

**City of Seattle
Seattle, Washington
FTTP Network - Data Services - Tax Funding
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 - Tax Funding
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City of Seattle
 FFTP Network - Data Services - Tax Funding
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Income Statement

| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| a. Revenues | | | | | | | | | | | |
| Video | \$ | - | - | - | - | - | - | - | - | - | - |
| Internet - Residential | | 5,321,160 | 28,427,760 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 |
| Internet - Business | | 772,200 | 2,232,120 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 |
| Enterprise | | - | - | - | - | - | - | - | - | - | - |
| Voice | | - | - | - | - | - | - | - | - | - | - |
| Connection Fee (net) | | 1,653,600 | 6,750,300 | 6,738,750 | - | - | - | - | - | - | - |
| Provider Fee | | - | - | - | - | - | - | - | - | - | - |
| Assessments | | - | - | - | - | - | - | - | - | - | - |
| Ancillary Revenues | | - | - | - | - | - | - | - | - | - | - |
| Total | \$ | 7,746,960 | 37,410,180 | 61,923,930 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 |
| 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 | | 77,470 | 374,100 | 619,240 | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 |
| 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 | \$ | 10,955,280 | 22,690,340 | 29,956,500 | 30,334,170 | 30,788,130 | 31,251,170 | 31,723,460 | 32,205,210 | 32,696,590 | 33,197,800 |
| d. EBITDA | \$ | (3,414,630) | 13,761,080 | 30,257,270 | 23,140,850 | 22,686,890 | 22,223,850 | 21,751,560 | 21,269,810 | 20,778,430 | 20,277,220 |
| 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) | \$ | (16,938,550) | (18,053,340) | (10,502,140) | (17,638,630) | (18,112,670) | (17,426,430) | (13,449,180) | (9,489,670) | (9,981,050) | (10,482,260) |
| g. Non-Operating Income | | | | | | | | | | | |
| Interest Income | \$ | - | - | - | 30,330 | 60,680 | 86,640 | 69,810 | 3,080 | 22,420 | 56,780 |
| Interest Expense (10 Year Bond) | | - | - | - | - | - | - | - | - | - | - |
| Interest Expense (20 Year Bond) | | - | - | - | - | - | - | - | - | - | - |
| Interest Expense (Loan) | | - | - | - | - | - | - | - | - | - | - |
| Total | \$ | - | - | - | 30,330 | 60,680 | 86,640 | 69,810 | 3,080 | 22,420 | 56,780 |
| h. Net Income (before taxes) | \$ | (16,938,550) | (18,053,340) | (10,502,140) | (17,608,300) | (18,051,990) | (17,339,790) | (13,379,370) | (9,486,590) | (9,958,630) | (10,425,480) |
| i. Taxes | \$ | 236,000 | 1,187,460 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 |
| j. Net Income | \$ | (17,174,550) | (19,240,800) | (12,639,460) | (19,745,620) | (20,189,310) | (19,477,110) | (15,516,690) | (11,623,910) | (12,095,950) | (12,562,800) |

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

Income Statement

| | Year | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|--|-----------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| a. Revenues | | | | | | | | | | | |
| Video | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Internet - Residential | | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 | 51,491,160 |
| Internet - Business | | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 | 3,694,020 |
| Enterprise | | - | - | - | - | - | - | - | - | - | - |
| Voice | | - | - | - | - | - | - | - | - | - | - |
| Provider Fee | | - | - | - | - | - | - | - | - | - | - |
| Assessments | | - | - | - | - | - | - | - | - | - | - |
| Ancillary Revenues | | - | - | - | - | - | - | - | - | - | - |
| Total | \$ | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 | 55,185,180 |
| 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 | | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 | 551,850 |
| 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 | \$ | 33,709,030 | 34,230,480 | 34,762,370 | 35,304,900 | 35,858,270 | 36,422,710 | 36,998,440 | 37,585,690 | 38,184,680 | 38,795,650 |
| d. EBITDA | \$ | 19,765,990 | 19,244,540 | 18,712,650 | 18,170,120 | 17,616,750 | 17,052,310 | 16,476,580 | 15,889,330 | 15,290,340 | 14,679,370 |
| 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) | \$ | (10,993,490) | (11,514,940) | (12,046,830) | (12,589,360) | (13,142,730) | (13,707,170) | (14,282,900) | (14,870,150) | (15,469,140) | (16,080,110) |
| g. Non-Operating Income | | | | | | | | | | | |
| Interest Income | \$ | 74,720 | 52,890 | 31,200 | 65,550 | 54,870 | 57,800 | 35,970 | 14,270 | 48,630 | 82,980 |
| Interest Expense (10 Year Bond) | | - | - | - | - | - | - | - | - | - | - |
| Interest Expense (20 Year Bond) | | - | - | - | - | - | - | - | - | - | - |
| Interest Expense (Loan) | | - | - | - | - | - | - | - | - | - | - |
| Total | \$ | 74,720 | 52,890 | 31,200 | 65,550 | 54,870 | 57,800 | 35,970 | 14,270 | 48,630 | 82,980 |
| h. Net Income (before taxes) | \$ | (10,918,770) | (11,462,050) | (12,015,630) | (12,523,810) | (13,087,860) | (13,649,370) | (14,246,930) | (14,855,880) | (15,420,510) | (15,997,130) |
| i. Taxes | \$ | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 |
| j. Net Income | \$ | (13,056,090) | (13,599,370) | (14,152,950) | (14,661,130) | (15,225,180) | (15,786,690) | (16,384,250) | (16,993,200) | (17,557,830) | (18,134,450) |

