



## Chelan County PUD Engineering & Technology NoaNet Update



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[www.chelanpud.org](http://www.chelanpud.org)

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# Agenda

## ▼ General Update

- History
- Current statistics

## ▼ Current funding requirement

- Recent fiber breaks
- Revenue impacts on NoaNet
- District liability, current and future

**This is an informational presentation**

**No action is required today**

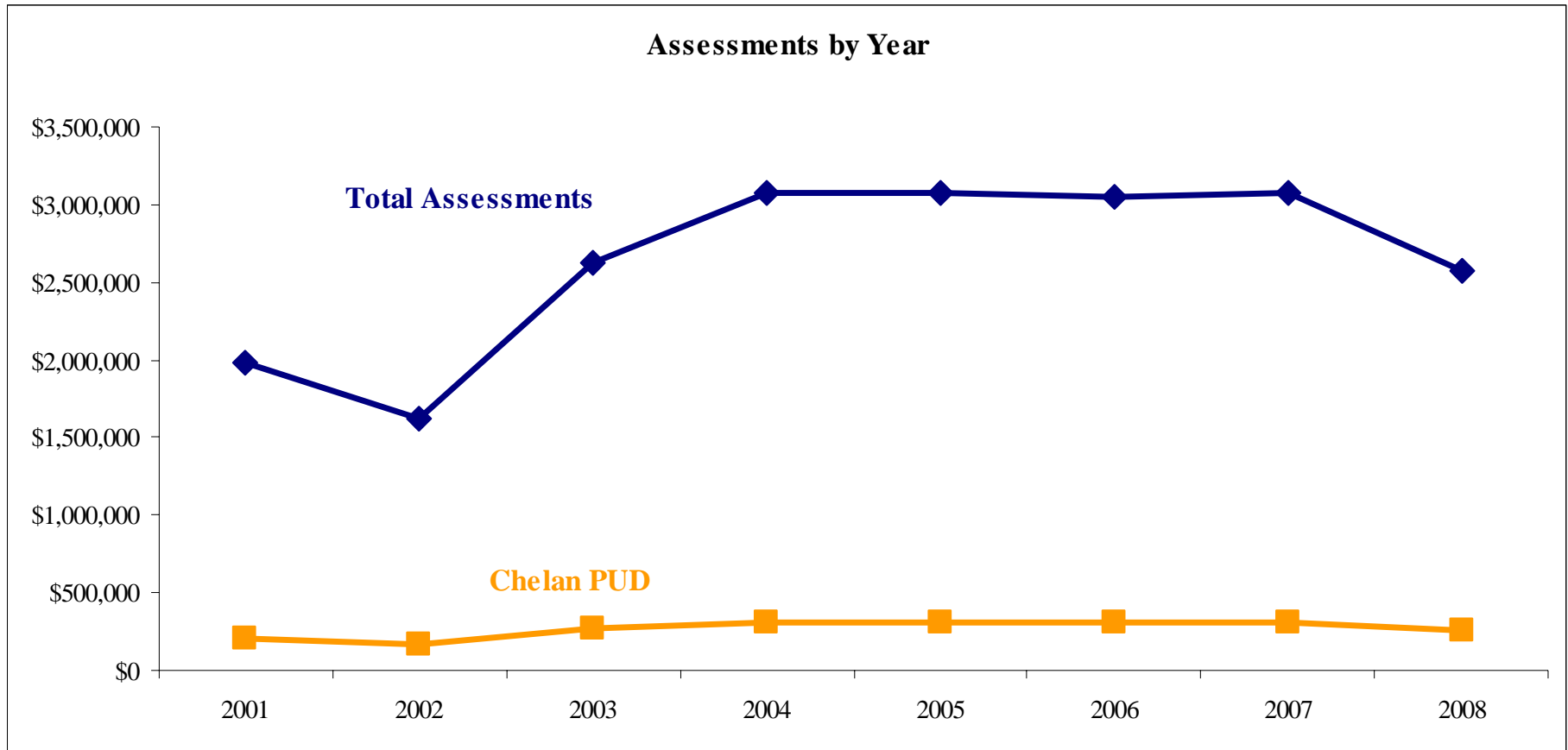
# History

- ▼ **Formed February 2000**
- ▼ **Funded by bond guarantees by PUDs**
- ▼ **Utilizes BPA fibers**
- ▼ **Offers traditional telecom (TDM) & Ethernet services**
- ▼ **Intended to grow bandwidth and footprint**

