-	-	-	-	-		
Total Existing Staff	-	-	-	-	-	\$ -		
Total	48.00	153.00	246.00	246.00	246.00			
Total Customers	11,024	56,026	100,951	100,951	100,951			
Customers per Employee	229.67	366.18	410.37	410.37	410.37			
Total Salaries	\$ 3,780,000	\$ 10,230,000	\$ 15,240,000					
Benefits	35%	of base salary						
Total Direct Labor Cost	\$ 5,103,000	\$ 13,810,500	\$ 20,574,000					Not including multiplier (multiplier applied on sheet E1)
Salary Multiplier	2.00%	annual multiplier	(i.e. salaries increase by x percent faster than ability to increase fees)					

PROJECT ASSUMPTIONS

Penetration Rates - Data

Residential Internet Services

Existing Dial-up Customers 0
 Number of Potential New Subscribers 220,725

Initial Data Users 96% From Survey
 Occupancy Rate 93% Census Data

Input to Network Cost Estimate 40.93% Take Rate of all households/businesses passed

Residential	43.2%	220,725	95,354
Business	21.6%	25,910	5,597
		246,635	100,951

Projected Market Size

Year 1	89%	Year 2	90%	Year 3	90%	Year 4	90%	Year 5	90%
Year 6	90%	Year 7	90%	Year 8	90%	Year 9	90%	Year 10+	90%

- Check Sum

Market Share Percentage of Market

Year 1	5%	Year 2	27%	Year 3	48%	Year 4	48%	Year 5	48%	yr. 1	5%	yr. 2	27%	yr. 3	48%
Year 6	4.5%	Year 7	23.9%	Year 8	43.2%	Year 9	43.2%	Year 10+	43.2%	Market share multiplier for sensitivity analysis					
Year 1	48%	Year 2	48%	Year 3	48%	Year 4	48%	Year 5	48%						
Year 6	43.20%	Year 7	43.20%	Year 8	43.20%	Year 9	43.20%	Year 10+	43.20%						

Market Share Percentage of Market

Package Take Rate

R 30 Mbps	0%	0%	0%	0%	0%
R 50 Mbps	0%	0%	0%	0%	0%
R 100 Mbps	0%	0%	0%	0%	0%
R 250 Mbps	0%	0%	0%	0%	0%
R 1 Gbps	100%	100%	100%	100%	100%

Commercial Internet Services

Number of Potential Subscribers 25,910

Initial Data Users 95% Estimate
 Occupancy Rate 95% Estimate

Projected Market Size

Year 1	90%	Year 2	90%	Year 3	90%	Year 4	90%	Year 5	90%
Year 6	90%	Year 7	90%	Year 8	90%	Year 9	90%	Year 10+	90%

Market Share Percentage of Market

Year 1	5%	Year 2	15%	Year 3	24%	Year 4	24%	Year 5	24%	yr. 1	5%	yr. 2	15%	yr. 3	24%
Year 6	4.5%	Year 7	13.1%	Year 8	21.6%	Year 9	21.6%	Year 10+	21.6%						
Year 1	24%	Year 2	24%	Year 3	24%	Year 4	24%	Year 5	24%						
Year 6	21.60%	Year 7	21.60%	Year 8	21.60%	Year 9	21.60%	Year 10+	21.60%						

Market Share Percentage of Market

Package Take Rate

B 30 Mbps	0%	0%	0%	0%	0%
B 100 Mbps	0%	0%	0%	0%	0%
B 250 Mbps	0%	0%	0%	0%	0%
B 1 Gbps	100%	100%	100%	100%	100%
10 Gbps	0%	0%	0%	0%	0%

PROJECT ASSUMPTIONS

Capital Additions

Network Equipment										Grant Funding		
	1	2	3	4	5		1	2	3	4	5	
Headend- Data	\$ 18,014,250	\$ 6,004,750	\$ -	\$ -	\$ -	\$ 24,019,000	75.00%	25.00%	0.00%	0.00%	0.00%	0.00%
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	75.00%	25.00%	0.00%	0.00%	0.00%	0.00%
TBD	\$ -	per	1 residential subscribers									
TBD	\$ -	per	1 GB business subscribers									
TBD	\$ -	per	1 business subscribers									
Additional Annual Capital	0% (% of turn-key cost)					Starts in year	4					