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

Cash Flow Statement

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| a. Net Income | \$ (17,174,550) | \$ (19,240,800) | \$ (12,639,460) | \$ (19,745,620) | \$ (20,189,310) | \$ (19,477,110) | \$ (15,516,690) | \$ (11,623,910) | \$ (12,095,950) | \$ (12,562,800) |
| b. Cash Outflows | | | | | | | | | | |
| Debt Service Reserve | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest Reserve | - | - | - | - | - | - | - | - | - | - |
| Depreciation Reserve | - | - | - | (12,233,840) | (12,239,870) | (17,049,620) | (15,840,330) | (13,841,770) | (13,841,770) | (13,841,770) |
| Financing | - | - | - | - | - | - | - | - | - | - |
| 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 | \$ (199,790,180) | \$ (220,191,770) | \$ (44,724,940) | \$ (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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 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 | 440,000,000 | - | - | - | - | - | - | - | - | - |
| Grants (infrastructure) | - | - | - | - | - | - | - | - | - | - |
| Grants (customer premises) | - | - | - | - | - | - | - | - | - | - |
| 10-Year Bond Proceeds | - | - | - | - | - | - | - | - | - | - |
| 20-Year Bond Proceeds | - | - | - | - | - | - | - | - | - | - |
| Loan Proceeds | - | - | - | - | - | - | - | - | - | - |
| Total | \$ 440,000,000 | \$ - | \$ - | \$ 100,370 | \$ 100,370 | \$ 6,664,710 | \$ 22,574,460 | \$ 40,532,890 | \$ 6,105,120 | \$ 100,370 |
| d. Total Cash Outflows and Inflows | \$ 240,209,820 | \$ (220,191,770) | \$ (44,724,940) | \$ (12,233,840) | \$ (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) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Proceeds from Additional Cash Flows (20 Year Bond) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Proceeds from Additional Cash Flows (Loan) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| g. Adjusted Available Net Revenue | \$ 236,559,190 | \$ (207,618,150) | \$ (16,604,990) | \$ 8,800,020 | \$ 8,370,380 | \$ 3,123,550 | \$ 3,843,720 | \$ 5,293,800 | \$ 4,821,760 | \$ 4,354,910 |
| h. Principal Payments on Debt | | | | | | | | | | |
| 10 Year Bond Principal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 20 Year Bond Principal | - | - | - | - | - | - | - | - | - | - |
| Loan Principal | - | - | - | - | - | - | - | - | - | - |
| Total | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| i. Net Cash | \$ 236,559,190 | \$ (207,618,150) | \$ (16,604,990) | \$ 8,800,020 | \$ 8,370,380 | \$ 3,123,550 | \$ 3,843,720 | \$ 5,293,800 | \$ 4,821,760 | \$ 4,354,910 |
| j. Cash Balance | | | | | | | | | | |
| Unrestricted Cash Balance | \$ 236,559,190 | \$ 28,941,040 | \$ 12,336,050 | \$ 21,136,070 | \$ 29,506,450 | \$ 32,630,000 | \$ 36,473,720 | \$ 41,767,520 | \$ 46,589,280 | \$ 50,944,190 |
| 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 | - | - | - | - | - | - | - | - | - | - |
| Debt Service Reserve | - | - | - | - | - | - | - | - | - | - |
| Total Cash Balance | \$ 236,559,190 | \$ 28,941,040 | \$ 12,336,050 | \$ 33,269,540 | \$ 53,779,420 | \$ 67,287,880 | \$ 64,397,470 | \$ 43,000,150 | \$ 55,558,560 | \$ 73,654,870 |
| 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) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service Balance (20 Year Bond) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service Balance (Internal Loan) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service (P&I) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Coverage Ratio | - | - | - | - | - | - | - | - | - | - |
| Debt Service Coverage Ratio | - | - | - | - | - | - | - | - | - | - |

