

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

**Construction in Communication Space & Survey Market Projections**

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 Communication Space & Survey Market Projections**  
**June 2015**

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City of Seattle  
 FFTP Network - Data Services  
 Construction in Communication Space & Survey Market Projections  
 June 2015

Income Statement

	Year	1	2	3	4	5	6	7	8	9	10
<b>a. Revenues</b>											
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		-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$</b>	<b>11,715,600</b>	<b>57,579,540</b>	<b>98,266,290</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>
<b>b. Content Fees</b>											
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		-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$</b>	<b>206,310</b>	<b>958,760</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>
<b>c. Operating Costs</b>											
Labor Costs	\$	4,740,570	13,345,970	20,773,170	21,182,580	21,600,170	22,026,120	22,460,590	22,903,740	23,355,760	23,816,820
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		1,181,210	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430
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		186,300	527,120	818,810	835,190	851,890	868,930	886,310	904,040	922,120	940,560
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
<b>Total</b>	<b>\$</b>	<b>10,866,040</b>	<b>22,615,650</b>	<b>30,024,990</b>	<b>30,383,400</b>	<b>30,817,690</b>	<b>31,260,680</b>	<b>31,712,530</b>	<b>32,173,410</b>	<b>32,643,510</b>	<b>33,123,010</b>
<b>d. EBITDA</b>	<b>\$</b>	<b>643,250</b>	<b>34,005,130</b>	<b>66,531,140</b>	<b>59,433,980</b>	<b>58,999,690</b>	<b>58,556,700</b>	<b>58,104,850</b>	<b>57,643,970</b>	<b>57,173,870</b>	<b>56,694,370</b>
<b>e. Depreciation</b>	<b>\$</b>	<b>17,224,850</b>	<b>38,978,250</b>	<b>47,923,240</b>	<b>47,943,310</b>	<b>47,963,390</b>	<b>46,814,110</b>	<b>42,364,570</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>
<b>f. Operating Income (EBITDA less depreciation)</b>	<b>\$</b>	<b>(16,581,600)</b>	<b>(4,973,120)</b>	<b>18,607,900</b>	<b>11,490,670</b>	<b>11,036,300</b>	<b>11,742,590</b>	<b>15,740,280</b>	<b>19,720,660</b>	<b>19,250,560</b>	<b>18,771,060</b>
<b>g. Non-Operating Income</b>											
Interest Income	\$	-	113,760	85,350	110,110	137,440	167,590	153,520	83,860	104,440	142,110
Interest Expense (10 Year Bond)		(820,400)	(1,094,000)	(990,630)	(883,120)	(771,310)	(655,020)	(534,090)	(408,320)	(277,510)	(141,470)
Interest Expense (20 Year Bond)		(12,537,500)	(25,925,000)	(26,477,350)	(25,427,260)	(24,332,540)	(23,191,300)	(22,001,560)	(20,761,240)	(19,468,210)	(18,120,240)
Interest Expense (Loan)		-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$</b>	<b>(13,357,900)</b>	<b>(26,905,240)</b>	<b>(27,382,630)</b>	<b>(26,200,270)</b>	<b>(24,966,410)</b>	<b>(23,678,730)</b>	<b>(22,382,130)</b>	<b>(21,085,700)</b>	<b>(19,641,280)</b>	<b>(18,119,600)</b>
<b>h. Net Income (before taxes)</b>	<b>\$</b>	<b>(29,939,500)</b>	<b>(31,878,360)</b>	<b>(8,774,730)</b>	<b>(14,709,600)</b>	<b>(13,930,110)</b>	<b>(11,936,140)</b>	<b>(6,641,850)</b>	<b>(1,365,040)</b>	<b>(390,720)</b>	<b>651,460</b>
<b>i. Facility Taxes</b>	<b>\$</b>	<b>389,700</b>	<b>1,968,620</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>
<b>j. Net Income</b>	<b>\$</b>	<b>(30,329,200)</b>	<b>(33,846,980)</b>	<b>(12,319,590)</b>	<b>(18,254,460)</b>	<b>(17,474,970)</b>	<b>(15,481,000)</b>	<b>(10,186,710)</b>	<b>(4,909,900)</b>	<b>(3,935,580)</b>	<b>(2,893,400)</b>

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Income Statement

	Year	11	12	13	14	15	16	17	18	19	20	
<b>a. Revenues</b>												
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		-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>\$</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	<b>91,527,540</b>	
<b>b. Content Fees</b>												
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		-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>\$</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	<b>1,710,160</b>	
<b>c. Operating Costs</b>												
Labor Costs	\$	24,287,100	24,766,790	25,256,070	25,755,130	26,264,180	26,783,410	27,313,020	27,853,220	28,404,230	28,966,260	
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		2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	2,362,430	
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		959,370	978,560	998,130	1,018,090	1,038,450	1,059,220	1,080,410	1,102,010	1,124,060	1,146,540	
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	
<b>Total</b>	<b>\$</b>	<b>33,612,100</b>	<b>34,110,980</b>	<b>34,619,830</b>	<b>35,138,850</b>	<b>35,668,260</b>	<b>36,208,260</b>	<b>36,759,060</b>	<b>37,320,860</b>	<b>37,893,920</b>	<b>38,478,430</b>	
<b>d. EBITDA</b>	<b>\$</b>	<b>56,205,280</b>	<b>55,706,400</b>	<b>55,197,550</b>	<b>54,678,530</b>	<b>54,149,120</b>	<b>53,609,120</b>	<b>53,058,320</b>	<b>52,496,520</b>	<b>51,923,460</b>	<b>51,338,950</b>	
<b>e. Depreciation</b>	<b>\$</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>	<b>37,923,310</b>	
<b>f. Operating Income (EBITDA less depreciator)</b>	<b>\$</b>	<b>18,281,970</b>	<b>17,783,090</b>	<b>17,274,240</b>	<b>16,755,220</b>	<b>16,225,810</b>	<b>15,685,810</b>	<b>15,135,010</b>	<b>14,573,210</b>	<b>14,000,150</b>	<b>13,415,640</b>	
<b>g. Non-Operating Income</b>												
Interest Income	\$	163,370	144,860	126,490	164,160	150,550	154,720	136,200	117,830	155,500	193,170	
Interest Expense (10 Year Bond)		-	-	-	-	-	-	-	-	-	-	
Interest Expense (20 Year Bond)		(16,714,980)	(15,249,970)	(13,722,730)	(12,130,570)	(10,470,740)	(8,740,370)	(6,936,460)	(5,055,880)	(3,095,390)	(1,051,560)	
Interest Expense (Loan)		-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>\$</b>	<b>(16,551,610)</b>	<b>(15,105,110)</b>	<b>(13,596,240)</b>	<b>(11,966,410)</b>	<b>(10,320,190)</b>	<b>(8,585,650)</b>	<b>(6,800,260)</b>	<b>(4,938,050)</b>	<b>(2,939,890)</b>	<b>(858,390)</b>	
<b>h. Net Income (before taxes)</b>	<b>\$</b>	<b>1,730,360</b>	<b>2,677,980</b>	<b>3,678,000</b>	<b>4,788,810</b>	<b>5,905,620</b>	<b>7,100,160</b>	<b>8,334,750</b>	<b>9,635,160</b>	<b>11,060,260</b>	<b>12,557,250</b>	
<b>i. Facility Taxes</b>	<b>\$</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	<b>3,544,860</b>	
<b>j. Net Income</b>	<b>\$</b>	<b>(1,814,500)</b>	<b>(866,880)</b>	<b>133,140</b>	<b>1,243,950</b>	<b>2,360,760</b>	<b>3,555,300</b>	<b>4,789,890</b>	<b>6,090,300</b>	<b>7,515,400</b>	<b>9,012,390</b>	