Outside Plant and Facilities										Grant Funding		
	1	2	3	4	5		1	2	3	4	5	
FTTP OSP (passing)	\$ 169,364,850	\$ 169,364,850	\$ -	\$ -	\$ -	\$ 338,729,700	50.00%	50.00%	0.00%	0.00%	0.00%	0.00%
							50.00%	50.00%	0.00%	0.00%	0.00%	0.00%
							50.00%	50.00%	0.00%	0.00%	0.00%	0.00%
							100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
							100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
							100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
							100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
							100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
							100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
							100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Backbone and FTTP	\$ 169,364,850	\$ 169,364,850	\$ -	\$ -	\$ -	\$ 338,729,700						
Additional Annual Capital	0% (% of turn-key cost)					Starts in year	4					

Last Mile and Customer Premises Equipment										Grant Funding		
	1	2	3	4	5		1	2	3	4	5	
CPE Gbps Commercial	\$ 1,141,920	\$ 2,158,910	\$ 2,161,840	\$ -	\$ -							
CPE Residential & Small Commercial	\$ 520	per new subscriber (average)										
CPE Gbps Commercial	\$ 976	per new subscriber (average)										
IP Telephone Adapter (2 telephones)	\$ -	per new telephone subscriber			\$ 2,394	\$ 362,748,700						
Average Drop Cost	\$ 449	per new residential subscriber				\$ 400.00	overhead	75.42%	\$ 400.00	overhead	75.42%	
Average Drop Cost	\$ 449	per new commercial subscriber				\$ 600.00	underground Residential	24.58%	\$ 600.00	underground Business	24.58%	
TBD	\$ -	per	1 residential subscribers									
TBD	\$ -	per	1 residential subscribers									
TBD	\$ -	per	1 residential subscribers									
Digital Set-top Box and CAT-5 Wiring	\$ -	per television	\$ 125	Wiring								
Additional Annual Replacement Capital	0.10% (% of CPE's in service ²)					Starts in year	4					
						\$ 362,748,700						

Miscellaneous Implementation Costs										Grant Funding		
	1	2	3	4	5		1	2	3	4	5	
Splicing	\$ 250,000	\$ -	\$ -	\$ -	\$ -							
Vehicles	\$ 300,000	\$ -	\$ -	\$ -	\$ -							
Emergency Restoration Kit	\$ 50,000	\$ -	\$ -	\$ -	\$ -							
Work Station, Computers, and Software	\$ 2,000	per employee										
Fiber OTDR and Other Tools	\$ 150,000	\$ -	\$ -	\$ -	\$ -							
Generators & UPS	\$ 100,000	\$ -	\$ -	\$ -	\$ -							
Billing Software	\$ 250,000	\$ -	\$ -	\$ -	\$ -							
Additional Annual Capital	0% (% of Year 1)					Starts in year	4					

²Approximate required additional annual capital, set to equal full reinvestment in replacement CPE.

City of Seattle
 FTTP Network - Data Services
 Construction in Power Space
 June 2015
 Supplemental Tables