City of Seattle
 FFTP Network - Data Services - Tax Funding
 June 2015

Cash Flow Statement

| | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| a. Net Income | \$ (13,056,090) | \$ (13,599,370) | \$ (14,152,950) | \$ (14,661,130) | \$ (15,225,180) | \$ (15,786,690) | \$ (16,384,250) | \$ (16,993,200) | \$ (17,557,830) | \$ (18,134,450) |
| 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 | \$ 3,861,620 | \$ 3,318,340 | \$ 2,764,760 | \$ 2,256,580 | \$ 1,692,530 | \$ 1,131,020 | \$ 533,460 | \$ (75,490) | \$ (640,120) | \$ (1,216,740) |
| h. Principal Payments on Debt | | | | | | | | | | |
| 10 Year Bond Principal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 20 Year Bond Principal | - | - | - | - | - | - | - | - | - | - |
| Loan Principal | - | - | - | - | - | - | - | - | - | - |
| Total | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| i. Net Cash | \$ 3,861,620 | \$ 3,318,340 | \$ 2,764,760 | \$ 2,256,580 | \$ 1,692,530 | \$ 1,131,020 | \$ 533,460 | \$ (75,490) | \$ (640,120) | \$ (1,216,740) |
| j. Cash Balance | | | | | | | | | | |
| Unrestricted Cash Balance | \$ 54,805,810 | \$ 58,124,150 | \$ 60,888,910 | \$ 63,145,490 | \$ 64,838,020 | \$ 65,969,040 | \$ 66,502,500 | \$ 66,427,010 | \$ 65,786,890 | \$ 64,570,150 |
| 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 | - | - | - | - | - | - | - | - | - | - |
| Total Cash Balance | \$ 84,693,550 | \$ 79,279,200 | \$ 73,367,090 | \$ 89,365,070 | \$ 86,784,750 | \$ 89,088,080 | \$ 80,888,850 | \$ 72,136,490 | \$ 85,237,770 | \$ 97,762,430 |
| 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) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service Balance (20 Year Bond) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service Balance (Internal Loan) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service (P&I) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Coverage Ratio | - | - | - | - | - | - | - | - | - | - |
| Debt Service Coverage Ratio | - | - | - | - | - | - | - | - | - | - |

City of Seattle
 FTTP Network - Data Services - Tax Funding
 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 |
| | | \$ 464,706,890 | \$ 464,708,720 | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | |
|--|----|---|----|---|----|---|----|------------|----|------------|----|-------------|----|--------------|----|--------------|----|-------------|----|------------|
| 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 - Tax Funding
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 - Tax Funding
Construction in Power Space
June 2015

Scenarios

Tax Funded Base Case - Residential Service Price at \$45 per month (business \$10 higher), 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 | \$ 7,746,960 | \$ 55,185,180 | \$ 55,185,180 | \$ 55,185,180 | \$ 55,185,180 |
| Total Cash Expenses | 11,161,590 | 32,498,290 | 34,907,960 | 37,568,430 | 40,505,810 |
| Depreciation | 13,523,920 | 40,799,560 | 30,759,480 | 30,759,480 | 30,759,480 |
| Interest Expense | - | 60,680 | 56,780 | 54,870 | 82,980 |
| Net Income | \$ (17,174,550) | \$ (20,189,310) | \$ (12,562,800) | \$ (15,225,180) | \$ (18,134,450) |

| Cash Flow Statement | 1 | 5 | 10 | 15 | 20 |
|---------------------------|----------------|---------------|---------------|---------------|---------------|
| Unrestricted Cash Balance | \$ 236,559,190 | \$ 29,506,450 | \$ 29,506,450 | \$ 64,838,020 | \$ 64,570,150 |
| Depreciation Reserve | - | 24,272,970 | 24,272,970 | 21,946,730 | 33,192,280 |
| Interest Reserve | - | - | - | - | - |
| Debt Service Reserve | - | - | - | - | - |
| Total Cash Balance | \$ 236,559,190 | \$ 53,779,420 | \$ 53,779,420 | \$ 86,784,750 | \$ 97,762,430 |

| Investment Metric | |
|-----------------------------------|----------------|
| Internal Rate of Return (IRR) | N/A |
| Tax Reveue (all collected year 1) | \$ 440,000,000 |

