



Complete Broadband Solutions.

City of San Bruno Phase I Report

June 13, 2022





I. Introduction

A. Background

JSI's analysis focused on producing several interrelated financial assessments surrounding the options available to the City of San Bruno related to the deployment of upgraded facilities designed to revitalize and enhance the City's current CityNet offerings.

As conveyed by management, and consistent with the general analytical scope conveyed in its underlying Request for Proposal ("RFP"), the City is seeking to understand:

1. Whether a financial business case can be made to support upgrading the City's network infrastructure to enable a substantially more robust broadband service offering.
2. What level of performance is required from the business case to support the level of investment forecasted to be required (including attendant financing costs).
3. Whether it would be financially advisable for the City to exit the market as a service provider given the trendlines present in the business case and the forecasted financial demands attributable to the network upgrades forecasted to be required to sustain the operation's competitive viability.
4. The enterprise value associated with the CityNet operation as a data point in the City's assessment of whether to enhance or exit CityNet's operating position.

Phase I of JSI's engagement addresses the first three areas of consideration reflected above. Phase II of our engagement will result in a valuation of CityNet's commercial operation.

B. Environmental Considerations

As noted by the City in its underlying Request for Proposals (RFP), market dynamics surrounding traditional cable (CATV) services and broadband Internet are undergoing significant and accelerating change. Concerning the former, demand for CATV services continues to suffer ongoing, steady, and material erosion. Specifically:

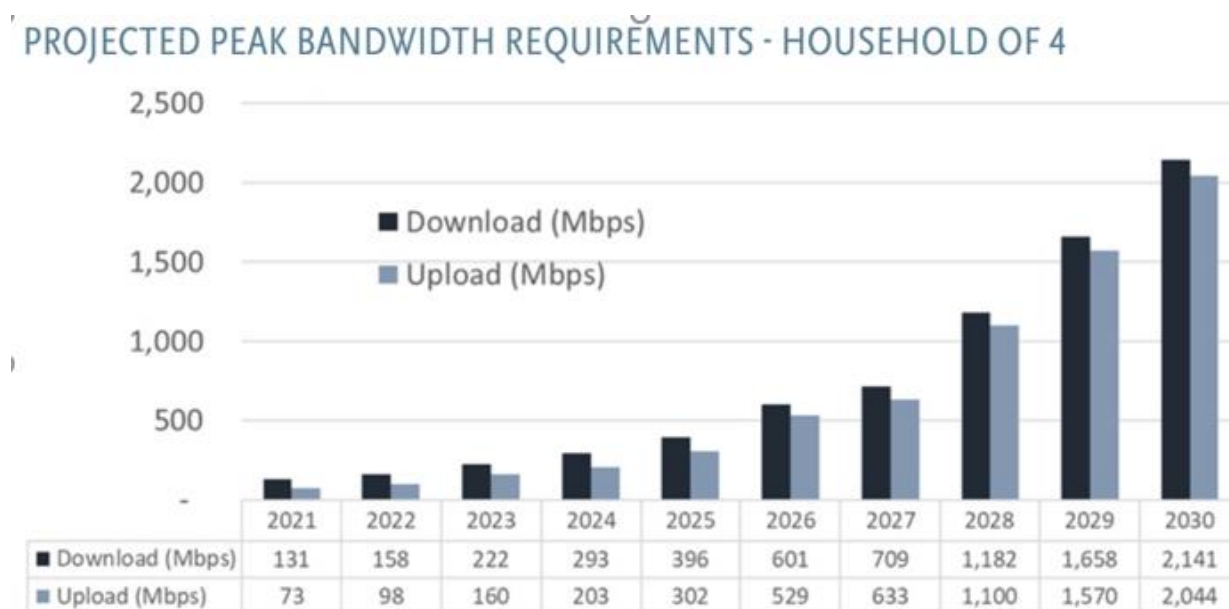


- CATV subscriptions fell by 15% in 2020.
- Subscription declines are accelerating. In Q1 of 2022, providers reported a decline of 3.2M subscribers, materially higher than the 2.2M subscriber loss reported for the previous year.
- CATV programming costs have dramatically outpaced inflation impacting both CATV operator margins and relative customer attrition rates when such increases are passed through to consumers.
- Demographic-based viewership trends are not favorable to traditional CATV models. Nearly all Americans aged 25-34 access programming content through the Internet, with 90% of young people preferring this access method.

The landscape surrounding broadband Internet has experienced a similar level of evolution to that of CATV services, although its trajectory is one marked by profound year-over-year growth. Specifically, between 2018 and 2021, average household broadband usage *doubled*.

Further, as reflected below, forecasts anticipate broadband demand continuing its rapid growth trajectory.

Illustration 1 – Forecasted Broadband Demand Growth





The preceding data points collectively affirm the basis for management's desire to pivot the positioning of its products from a CATV-focused foundation with the Internet as a complementary option to one in which broadband Internet is positioned as the City's premier product.

The cited data similarly illustrates that upgrading the City's service delivery infrastructure is of critical importance to the commercial viability/marketability of the City's service offerings and its ability as a municipal concern to deliver to its citizenry services that are capable of meeting both their current as well as evolving service needs. Absent the City's investment in its broadband infrastructure, the ability of CityNet's offerings to address the evolving demands of the marketplace will progressively erode. Such erosion in marketplace relevancy will, in turn, ultimately translate into a declining level of financial performance, and from a public policy perspective, a decline in the "public good" value the City can extend to its residents through its supported service offerings.

The remaining sections of this report will examine the approach/analytical framework leveraged in conjunction with our analysis, the findings produced, and our conclusions/recommendations from our analysis.

II. Executive Summary and Recommendations

As outlined in the following section of the report, JSI examined three principal scenarios surrounding the potential deployment of more robust network infrastructure. Specifically, our analysis included:

- A financial forecast relating the implications of a fiber to the premise ("FTTP") deployment using prevailing as well as optimized financial/operational performance statistics versus the forecasted financial performance of the organization's current "steady state" operating position,
- A financial forecast reflecting an exit from the CATV business case with ongoing provision of Broadband services reflecting both a "no modification" scenario to current non-programming operating costs as well as a scenario where operations are modified / optimized; and,
- A financial forecast relating the implications of a rehab of the City's existing hybrid COAX/Fiber network, again under steady state as well as modified/optimized operating/financial performance metrics.



As reflected above, all three scenarios include a sub-scenario that identifies areas of potential optimization. Each cited primary scenario includes a forecast in which performance levels in key areas of the business are sufficiently optimized to produce a sustainable cash-flow positive or near cash flow positive operating position.

CityNet's present operations are currently producing an operating loss. This reality, married to the capital-intensive nature of a fiber to the premise ("FTTP") or Hybrid Fiber COAX deployment, will require the City to engineer material adjustments to drive both higher revenue production (higher subscription levels married to more robust average revenue per user ("ARPU") performance levels) and a lower operating cost position.

As noted above, underlying trends in broadband demand dictate that the City must enhance its current network if its broadband product suite is to remain viable.

Upgrade options available to the City include:

- A near full replacement of the City's infrastructure via a full FTTP network deployment; and
- A retrofit and upgrade of the City's COAX-based network infrastructure.

The net cash flow (post servicing of debt) is forecasted to be materially higher under the hybrid fiber/COAX-based scenario as reflected in both the steady state as well as the optimized scenarios modeled. However, fiber remains the gold standard by which to deliver broadband solutions. As noted in the preceding section of this report, demand for broadband continues to experience significant and consistent growth. An FTTP-based infrastructure is the most robust, future proof technology choice available, and as a public concern whose service motivations include the promotion of maximized delivered value to residents and accelerated prospects for economic development, the benefits of an FTTP deployment should be seriously weighed despite the financial challenges presented by the technology's capital investment demands.

The central question for the City is whether it believes that the operational optimization required to produce a cash flow positive/neutral outcome is sufficiently executable and can be effectively realized.

All things being equal, the operational optimization required under a hybrid fiber / COAX deployment is materially less expansive than those required from a full FTTP deployment. Nevertheless, under either



network deployment scenario, unless the City is prepared to absorb the operating losses projected by the non-modified/non-optimized scenarios, or is confident in its ability to produce the operating results reflected in the modified/optimized scenarios, it should seriously explore exiting its current operating position through a sale of the CityNet enterprise.

Concerning a scenario involving the elimination of CityNet's CATV service offering, unless the City is prepared to dramatically reduce operational expenses, eliminating cable services from CityNet's operation would not produce accretive, positive contributions to cash flow. Management has identified steps required to rationalize the City's cable service solution financially. We recommend that such optimization be explored and modeled before making any decision to eliminate CATV services to the City's residents.



III. Approach to Analysis

The analysis conducted leveraged historic operational, subscription and financial data obtained from the City, which were, in turn, introduced into JSI's comprehensive forecasting models. Specifically, our analysis is founded on:

1. 12-month trailing account-level financial information.
 - a. From the preceding information, alternative forecasting techniques were discretely applied depending on the characteristics of each revenue and expense account.
2. 12-month trailing demand data for each product offering spanning the City's CATV broadband and voice business lines.
3. Rate design/pricing data reflect prevailing rates for each discrete service offered by CityNet.
4. Engineered Capital Investment forecasts developed from .kmz-based mapping provided by management and anchored to existing network assets owned and maintained by the City.
5. 100% debt financing of all capital investment attributable to the hybrid fiber/COAX and FTTP network deployment scenarios. Attributes of the assumed debt instrument include a loan term of 15 years and an interest rate of 5.50%.