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Cash Flow Statement

	1	2	3	4	5	6	7	8	9	10
<b>a. Net Income</b>	\$ (30,329,200)	\$ (33,846,980)	\$ (12,319,590)	\$ (18,254,460)	\$ (17,474,970)	\$ (15,481,000)	\$ (10,186,710)	\$ (4,909,900)	\$ (3,935,580)	\$ (2,893,400)
<b>b. Cash Outflows</b>										
Debt Service Reserve	\$ (15,775,500)	\$ (16,092,000)	\$ (1,250,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Reserve	(26,715,800)	(27,296,350)	(2,084,510)	-	-	-	-	-	-	-
Depreciation Reserve	-	-	-	(11,026,960)	(11,031,580)	(18,725,640)	(16,945,830)	(15,169,320)	(15,169,320)	(15,169,320)
Financing	(3,155,100)	(3,218,400)	(250,000)	-	-	-	-	-	-	-
Capital Expenditures	(269,167,230)	(287,902,620)	(44,724,940)	(100,370)	(100,370)	(6,664,710)	(22,574,460)	(43,032,190)	(6,938,220)	(100,370)
<b>Total</b>	<b>\$ (314,813,630)</b>	<b>\$ (334,509,370)</b>	<b>\$ (48,309,450)</b>	<b>\$ (11,127,330)</b>	<b>\$ (11,131,950)</b>	<b>\$ (25,390,350)</b>	<b>\$ (39,520,290)</b>	<b>\$ (58,201,510)</b>	<b>\$ (22,107,540)</b>	<b>\$ (15,269,690)</b>
<b>c. Cash Inflows</b>										
Interest Reserve	\$ 13,357,900	\$ 27,019,000	\$ 14,697,750	\$ 1,022,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Reserve	-	-	-	100,370	100,370	6,664,710	22,574,460	43,032,190	6,938,220	100,370
Start Up Capital	-	-	-	-	-	-	-	-	-	-
Start Up Funds	-	-	-	-	-	-	-	-	-	-
Grants (infrastructure)	-	-	-	-	-	-	-	-	-	-
Grants (customer premises)	-	-	-	-	-	-	-	-	-	-
10-Year Bond Proceeds	20,510,000	6,840,000	-	-	-	-	-	-	-	-
20-Year Bond Proceeds	295,000,000	315,000,000	25,000,000	-	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 328,867,900</b>	<b>\$ 348,859,000</b>	<b>\$ 39,697,750</b>	<b>\$ 1,122,380</b>	<b>\$ 100,370</b>	<b>\$ 6,664,710</b>	<b>\$ 22,574,460</b>	<b>\$ 43,032,190</b>	<b>\$ 6,938,220</b>	<b>\$ 100,370</b>
<b>d. Total Cash Outflows and Inflows</b>	<b>\$ 14,054,270</b>	<b>\$ 14,349,630</b>	<b>\$ (8,611,700)</b>	<b>\$ (10,004,950)</b>	<b>\$ (11,031,580)</b>	<b>\$ (18,725,640)</b>	<b>\$ (16,945,830)</b>	<b>\$ (15,169,320)</b>	<b>\$ (15,169,320)</b>	<b>\$ (15,169,320)</b>
<b>e. Non-Cash Expenses - Depreciation</b>	<b>\$ 17,224,850</b>	<b>\$ 38,978,250</b>	<b>\$ 47,923,240</b>	<b>\$ 47,943,310</b>	<b>\$ 47,963,390</b>	<b>\$ 46,814,110</b>	<b>\$ 42,364,570</b>	<b>\$ 37,923,310</b>	<b>\$ 37,923,310</b>	<b>\$ 37,923,310</b>
<b>f. Adjustments</b>										
Proceeds from Additional Cash Flows (10 Year Bond)	\$ (20,510,000)	\$ (6,840,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Additional Cash Flows (20 Year Bond)	\$ (295,000,000)	\$ (315,000,000)	\$ (25,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Additional Cash Flows (Loan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>g. Adjusted Available Net Revenue</b>	<b>\$ (314,560,080)</b>	<b>\$ (302,359,100)</b>	<b>\$ 1,991,950</b>	<b>\$ 19,683,900</b>	<b>\$ 19,456,840</b>	<b>\$ 12,607,470</b>	<b>\$ 15,232,030</b>	<b>\$ 17,844,090</b>	<b>\$ 18,818,410</b>	<b>\$ 19,860,590</b>