# Member Percentage Interest

NoaNet Bylaws		Schedule A \$27M 16 Members					Based upon 2008 Budget Proposal			Sch 6 From 11/05
Founding Members	WPUDA Dues %	Guarantor %**	Guarantor Total	Max %	Max \$	\$2.571718 M Guarantee			Ongoing %	
						Total	Int 06/01/08	P&I 11/01/08		
1	Benton	9.00%	14.06%	\$ 3,796,200	17.575%	\$ 4,745,250	\$ 361,584	\$ 96,080	\$ 265,503	14.17%
2	Chelan	6.48%	10.12%	\$ 2,732,400	12.650%	\$ 3,415,500	\$ 260,258	\$ 69,156	\$ 191,102	11.71%
3	Clallam	4.59%	7.17%	\$ 1,935,900	8.963%	\$ 2,419,875	\$ 184,392	\$ 48,997	\$ 135,395	7.23%
4	Douglas	2.67%	4.17%	\$ 1,125,900	5.213%	\$ 1,407,375	\$ 107,241	\$ 28,496	\$ 78,745	5.74%
5	Energy Northwest	4.72%	7.38%	\$ 1,992,600	9.225%	\$ 2,490,750	\$ 189,793	\$ 50,432	\$ 139,361	5.50%
6	Franklin	4.09%	6.39%	\$ 1,725,300	7.988%	\$ 2,156,625	\$ 164,333	\$ 43,667	\$ 120,666	3.00%
7	Grant	9.00%	14.06%	\$ 3,796,200	17.575%	\$ 4,745,250	\$ 361,584	\$ 96,080	\$ 265,503	14.17%
8	Grays Harbor	7.65%	11.95%	\$ 3,226,500	14.938%	\$ 4,033,125	\$ 307,320	\$ 81,661	\$ 225,659	
9	Jefferson	0.09%	0.14%	\$ 37,800	0.175%	\$ 47,250	\$ 3,600	\$ 957	\$ 2,644	0.14%
10	Kitsap	0.91%	1.42%	\$ 383,400	1.775%	\$ 479,250	\$ 36,518	\$ 9,704	\$ 26,815	12.97%
11	Kittitas	0.50%	0.78%	\$ 210,600	0.975%	\$ 263,250	\$ 20,059	\$ 5,330	\$ 14,729	
12	Mason #3	5.04%	7.88%	\$ 2,127,600	9.850%	\$ 2,659,500	\$ 202,651	\$ 53,849	\$ 148,803	10.33%
13	Okanogan	3.49%	5.45%	\$ 1,471,500	6.813%	\$ 1,839,375	\$ 140,159	\$ 37,243	\$ 102,916	5.50%
14	Pacific	2.76%	4.31%	\$ 1,163,700	5.388%	\$ 1,454,625	\$ 110,841	\$ 29,453	\$ 81,388	5.60%
15	Pend Oreille	2.50%	3.91%	\$ 1,055,700	4.888%	\$ 1,319,625	\$ 100,554	\$ 26,719	\$ 73,835	3.94%
16	Whatcom	0.52%	0.81%	\$ 218,700	1.013%	\$ 273,375	\$ 20,831	\$ 5,535	\$ 15,296	
		0.6401	100.0000%	\$27,000,000	125.0000%	\$33,750,000	\$ 2,571,718	\$ 683,359	\$ 1,888,359	100.0000%

# NoaNet assessments to date



▼ Funds used to pay down original bond debt

# Current Performance

## ▼ Strong long term contracts

- Microsoft
- Yahoo!
- Government and educational sector

## ▼ Continued revenue growth

- 06' to 07' revenues are up 26%, \$9.35M to \$11.8M
- 06' to 07' EBIDTA increased 47%, \$1.5M to \$2.2M
- Increasing revenue from server farms
- Increasing revenue from non-member telecom and cable companies

# Current issues and funding requirement

## ▼ 5 major fiber breaks in the past 18 months

- Restoration time from 10 hours to 11 days
- Significant impact on NoaNet's reputation for reliability
- Potential loss of current and future business

## ▼ Solution

- Alternate underground route from Seattle to Yakima
- Fiber is scarce on this route
- Requires new hardware to support additional route