1. 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 | - | 60,680 | 56,780 | 54,870 | 82,980 |
| Net Income | \$ (13,399,300) | \$ 14,382,080 | \$ 22,008,590 | \$ 19,346,210 | \$ 16,436,940 |

| Cash Flow Statement | 1 | 5 | 10 | 15 | 20 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Unrestricted Cash Balance | \$ 240,334,440 | \$ 156,182,380 | \$ 156,182,380 | \$ 537,227,850 | \$ 709,816,930 |
| Depreciation Reserve | - | 24,272,970 | 24,272,970 | 21,946,730 | 33,192,280 |
| Interest Reserve | - | - | - | - | - |
| Debt Service Reserve | - | - | - | - | - |
| Total Cash Balance | \$ 240,334,440 | \$ 180,455,350 | \$ 180,455,350 | \$ 559,174,580 | \$ 743,009,210 |

| Investment Metric | |
|-----------------------------------|----------------|
| Internal Rate of Return (IRR) | 5.88% |
| Tax Reveue (all collected year 1) | \$ 440,000,000 |

2. Take Rate 20.47 percent (24 percent of residential and 12 percent of business Internet users)

| Income Statement | 1 | 5 | 10 | 15 | 20 |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Revenues | \$ 7,746,960 | \$ 27,592,920 | \$ 27,592,920 | \$ 27,592,920 | \$ 27,592,920 |
| Total Cash Expenses | 11,161,590 | 22,087,735 | 23,611,975 | 25,294,835 | 27,152,865 |
| Depreciation | 12,694,110 | 29,594,990 | 24,551,350 | 24,551,350 | 24,551,350 |
| Interest Expense | - | 44,130 | 80,550 | 122,020 | 183,820 |
| Net Income | \$ (16,344,740) | \$ (25,114,345) | \$ (21,558,525) | \$ (23,199,915) | \$ (24,996,145) |

| Cash Flow Statement | 1 | 5 | 10 | 15 | 20 |
|---------------------------|----------------|---------------|---------------|-----------------|------------------|
| Unrestricted Cash Balance | \$ 242,367,920 | \$ 29,704,190 | \$ 29,704,190 | \$ (54,757,140) | \$ (108,633,405) |
| Depreciation Reserve | - | 17,653,630 | 17,653,630 | 48,806,470 | 73,528,460 |
| Interest Reserve | - | - | - | - | - |

| | | | | | |
|-----------------------------------|----------------|---------------|---------------|----------------|-----------------|
| Debt Service Reserve | - | - | - | - | - |
| Total Cash Balance | \$ 242,367,920 | \$ 47,357,820 | \$ 47,357,820 | \$ (5,950,670) | \$ (35,104,945) |
| Investment Metric | | | | | |
| Internal Rate of Return (IRR) | | | | | N/A |
| Tax Reveue (all collected year 1) | | | | | \$ 440,000,000 |