Based on the preceding foundational information provided, JSI produced three core financial forecasts, with each such forecast further broken into three additional sub-analyses. The following matrix outlines each of the discrete analyses conducted.

**Illustration 2 – Forecasted Broadband Demand Growth**

Scenario	Description
Scenario 1 - Base	This scenario represents the analysis's baseline. The intent of this scenario is to provide a financial illustration of forecasted results based on an extension of historic trends, and where appropriate, adjustments to such trends based on anticipated/assumed changes to underlying operating costs. For example COLA increases to personnel costs.
Scenario 1 (a)	This scenario is identical to Scenario 1 - Base, but with the imposition of debt service associated with the deployment of a FTTP architecture.
Scenario 1 (b)	This scenario uses Scenario 1 - Base, baseline demand data, but then assumes optimization of several components of the business case including rate design resulting in average revenue per user (ARPU) enhancement, defined "spike" in subscription due to assumed market response to a more robust product offering, defined optimization in operating costs including material reductions in CATV programming fees, and reductions in realized overall operating costs.
Scenario 2 - Base	This scenario leverages broadband and voice demand data consistent with Scenario 1- Base, but assumes the elimination of CATV services from the organization's product lineup. Within this no-CATV-based scenario, expense allocations were adjusted to recognize the implications of the service's elimination.
Scenario 2 (a)	This scenario is identical to Scenario 2 - Base, but with the imposition of debt service associated with the deployment of a FTTP architecture.
Scenario 2 (b)	This scenario uses Scenario 2 - Base, baseline demand data, but then assumes optimization of several components of the business case including rate design resulting in average revenue per user (ARPU) enhancement, defined "spike" in subscription due to assumed market response to a more robust product offering, defined optimization in operating costs including material reductions in CATV programming fees, and reductions in realized overall operating costs.
Scenario 3 - Base	This scenario leverages broadband and voice demand data consistent with Scenario 1- Base, but assumes upgrades to the City's network infrastructure come by way of a targeted upgrade to the City's hybrid COAX/Fiber infrastructure rather than deployment of a FTTP infrastructure as reflected in preceding Scenarios (1(a), (b), Scenario 2(a),(b)).
Scenario 3 (a)	This scenario is identical to Scenario 3 - Base, but with the imposition of debt service associated with the deployment of a FTTP architecture.
Scenario 3 (b)	This scenario uses Scenario 3 - Base, baseline demand data, but then assumes optimization of several components of the business case including rate design resulting in average revenue per user (ARPU) enhancement, defined "spike" in subscription due to assumed market response to a more robust product offering, defined optimization in operating costs including material reductions in CATV programming fees, and reductions in realized overall operating costs. For comparability purposes, all assumptions for the base case as well as modified / optimized view are identical to Scenario 1 - Base Case.



All modeled scenarios employ a shared foundational approach to developing forecasted revenues and expenses. Specifically:

- Revenue for broadband, video, and voice product lines was developed by applying linear regression trending to supplied historic, per product demand data. CityNet's prevailing rate structures at the per-product offering level were then applied to the trended demand data.
- Expense forecasts were developed based on a two-part process. First, based on guidance provided by City Management, JSI allocated CityNet's recorded operating costs to the organization's discrete product lines (CATV, broadband, voice) in order to derive margin levels on a per-product basis. Specifically, under the Steady State Baseline Run, 47.5% of non-direct recorded expenses were allocated to CATV and broadband product sets, with 5% of such expenses allocated to voice. Direct expenses (programming costs for video and Internet expenses to broadband) were directly assigned to their relevant product lines.
- Once baseline allocation of expenses was defined, JSI applied a range of discrete forecasting techniques, which were chosen based on the observed complexion of reported historical expense data. Forecasting methods leveraged within the CityNet analysis are summarized in the table below.

Illustration 3 – Forecasting Methodologies Applied at Account Level

Technique	Description	Context Used
Trended	Linear regression forecasting method projecting future values based on inherent trends in historic data.	When clear, observable trends were inherent in supplied historical data
Annual Adjustment Factor	Applied a defined annual adjustment factor to baseline data.	When changes to prevailing expenses levels are anticipated. For example, increases to personnel costs over time.
Average	Singular average value forecasted forward based on average values observed from supplied historic data	When no observable trends were inherent in the data.
Indexed	Forecasted expenses for a given line item were forecast based on a specified/observed relationship with a separate operating account. For example programming expenses were indexed to forecasted subscription revenue.	When there is a defined relationship between two accounts wherein fluctuation in the forecasted value of one account is expected to produce a comparable impact/level of movement in the account for which an indexed forecasting method is used.
Defined Static Value	Employs a single, defined static value for the course of the forecasting period	When a value is expected to be largely fixed on a going forward basis
Last Month	Employs the value reflected in the most recent financial reporting period	When a value is expected to be carried forward based on the company's most recent results.



The following modeled scenarios, which will be described and summarized more fully below, were modeled in a fashion intended to identify the financial implications of the go-forward options available to the City of San Bruno.

IV. Analysis Outcomes

A. Steady State Baseline Run

This scenario was intended to plot the future financial performance of CityNet's offerings based on forecasting the prevailing trendlines of the City's existing business case. As outlined in Illustration 2 above, Scenario 1 is broken into Base, Base w/ FTTP Deployment and Associated debt, and Base with FTTP Deployment and Modified Assumptions / Optimized Operations. A summary of forecasted results related to Scenario 1 is reflected in Illustrations 4 and 5 below.

As reflected in the cited Illustrations, based on information provided by management, CityNet's operations are currently running at an operating loss. Absent action taken to raise revenue and/or cut expenses, the operation's present negative cash flow position is forecasted to deepen as declines in CATV and broadband internet subscription falter due to prevailing subscription-based trends continuing to play out. Financial implications of the foregoing, married to certain inflationary expenses (such as payroll) which are forecasted to increase over time, will further deepen prevailing and forecasted operating losses.

Management has recognized this operating/financial dynamic and is taking specific action to address such issues through targeted operational initiatives already underway¹. Additionally, the need to upgrade the City's infrastructure to remain competitively relevant, a prerequisite to financial vitality, led

¹ Management has noted that it is well underway in its efforts to pair CATV programming costs. This is a particularly meaningful initiative as management is targeting a 30% operating margin relative to the relationship between top-line subscription revenue, and associated programming costs. Presently, CityNet's gross margin is a negative 27%. Additionally, management has identified numerous opportunities to reduce prevailing operating expense levels.



to management's initiation of this analytical exercise involving evaluating strategic options for CityNet's product suite.

With regard to the modified/optimized operating scenario modeled, enhanced performance of key aspects of the operation were assumed in select areas where optimized performance of CityNet's operation were deemed feasible. Such assumed optimization includes:

- Broadband ARPU was assumed to increase from \$68.61 to \$81.29. This would be accomplished through 1) elimination of numerous grandfathered rate designs in conjunction with consolidating available broadband rate offerings and 2) more proactive/aggressive efforts to sell value related to higher speed tier offerings.
- Demand stimulation associated with deploying a substantially more robust product offering. Demand stimulation modeled reflected a 10%-15% increase in subscription levels to select broadband speed tier offerings.
- Consistent with management guidance, the modified/optimized scenarios indexed programming costs to 70% of associated CATV top-line revenue.
- Remaining operating costs were paired by 25% over prevailing baseline levels except for City corporate allocated expenses, which were maintained at 100% of forecasted levels.

Illustrations 4 and 5 illustrate an executable path to achieving positive net cash flow associated with CityNet's operation. However, doing so will require focused execution in the areas cited. Under the optimized scenarios modeled, CityNet's operations can generate aggregate net positive cash flow for the period modeled while simultaneously meeting the debt service obligations required to finance a FTTP deployment.

1. Implications of Allocated City Overheads

To provide additional insight into the relative financial performance of CityNet's operation, JSI modeled baseline and optimized scenarios that both include and exclude allocated City overheads.

The purpose of running dual scenarios is to 1) provide insight into the margin performance of the CityNet operation attributable solely to direct operating expenses related to the delivery of products and services and 2) highlight that the City is receiving revenue from the CityNet operation that would



otherwise be absent. Such illustrations are relevant in that they provide insight into the level of margin the operation either contributes to or “consumes” from the City’s available discretionary funds.