<b>h. Principal Payments on Debt</b>										
10 Year Bond Principal	\$ -	\$ 2,584,380	\$ 2,687,750	\$ 2,795,260	\$ 2,907,070	\$ 3,023,360	\$ 3,144,290	\$ 3,270,060	\$ 3,400,870	\$ 3,536,910
20 Year Bond Principal	-	12,003,640	24,707,970	25,758,060	26,852,780	27,994,020	29,183,760	30,424,080	31,717,110	33,065,080
Loan Principal	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 14,588,020</b>	<b>\$ 27,395,720</b>	<b>\$ 28,553,320</b>	<b>\$ 29,759,850</b>	<b>\$ 31,017,380</b>	<b>\$ 32,328,050</b>	<b>\$ 33,694,140</b>	<b>\$ 35,117,980</b>	<b>\$ 36,601,990</b>
<b>i. Net Cash</b>	<b>\$ 949,920</b>	<b>\$ 4,892,880</b>	<b>\$ (403,770)</b>	<b>\$ (8,869,420)</b>	<b>\$ (10,303,010)</b>	<b>\$ (18,409,910)</b>	<b>\$ (17,096,020)</b>	<b>\$ (15,850,050)</b>	<b>\$ (16,299,570)</b>	<b>\$ (16,741,400)</b>
<b>j. Cash Balance</b>										
Unrestricted Cash Balance	\$ 949,920	\$ 5,842,800	\$ 5,439,030	\$ (3,430,390)	\$ (13,733,400)	\$ (32,143,310)	\$ (49,239,330)	\$ (65,089,380)	\$ (81,388,950)	\$ (98,130,350)
Depreciation Reserve	-	-	-	10,926,590	21,857,800	33,918,730	28,290,100	427,230	8,658,330	23,727,280
Interest Reserve	13,357,900	13,635,250	1,022,010	-	-	-	-	-	-	-
Debt Service Reserve	15,775,500	31,867,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500
<b>Total Cash Balance</b>	<b>\$ 30,083,320</b>	<b>\$ 51,345,550</b>	<b>\$ 39,578,540</b>	<b>\$ 40,613,700</b>	<b>\$ 41,241,900</b>	<b>\$ 34,892,920</b>	<b>\$ 12,168,270</b>	<b>\$ (31,544,650)</b>	<b>\$ (39,613,120)</b>	<b>\$ (41,285,570)</b>
<b>Un-depreciated Value of Capital Assets</b>	<b>\$ 251,942,380</b>	<b>\$ 500,866,740</b>	<b>\$ 497,668,440</b>	<b>\$ 449,825,500</b>	<b>\$ 401,962,480</b>	<b>\$ 361,813,070</b>	<b>\$ 342,022,960</b>	<b>\$ 347,131,840</b>	<b>\$ 316,146,750</b>	<b>\$ 278,323,800</b>
<b>Debt Service Balance (10 Year Bond)</b>	<b>\$ 20,510,000</b>	<b>\$ 27,350,000</b>	<b>\$ 24,765,620</b>	<b>\$ 22,077,870</b>	<b>\$ 16,375,540</b>	<b>\$ 16,375,540</b>	<b>\$ 13,352,180</b>	<b>\$ 10,207,890</b>	<b>\$ 6,937,830</b>	<b>\$ 3,536,960</b>
<b>Debt Service Balance (20 Year Bond)</b>	<b>\$ 295,000,000</b>	<b>\$ 610,000,000</b>	<b>\$ 622,996,360</b>	<b>\$ 598,288,390</b>	<b>\$ 572,530,330</b>	<b>\$ 545,677,550</b>	<b>\$ 517,683,530</b>	<b>\$ 488,499,770</b>	<b>\$ 458,075,690</b>	<b>\$ 426,358,580</b>
<b>Debt Service Balance (Internal Loan)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service (P&amp;I)</b>	<b>\$ 13,357,900</b>	<b>\$ 41,607,020</b>	<b>\$ 54,863,700</b>	<b>\$ 54,863,700</b>	<b>\$ 54,863,700</b>	<b>\$ 54,863,700</b>	<b>\$ 54,863,700</b>	<b>\$ 54,863,700</b>	<b>\$ 54,863,700</b>	<b>\$ 54,863,700</b>
<b>Debt Coverage Ratio</b>	-	(18.87)	1.08	1.61	1.50	1.18	1.17	1.16	1.10	1.04
<b>Debt Service Coverage Ratio</b>	-	(20.73)	0.07	0.69	0.65	0.41	0.47	0.53	0.54	0.54