	Year 1	Year 5	Year 10	Year 15	Year 20
Operating Expenses					
Insurance	\$ 200,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Utilities	36,000	72,000	72,000	72,000	72,000
Office Expenses	36,000	60,000	60,000	60,000	60,000
Facility Lease	120,000	240,000	240,000	240,000	240,000
Locates & Ticket Processing	-	561,000	561,000	561,000	561,000
Peering	33,100	302,900	302,900	302,900	302,900
Contingency	200,000	600,000	600,000	600,000	600,000
Billing Maintenance Contract	-	-	-	-	-
Fiber & Network Maintenance	846,820	1,693,650	1,693,650	1,693,650	1,693,650
Vendor Maintenance Contracts	-	630,000	630,000	630,000	630,000
Legal and Lobby Fees	750,000	250,000	250,000	250,000	250,000
Planning	-	-	-	-	-
Consulting	500,000	200,000	200,000	200,000	200,000
Marketing	2,400,000	1,200,000	1,200,000	1,200,000	1,200,000
Education and Training	204,120	890,460	983,140	1,085,460	1,198,440
Customer Handholding	13,230	121,140	121,140	121,140	121,140
Customer Billing (Unit)	6,610	60,570	60,570	60,570	60,570
Allowance for Bad Debts	117,160	915,280	915,280	915,280	915,280
Churn (acquisition costs)	82,680	757,130	757,130	757,130	757,130
PSTN Connection Fee	-	-	-	-	-
Internet	206,310	1,710,160	1,710,160	1,710,160	1,710,160
Sub-Total	\$ 5,752,030	\$ 10,664,290	\$ 10,756,970	\$ 10,859,290	\$ 10,972,270
Labor Expenses	\$ 5,186,070	\$ 22,564,250	\$ 24,881,240	\$ 27,439,390	\$ 30,263,790
Attachment Fees	263,180	263,180	263,180	263,180	263,180
Sub-Total	\$ 5,449,250	\$ 22,827,430	\$ 25,144,420	\$ 27,702,570	\$ 30,526,970
Total Expenses	\$ 11,201,280	\$ 33,491,720	\$ 35,901,390	\$ 38,561,860	\$ 41,499,240
Principal and Interest	\$ 10,070,400	\$ 41,920,450	\$ 41,920,450	\$ 38,691,270	\$ 20,151,700
Facility Taxes	389,700	3,544,860	3,544,860	3,544,860	3,544,860
Sub-Total	\$ 10,460,100	\$ 45,465,310	\$ 45,465,310	\$ 42,236,130	\$ 23,696,560
Total Expenses, P&I, and Taxes	\$ 21,661,380	\$ 78,957,030	\$ 81,366,700	\$ 80,797,990	\$ 65,195,800

City of Seattle
 FTTP Network - Data Services
 Construction in Power Space
 June 2015
 Supplemental Tables

	Year 1	Year 5	Year 10	Year 15	Year 20
a. Revenues					
Internet - Residential	\$ 8,868,600	\$ 85,818,600	\$ 85,818,600	\$ 85,818,600	\$ 85,818,600
Internet - Business	1,193,400	5,708,940	5,708,940	5,708,940	5,708,940
Connection Fee (net)	1,653,600	-	-	-	-
Provider Fee	-	-	-	-	-
Assessments	-	-	-	-	-
Ancillary Revenues	-	-	-	-	-
Total	\$ 11,715,600	\$ 91,527,540	\$ 91,527,540	\$ 91,527,540	\$ 91,527,540
b. Content Fees					
Internet	\$ 206,310	\$ 1,710,160	\$ 1,710,160	\$ 1,710,160	\$ 1,710,160
Total	\$ 206,310	\$ 1,710,160	\$ 1,710,160	\$ 1,710,160	\$ 1,710,160
c. Operating Costs					
Operation Costs	\$ 5,545,720	\$ 8,954,130	\$ 9,046,810	\$ 9,149,130	\$ 9,262,110
Labor Costs	5,186,070	22,564,250	24,881,240	27,439,390	30,263,790
Pole Attachment Expense	263,180	263,180	263,180	263,180	263,180
Total	\$ 10,994,970	\$ 31,781,560	\$ 34,191,230	\$ 36,851,700	\$ 39,789,080
d. EBITDA					
	\$ 514,320	\$ 58,035,820	\$ 55,626,150	\$ 52,965,680	\$ 50,028,300
e. Depreciation					
	13,523,920	40,799,560	30,759,480	30,759,480	30,759,480
f. Operating Income (EBITDA less Depreciation)					
	\$ (13,009,600)	\$ 17,236,260	\$ 24,866,670	\$ 22,206,200	\$ 19,268,820
g. Non-Operating Income					
Interest Income	\$ -	\$ 119,780	\$ 119,780	\$ 117,870	\$ 145,980
Interest Expense (10 Year Bond)	(720,400)	(124,200)	(124,200)	-	-
Interest Expense (20 Year Bond)	(9,350,000)	(13,714,770)	(13,714,770)	(7,936,540)	(821,530)
Interest Expense (Loan)	-	-	-	-	-
Total	\$ (10,070,400)	\$ (13,719,190)	\$ (13,719,190)	\$ (7,818,670)	\$ (675,550)
h. Net Income (before taxes)					
	\$ (23,080,000)	\$ (1,094,540)	\$ 11,777,480	\$ 15,017,530	\$ 19,223,270
i. Taxes					
	\$ 389,700	\$ 3,544,860	\$ 3,544,860	\$ 3,544,860	\$ 3,544,860
j. Net Income					
	\$ (23,469,700)	\$ (4,639,400)	\$ 8,232,620	\$ 11,472,670	\$ 15,678,410