Illustration 4 – Summarized Results of Annualized Forecasted Cash Flow

From Annual Summary			
CASH FLOW - Total			
	Base	Base W/ Debt	Modified w/ Debt
2023	(1,752,138)	(1,752,138)	1,919,597
2024	(1,983,403)	(2,473,210)	1,326,694
2025	(1,906,710)	(3,318,881)	385,757
2026	(1,733,170)	(3,565,176)	116,372
2027	(1,564,799)	(3,396,805)	201,594
2028	(1,431,355)	(3,263,360)	252,037
2029	(1,488,491)	(3,320,497)	196,738
2030	(1,577,623)	(3,409,629)	123,080
2031	(1,689,334)	(3,521,339)	27,192
2032	(1,780,460)	(3,612,466)	(47,761)
2033	(1,873,667)	(3,705,673)	(124,432)
2034	(1,969,532)	(3,801,538)	(203,393)
2035	(2,068,132)	(3,900,138)	(284,713)
2036	(2,169,548)	(4,001,553)	(368,468)
2037	(2,663,389)	(4,495,395)	(844,256)
	(27,651,751)	(51,537,800)	2,676,038



Illustration 5 – Summarized Results of Annualized Forecasted Cash Flow – Net of City of San Bruno Overhead Expense Allocations

From Annual Summary			
CASH FLOW - Total			
	Base	Base W/ Debt	Modified w/ Debt
2023	(926,137)	(926,137)	2,745,598
2024	(1,157,402)	(1,647,209)	2,152,695
2025	(1,080,709)	(2,492,880)	1,211,758
2026	(907,169)	(2,739,175)	942,373
2027	(738,798)	(2,570,804)	1,027,595
2028	(605,353)	(2,437,359)	1,078,038
2029	(662,490)	(2,494,496)	1,022,739
2030	(751,622)	(2,583,628)	949,081
2031	(863,332)	(2,695,338)	853,193
2032	(954,459)	(2,786,465)	778,240
2033	(1,047,666)	(2,879,672)	701,569
2034	(1,143,531)	(2,975,537)	622,609
2035	(1,242,131)	(3,074,137)	541,288
2036	(1,343,546)	(3,175,552)	457,534
2037	(1,837,387)	(3,669,393)	(18,255)
	(15,261,733)	(39,147,782)	15,066,056

B. Elimination of CATV Service

While CityNet's operations are, on the whole, producing negative cash flow results, its broadband operation is, based on expense allocations assumed, producing consistently positive cash flows. In conjunction with CATV's broader industry subscription trends, this reality begs the question as to whether the City should suspend the CATV portion of its operation.



As reflected in Illustrations 6 and 7 below, however, simply eliminating the CATV operation is not a panacea to driving positive overall cash flows, nor a concomitant ability to effectively finance the network upgrades necessary to render the City's remaining product offerings financially sustainable.

All things being equal, the elimination of CATV service would result in the operational costs allocated to the CATV business case in Scenario 1 - Base case (including financing costs) shifting to the pro forma results forecasted for CityNet's remaining services – broadband and voice.

Should such a course be pursued as a result of, for example, the perceived implications of industry-wide trends in CATV subscription, several material adjustments would be required in the City's current operational framework to create a sustainable foundation for ongoing broadband/voice-only operations. To this point, the following represents the optimization steps modeled which were identified as necessary to produce a sustainable broadband/voice-only operation.

- Broadband ARPU was assumed to increase from \$68.61 to \$81.29. This would be accomplished through 1) elimination of numerous grandfathered rate designs in conjunction with consolidating available broadband rate offerings and 2) more proactive/aggressive efforts to sell value of higher speed tier offerings.
- Demand stimulation associated with deploying a substantially more robust product offering. Demand stimulation modeled reflected a 10%-15% increase in subscription levels to select broadband speed tier offerings.
- The remaining operating costs were paired by roughly 56% over prevailing baseline levels except for programming costs which were eliminated entirely, and City corporate allocated expenses which were maintained at 100% of forecasted levels.



Illustration 6 – Summarized Results of Annualized Forecasted Cash Flow

From Annual Summary			
CASH FLOW - Total			
	Base	Base W/ Debt	Modified w/ Debt
2023	(2,276,697)	(2,276,697)	1,623,757
2024	(2,376,111)	(2,865,918)	1,304,207
2025	(2,443,574)	(3,855,745)	361,461
2026	(2,522,764)	(4,354,770)	(17,353)
2027	(2,607,422)	(4,439,428)	(40,791)
2028	(2,694,633)	(4,526,639)	(80,200)
2029	(2,784,471)	(4,616,477)	(120,763)
2030	(2,877,017)	(4,709,023)	(162,518)
2031	(2,992,856)	(4,824,861)	(226,002)
2032	(3,091,070)	(4,923,076)	(270,252)
2033	(3,192,246)	(5,024,252)	(315,804)
2034	(3,296,475)	(5,128,481)	(362,699)
2035	(3,403,851)	(5,235,856)	(410,979)
2036	(3,514,470)	(5,346,476)	(460,687)
2037	(4,017,959)	(5,849,965)	(901,395)
	(44,091,617)	(67,977,666)	(80,018)



Illustration 7 – Summarized Results of Annualized Forecasted Cash Flow – Net of City of San Bruno Overhead Expense Allocations

From Annual Summary			
CASH FLOW - Total			
	Base	Base W/ Debt	Modified w/ Debt
2023	(1,450,696)	(1,450,696)	2,449,758
2024	(1,550,110)	(2,039,917)	2,130,208
2025	(1,617,573)	(3,029,744)	1,187,463
2026	(1,696,763)	(3,528,769)	808,648
2027	(1,781,421)	(3,613,427)	785,210
2028	(1,868,632)	(3,700,638)	745,801
2029	(1,958,470)	(3,790,476)	705,238
2030	(2,051,016)	(3,883,022)	663,484
2031	(2,166,854)	(3,998,860)	600,000
2032	(2,265,069)	(4,097,075)	555,749
2033	(2,366,245)	(4,198,251)	510,197
2034	(2,470,474)	(4,302,480)	463,302
2035	(2,577,849)	(4,409,855)	415,023
2036	(2,688,468)	(4,520,474)	365,314
2037	(3,191,958)	(5,023,964)	(75,394)
	(31,701,599)	(55,587,648)	12,310,000

C. Modernization of Existing COAX-Based Network Infrastructure:

The final primary scenario modeled assumed a retrofit of the City's existing coaxial cable infrastructure. Under this scenario, nominal levels of fiber deployment were assumed (22.38 miles versus a full FTTP fiber deployment requiring roughly 5X the fiber level at ~111.88 miles). Lower electronic and placement costs rendered a CAPEX estimate of less than a third of the complete FTTP network design.



It should be noted, however, that this approach does have its drawbacks relative to an entire FTTP-based business case; namely:

1. Fiber is a more robust technology, and deployment costs forecasted for the FTTP design are sufficient to support the deployment of a 10Gig level of service to the fiber distribution hut (“FDH”), which will position the City to provide class-leading broadband speeds to its residents throughout the modeled period.
2. Fiber allows the ability to support symmetrical upload/download speeds, a capability not supported by the COAX network design option. Enabling symmetrical speeds significantly enhances the competitive stature of the resulting product.
3. The COAX-based network design will leverage material components of the existing network. Older networks require greater network maintenance efforts.

Nevertheless, capital demands are substantially less under the COAX-based network scenario. As Illustrations 8 and 9 reflect, cash flow from the operation is forecasted to be materially higher than the preceding two scenarios, all things being equal.

To create a consistent assumption foundation by which to build an applicable “inter-scenario comparison”, assumptions surrounding the Modified/Optimized scenario of a COAX-based deployment were consistent with the FTTP-based Scenario 1 – Modified/Optimized scenario. Namely:

- Broadband ARPU was assumed to increase from \$68.61 to \$81.29. This would be accomplished through 1) elimination of numerous grandfathered rate designs in conjunction with consolidating available broadband rate offerings and 2) more proactive/aggressive efforts to sell value of higher speed tier offerings.
- Demand stimulation associated with deploying a substantially more robust product offering. Demand stimulation modeled reflected a 10%-15% increase in subscription levels to select broadband speed tier offerings.
- Consistent with management guidance, indexed programming costs to 70% of associated CATV top-line revenue.
- The remaining operating costs were paired by 25% over prevailing baseline levels except for City corporate allocated expenses, which were maintained at 100% of forecasted levels.