City of Seattle  
 FFTP Network - Data Services  
 June 2015

Cash Flow Statement

	11	12	13	14	15	16	17	18	19	20
<b>a. Net Income</b>	\$ (1,814,500)	\$ (866,880)	\$ 133,140	\$ 1,243,950	\$ 2,360,760	\$ 3,555,300	\$ 4,789,890	\$ 6,090,300	\$ 7,515,400	\$ 9,012,390
<b>b. Cash Outflows</b>										
Debt Service Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Reserve	-	-	-	-	-	-	-	-	-	-
Depreciation Reserve	(15,169,320)	(15,169,320)	(15,169,320)	(15,169,320)	(15,169,320)	(15,169,320)	(15,169,320)	(15,169,320)	(15,169,320)	(15,169,320)
Financing	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	(6,664,710)	(22,574,460)	(22,518,640)	(100,370)	(20,613,920)	(13,502,560)	(22,574,460)	(22,518,640)	(100,370)	(100,370)
<b>Total</b>	\$ (21,834,030)	\$ (37,743,780)	\$ (37,687,960)	\$ (15,269,690)	\$ (35,783,240)	\$ (28,671,880)	\$ (37,743,780)	\$ (37,687,960)	\$ (15,269,690)	\$ (15,269,690)
<b>c. Cash Inflows</b>										
Interest Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Reserve	6,664,710	22,574,460	22,518,640	100,370	20,613,920	13,502,560	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	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 6,664,710	\$ 22,574,460	\$ 22,518,640	\$ 100,370	\$ 20,613,920	\$ 13,502,560	\$ 22,574,460	\$ 22,518,640	\$ 100,370	\$ 100,370
<b>d. Total Cash Outflows and Inflows</b>	\$ (15,169,320)	\$ (15,169,320)	\$ (15,169,320)	\$ (15,169,320)	\$ (15,169,320)	\$ (15,169,320)	\$ (15,169,320)	\$ (15,169,320)	\$ (15,169,320)	\$ (15,169,320)
<b>e. Non-Cash Expenses - Depreciation</b>	\$ 37,923,310	\$ 37,923,310	\$ 37,923,310	\$ 37,923,310	\$ 37,923,310	\$ 37,923,310	\$ 37,923,310	\$ 37,923,310	\$ 37,923,310	\$ 37,923,310
<b>f. Adjustments</b>										
Proceeds from Additional Cash Flows (10 Year Bond)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Additional Cash Flows (20 Year Bond)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Additional Cash Flows (Loan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>g. Adjusted Available Net Revenue</b>	\$ 20,939,490	\$ 21,887,110	\$ 22,887,130	\$ 23,997,940	\$ 25,114,750	\$ 26,309,290	\$ 27,543,880	\$ 28,844,290	\$ 30,269,390	\$ 31,766,380
<b>h. Principal Payments on Debt</b>										
10 Year Bond Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20 Year Bond Principal	34,470,340	35,935,350	37,462,590	39,054,750	40,714,580	42,444,950	44,248,860	46,129,440	48,089,930	24,742,620
Loan Principal	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 34,470,340	\$ 35,935,350	\$ 37,462,590	\$ 39,054,750	\$ 40,714,580	\$ 42,444,950	\$ 44,248,860	\$ 46,129,440	\$ 48,089,930	\$ 24,742,620
<b>i. Net Cash</b>	\$ (13,530,850)	\$ (14,048,240)	\$ (14,575,460)	\$ (15,056,810)	\$ (15,599,830)	\$ (16,135,660)	\$ (16,704,980)	\$ (17,285,150)	\$ (17,820,540)	\$ 7,023,760
<b>j. Cash Balance</b>										
Unrestricted Cash Balance	\$ (111,661,200)	\$ (125,709,440)	\$ (140,284,900)	\$ (155,341,710)	\$ (170,941,540)	\$ (187,077,200)	\$ (203,782,180)	\$ (221,067,330)	\$ (238,887,870)	\$ (231,864,110)
Depreciation Reserve	32,231,890	24,826,750	17,477,430	32,546,380	27,101,780	28,768,540	21,363,400	14,014,080	29,083,030	44,151,980
Interest Reserve	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500	33,117,500
<b>Total Cash Balance</b>	\$ (46,311,810)	\$ (67,765,190)	\$ (89,689,970)	\$ (89,677,830)	\$ (110,722,260)	\$ (125,191,160)	\$ (149,301,280)	\$ (173,935,750)	\$ (176,687,340)	\$ (154,594,630)
<b>Un-depreciated Value of Capital Assets</b>	\$ 247,065,200	\$ 231,716,350	\$ 216,311,670	\$ 178,488,730	\$ 161,179,340	\$ 136,758,590	\$ 121,409,730	\$ 106,005,060	\$ 68,182,120	\$ 30,359,170
<b>Debt Service Balance (10 Year Bond)</b>	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Debt Service Balance (20 Year Bond)</b>	\$ 391,888,240	\$ 355,952,890	\$ 318,490,300	\$ 279,435,550	\$ 238,720,970	\$ 196,276,020	\$ 152,027,160	\$ 105,897,720	\$ 57,807,790	\$ 33,065,170
<b>Debt Service Balance (Internal Loan)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Debt Service (P&amp;I)</b>	\$ 51,185,320	\$ 51,185,320	\$ 51,185,320	\$ 51,185,320	\$ 51,185,320	\$ 51,185,320	\$ 51,185,320	\$ 51,185,320	\$ 51,185,320	\$ 25,794,180
<b>Debt Coverage Ratio</b>	1.09	1.03	0.98	0.93	0.87	0.83	0.78	0.73	0.69	
<b>Debt Service Coverage Ratio</b>	0.61	0.61	0.61	0.61	0.62	0.62	0.62	0.63	0.63	

City of Seattle  
 FTTP Network - Data Services  
 Construction in Communication Space & Survey Market Projections  
 June 2015

Capital Additions

	1	2	3	4	5	6	7	8	9	10
<b>Network Equipment</b>										
Headend- Data	\$ 20,513,550	\$ 6,837,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 20,513,550</b>	<b>\$ 6,837,850</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Outside Plant and Facilities</b>										
Total Backbone and FTTP	\$ 236,242,600	\$ 236,242,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 236,242,600</b>	<b>\$ 236,242,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Last Mile and Customer Premises Equipment</b>										
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
<b>Total</b>	<b>\$ 11,215,080</b>	<b>\$ 44,612,170</b>	<b>\$ 44,538,940</b>	<b>\$ 100,370</b>	<b>\$ 100,370</b>	<b>\$ 100,370</b>	<b>\$ 100,370</b>	<b>\$ 100,370</b>	<b>\$ 100,370</b>	<b>\$ 100,370</b>
<b>Miscellaneous Implementation Costs</b>										
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	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 1,196,000</b>	<b>\$ 210,000</b>	<b>\$ 186,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Replacement Costs for Depreciation</b>										
Network Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$20,513,550	\$ 6,837,850	\$ -
Last Mile and Customer Premises Equipment	-	-	-	-	-	5,607,540	22,306,090	22,269,470	-	-
Miscellaneous Implementation Costs	-	-	-	-	-	956,800	168,000	148,800	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,564,340</b>	<b>\$22,474,090</b>	<b>\$42,931,820</b>	<b>\$ 6,837,850</b>	<b>\$ -</b>
<b>Total Capital Additions</b>	<b>\$ 269,167,230</b>	<b>\$ 287,902,620</b>	<b>\$ 44,724,940</b>	<b>\$ 100,370</b>	<b>\$ 100,370</b>	<b>\$ 6,664,710</b>	<b>\$22,574,460</b>	<b>\$43,032,190</b>	<b>\$ 6,938,220</b>	<b>\$ 100,370</b>
		<b>\$ 601,794,790</b>	<b>\$ 464,708,720</b>							

<b>Depreciation Reserve Contribution</b>	\$	-	\$	-	\$	-	\$	11,026,960	\$	11,031,580	\$	18,725,640	\$	16,945,830	\$	15,169,320	\$	15,169,320	\$	15,169,320
<b>Draws from Depreciation Reserve</b>		-		-		-		(100,370)		(100,370)		(6,664,710)		(22,574,460)		(43,032,190)		(6,938,220)		(100,370)
<b>Net Depreciation Reserve Balance</b>	\$	-	\$	-	\$	-	\$	10,926,590	\$	21,857,800	\$	33,918,730	\$	28,290,100	\$	427,230	\$	8,658,330	\$	23,727,280