PROJECT ASSUMPTIONS

Page Title Information

| | | | | | |
|--------------|---|--|-------------|-----|--|
| Organization | City of Seattle Seattle, Washington | | | | |
| Plan Name | FTTP Network - Data Services - Tax Funding Construction in Power Space | | Power Space | Yes | |
| 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 | | Year | | | | | | | | | |
| | Amount Issued | | | | | | | | | | |
| Cash flow w/o investment funds, grants, bonds, loans, or interest | \$ (203,440,810) | \$ (207,618,150) | \$ (16,604,990) | \$ 8,800,020 | \$ 8,370,380 | \$ 3,123,550 | \$ 3,843,720 | \$ 5,293,800 | \$ 4,821,760 | \$ 4,354,910 | \$ 3,861,620 |
| Cash flow after investment funds (no principle payments) | \$ 236,559,190 | \$ (207,618,150) | \$ (16,604,990) | \$ 8,800,020 | \$ 8,370,380 | \$ 3,123,550 | \$ 3,843,720 | \$ 5,293,800 | \$ 4,821,760 | \$ 4,354,910 | \$ 3,861,620 |
| Unrestricted cash balance (years 1 to 10) | \$ 236,559,190 | \$ 28,941,040 | \$ 12,336,050 | \$ 21,136,070 | \$ 29,506,450 | \$ 32,630,000 | \$ 36,473,720 | \$ 41,767,520 | \$ 46,589,280 | \$ 50,944,190 | \$ 54,805,810 |
| Total cash balance | \$ 236,559,190 | \$ 28,941,040 | \$ 12,336,050 | \$ 33,269,540 | \$ 53,779,420 | \$ 67,287,880 | \$ 64,397,470 | \$ 43,000,150 | \$ 55,558,560 | \$ 73,654,870 | \$ 84,693,550 |
| Unrestricted cash balance (years 11 to 20) | \$ 54,805,810 | \$ 58,124,150 | \$ 60,888,910 | \$ 63,145,490 | \$ 64,838,020 | \$ 65,969,040 | \$ 66,502,500 | \$ 66,427,010 | \$ 65,786,890 | \$ 64,570,150 | |

| | | | | | | | |
|----------------------------|----------------|--------|--------|---------|---------|---------------------|--|
| | 1 | 2 | 3 | 4 | 5 | | |
| Use Start Up Capital | no | no | no | | | | |
| Start Up Capital | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Start Up Funds | \$ 440,000,000 | \$ - | \$ - | \$ - | \$ - | | |
| 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 | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| 20-Year Bond Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Loan Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Sub-total | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Total | \$ - | \$ - | \$ - | \$ - | \$ - | | |

| | | | | | | | | | | | |
|---|---------------------|------------|-------------|---|------------|------------|------------|-----------|------------|------------|--|
| 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 | |
| Funded Depreciation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Replacement/Upgrade Costs (Percent of Total Costs) | 0% | 0% | 0% | 30% | 30% | 43% | 45% | 45% | 45% | 45% | |
| | Start in year | | | | | | | | | 3 | |
| Network Equipment | Replacement 100% | | | | | | | | | | |

PROJECT ASSUMPTIONS

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

Revenues

| | | | | | | | | | | |
|-----------------------|---|---|---|---------|---|-----|------|--------------------------------|---|----|
| Property Taxes | | | | 246,635 | Total taxable properties | N/A | \$ - | per month per property (taxes) | | |
| | | | | | Will be different mix, needs updating if used | N/A | - | fees per property | | |
| | | | | | | | - | average cost (per property) | | |
| Annual Assessment | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Internet Services

| | Monthly Retail Price | | | | | |
|------------|----------------------|------------------------------------|----------|------|---------|--|
| Dial-up | \$ - | \$ - | \$ - | \$ - | 100.00% | Oversubscription |
| R 30 Mbps | \$ - | \$ - | \$ - | \$ - | 100.00% | 30 |
| R 50 Mbps | \$ - | \$ - | \$ - | \$ - | 100.00% | 30 |
| R 100 Mbps | \$ - | \$ - | \$ - | \$ - | 100.00% | 30 N/A |
| R 250 Mbps | \$ - | \$ - | \$ - | \$ - | 100.00% | 30 |
| R 1 Gbps | \$ 45.00 | \$ - | \$ 45.00 | \$ - | 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 | \$ 55.00 | \$ - | \$ 55.00 | \$ - | 100.00% | 400 |
| 10 Gbps | \$ - | only used with enterprise customer | | | | |

| | | | | | | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Unrestricted Cash Balance (yr. 1 to yr. 10) | \$ 236,559,190 | \$ 28,941,040 | \$ 12,336,050 | \$ 21,136,070 | \$ 29,506,450 | \$ 32,630,000 | \$ 36,473,720 | \$ 41,767,520 | \$ 46,589,280 | \$ 50,944,190 |
| Unrestricted Cash Balance (yr. 11 to yr. 20) | \$ 54,805,810 | \$ 58,124,150 | \$ 60,888,910 | \$ 63,145,490 | \$ 64,838,020 | \$ 65,969,040 | \$ 66,502,500 | \$ 66,427,010 | \$ 65,786,890 | \$ 64,570,150 |