Illustration 8 – Summarized Results of Annualized Forecasted Cash Flow

From Annual Summary			
CASH FLOW - Total			
	Base	Base W/ Debt	Modified w/ Debt
2023	(1,752,138)	(1,752,138)	1,919,597
2024	(1,983,403)	(2,117,551)	1,682,353
2025	(1,906,710)	(2,293,474)	1,411,165
2026	(1,733,170)	(2,234,918)	1,446,630
2027	(1,564,799)	(2,066,547)	1,531,852
2028	(1,431,355)	(1,933,102)	1,582,295
2029	(1,488,491)	(1,990,239)	1,526,996
2030	(1,577,623)	(2,079,371)	1,453,338
2031	(1,689,334)	(2,191,081)	1,357,450
2032	(1,780,460)	(2,282,208)	1,282,497
2033	(1,873,667)	(2,375,415)	1,205,826
2034	(1,969,532)	(2,471,280)	1,126,866
2035	(2,068,132)	(2,569,880)	1,045,545
2036	(2,169,548)	(2,671,295)	961,791
2037	(2,663,389)	(3,165,136)	486,002
	(27,651,751)	(34,193,636)	20,020,202



Illustration 9 – Summarized Results of Annualized Forecasted Cash Flow – Net of City of San Bruno Overhead Expense Allocations

From Annual Summary			
CASH FLOW - Total			
	Base	Base W/ Debt	Modified w/ Debt
2023	(926,137)	(926,137)	2,745,598
2024	(1,157,402)	(1,291,550)	2,508,354
2025	(1,080,709)	(1,467,473)	2,237,166
2026	(907,169)	(1,408,917)	2,272,631
2027	(738,798)	(1,240,546)	2,357,853
2028	(605,353)	(1,107,101)	2,408,296
2029	(662,490)	(1,164,237)	2,352,997
2030	(751,622)	(1,253,370)	2,279,340
2031	(863,332)	(1,365,080)	2,183,451
2032	(954,459)	(1,456,207)	2,108,498
2033	(1,047,666)	(1,549,414)	2,031,827
2034	(1,143,531)	(1,645,279)	1,952,867
2035	(1,242,131)	(1,743,878)	1,871,547
2036	(1,343,546)	(1,845,294)	1,787,792
2037	(1,837,387)	(2,339,135)	1,312,003
	(15,261,733)	(21,803,618)	32,410,220



V. Final Conclusions Recommendations:

Management has effectively identified the strategic and tactical options before the organization, specifically, 1) modernize the organization's network while optimizing its operational position, or 2) exit the business via a sale of the enterprise.

Phase II of JSI's analysis is designed to formulate an enterprise value for CityNet's operation which will provide critical context to the process of weighing the City's options as defined above. Equally relevant to determining the appropriate path for the City is:

- Management's relative confidence in making the operational changes necessary to produce accretive cash flow of a level necessary to 1) service attendant debt related to capital investments necessary to sustain the organization's competitive relevancy and 2) produce the level of financial performance sufficient to meet the City's expectations surrounding the financial performance of the operation; and,
- The City's view of the importance of remaining a service provider to the city's residents related to ensuring a level of service that would otherwise be unavailable;

JSI would recommend that in conjunction with the City's consideration of its strategic and tactical options, and upon completion of the Phase 2 Valuation component of this analysis, CityNet prepare a tactical plan to effect the operational enhancements necessary to produce cash flows sufficient to 1) service the debt related to the desired level and form of network upgrades deemed appropriate and 2) produce the level of financial performance targeted by the City.

Appendix A

Financial Illustrations



Illustration 10 - Comparative Results CATV Business Case

Base Case

CASH FLOW			
	Base	Base W/ Debt	Modified w/ Debt
2023	(2,083,036)	(2,083,036)	(104,963)
2024	(2,251,299)	(2,483,957)	(614,042)
2025	(2,144,662)	(2,815,444)	(1,053,515)
2026	(1,930,593)	(2,800,796)	(1,146,763)
2027	(1,717,401)	(2,587,603)	(1,041,457)
2028	(1,537,794)	(2,407,996)	(955,062)
2029	(1,547,389)	(2,417,592)	(973,360)
2030	(1,587,559)	(2,457,762)	(1,008,933)
2031	(1,628,340)	(2,498,542)	(1,045,119)
2032	(1,667,527)	(2,537,730)	(1,079,718)
2033	(1,707,240)	(2,577,443)	(1,114,853)
2034	(1,748,009)	(2,618,212)	(1,151,056)
2035	(1,789,860)	(2,660,063)	(1,188,360)
2036	(1,832,824)	(2,703,027)	(1,226,799)
2037	(2,071,695)	(2,941,898)	(1,461,173)
	(27,245,228)	(38,591,101)	(15,165,174)



Illustration 11 – CATV Pro Forma – Base Case – No Buildout / No Debt

CATV - BASE - NO DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,580,077	3,192,084	3,080,166	3,076,706	3,073,247	3,069,779	3,066,318	3,062,859	3,059,763	3,059,262	3,059,262	3,059,262	3,059,262	3,059,262	3,059,262
Expenses	5,857,878	5,638,148	5,419,593	5,202,065	4,985,413	4,802,338	4,808,473	4,845,183	4,882,868	4,921,554	4,961,268	5,002,036	5,043,887	5,086,851	5,130,957
Operating Income	(2,277,802)	(2,446,065)	(2,339,428)	(2,125,358)	(1,912,166)	(1,732,559)	(1,742,155)	(1,782,325)	(1,823,105)	(1,862,293)	(1,902,006)	(1,942,774)	(1,984,626)	(2,027,590)	(2,071,695)
EBITDA	(2,083,036)	(2,251,299)	(2,144,662)	(1,930,593)	(1,717,401)	(1,537,794)	(1,547,389)	(1,587,559)	(1,628,340)	(1,667,527)	(1,707,240)	(1,748,009)	(1,789,860)	(1,832,824)	(2,071,695)
Debt Service															
Cash Flow	(2,083,036)	(2,251,299)	(2,144,662)	(1,930,593)	(1,717,401)	(1,537,794)	(1,547,389)	(1,587,559)	(1,628,340)	(1,667,527)	(1,707,240)	(1,748,009)	(1,789,860)	(1,832,824)	(2,071,695)
Cumulative Cash Flow	(2,083,036)	(4,334,335)	(6,478,997)	(8,409,590)	(10,126,991)	(11,664,784)	(13,212,173)	(14,799,732)	(16,428,072)	(18,095,599)	(19,802,839)	(21,550,848)	(23,340,708)	(25,173,532)	(27,245,228)



Illustration 12 – CATV Pro Forma – Base Case – FTTP Buildout With Debt

CATV - BASE - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,580,077	3,192,084	3,080,166	3,076,706	3,073,247	3,069,779	3,066,318	3,062,859	3,059,763	3,059,262	3,059,262	3,059,262	3,059,262	3,059,262	3,059,262
Expenses	5,857,878	5,638,148	5,419,593	5,202,065	4,985,413	4,802,338	4,808,473	4,845,183	4,882,868	4,921,554	4,961,268	5,002,036	5,043,887	5,086,851	5,130,957
Operating Income	(2,277,802)	(2,446,065)	(2,339,428)	(2,125,358)	(1,912,166)	(1,732,559)	(1,742,155)	(1,782,325)	(1,823,105)	(1,862,293)	(1,902,006)	(1,942,774)	(1,984,626)	(2,027,590)	(2,071,695)
EBITDA	(2,083,036)	(2,251,299)	(2,144,662)	(1,930,593)	(1,717,401)	(1,537,794)	(1,547,389)	(1,587,559)	(1,628,340)	(1,667,527)	(1,707,240)	(1,748,009)	(1,789,860)	(1,832,824)	(2,071,695)
47.50% Debt Service	\$ -	\$ (232,658)	\$ (670,781)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)
Cash Flow	(2,083,036)	(2,483,957)	(2,815,444)	(2,800,796)	(2,587,603)	(2,407,996)	(2,417,592)	(2,457,762)	(2,498,542)	(2,537,730)	(2,577,443)	(2,618,212)	(2,660,063)	(2,703,027)	(2,941,898)
Cumulative Cash Flow	(2,083,036)	(4,566,994)	(7,382,437)	(10,183,233)	(12,770,836)	(15,178,833)	(17,596,424)	(20,054,186)	(22,552,728)	(25,090,458)	(27,667,901)	(30,286,113)	(32,946,176)	(35,649,203)	(38,591,101)

Illustration 13 – CATV Pro Forma – Base Case – FTTP Buildout With Debt – Modified Assumptions

CATV - MODIFIED - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	\$ 3,580,077	\$ 3,192,084	\$ 3,080,166	\$ 3,076,706	\$ 3,073,247	\$ 3,069,779	\$ 3,066,318	\$ 3,062,859	\$ 3,059,763	\$ 3,059,262	\$ 3,059,262	\$ 3,059,262	\$ 3,059,262	\$ 3,059,262	\$ 3,059,262
Expenses	\$ 3,879,806	\$ 3,768,233	\$ 3,657,665	\$ 3,548,032	\$ 3,439,266	\$ 3,349,404	\$ 3,364,240	\$ 3,396,355	\$ 3,429,445	\$ 3,463,543	\$ 3,498,677	\$ 3,534,880	\$ 3,572,185	\$ 3,610,623	\$ 3,650,232
Operating Income	\$ 3,254,749	\$ (576,149)	\$ (577,499)	\$ (471,326)	\$ (366,020)	\$ (279,625)	\$ (297,922)	\$ (333,496)	\$ (369,682)	\$ (404,281)	\$ (439,416)	\$ (475,619)	\$ (512,923)	\$ (551,362)	\$ (590,970)
EBITDA	\$ (104,963)	\$ (381,383)	\$ (382,733)	\$ (276,561)	\$ (171,254)	\$ (84,859)	\$ (103,157)	\$ (138,730)	\$ (174,917)	\$ (209,516)	\$ (244,650)	\$ (280,853)	\$ (318,157)	\$ (356,596)	\$ (590,970)
47.50% Debt Service	-	(232,658)	(670,781)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)
Cash Flow	\$ (104,963)	\$ (614,042)	\$ (1,053,515)	\$ (1,146,763)	\$ (1,041,457)	\$ (955,062)	\$ (973,360)	\$ (1,008,933)	\$ (1,045,119)	\$ (1,079,718)	\$ (1,114,853)	\$ (1,151,056)	\$ (1,188,360)	\$ (1,226,799)	\$ (1,461,173)
Cumulative Cash Flow	\$ (104,963)	\$ (719,005)	\$ (1,772,520)	\$ (2,919,283)	\$ (3,960,740)	\$ (4,915,802)	\$ (5,889,162)	\$ (6,898,095)	\$ (7,943,215)	\$ (9,022,933)	\$ (10,137,786)	\$ (11,288,842)	\$ (12,477,202)	\$ (13,704,001)	\$ (15,165,174)