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

**Capital Additions**

	11	12	13	14	15	16	17	18	19	20
<b>Network Equipment</b>										
Headend- Data	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
TBD	-	-	-	-	-	-	-	-	-	-
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Outside Plant and Facilities</b>										
Total Backbone and FTTP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Last Mile and Customer Premises Equipment</b>										
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
<b>Total</b>	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370	\$ 100,370
<b>Miscellaneous Implementation Costs</b>										
Splicing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles	-	-	-	-	-	-	-	-	-	-
Emergency Restoration Kit	-	-	-	-	-	-	-	-	-	-
Work Station, Computers, and Software	-	-	-	-	-	-	-	-	-	-
Fiber OTDR and Other Tools	-	-	-	-	-	-	-	-	-	-
Generators & UPS	-	-	-	-	-	-	-	-	-	-
Additional Annual Capital	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Replacement Costs for Depreciation</b>										
Network Equipment	\$ -	\$ -	\$ -	\$ -	\$ 20,513,550	\$ 6,837,850	\$ -	\$ -	\$ -	\$ -
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	-	-
<b>Total</b>	\$ 6,564,340	\$ 22,474,090	\$ 22,418,270	\$ -	\$ 20,513,550	\$ 13,402,190	\$ 22,474,090	\$ 22,418,270	\$ -	\$ -
<b>Total Capital Additions</b>	\$ 6,664,710	\$ 22,574,460	\$ 22,518,640	\$ 100,370	\$ 20,613,920	\$ 13,502,560	\$ 22,574,460	\$ 22,518,640	\$ 100,370	\$ 100,370



**PROJECT ASSUMPTIONS**

**Page Title Information**

Organization	City of Seattle Seattle, Washington	Power Space?	No
Plan Name	FTTP Network - Data Services Construction in Communication Space & Survey Market Projections		
Date	June 2015		

**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									
		1	2	3	4	5	6	7	8	9	10
Cash flow w/o investment funds, grants, bonds, loans, or interest	\$ (616,712,180)	\$ (597,180,100)	\$ 4,459,930	\$ 45,994,280	\$ 44,560,690	\$ 12,607,470	\$ 15,232,030	\$ 17,844,090	\$ 18,818,410	\$ 19,860,590	
Cash flow after investment funds (no principle payments)	\$ (314,560,080)	\$ (302,359,100)	\$ 1,991,950	\$ 19,683,900	\$ 19,456,840	\$ 12,607,470	\$ 15,232,030	\$ 17,844,090	\$ 18,818,410	\$ 19,860,590	
Unrestricted cash balance (years 1 to 10)	\$ 949,920	\$ 5,842,800	\$ 5,439,030	\$ (3,430,390)	\$ (13,733,400)	\$ (32,143,310)	\$ (49,239,330)	\$ (65,089,380)	\$ (81,388,950)	\$ (98,130,350)	
Total cash balance	\$ 30,083,320	\$ 51,345,550	\$ 39,578,540	\$ 40,613,700	\$ 41,241,900	\$ 34,892,200	\$ 12,168,270	\$ (31,544,650)	\$ (39,613,120)	\$ (41,285,570)	
Unrestricted cash balance (years 11 to 20)	\$ (111,661,200)	\$ (125,709,440)	\$ (140,284,900)	\$ (155,341,710)	\$ (170,941,540)	\$ (187,077,200)	\$ (203,782,180)	\$ (221,067,330)	\$ (238,887,870)	\$ (231,864,110)	

**Use Start Up Capital**

	1	2	3	4	5	Weighted rate	Percent Residential	Percent Commercial
Start Up Capital	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	100.00%	0.00%
Start Up Funds	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	100.00%	0.00%
Grants (infrastructure)	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	100.00%	0.00%
Grants (customer premises)	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	100.00%	0.00%
10-Year Bond Proceeds	\$ 27,350,000	\$ 20,510,000	\$ 6,840,000	\$ -	\$ -	89.39%	10.61%	0.00%
20-Year Bond Proceeds	\$ 635,000,000	\$ 295,000,000	\$ 315,000,000	\$ 25,000,000	\$ -	10.61%	4.92%	0.00%
Loan Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	4.93%	95.07%	0.00%
Sub-total	\$ 662,350,000	\$ -	\$ -	\$ -	\$ -	0.00%	100.00%	0.00%
Total	\$ 662,350,000	\$ -	\$ -	\$ -	\$ -	0.00%	100.00%	0.00%

**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)	-	-	-	10,926,590	21,857,800	33,918,730	28,290,100	427,230	8,658,330	23,727,280	
Depreciation Reserve (years 11 to 20)	32,231,890	24,826,750	17,477,430	32,546,380	27,101,780	28,768,540	21,363,400	14,014,080	29,083,030	44,151,980	
Funded Depreciation	1	2	3	4	5	6	7	8	9	10	
Replacement/Upgrade Costs (Percent of Total Costs)	0%	0%	0%	23%	23%	40%	40%	40%	40%	40%	

**Replacement/Upgrade Costs (Percent of Total Costs)**

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

**Revenues**

	1	2	3	4	5	6	7	8	9	10
Annual Assessment	0	0	0	0	0	0	0	0	0	0

**Internet Services**

Monthly Retail Price

**PROJECT ASSUMPTIONS**

Dial-up	\$ -	\$ -	\$ -	100.00%	Oversubscription	
R 30 Mbps	\$ -	\$ -	\$ -	100.00%	30	
R 50 Mbps	\$ -	\$ -	\$ -	100.00%	30	
R 100 Mbps	\$ -	\$ -	\$ -	100.00%	30	-8.36%
R 250 Mbps	\$ -	\$ -	\$ -	100.00%	30	
R 1 Gbps	\$ 75.00	\$ -	\$ 75.00	100.00%	400	Allcatel & others report .5 to .8 Mbps per user at peak demand
B 30 Mbps	\$ -	\$ -	\$ -	100.00%	400	
B 100 Mbps	\$ -	\$ -	\$ -	100.00%	400	
B 250 Mbps	\$ -	\$ -	\$ -	100.00%	400	
B 1 Gbps	\$ 85.00	\$ -	\$ 85.00	100.00%	400	
10 Gbps	\$ -	\$ -	\$ -			only used with enterprise customer