City of Seattle
FTTP Network - Data Services
Construction in Power Space
June 2015
Supplemental Tables

	Year 1	Year 5	Year 10	Year 15	Year 20
Net Income	\$ (23,469,700)	\$ (4,639,400)	\$ 8,232,620	\$ 11,472,670	\$ 15,678,410
Cash Flow	\$ 3,923,040	\$ 1,084,320	\$ (2,931,150)	\$ (2,364,350)	\$ 13,265,950

	Year 1	Year 5	Year 10	Year 15	Year 20
Principle Payments	\$ -	\$ 22,835,970	\$ 28,081,480	\$ 30,754,730	\$ 19,330,170
Interest Payments	<u>10,070,400</u>	<u>19,084,480</u>	<u>13,838,970</u>	<u>7,936,540</u>	<u>821,530</u>
Total Debt Service	\$ 10,070,400	\$ 41,920,450	\$ 41,920,450	\$ 38,691,270	\$ 20,151,700

	Year 1	Year 5	Year 10	Year 15	Year 20
Unrestricted Cash Balance	\$ 3,923,040	\$ 23,277,580	\$ 8,285,030	\$ 1,894,460	\$ (118,240)
Funded Depreciation	-	24,272,970	22,710,680	21,946,730	33,192,280
Restricted Cash Balance (Interest Reserve)	10,070,400	-	-	-	-
Restricted Cash Balance (Debt Service Reserve)	<u>11,900,500</u>	<u>25,200,500</u>	<u>25,200,500</u>	<u>25,200,500</u>	<u>25,200,500</u>
Total Cash Balance	\$ 25,893,940	\$ 72,751,050	\$ 56,196,210	\$ 49,041,690	\$ 58,274,540

City of Seattle
 FTTP Network - Data Services
 Construction in Power Space
 June 2015
 Supplemental Tables

Capital Additions

	Year 1	Year 2	Year 3	Total Years 1 to 3
Network Equipment				
Headend- Data	\$ 18,014,250	\$ 6,004,750	\$ -	\$ 24,019,000
TBD	-	-	-	-
Total	\$ 18,014,250	\$ 6,004,750	\$ -	\$ 24,019,000
Outside Plant and Facilities				
Total Backbone and FTTP	\$ 169,364,850	\$ 169,364,850	\$ -	\$ 338,729,700
Additional Annual Capital	-	-	-	-
Total	\$ 169,364,850	\$ 169,364,850	\$ -	\$ 338,729,700
Last Mile and Customer Premises Equipment				
CPE Gbps Commercial	\$ 1,141,920	\$ 2,158,910	\$ 2,161,840	
CPE Residential & Small Commercial	\$ 5,121,720	\$ 22,240,570	\$ 22,198,990	\$ 49,561,280
Enterprise CPE and Drop	-	-	-	-
IP Telephone Adapter (2 telephones)	-	-	-	-
Average Drop Cost	4,951,440	20,212,690	20,178,110	45,342,240
Total	\$ 11,215,080	\$ 44,612,170	\$ 44,538,940	\$ 100,366,190
Miscellaneous Implementation Costs				
Splicing	\$ 250,000	\$ -	\$ -	
Vehicles	300,000	-	-	
Emergency Restoration Kit	50,000	-	-	
Work Station, Computers, and Software	\$ 96,000	\$ 210,000	\$ 186,000	\$ 492,000
Fiber OTDR and Other Tools	150,000	-	-	150,000
Generators & UPS	100,000	-	-	100,000
Billing Software	250,000	-	-	250,000
Additional Annual Capital	-	-	-	-
Total	\$ 1,196,000	\$ 210,000	\$ 186,000	\$ 1,592,000
Total Capital Additions	\$ 199,790,180	\$ 220,191,770	\$ 44,724,940	\$ 464,706,890