Illustration 14 - Comparative Results Broadband Business Case

Base Case

CASH FLOW			
	Base	Base W/ Debt	Modified w/ Debt
2023	377,265	377,265	2,070,927
2024	339,792	107,134	2,037,122
2025	318,223	(352,558)	1,590,152
2026	281,765	(588,438)	1,439,077
2027	241,139	(629,064)	1,423,189
2028	199,299	(670,904)	1,391,559
2029	156,212	(713,991)	1,359,011
2030	111,838	(758,364)	1,325,517
2031	66,140	(804,063)	1,291,045
2032	19,073	(851,130)	1,255,564
2033	(29,400)	(899,602)	1,219,049
2034	(79,322)	(949,525)	1,181,465
2035	(130,739)	(1,000,942)	1,142,780
2036	(183,698)	(1,053,901)	1,102,958
2037	(433,007)	(1,303,210)	867,203
	1,254,580	(10,091,293)	20,696,617



Illustration 15 – Broadband Pro Forma – Base Case – No Buildout / No Debt

BROADBAND- BASE - NO DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,726,816	3,725,756	3,741,706	3,743,909	3,743,119	3,742,327	3,741,537	3,740,747	3,739,958	3,739,166	3,738,376	3,737,586	3,736,796	3,736,005	3,735,215
Expenses	3,544,317	3,580,729	3,618,248	3,656,909	3,696,746	3,737,794	3,780,091	3,823,675	3,868,584	3,914,859	3,962,541	4,011,674	4,062,301	4,114,468	4,168,222
Operating Income	182,500	145,027	123,458	87,000	46,373	4,533	(38,554)	(82,927)	(128,626)	(175,693)	(224,165)	(274,088)	(325,505)	(378,463)	(433,007)
EBITDA	377,265	339,792	318,223	281,765	241,139	199,299	156,212	111,838	66,140	19,073	(29,400)	(79,322)	(130,739)	(183,698)	(433,007)
Debt Service															
Cash Flow	377,265	339,792	318,223	281,765	241,139	199,299	156,212	111,838	66,140	19,073	(29,400)	(79,322)	(130,739)	(183,698)	(433,007)
Cumulative Cash Flow	377,265	717,058	1,035,281	1,317,046	1,558,185	1,757,483	1,913,695	2,025,534	2,091,673	2,110,746	2,081,347	2,002,024	1,871,285	1,687,588	1,254,580



Illustration 16 – Broadband Pro Forma – Base Case – FTTP Buildout With Debt

BROADBAND - BASE - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,726,816	3,725,756	3,741,706	3,743,909	3,743,119	3,742,327	3,741,537	3,740,747	3,739,958	3,739,166	3,738,376	3,737,586	3,736,796	3,736,005	3,735,215
Expenses	3,544,317	3,580,729	3,618,248	3,656,909	3,696,746	3,737,794	3,780,091	3,823,675	3,868,584	3,914,859	3,962,541	4,011,674	4,062,301	4,114,468	4,168,222
Operating Income	182,500	145,027	123,458	87,000	46,373	4,533	(38,554)	(82,927)	(128,626)	(175,693)	(224,165)	(274,088)	(325,505)	(378,463)	(433,007)
EBITDA	377,265	339,792	318,223	281,765	241,139	199,299	156,212	111,838	66,140	19,073	(29,400)	(79,322)	(130,739)	(183,698)	(433,007)
47.50% Debt Service	\$ -	\$ (232,658)	\$ (670,781)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)
Cash Flow	377,265	107,134	(352,558)	(588,438)	(629,064)	(670,904)	(713,991)	(758,364)	(804,063)	(851,130)	(899,602)	(949,525)	(1,000,942)	(1,053,901)	(1,303,210)
Cumulative Cash Flow	377,265	484,399	131,841	(456,596)	(1,085,660)	(1,756,565)	(2,470,556)	(3,228,920)	(4,032,983)	(4,884,113)	(5,783,715)	(6,733,240)	(7,734,182)	(8,788,083)	(10,091,293)

Illustration 17 – Broadband Pro Forma – Base Case – FTTP Buildout With Debt – Modified Assumptions

BROADBAND - MODIFIED - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	4,785,421	5,011,104	5,029,903	5,106,737	5,120,201	5,118,817	5,117,436	5,116,056	5,114,675	5,113,291	5,111,910	5,110,530	5,109,149	5,107,765	5,106,384
Expenses	2,909,259	2,936,089	2,963,735	2,992,222	3,021,575	3,051,822	3,082,988	3,115,102	3,148,193	3,182,290	3,217,424	3,253,628	3,290,932	3,329,371	3,368,979
Operating Income	1,876,162	2,075,015	2,066,168	2,114,515	2,098,626	2,066,996	2,034,449	2,000,954	1,966,483	1,931,001	1,894,486	1,856,902	1,818,217	1,778,395	1,737,406
EBITDA	2,070,927	2,269,780	2,260,933	2,309,280	2,293,391	2,261,761	2,229,214	2,195,719	2,161,248	2,125,767	2,089,251	2,051,668	2,012,983	1,973,160	1,737,406
47.50% Debt Service	\$ -	\$ (232,658)	\$ (670,781)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)
Cash Flow	2,070,927	2,037,122	1,590,152	1,439,077	1,423,189	1,391,559	1,359,011	1,325,517	1,291,045	1,255,564	1,219,049	1,181,465	1,142,780	1,102,958	867,203
Cumulative Cash Flow	\$ 2,070,927	\$ 4,108,049	\$ 5,698,201	\$ 7,137,279	\$ 8,560,467	\$ 9,952,026	\$11,311,037	\$12,636,554	\$13,927,599	\$15,183,163	\$16,402,212	\$17,583,677	\$18,726,457	\$19,829,414	\$20,696,617



Illustration 18 - Comparative Results Voice Business Case

Base Run

CASH FLOW			
	Base	Base W/ Debt	Modified w/ Debt
2023	(46,367)	(46,367)	(46,367)
2024	(71,896)	(96,387)	(96,387)
2025	(80,271)	(150,880)	(150,880)
2026	(84,342)	(175,943)	(175,943)
2027	(88,537)	(180,137)	(180,137)
2028	(92,860)	(184,460)	(184,460)
2029	(97,314)	(188,914)	(188,914)
2030	(101,903)	(193,503)	(193,503)
2031	(127,134)	(218,734)	(218,734)
2032	(132,006)	(223,607)	(223,607)
2033	(137,027)	(228,628)	(228,628)
2034	(142,201)	(233,802)	(233,802)
2035	(147,532)	(239,133)	(239,133)
2036	(153,026)	(244,626)	(244,626)
2037	(158,686)	(250,286)	(250,286)
	(1,661,103)	(2,855,406)	(2,855,406)



Illustration 19 – Voice Pro Forma – Base Case – No Buildout / No Debt

VOICE - BASE - NO DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	258,459	236,764	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340
Expenses	325,328	329,162	333,113	337,184	341,379	345,701	350,155	354,745	359,474	364,346	369,367	374,541	379,872	385,366	391,026
Operating Income	(66,869)	(92,398)	(100,773)	(104,844)	(109,039)	(113,361)	(117,815)	(122,405)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
EBITDA	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
Debt Service															
Cash Flow	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
Cumulative Cash Flow	(46,367)	(118,264)	(198,535)	(282,877)	(371,414)	(464,274)	(561,587)	(663,490)	(790,624)	(922,630)	(1,059,658)	(1,201,859)	(1,349,391)	(1,502,417)	(1,661,103)



Illustration 20 – Voice Pro Forma – Base Case – FTTP Buildout With Debt

VOICE - BASE - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	258,459	236,764	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340
Expenses	\$ 10,351	\$ 329,162	\$ 333,113	\$ 337,184	\$ 341,379	\$ 345,701	\$ 350,155	\$ 354,745	\$ 359,474	\$ 364,346	\$ 369,367	\$ 374,541	\$ 379,872	\$ 385,366	\$ 391,026
Operating Income	248,108	(92,398)	(100,773)	(104,844)	(109,039)	(113,361)	(117,815)	(122,405)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
EBITDA	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
5% Debt Service	\$ -	\$ (24,490)	\$ (70,609)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)
Cash Flow	(46,367)	(96,387)	(150,880)	(175,943)	(180,137)	(184,460)	(188,914)	(193,503)	(218,734)	(223,607)	(228,628)	(233,802)	(239,133)	(244,626)	(250,286)
Cumulative Cash Flow	(46,367)	(142,754)	(293,634)	(469,576)	(649,714)	(834,174)	(1,023,087)	(1,216,591)	(1,435,324)	(1,658,931)	(1,887,559)	(2,121,361)	(2,360,493)	(2,605,119)	(2,855,406)