Other Revenues/Services

| | Annual Retail Price | | | | | | |
|--|-------------------------------------|----------|--------|--------|--|--------|---------|
| Digital Equipment Rental | \$ - per month per digital customer | | | | | | |
| Advertising | Year 1 | Year 2 | Year 3 | Year 4 | Year 5+ | | |
| Utility Allocation | \$ - | \$ - | \$ - | \$ - | \$ - (Revenue per year) | | |
| Provider Fee (open access) | \$ - | \$ - | \$ - | \$ - | \$ - N/A | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - 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 |
| Peering | \$ 33,100 | \$ 168,100 | \$ 302,900 | \$ 302,900 | \$ 302,900 | 0.5 Mbps per customer |
| 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 |
| | | Annual + | | | | |
| | | 0.5% Fiber Implementation Cost | | | | |
| 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+ |

PROJECT ASSUMPTIONS

| | | | | | | | |
|-------------------------|------------|------------|--------------|--------------|--------------|----------------------------|-----|
| Internet Connection Fee | \$ 206,310 | \$ 958,760 | \$ 1,710,160 | \$ 1,710,160 | \$ 1,710,160 | \$ 0.50 per Mbps per month | N/A |
| Minimum BW | 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 | | |

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

Low Income Assistance

| | | | | | |
|-----------------|-----|-----|----|----------------|-------------------------|
| Assistance Rate | 50% | for | 0% | of subscribers | based on 1 Gbps revenue |
| | | | - | Total Year 5 | DO NOT EXCEED 28,000 |

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 cust |
| 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 |

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 |
| TBD | - | - | - | - | - | \$ - |
| Total Existing Staff | - | - | - | - | - | \$ - |
| Total | 48.00 | 153.00 | 246.00 | 246.00 | 246.00 | \$ 2,640,000 |
| 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 |
| Salary Multiplier | 2.00% | annual multiplier (i.e. salaries increase by x percent faster than ability to increase fees) | Not including multiplier (multiplier applied on sheet E1) |

Operation Support Services

| | | |
|---------------|--------|------------------------|
| Help Desk Fee | \$0 | set-up fee + |
| | \$0.00 | per customer per month |
| ISP Hosting | \$0 | set-up fee + |
| | | outsource avoid |

PROJECT ASSUMPTIONS

| | | |
|---|----------|------------------------|
| Billing | \$0.00 | per customer per month |
| | \$50,000 | set-up fee + |
| Core Network Monitoring, Installation and Configuration | \$0.25 | per customer per month |
| | \$0 | set-up fee + |
| | \$0.00 | per month |

| | | | |
|---------------|-------|----------|--------|
| Participants | - | 25237.75 | Target |
| LIA Take Rate | 0.00% | | |
| Prices | 45 | N/A | IRR |

75
48

Market Size

| | | |
|---------------------------------|---------|-------------------------|
| Residential | | |
| Number of Potential Subscribers | 220,725 | |
| Potential Multi-Housing | 0 | Applies to All Services |
| Subscriber Growth Rate | 0.00% | |

| | | | | |
|-----------------|---------|-------------|-------------|-------------|
| | | From Survey | | CPE Funding |
| City of Seattle | 220,725 | 48.00% | MS Ceiling | 0.00% |
| tbd | - | 40.00% | MS Ceiling | 0.00% |
| tbd | - | 40.00% | MS Ceiling | 0.00% |
| | 220,725 | 48.00% | MS Weighted | 0.00% |

| | | |
|---------------------------------|--------|-------------------------|
| Commercial | | |
| Number of Potential Subscribers | 25,910 | Applies to All Services |
| Subscriber Growth Rate | 0.00% | |

| | | | | |
|-----------------|--------|--------|------------|-------------|
| | | | | CPE Funding |
| City of Seattle | 25,910 | 24.00% | MS Ceiling | 0.00% |
| tbd | - | 0.00% | MS Ceiling | 0.00% |
| tbd | - | 0.00% | MS Ceiling | 0.00% |

Penetration Rates - Data

| | | |
|--------------------------------------|---------|--|
| Residential Internet Services | | |
| Existing Dial-up Customers | 0 | |
| Number of Potential New Subscribers | 220,725 | |

Business 50.00% of residential

| | | |
|--------------------|-----|-------------|
| 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

| | | | | | |
|-----------------------|--------|--------|--------|----------|--------|
| Projected Market Size | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| | 89% | 90% | 90% | 90% | 90% |
| Year 6 | Year 7 | Year 8 | Year 9 | Year 10+ | |
| | 90% | 90% | 90% | 90% | 90% |