Unrestricted Cash Balance (yr. 1 to yr. 10)	\$ 949,920	\$ 5,842,800	\$ 5,439,030	\$ (3,430,390)	\$ (13,733,400)	\$ (32,143,310)	\$ (49,239,330)	\$ (65,089,380)	\$ (81,388,950)	\$ (98,130,350)
Unrestricted Cash Balance (yr. 11 to yr. 20)	\$ (111,661,200)	\$ (125,709,440)	\$ (140,284,900)	\$ (155,341,710)	\$ (170,941,540)	\$ (187,077,200)	\$ (203,782,180)	\$ (221,067,330)	\$ (238,887,870)	\$ (231,864,110)

<b>Other Revenues/Services</b>										
<b>Digital Equipment Rental</b>										
	\$ -	per month per digital customer								
		Year 1	Year 2	Year 3	Year 4	Year 5+				
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(Revenue per year)			
Utility Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-8.36%			
Provider Fee (open access)	\$ -	per residential Internet service per month								
	\$ -	per business Internet service per month								
	\$ -	per residential cable service per month								
	\$ -	per business cable service per month								
	\$ -	per residential telephone service per month								
	\$ -	per business telephone service per month								
Connection Fee (new Internet customer)	\$ 150									
Data Storage Annual Revenue per Space	\$ -	Spaces	Year 1	Year 2	Year 3	Year 4	Year 5+			
Late Payment Fee	\$ -	per bill	1.0%	Late						

**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	\$ 3,750	per month per	50	miles	
Peering	\$ 33,100	\$ 168,100	\$ 302,900	\$ 302,900	\$ 302,900	0.5	Mbps per customer			Year 1 0.00% Year 2 50.00%
Contingency	\$ 200,000	\$ 400,000	\$ 600,000	\$ 600,000	\$ 600,000					
Billing Maintenance Contract	\$ -	\$ -	\$ -	\$ -	\$ -					
Fiber & Network Maintenance	\$ -	Annual +								
Vendor Maintenance Contracts	\$ -	\$ 732,000	\$ 732,000	\$ 732,000	\$ 732,000	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								
Internet Connection Fee	Year 1	Year 2	Year 3	Year 4	Year 5+					
Minimum BW	\$ 206,310	\$ 958,760	\$ 1,710,160	\$ 1,710,160	\$ 1,710,160	\$ 0.50	per Mbps per month	-8.36%		
	2,000	Mbps	\$ 1,000	per month	\$ 0.50	per Mbps per month				

**Pole Attachment Expense**

Attachment Fees	13,159 poles at	\$ 20.00 per year	3,289,661 feet	250 per span
		Charge even if in Power Space - perception		

<b>Taxes</b>														
Franchise Fees	0%	percent of access fee revenue									6	Overhead	1,912.17	75.42%
City and State Tax	3.8730%	percent of revenue									State	623.04	24.58%	
Property Tax	0.00%	of outside plant									City	2,535.22		
			Starts in year	2										

**Low Income Assistance**

Assistance Rate	0%	for	0%	of households	based on assessment and access fee
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**Labor Expense**

**Labor (Direct)**

<b>New Employees</b>										
	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				

**PROJECT ASSUMPTIONS**

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 Shifts
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 Shifts
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
Fiber Plant O&M Technicians	11.00	22.00	22.00	22.00	22.00	90,000	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

Based on Wilson  
Based on Wilson 4 fc  
Based on Wilson  
Wilson 750

Existing Employees		Year 1	Year 2	Year 3+	Labor Cost	Seattle Min Wage			
Broadband Service Manager	-	-	-	-	\$ 50,000	\$ 15.00	per hour		
Broadband Technician	-	-	-	-	\$ 70,000	\$ 31,200	per year		
Switch Technician	-	-	-	-	\$ 75,000				
Customer Service Representative	-	-	-	-	\$ 50,000		call customers	internet	250 calls per month
Service Technicians	-	-	-	-	\$ 90,000		dedicated 24X7	month	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	1.00	\$ 170,000
Market & Sales Manager	1.00	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	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	41.00	\$ 50,000
Service Technicians/Installers & IT Support	5.00	23.00	41.00	41.00	41.00	41.00	\$ 70,000
Sales and Marketing Representative	10.00	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	128.00	\$ 50,000
Fiber Plant O&M Technicians	11.00	22.00	22.00	22.00	22.00	22.00	\$ 90,000
TBD	-	-	-	-	-	-	\$ -
Total Existing Staff	-	-	-	-	-	-	\$ -
Total	48.00	153.00	246.00	246.00	246.00	246.00	
Total Customers	11,024	56,026	100,951	100,951	100,951	100,951	
Customers per Employee	229.67	366.18	410.37	410.37	410.37	410.37	

Total Salaries	\$ 3,450,000	\$ 9,570,000	\$ 14,580,000	
Benefits	35%	of base salary		
Total Direct Labor Cost	\$ 4,657,500	\$ 12,919,500	\$ 19,683,000	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)		

Operation Support Services							
Help Desk Fee	\$0	set-up fee +					
	\$0.00	per customer per month		outsource avoid			
ISP Hosting	\$0	set-up fee +					
	\$0.00	per customer per month					
Billing	\$50,000	set-up fee +					
	\$0.25	per customer per month					
Core Network Monitoring, Installation and Configuration	\$0	set-up fee +					
	\$0.00	per month					

Unrestricted cash balance (years 1 to 10) \$ 949,920.00 \$ 5,842,800.00 \$ 5,439,030.00 \$ (3,430,390.00) \$ (13,733,400.00) \$ (32,143,310.00) \$ (49,239,330.00) \$ (65,089,380.00) \$ (81,388,950.00) \$ (98,130,350.00)

Market Size							
<b>Residential</b>							
Number of Potential Subscribers	220,725	City of Seattle	220,725	From Survey	48.00%	MS Ceiling	CPE Funding 0.00%
Potential Multi-Housing	0		tbd		40.00%	MS Ceiling	0.00%
Subscriber Growth Rate	0.00%		tbd		40.00%	MS Ceiling	0.00%
					220,725	48.00%	MS Weighted
<b>Commercial</b>							
Number of Potential Subscribers	25,910	City of Seattle	25,910		24.00%	MS Ceiling	CPE Funding 0.00%
Subscriber Growth Rate	0.00%		tbd		0.00%	MS Ceiling	0.00%
			tbd		0.00%	MS Ceiling	0.00%