No Scenario Was Developed Employing Modified / Optimized Voice Assumptions



Illustration 21 - Comparative Results Broadband Business Case –

NO CATV SERVICE

CASH FLOW			
	Base	Base W/ Debt	Modified w/ Debt
2023	(2,230,330)	(2,230,330)	1,670,124
2024	(2,304,214)	(2,769,531)	1,400,594
2025	(2,363,303)	(3,704,866)	512,341
2026	(2,438,422)	(4,178,828)	158,590
2027	(2,518,885)	(4,259,291)	139,346
2028	(2,601,774)	(4,342,179)	104,260
2029	(2,687,158)	(4,427,563)	68,150
2030	(2,775,114)	(4,515,520)	30,986
2031	(2,865,722)	(4,606,128)	(7,268)
2032	(2,959,064)	(4,699,469)	(46,646)
2033	(3,055,219)	(4,795,624)	(87,177)
2034	(3,154,274)	(4,894,680)	(128,898)
2035	(3,256,318)	(4,996,724)	(171,846)
2036	(3,361,444)	(5,101,850)	(216,061)
2037	(3,859,273)	(5,599,678)	(651,108)
	(42,430,514)	(65,122,260)	2,775,387



Illustration 22 – Broadband Pro Forma – No Buildout / No Debt

NO CATV SERVICE

BROADBAND- NO CATV - NO DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,726,816	3,725,756	3,741,706	3,743,909	3,743,119	3,742,327	3,741,537	3,740,747	3,739,958	3,739,166	3,738,376	3,737,586	3,736,796	3,736,005	3,735,215
Expenses	6,346,677	6,419,501	6,494,541	6,571,862	6,651,536	6,733,632	6,818,226	6,905,393	6,995,211	7,087,761	7,183,126	7,281,391	7,382,646	7,486,980	7,594,487
Operating Income	(2,619,861)	(2,693,746)	(2,752,834)	(2,827,953)	(2,908,416)	(2,991,305)	(3,076,689)	(3,164,645)	(3,255,253)	(3,348,595)	(3,444,750)	(3,543,805)	(3,645,849)	(3,750,975)	(3,859,273)
EBITDA	(2,230,330)	(2,304,214)	(2,363,303)	(2,438,422)	(2,518,885)	(2,601,774)	(2,687,158)	(2,775,114)	(2,865,722)	(2,959,064)	(3,055,219)	(3,154,274)	(3,256,318)	(3,361,444)	(3,859,273)
Debt Service															
Cash Flow	(2,230,330)	(2,304,214)	(2,363,303)	(2,438,422)	(2,518,885)	(2,601,774)	(2,687,158)	(2,775,114)	(2,865,722)	(2,959,064)	(3,055,219)	(3,154,274)	(3,256,318)	(3,361,444)	(3,859,273)
Cumulative Cash Flow	(2,230,330)	(4,534,544)	(6,897,847)	(9,336,269)	(11,855,155)	(14,456,928)	(17,144,086)	(19,919,200)	(22,784,922)	(25,743,986)	(28,799,205)	(31,953,479)	(35,209,797)	(38,571,241)	(42,430,514)



Illustration 23 – Broadband Pro Forma – Base Case – FTTP Buildout With Associated Debt – NO CATV SERVICE

BROADBAND - NO CATV - W/ OVERBUILD & DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,726,816	3,725,756	3,741,706	3,743,909	3,743,119	3,742,327	3,741,537	3,740,747	3,739,958	3,739,166	3,738,376	3,737,586	3,736,796	3,736,005	3,735,215
Expenses	6,346,677	6,419,501	6,494,541	6,571,862	6,651,536	6,733,632	6,818,226	6,905,393	6,995,211	7,087,761	7,183,126	7,281,391	7,382,646	7,486,980	7,594,487
Operating Income	(2,619,861)	(2,693,746)	(2,752,834)	(2,827,953)	(2,908,416)	(2,991,305)	(3,076,689)	(3,164,645)	(3,255,253)	(3,348,595)	(3,444,750)	(3,543,805)	(3,645,849)	(3,750,975)	(3,859,273)
EBITDA	(2,230,330)	(2,304,214)	(2,363,303)	(2,438,422)	(2,518,885)	(2,601,774)	(2,687,158)	(2,775,114)	(2,865,722)	(2,959,064)	(3,055,219)	(3,154,274)	(3,256,318)	(3,361,444)	(3,859,273)
95.00% Debt Service	\$ -	\$ (465,317)	\$ (1,341,563)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)
Cash Flow	(2,230,330)	(2,769,531)	(3,704,866)	(4,178,828)	(4,259,291)	(4,342,179)	(4,427,563)	(4,515,520)	(4,606,128)	(4,699,469)	(4,795,624)	(4,894,680)	(4,996,724)	(5,101,850)	(5,599,678)
Cumulative Cash Flow	(2,230,330)	(4,999,861)	(8,704,727)	(12,883,554)	(17,142,845)	(21,485,025)	(25,912,588)	(30,428,108)	(35,034,235)	(39,733,704)	(44,529,329)	(49,424,008)	(54,420,732)	(59,522,582)	(65,122,260)

Illustration 24 – Broadband Pro Forma – FTTP Buildout With Debt – Modified Assumptions – NO CATV SERVICE

BROADBAND - NO CATV - MODIFIED - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	4,785,421	5,011,104	5,029,903	5,106,737	5,120,201	5,118,817	5,117,436	5,116,056	5,114,675	5,113,291	5,111,910	5,110,530	5,109,149	5,107,765	5,106,384
Expenses	3,504,828	3,534,724	3,565,530	3,597,273	3,629,981	3,663,683	3,698,411	3,734,196	3,771,068	3,809,062	3,848,212	3,888,553	3,930,120	3,972,952	4,017,087
Operating Income	1,280,593	1,476,380	1,464,373	1,509,464	1,490,221	1,455,134	1,419,025	1,381,860	1,343,607	1,304,229	1,263,698	1,221,977	1,179,029	1,134,813	1,089,297
EBITDA	1,670,124	1,865,911	1,853,904	1,898,995	1,879,752	1,844,665	1,808,556	1,771,391	1,733,138	1,693,760	1,653,229	1,611,508	1,568,560	1,524,344	1,089,297
95.00% Debt Service	\$ -	\$ (465,317)	\$ (1,341,563)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)	\$ (1,740,406)
Cash Flow	1,670,124	1,400,594	512,341	158,590	139,346	104,260	68,150	30,986	(7,268)	(46,646)	(87,177)	(128,898)	(171,846)	(216,061)	(651,108)
Cumulative Cash Flow	\$ 1,670,124	\$ 3,070,718	\$ 3,583,059	\$ 3,741,649	\$ 3,880,995	\$ 3,985,254	\$ 4,053,405	\$ 4,084,390	\$ 4,077,123	\$ 4,030,477	\$ 3,943,301	\$ 3,814,403	\$ 3,642,557	\$ 3,426,496	\$ 2,775,387



Illustration 25 - Comparative Results Voice Business Case –

NO CATV

CASH FLOW			
	Base	Base W/ Debt	Modified w/ Debt
2023	(46,367)	(46,367)	(46,367)
2024	(71,896)	(96,387)	(96,387)
2025	(80,271)	(150,880)	(150,880)
2026	(84,342)	(175,943)	(175,943)
2027	(88,537)	(180,137)	(180,137)
2028	(92,860)	(184,460)	(184,460)
2029	(97,314)	(188,914)	(188,914)
2030	(101,903)	(193,503)	(193,503)
2031	(127,134)	(218,734)	(218,734)
2032	(132,006)	(223,607)	(223,607)
2033	(137,027)	(228,628)	(228,628)
2034	(142,201)	(233,802)	(233,802)
2035	(147,532)	(239,133)	(239,133)
2036	(153,026)	(244,626)	(244,626)
2037	(158,686)	(250,286)	(250,286)
	(1,661,103)	(2,855,406)	(2,855,406)



Illustration 26 – Voice Pro Forma – No Buildout / No Debt

VOICE - NO CATV - NO DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	258,459	236,764	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340
Expenses	325,328	329,162	333,113	337,184	341,379	345,701	350,155	354,745	359,474	364,346	369,367	374,541	379,872	385,366	391,026
Operating Income	(66,869)	(92,398)	(100,773)	(104,844)	(109,039)	(113,361)	(117,815)	(122,405)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
EBITDA	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
Debt Service															
Cash Flow	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
Cumulative Cash Flow	(46,367)	(118,264)	(198,535)	(282,877)	(371,414)	(464,274)	(561,587)	(663,490)	(790,624)	(922,630)	(1,059,658)	(1,201,859)	(1,349,391)	(1,502,417)	(1,661,103)

This scenario assumes no expense reductions would accompany the elimination of CATV service. Non-Programming related operating expenses previously allocated to CATV in the Base run were re-allocated to Broadband (95%) and Voice (5%).