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

- Check Sum

| | | | | | | | | |
|-----------------------------------|--------|--------|--------|----------|--------|--|-------|-------|
| Market Share Percentage of Market | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | yr. 1 | yr. 2 | yr. 3 |
| | 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 | | |
| | 4.5% | 23.9% | 43.2% | 43.2% | 43.2% | | | |

| | | | | | |
|-------------------|------------|--------|--------|--------|--------|
| Package Take Rate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| | R 30 Mbps | 0% | 0% | 0% | 0% |
| | R 50 Mbps | 0% | 0% | 0% | 0% |
| | R 100 Mbps | 0% | 0% | 0% | 0% |
| | R 250 Mbps | 0% | 0% | 0% | 0% |
| | R 1 Gbps | 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 | 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% |

| | | | | | | | | |
|-----------------------------------|--------|--------|--------|----------|--------|--|-------|---------|
| Market Share Percentage of Market | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | yr. 1 | yr. 2 | yr. 3 |
| | 5% | 15% | 24% | 24% | 24% | 1.00 | 15% | 24% N/A |
| Year 6 | Year 7 | Year 8 | Year 9 | Year 10+ | | Market share multiplier for sensitivity analysis | | |
| | 4.5% | 13.1% | 21.6% | 21.6% | 21.6% | | | |

| | | | | | |
|-------------------|------------|--------|--------|--------|--------|
| Package Take Rate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| | B 30 Mbps | 0% | 0% | 0% | 0% |
| | B 100 Mbps | 0% | 0% | 0% | 0% |
| | B 250 Mbps | 0% | 0% | 0% | 0% |

PROJECT ASSUMPTIONS

| | | | | | |
|----------|------|------|------|------|------|
| B 1 Gbps | 100% | 100% | 100% | 100% | 100% |
| 10 Gbps | 0% | 0% | 0% | 0% | 0% |

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

| FTTP OSP (passing) | | | | | | | | | | | 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% |
| 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

| | 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

| | 1 | 2 | 3 | 4 | 5 | | | | | | |
|---------------------------------------|------------|---------------|------|----------------|------|---------|--|-----|--------|----------|--------|
| Splicing | \$ 250,000 | \$ - | \$ - | \$ - | \$ - | 175,057 | | SFU | 79.31% | \$ 443 | \$ 351 |
| Vehicles | \$ 300,000 | \$ - | \$ - | \$ - | \$ - | 45,668 | | MDU | 20.69% | \$ 814 | \$ 168 |
| Emergency Restoration Kit | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | | | | | | |
| Work Station, Computers, and Software | \$ 2,000 | per employee | | | | | | | | 9864.288 | |
| 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 - Tax Funding
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 | 77,470 | 551,850 | 551,850 | 551,850 | 551,850 |
| 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 | \$ 5,712,340 | \$ 10,300,860 | \$ 10,393,540 | \$ 10,495,860 | \$ 10,608,840 |
| 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 | \$ 11,161,590 | \$ 33,128,290 | \$ 35,537,960 | \$ 38,198,430 | \$ 41,135,810 |
| Principal and Interest | \$ - | \$ - | \$ - | \$ - | \$ - |
| Facility Taxes | 236,000 | 2,137,320 | 2,137,320 | 2,137,320 | 2,137,320 |

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

| | | | | | | | | | | |
|---|----|------------|----|------------|----|------------|----|------------|----|------------|
| Sub-Total | \$ | 236,000 | \$ | 2,137,320 | \$ | 2,137,320 | \$ | 2,137,320 | \$ | 2,137,320 |
| Total Expenses, P&I, and Taxes | \$ | 11,397,590 | \$ | 35,265,610 | \$ | 37,675,280 | \$ | 40,335,750 | \$ | 43,273,130 |