Penetration Rates - Data						
<b>Residential Internet Services</b>						
Existing Dial-up Customers	0					
Number of Potential New Subscribers	220,725					
Initial Data Users	96%	From Survey				
Occupancy Rate	93%	Census Data				
Projected Market Size	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	89%	90%	90%	90%	90%	90%
	Year 6	Year 7	Year 8	Year 9	Year 10+	90%
	90%	90%	90%	90%	90%	90%

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
				100,951
				- Check Sum

**PROJECT ASSUMPTIONS**

<b>Market Share</b>	Year 1	Year 2	Year 3	Year 4	Year 5	yr. 1	yr. 2	yr. 3	
<b>Percentage of Market</b>		5%	27%	48%	48%	48%	1.00	27%	48%
	Year 6	Year 7	Year 8	Year 9	Year 10+	Market share multiplier for sensitivity analysis			
<b>Market Share</b>		4.5%	23.9%	43.2%	43.2%	43.2%			
<b>Percentage of Market</b>		48%	48%	48%	48%	48%			
	Year 6	Year 7	Year 8	Year 9	Year 10+				
		43.20%	43.20%	43.20%	43.20%	43.20%			

<b>Package Take Rate</b>	Year 1	Year 2	Year 3	Year 4	Year 5
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**

<b>Number of Potential Subscribers</b>	25,910
<b>Initial Data Users</b>	95% Estimate
<b>Occupancy Rate</b>	95% Estimate

<b>Projected Market Size</b>	Year 1	Year 2	Year 3	Year 4	Year 5
	90%	90%	90%	90%	90%
	Year 6	Year 7	Year 8	Year 9	Year 10+
	90%	90%	90%	90%	90%

<b>Market Share</b>	Year 1	Year 2	Year 3	Year 4	Year 5	yr. 1	yr. 2	yr. 3	
<b>Percentage of Market</b>		5%	15%	24%	24%	1.00	5%	15%	24%
	Year 6	Year 7	Year 8	Year 9	Year 10+				-8.36%
<b>Market Share</b>		4.5%	13.1%	21.6%	21.6%	21.6%			
<b>Percentage of Market</b>		24%	24%	24%	24%	24%			
	Year 6	Year 7	Year 8	Year 9	Year 10+				
		21.60%	21.60%	21.60%	21.60%	21.60%			

<b>Package Take Rate</b>	Year 1	Year 2	Year 3	Year 4	Year 5
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%

**Capital Additions**

**Network Equipment**

<b>Headend- Data</b>	1	2	3	4	5	1	2	3	4	5
TBD	\$ 20,513,550	\$ 6,837,850	\$ -	\$ -	\$ -	\$ 27,351,400	75.00%	25.00%	0.00%	0.00%
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	75.00%	25.00%	0.00%	0.00%
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Additional Annual Capital	0%	(%) of turn-key cost		Starts in year	4					

**Outside Plant and Facilities**

<b>FTTP OSP (passing)</b>	1	2	3	4	5	1	2	3	4	5
	\$ 236,242,600	\$ 236,242,600	\$ -	\$ -	\$ -	\$ 472,485,200	50.00%	50.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.00%	50.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.00%	50.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%	0.00%	0.00%	0.00%
Total Backbone and FTTP	\$ 236,242,600	\$ 236,242,600	\$ -	\$ -	\$ -	\$ 472,485,200	50.00%	50.00%	0.00%	0.00%
	\$ 236,242,600	\$ 472,485,200	\$ 472,485,200	\$ 472,485,200	\$ 472,485,200	\$ 472,485,200				
Additional Annual Capital	0%	(%) of turn-key cost		Starts in year	4					

**Last Mile and Customer Premises Equipment**

<b>CPE Gbps Commercial</b>	1	2	3	4	5					
CPE Residential & Small Commercial	\$ 1,141,920	\$ 2,158,910	\$ 2,161,840	\$ -	\$ -					
CPE Gbps 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	\$ 499,836,600				
Average Drop Cost	\$ 449	per new residential subscriber				\$ 400.00	overhead	75.42%	\$ 400.00	overhead
Average Drop Cost	\$ 449	per new commercial subscriber				\$ 600.00	underground	24.58%	\$ 600.00	underground
TBD	\$ -	per	1 residential subscribers				Residential		Business	

**PROJECT ASSUMPTIONS**

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 <sup>2</sup> )	Starts in year	4 \$ 499,836,600
<b>Miscellaneous Implementation Costs</b>					
		1	2	3	4
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

175,057  
45,668

ONT Kit - Basic	\$	395	20%
ONT Kit - Premium	\$	455	80%
ONT Kit - Basic (MDU)	\$	766	20%
ONT Kit - Premium (MDU)	\$	826	80%
ONT Kit - Premium (Bus.)	\$	976	
SFU	79.31%	\$	443
MDU	20.69%	\$	814
			9864,288

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

**City of Seattle**  
**FTTP Network - Data Services**  
**Construction in Communication Space & Survey Market Projections**  
**June 2015**  
**Supplemental Tables**

	Year 1	Year 5	Year 10	Year 15	Year 20
<b>Operating Expenses</b>					
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	1,181,210	2,362,430	2,362,430	2,362,430	2,362,430
Vendor Maintenance Contracts	-	732,000	732,000	732,000	732,000
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	186,300	851,890	940,560	1,038,450	1,146,540
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
<b>Sub-Total</b>	<b>\$ 6,068,600</b>	<b>\$ 11,396,500</b>	<b>\$ 11,485,170</b>	<b>\$ 11,583,060</b>	<b>\$ 11,691,150</b>
Labor Expenses	\$ 4,740,570	\$ 21,600,170	\$ 23,816,820	\$ 26,264,180	\$ 28,966,260
Attachment Fees	263,180	263,180	263,180	263,180	263,180
<b>Sub-Total</b>	<b>\$ 5,003,750</b>	<b>\$ 21,863,350</b>	<b>\$ 24,080,000</b>	<b>\$ 26,527,360</b>	<b>\$ 29,229,440</b>
<b>Total Expenses</b>	<b>\$ 11,072,350</b>	<b>\$ 33,259,850</b>	<b>\$ 35,565,170</b>	<b>\$ 38,110,420</b>	<b>\$ 40,920,590</b>
Principal and Interest	\$ 13,357,900	\$ 54,863,700	\$ 54,863,700	\$ 51,185,320	\$ 25,794,180
Facility Taxes	389,700	3,544,860	3,544,860	3,544,860	3,544,860