Illustration 27 – Voice Pro Forma – FTTP Buildout With Debt - **NO CATV SERVICE**

VOICE - NO CATV - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	258,459	236,764	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340
Expenses	\$ 11,534	\$ 329,162	\$ 333,113	\$ 337,184	\$ 341,379	\$ 345,701	\$ 350,155	\$ 354,745	\$ 359,474	\$ 364,346	\$ 369,367	\$ 374,541	\$ 379,872	\$ 385,366	\$ 391,026
Operating Income	246,925	(92,398)	(100,773)	(104,844)	(109,039)	(113,361)	(117,815)	(122,405)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
EBITDA	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
5% Debt Service	\$ -	\$ (24,490)	\$ (70,609)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)
Cash Flow	(46,367)	(96,387)	(150,880)	(175,943)	(180,137)	(184,460)	(188,914)	(193,503)	(218,734)	(223,607)	(228,628)	(233,802)	(239,133)	(244,626)	(250,286)
Cumulative Cash Flow	(46,367)	(142,754)	(293,634)	(469,576)	(649,714)	(834,174)	(1,023,087)	(1,216,591)	(1,435,324)	(1,658,931)	(1,887,559)	(2,121,361)	(2,360,493)	(2,605,119)	(2,855,406)

No Scenario Was Developed Employing Modified / Optimized Voice Assumptions



*Illustration 28 - Comparative Results CATV Business Case –
Modernization of Existing COAX-Based Network Infrastructure*

CASH FLOW			
	Base	Base W/ Debt	Modified w/ Debt
2023	(2,083,036)	(2,083,036)	(104,963)
2024	(2,251,299)	(2,483,957)	(614,042)
2025	(2,144,662)	(2,815,444)	(1,053,515)
2026	(1,930,593)	(2,800,796)	(1,146,763)
2027	(1,717,401)	(2,587,603)	(1,041,457)
2028	(1,537,794)	(2,407,996)	(955,062)
2029	(1,547,389)	(2,417,592)	(973,360)
2030	(1,587,559)	(2,457,762)	(1,008,933)
2031	(1,628,340)	(2,498,542)	(1,045,119)
2032	(1,667,527)	(2,537,730)	(1,079,718)
2033	(1,707,240)	(2,577,443)	(1,114,853)
2034	(1,748,009)	(2,618,212)	(1,151,056)
2035	(1,789,860)	(2,660,063)	(1,188,360)
2036	(1,832,824)	(2,703,027)	(1,226,799)
2037	(2,071,695)	(2,941,898)	(1,461,173)
	(27,245,228)	(38,591,101)	(15,165,174)



Illustration 29 – CATV Pro Forma – No Buildout / No Debt

CATV - COAX PLANT - NO DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,580,077	3,192,084	3,080,166	3,076,706	3,073,247	3,069,779	3,066,318	3,062,859	3,059,763	3,059,262	3,059,262	3,059,262	3,059,262	3,059,262	3,059,262
Expenses	5,857,878	5,638,148	5,419,593	5,202,065	4,985,413	4,802,338	4,808,473	4,845,183	4,882,868	4,921,554	4,961,268	5,002,036	5,043,887	5,086,851	5,130,957
Operating Income	(2,277,802)	(2,446,065)	(2,339,428)	(2,125,358)	(1,912,166)	(1,732,559)	(1,742,155)	(1,782,325)	(1,823,105)	(1,862,293)	(1,902,006)	(1,942,774)	(1,984,626)	(2,027,590)	(2,071,695)
EBITDA	(2,083,036)	(2,251,299)	(2,144,662)	(1,930,593)	(1,717,401)	(1,537,794)	(1,547,389)	(1,587,559)	(1,628,340)	(1,667,527)	(1,707,240)	(1,748,009)	(1,789,860)	(1,832,824)	(2,071,695)
Debt Service															
Cash Flow	(2,083,036)	(2,251,299)	(2,144,662)	(1,930,593)	(1,717,401)	(1,537,794)	(1,547,389)	(1,587,559)	(1,628,340)	(1,667,527)	(1,707,240)	(1,748,009)	(1,789,860)	(1,832,824)	(2,071,695)
Cumulative Cash Flow	(2,083,036)	(4,334,335)	(6,478,997)	(8,409,590)	(10,126,991)	(11,664,784)	(13,212,173)	(14,799,732)	(16,428,072)	(18,095,599)	(19,802,839)	(21,550,848)	(23,340,708)	(25,173,532)	(27,245,228)



Illustration 30 – CATV Pro Forma – Base Case – Buildout With Associated Debt – Modernization of Existing COAX-Based Network Infrastructure

CATV - COAX PLANT - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,580,077	3,192,084	3,080,166	3,076,706	3,073,247	3,069,779	3,066,318	3,062,859	3,059,763	3,059,262	3,059,262	3,059,262	3,059,262	3,059,262	3,059,262
Expenses	5,857,878	5,638,148	5,419,593	5,202,065	4,985,413	4,802,338	4,808,473	4,845,183	4,882,868	4,921,554	4,961,268	5,002,036	5,043,887	5,086,851	5,130,957
Operating Income	(2,277,802)	(2,446,065)	(2,339,428)	(2,125,358)	(1,912,166)	(1,732,559)	(1,742,155)	(1,782,325)	(1,823,105)	(1,862,293)	(1,902,006)	(1,942,774)	(1,984,626)	(2,027,590)	(2,071,695)
EBITDA	(2,083,036)	(2,251,299)	(2,144,662)	(1,930,593)	(1,717,401)	(1,537,794)	(1,547,389)	(1,587,559)	(1,628,340)	(1,667,527)	(1,707,240)	(1,748,009)	(1,789,860)	(1,832,824)	(2,071,695)
47.50% Debt Service	\$ -	\$ (232,658)	\$ (670,781)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)
Cash Flow	(2,083,036)	(2,483,957)	(2,815,444)	(2,800,796)	(2,587,603)	(2,407,996)	(2,417,592)	(2,457,762)	(2,498,542)	(2,537,730)	(2,577,443)	(2,618,212)	(2,660,063)	(2,703,027)	(2,941,898)
Cumulative Cash Flow	(2,083,036)	(4,566,994)	(7,382,437)	(10,183,233)	(12,770,836)	(15,178,833)	(17,596,424)	(20,054,186)	(22,552,728)	(25,090,458)	(27,667,901)	(30,286,113)	(32,946,176)	(35,649,203)	(38,591,101)

Illustration 31 – CATV Pro Forma – Buildout With Associated Debt – Modernization of Existing COAX-Based Network Infrastructure

CATV - MODIFIED - W/ OVERBUILD DEBT - COAX PLANT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	\$ 3,580,077	\$ 3,192,084	\$ 3,080,166	\$ 3,076,706	\$ 3,073,247	\$ 3,069,779	\$ 3,066,318	\$ 3,062,859	\$ 3,059,763	\$ 3,059,262	\$ 3,059,262	\$ 3,059,262	\$ 3,059,262	\$ 3,059,262	\$ 3,059,262
Expenses	\$ 3,879,806	\$ 3,768,233	\$ 3,657,665	\$ 3,548,032	\$ 3,439,266	\$ 3,349,404	\$ 3,364,240	\$ 3,396,355	\$ 3,429,445	\$ 3,463,543	\$ 3,498,677	\$ 3,534,880	\$ 3,572,185	\$ 3,610,623	\$ 3,650,232
Operating Income	\$ 3,254,749	\$ (576,149)	\$ (577,499)	\$ (471,326)	\$ (366,020)	\$ (279,625)	\$ (297,922)	\$ (333,496)	\$ (369,682)	\$ (404,281)	\$ (439,416)	\$ (475,619)	\$ (512,923)	\$ (551,362)	\$ (590,970)
EBITDA	\$ (104,963)	\$ (381,383)	\$ (382,733)	\$ (276,561)	\$ (171,254)	\$ (84,859)	\$ (103,157)	\$ (138,730)	\$ (174,917)	\$ (209,516)	\$ (244,650)	\$ (280,853)	\$ (318,157)	\$ (356,596)	\$ (590,970)
47.50% Debt Service	-	(232,658)	(670,781)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)	(870,203)
Cash Flow	\$ (104,963)	\$ (614,042)	\$ (1,053,515)	\$ (1,146,763)	\$ (1,041,457)	\$ (955,062)	\$ (973,360)	\$ (1,008,933)	\$ (1,045,119)	\$ (1,079,718)	\$ (1,114,853)	\$ (1,151,056)	\$ (1,188,360)	\$ (1,226,799)	\$ (1,461,173)
Cumulative Cash Flow	\$ (104,963)	\$ (719,005)	\$ (1,772,520)	\$ (2,919,283)	\$ (3,960,740)	\$ (4,915,802)	\$ (5,889,162)	\$ (6,898,095)	\$ (7,943,215)	\$ (9,022,933)	\$ (10,137,786)	\$ (11,288,842)	\$ (12,477,202)	\$ (13,704,001)	\$ (15,165,174)