| | | Year 1 | | Year 5 | | Year 10 | | Year 15 | | Year 20 |
|---|----|--------------|----|--------------|----|--------------|----|--------------|----|--------------|
| a. Revenues | | | | | | | | | | |
| Internet - Residential | \$ | 5,321,160 | \$ | 51,491,160 | \$ | 51,491,160 | \$ | 51,491,160 | \$ | 51,491,160 |
| Internet - Business | | 772,200 | | 3,694,020 | | 3,694,020 | | 3,694,020 | | 3,694,020 |
| Connection Fee (net) | | 1,653,600 | | - | | - | | - | | - |
| Provider Fee | | - | | - | | - | | - | | - |
| Assessments | | - | | - | | - | | - | | - |
| Ancillary Revenues | | - | | - | | - | | - | | - |
| Total | \$ | 7,746,960 | \$ | 55,185,180 | \$ | 55,185,180 | \$ | 55,185,180 | \$ | 55,185,180 |
| 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 | \$ | 5,506,030 | \$ | 8,590,700 | \$ | 8,683,380 | \$ | 8,785,700 | \$ | 8,898,680 |
| 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 | \$ | 10,955,280 | \$ | 31,418,130 | \$ | 33,827,800 | \$ | 36,488,270 | \$ | 39,425,650 |
| d. EBITDA | | | | | | | | | | |
| | \$ | (3,414,630) | \$ | 22,056,890 | \$ | 19,647,220 | \$ | 16,986,750 | \$ | 14,049,370 |
| e. Depreciation | | | | | | | | | | |
| | | 13,523,920 | | 40,799,560 | | 30,759,480 | | 30,759,480 | | 30,759,480 |
| f. Operating Income (EBITDA less Depreciation) | | | | | | | | | | |
| | \$ | (16,938,550) | \$ | (18,742,670) | \$ | (11,112,260) | \$ | (13,772,730) | \$ | (16,710,110) |
| g. Non-Operating Income | | | | | | | | | | |
| Interest Income | \$ | - | \$ | 56,780 | \$ | 56,780 | \$ | 54,870 | \$ | 82,980 |
| Interest Expense (10 Year Bond) | | - | | - | | - | | - | | - |

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

Supplemental Tables

| | | | | | |
|---------------------------------|-------------|------------------|------------------|------------------|------------------|
| Interest Expense (20 Year Bond) | - | - | - | - | - |
| Interest Expense (Loan) | - | - | - | - | - |
| Total | \$ - | \$ 56,780 | \$ 56,780 | \$ 54,870 | \$ 82,980 |

| | | | | | |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| h. Net Income (before taxes) | \$ (16,938,550) | \$ (18,051,990) | \$ (10,425,480) | \$ (13,087,860) | \$ (15,997,130) |
| i. Taxes | \$ 236,000 | \$ 2,137,320 | \$ 2,137,320 | \$ 2,137,320 | \$ 2,137,320 |
| j. Net Income | \$ (17,174,550) | \$ (20,189,310) | \$ (12,562,800) | \$ (15,225,180) | \$ (18,134,450) |

| | Year 1 | Year 5 | Year 10 | Year 15 | Year 20 |
|------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Income | \$ (17,174,550) | \$ (20,189,310) | \$ (12,562,800) | \$ (15,225,180) | \$ (18,134,450) |
| Cash Flow | \$ 236,559,190 | \$ 8,370,380 | \$ 4,354,910 | \$ 1,692,530 | \$ (1,216,740) |

| | Year 1 | Year 5 | Year 10 | Year 15 | Year 20 |
|--------------------|---------------|---------------|----------------|----------------|----------------|
| Principle Payments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest Payments | - | - | - | - | - |
| Total Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - |

| | Year 1 | Year 5 | Year 10 | Year 15 | Year 20 |
|--|----------------|---------------|----------------|----------------|----------------|
| Unrestricted Cash Balance | \$ 236,559,190 | \$ 29,506,450 | \$ 50,944,190 | \$ 64,838,020 | \$ 64,570,150 |
| Funded Depreciation | - | 24,272,970 | 22,710,680 | 21,946,730 | 33,192,280 |
| Restricted Cash Balance (Interest Reserve) | - | - | - | - | - |
| Restricted Cash Balance (Debt Service Reserve) | - | - | - | - | - |
| Total Cash Balance | \$ 236,559,190 | \$ 53,779,420 | \$ 73,654,870 | \$ 86,784,750 | \$ 97,762,430 |

Capital Additions

| | Year 1 | Year 2 | Year 3 | Total Years 1 to 3 |
|--------------------------|---------------|---------------|---------------|---------------------------|
| Network Equipment | | | | |

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

Supplemental Tables

| | | | | | | | | |
|---------------|-----------|-------------------|-----------|------------------|-----------|----------|-----------|-------------------|
| 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 |
|--------------------------------|-----------|--------------------|-----------|--------------------|-----------|-------------------|-----------|--------------------|