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<b>Sub-Total</b>	\$	13,747,600	\$	58,408,560	\$	58,408,560	\$	54,730,180	\$	29,339,040
<b>Total Expenses, P&amp;I, and Taxes</b>	\$	24,819,950	\$	91,668,410	\$	93,973,730	\$	92,840,600	\$	70,259,630

		Year 1		Year 5		Year 10		Year 15		Year 20
<b>a. Revenues</b>										
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		-		-		-		-		-
<b>Total</b>	\$	11,715,600	\$	91,527,540	\$	91,527,540	\$	91,527,540	\$	91,527,540
<b>b. Content Fees</b>										
Internet	\$	206,310	\$	1,710,160	\$	1,710,160	\$	1,710,160	\$	1,710,160
<b>Total</b>	\$	206,310	\$	1,710,160	\$	1,710,160	\$	1,710,160	\$	1,710,160
<b>c. Operating Costs</b>										
Operation Costs	\$	5,862,290	\$	9,686,340	\$	9,775,010	\$	9,872,900	\$	9,980,990
Labor Costs		4,740,570		21,600,170		23,816,820		26,264,180		28,966,260
Pole Attachment Expense		263,180		263,180		263,180		263,180		263,180
<b>Total</b>	\$	10,866,040	\$	31,549,690	\$	33,855,010	\$	36,400,260	\$	39,210,430
<b>d. EBITDA</b>										
	\$	643,250	\$	58,267,690	\$	55,962,370	\$	53,417,120	\$	50,606,950
<b>e. Depreciation</b>										
		17,224,850		47,963,390		37,923,310		37,923,310		37,923,310
<b>f. Operating Income (EBITDA less Depreciation)</b>										
	\$	(16,581,600)	\$	10,304,300	\$	18,039,060	\$	15,493,810	\$	12,683,640
<b>g. Non-Operating Income</b>										
Interest Income	\$	-	\$	142,110	\$	142,110	\$	150,550	\$	193,170
Interest Expense (10 Year Bond)		(820,400)		(141,470)		(141,470)		-		-

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Interest Expense (20 Year Bond)	(12,537,500)	(18,120,240)	(18,120,240)	(10,470,740)	(1,051,560)
Interest Expense (Loan)	-	-	-	-	-
<b>Total</b>	<b>\$ (13,357,900)</b>	<b>\$ (18,119,600)</b>	<b>\$ (18,119,600)</b>	<b>\$ (10,320,190)</b>	<b>\$ (858,390)</b>

**h. Net Income (before taxes)** \$ (29,939,500) \$ (13,930,110) \$ 651,460 \$ 5,905,620 \$ 12,557,250

**i. Facility Taxes** \$ 389,700 \$ 3,544,860 \$ 3,544,860 \$ 3,544,860 \$ 3,544,860

**j. Net Income** \$ (30,329,200) \$ (17,474,970) \$ (2,893,400) \$ 2,360,760 \$ 9,012,390

	<b>Year 1</b>	<b>Year 5</b>	<b>Year 10</b>	<b>Year 15</b>	<b>Year 20</b>
Net Income	\$ (30,329,200)	\$ (17,474,970)	\$ (2,893,400)	\$ 2,360,760	\$ 9,012,390
Cash Flow	\$ 949,920	\$ (10,303,010)	\$ (16,741,400)	\$ (15,599,830)	\$ 7,023,760

	<b>Year 1</b>	<b>Year 5</b>	<b>Year 10</b>	<b>Year 15</b>	<b>Year 20</b>
Principle Payments	\$ -	\$ 29,759,850	\$ 36,601,990	\$ 40,714,580	\$ 24,742,620
Interest Payments	13,357,900	25,103,850	18,261,710	10,470,740	1,051,560
Total Debt Service	\$ 13,357,900	\$ 54,863,700	\$ 54,863,700	\$ 51,185,320	\$ 25,794,180

	<b>Year 1</b>	<b>Year 5</b>	<b>Year 10</b>	<b>Year 15</b>	<b>Year 20</b>
Unrestricted Cash Balance	\$ 949,920	\$ (13,733,400)	\$ (98,130,350)	\$ (170,941,540)	\$ (231,864,110)
Funded Depreciation	-	21,857,800	23,727,280	27,101,780	44,151,980
Restricted Cash Balance (Interest Reserve)	13,357,900	-	-	-	-
Restricted Cash Balance (Debt Service Reserve)	15,775,500	33,117,500	33,117,500	33,117,500	33,117,500
Total Cash Balance	\$ 30,083,320	\$ 41,241,900	\$ (41,285,570)	\$ (110,722,260)	\$ (154,594,630)

**Capital Additions**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total Years 1 to 3</b>
<b>Network Equipment</b>				



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Headend- Data	\$	20,513,550	\$	6,837,850	\$	-	\$	27,351,400
TBD		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>20,513,550</b>	<b>\$</b>	<b>6,837,850</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>27,351,400</b>

**Outside Plant and Facilities**

Total Backbone and FTTP	\$	236,242,600	\$	236,242,600	\$	-	\$	472,485,200
Additional Annual Capital		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>236,242,600</b>	<b>\$</b>	<b>236,242,600</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>472,485,200</b>

**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
<b>Total</b>	<b>\$</b>	<b>11,215,080</b>	<b>\$</b>	<b>44,612,170</b>	<b>\$</b>	<b>44,538,940</b>	<b>\$</b>	<b>100,366,190</b>

**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		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>1,196,000</b>	<b>\$</b>	<b>210,000</b>	<b>\$</b>	<b>186,000</b>	<b>\$</b>	<b>1,592,000</b>

<b>Total Capital Additions</b>	<b>\$</b>	<b>269,167,230</b>	<b>\$</b>	<b>287,902,620</b>	<b>\$</b>	<b>44,724,940</b>	<b>\$</b>	<b>601,794,790</b>
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