*Illustration 32 - Comparative Results Broadband Business Case –
Modernization of Existing COAX-Based Network Infrastructure*

CASH FLOW			
	Base	Base W/ Debt	Modified w/ Debt
2023	377,265	377,265	2,070,927
2024	339,792	107,134	2,037,122
2025	318,223	(352,558)	1,590,152
2026	281,765	(588,438)	1,439,077
2027	241,139	(629,064)	1,423,189
2028	199,299	(670,904)	1,391,559
2029	156,212	(713,991)	1,359,011
2030	111,838	(758,364)	1,325,517
2031	66,140	(804,063)	1,291,045
2032	19,073	(851,130)	1,255,564
2033	(29,400)	(899,602)	1,219,049
2034	(79,322)	(949,525)	1,181,465
2035	(130,739)	(1,000,942)	1,142,780
2036	(183,698)	(1,053,901)	1,102,958
2037	(433,007)	(1,303,210)	867,203
	1,254,580	(10,091,293)	20,696,617



Illustration 33 – Broadband Pro Forma – No Buildout / No Debt

BROADBAND- COAX PLANT - NO DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,726,816	3,725,756	3,741,706	3,743,909	3,743,119	3,742,327	3,741,537	3,740,747	3,739,958	3,739,166	3,738,376	3,737,586	3,736,796	3,736,005	3,735,215
Expenses	3,544,317	3,580,729	3,618,248	3,656,909	3,696,746	3,737,794	3,780,091	3,823,675	3,868,584	3,914,859	3,962,541	4,011,674	4,062,301	4,114,468	4,168,222
Operating Income	182,500	145,027	123,458	87,000	46,373	4,533	(38,554)	(82,927)	(128,626)	(175,693)	(224,165)	(274,088)	(325,505)	(378,463)	(433,007)
EBITDA	377,265	339,792	318,223	281,765	241,139	199,299	156,212	111,838	66,140	19,073	(29,400)	(79,322)	(130,739)	(183,698)	(433,007)
Debt Service															
Cash Flow	377,265	339,792	318,223	281,765	241,139	199,299	156,212	111,838	66,140	19,073	(29,400)	(79,322)	(130,739)	(183,698)	(433,007)
Cumulative Cash Flow	377,265	717,058	1,035,281	1,317,046	1,558,185	1,757,483	1,913,695	2,025,534	2,091,673	2,110,746	2,081,347	2,002,024	1,871,285	1,687,588	1,254,580



Illustration 34 – Broadband Pro Forma – Modernization of Existing COAX-Based Network Infrastructure

BROADBAND - COAX PLANT - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	3,726,816	3,725,756	3,741,706	3,743,909	3,743,119	3,742,327	3,741,537	3,740,747	3,739,958	3,739,166	3,738,376	3,737,586	3,736,796	3,736,005	3,735,215
Expenses	3,544,317	3,580,729	3,618,248	3,656,909	3,696,746	3,737,794	3,780,091	3,823,675	3,868,584	3,914,859	3,962,541	4,011,674	4,062,301	4,114,468	4,168,222
Operating Income	182,500	145,027	123,458	87,000	46,373	4,533	(38,554)	(82,927)	(128,626)	(175,693)	(224,165)	(274,088)	(325,505)	(378,463)	(433,007)
EBITDA	377,265	339,792	318,223	281,765	241,139	199,299	156,212	111,838	66,140	19,073	(29,400)	(79,322)	(130,739)	(183,698)	(433,007)
47.50% Debt Service	\$ -	\$ (232,658)	\$ (670,781)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)
Cash Flow	377,265	107,134	(352,558)	(588,438)	(629,064)	(670,904)	(713,991)	(758,364)	(804,063)	(851,130)	(899,602)	(949,525)	(1,000,942)	(1,053,901)	(1,303,210)
Cumulative Cash Flow	377,265	484,399	131,841	(456,596)	(1,085,660)	(1,756,565)	(2,470,556)	(3,228,920)	(4,032,983)	(4,884,113)	(5,783,715)	(6,733,240)	(7,734,182)	(8,788,083)	(10,091,293)

Illustration 35 – Broadband Pro Forma – Modernization of Existing COAX-Based Network Infrastructure

BROADBAND - MODIFIED - W/ OVERBUILD DEBT - COAX PLANT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	4,785,421	5,011,104	5,029,903	5,106,737	5,120,201	5,118,817	5,117,436	5,116,056	5,114,675	5,113,291	5,111,910	5,110,530	5,109,149	5,107,765	5,106,384
Expenses	2,909,259	2,936,089	2,963,735	2,992,222	3,021,575	3,051,822	3,082,988	3,115,102	3,148,193	3,182,290	3,217,424	3,253,628	3,290,932	3,329,371	3,368,979
Operating Income	1,876,162	2,075,015	2,066,168	2,114,515	2,098,626	2,066,996	2,034,449	2,000,954	1,966,483	1,931,001	1,894,486	1,856,902	1,818,217	1,778,395	1,737,406
EBITDA	2,070,927	2,269,780	2,260,933	2,309,280	2,293,391	2,261,761	2,229,214	2,195,719	2,161,248	2,125,767	2,089,251	2,051,668	2,012,983	1,973,160	1,737,406
47.50% Debt Service	\$ -	\$ (232,658)	\$ (670,781)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)	\$ (870,203)
Cash Flow	2,070,927	2,037,122	1,590,152	1,439,077	1,423,189	1,391,559	1,359,011	1,325,517	1,291,045	1,255,564	1,219,049	1,181,465	1,142,780	1,102,958	867,203
Cumulative Cash Flow	\$ 2,070,927	\$ 4,108,049	\$ 5,698,201	\$ 7,137,279	\$ 8,560,467	\$ 9,952,026	\$ 11,311,037	\$ 12,636,554	\$ 13,927,599	\$ 15,183,163	\$ 16,402,212	\$ 17,583,677	\$ 18,726,457	\$ 19,829,414	\$ 20,696,617



*Illustration 36 - Comparative Results Voice Business Case –
Modernization of Existing COAX-Based Network Infrastructure*

CASH FLOW			
	Base	Base W/ Debt	Modified w/ Debt
2023	(46,367)	(46,367)	(46,367)
2024	(71,896)	(96,387)	(96,387)
2025	(80,271)	(150,880)	(150,880)
2026	(84,342)	(175,943)	(175,943)
2027	(88,537)	(180,137)	(180,137)
2028	(92,860)	(184,460)	(184,460)
2029	(97,314)	(188,914)	(188,914)
2030	(101,903)	(193,503)	(193,503)
2031	(127,134)	(218,734)	(218,734)
2032	(132,006)	(223,607)	(223,607)
2033	(137,027)	(228,628)	(228,628)
2034	(142,201)	(233,802)	(233,802)
2035	(147,532)	(239,133)	(239,133)
2036	(153,026)	(244,626)	(244,626)
2037	(158,686)	(250,286)	(250,286)
	(1,661,103)	(2,855,406)	(2,855,406)



Illustration 37 – Voice Pro Forma – No Buildout / No Debt

VOICE - COAX PLANT - NO DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	258,459	236,764	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340
Expenses	325,328	329,162	333,113	337,184	341,379	345,701	350,155	354,745	359,474	364,346	369,367	374,541	379,872	385,366	391,026
Operating Income	(66,869)	(92,398)	(100,773)	(104,844)	(109,039)	(113,361)	(117,815)	(122,405)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
EBITDA	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
Debt Service															
Cash Flow	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
Cumulative Cash Flow	(46,367)	(118,264)	(198,535)	(282,877)	(371,414)	(464,274)	(561,587)	(663,490)	(790,624)	(922,630)	(1,059,658)	(1,201,859)	(1,349,391)	(1,502,417)	(1,661,103)



Illustration 38 – Voice Pro Forma – Modernization of Existing COAX-Based Network Infrastructure

VOICE - COAX PLANT - W/ OVERBUILD DEBT

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	258,459	236,764	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340	232,340
Expenses	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351	\$ 10,351
Operating Income	248,108	226,413	221,989	221,989	221,989	221,989	221,989	221,989	221,989	221,989	221,989	221,989	221,989	221,989	221,989
EBITDA	(46,367)	(71,896)	(80,271)	(84,342)	(88,537)	(92,860)	(97,314)	(101,903)	(127,134)	(132,006)	(137,027)	(142,201)	(147,532)	(153,026)	(158,686)
5% Debt Service	\$ -	\$ (24,490)	\$ (70,609)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)	\$ (91,600)
Cash Flow	(46,367)	(96,387)	(150,880)	(175,943)	(180,137)	(184,460)	(188,914)	(193,503)	(218,734)	(223,607)	(228,628)	(233,802)	(239,133)	(244,626)	(250,286)
Cumulative Cash Flow	(46,367)	(142,754)	(293,634)	(469,576)	(649,714)	(834,174)	(1,023,087)	(1,216,591)	(1,435,324)	(1,658,931)	(1,887,559)	(2,121,361)	(2,360,493)	(2,605,119)	(2,855,406)

No Scenario Was Developed Employing Modified / Optimized Voice Assumptions