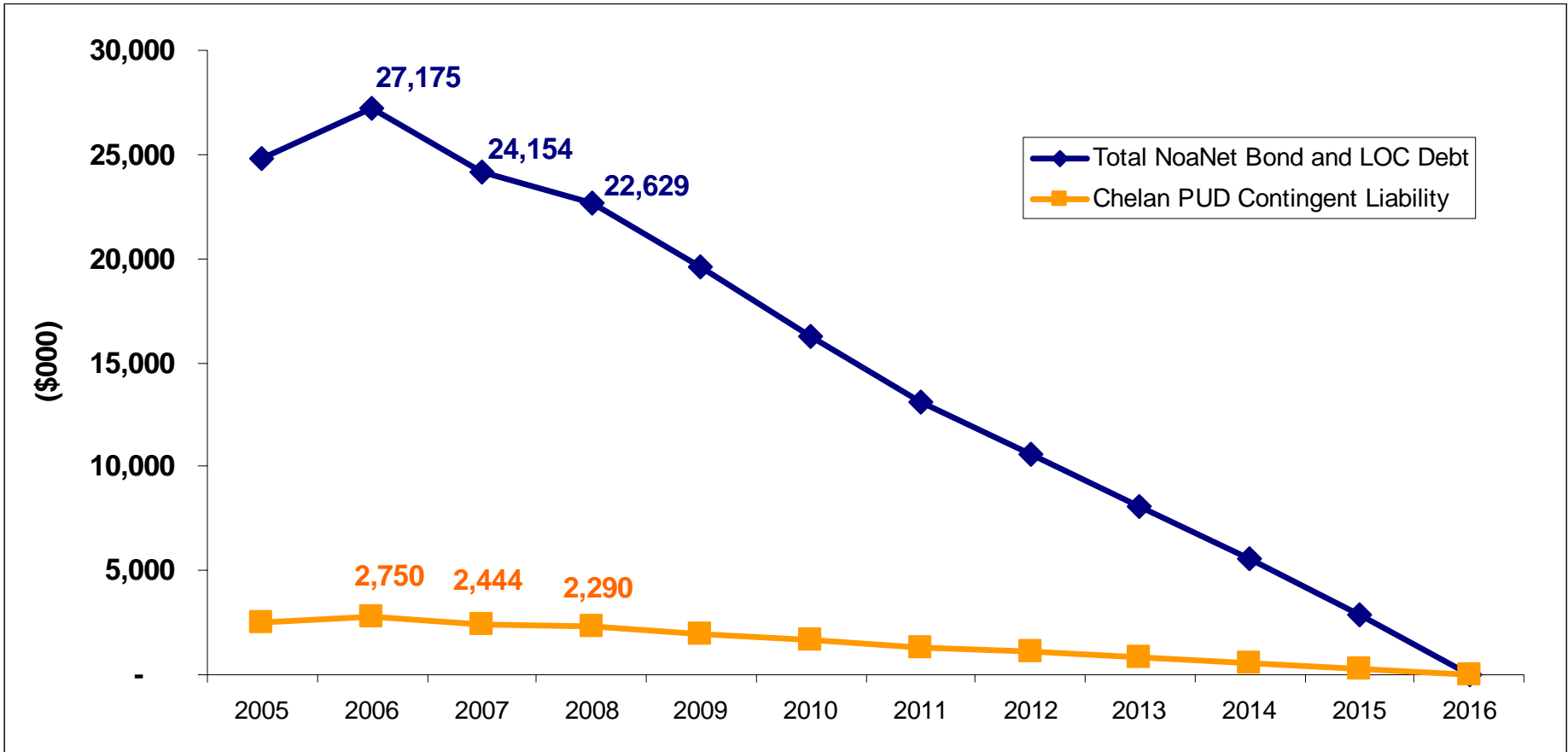
## ▼ Funding requirement

- Approximately \$1,500,000 is needed immediately for this integration project
- Additional funds may be required in the future to expand network capabilities
- NoaNet will have new revenue streams to recover the initial costs over time and contribute to the financial success of NoaNet going forward

# Member guarantees

Members	Sixth Amended Schedule A	\$1,500,000 Member Guarantee
		\$1,500,000
Benton	14.17%	212,550
Chelan	11.71%	175,650
Clallam	7.23%	108,450
Douglas	5.74%	86,100
ENW	5.50%	82,500
Franklin	3.00%	45,000
Grant	14.17%	212,550
Jefferson	0.14%	2,100
Kitsap	12.97%	194,550
Mason #3	10.33%	154,950
Okanogan	5.50%	82,500
Pacific	5.60%	84,000
Pend Oreille	3.94%	59,100
	<b>100.00%</b>	<b>\$1,500,000</b>

# Chelan PUD's NoaNet liabilities over time



▼ Graph includes new \$1.5M draw in 2008

# Summary

- ▼ NoaNet is doing well with the new Central Washington server farms
- ▼ Reliability is critical to NoaNet's largest customers
- ▼ Current fiber paths have too many vulnerabilities
- ▼ NoaNet needs to invest \$1.5M to increase reliability and continue to grow its business
- ▼ Chelan would be guaranteeing 11.71% or \$175,650
- ▼ Additional funding requirements may come up if the business case supports it

## Questions or Comments?

See <http://www.chelanpud.org/fiber> for more information