

From: "Bela Gary" <bgary@covad.com>
To: "Darrell Whitis" <dwhitis@mail.state.tn.us>
Date: 1/10/00 9:19am
Subject: RE: DIECA Communications application (Docket #99-00823)

Mr. Whitis:

Attached are revised financials for DIECA Communications. Please let me know if you need anything else. I also sent a hard copy which should arrive today.

Bela Gary

> -----Original Message-----

> From: Darrell Whitis [mailto:dwhitis@mail.state.tn.us]

> Sent: Tuesday, January 04, 2000 11:21 AM

> To: bgary@Covad.COM

> Subject: DIECA Communications application (Docket #99-00823)

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> Ms. Bela Gary:

> The TRA wants to express our appreciation for submitting the data
> response to our office on December 20, 1999.

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> The data response was deficient in supplying the agency with the
> three year projected financial statements (Income Statement,
> Balance Sheet, and Statement of Cash Flows) for DIECA
> Communications, Inc. Please submit the three year projected
> financial statements for DIECA Communications, Inc. by noon on
> January 11, 2000.

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> If any questions, please give our office a call at (615) 741-2904
> (ext. 132).

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> Darrell Whitis

> Utility Rate Specialist

> Telecommunications Division

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RE

Statement of Operations					
	Year 1	Year 2	Year 3	Year 4	Year 5
# CO's	10	10	10	10	10
# new Clients per month	110	177	177	243	331
Revenue (\$,000)	1,179	2,759	4,326	6,561	9,606
COGS	1,033	2,056	2,701	3,717	5,086
Gross Margin	146	703	1,626	2,844	4,519
SGA	1,156	1,529	1,608	1,954	2,419
EBITDA before Corp OH	(1,009)	(826)	18	890	2,100
Total Equipment Acq.	1,929	254	254	350	477
Cash Flow					
Current Period	(2,938)	(1,081)	(236)	540	1,623
Cumulative	(2,938)	(4,019)	(4,255)	(3,715)	(2,092)

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		Year 1	Year 2	Year 3	Year 4	Year 5
# CO's		10	10	10	10	10
# HH's covered		265,000	265,000	265,000	265,000	265,000
Take rate		0.50%	1.30%	2.10%	3.20%	4.70%
# New Clients per month		110	177	177	243	331
# Clients EOP		1,325	3,445	5,565	8,480	12,455
# Clients per CO		133	345	557	848	1,246
Revenue (\$000)						
Setup	0.200	265	424	424	583	795
CPE	0.300	358	572	572	787	1,073
Recurring	0.070	557	1,763	3,330	5,191	7,738
Total Revenue		1,179	2,759	4,326	6,561	9,606
Cost of Goods Sold						
Setup	0.200	265	424	424	583	795
CPE	0.300	358	572	572	787	1,073
Copper Line	0.024	191	604	1,142	1,780	2,653
Copper Line Throughput	0.024	69	156	262	267	265
T3 Lines per CO	2.500	150	300	300	300	300
Total COGS		1,033	2,056	2,701	3,717	5,086
Gross Margin		146	703	1,626	2,844	4,519
		12%	25%	38%	43%	47%
SGA						
Acq Cost	0.300	398	636	636	875	1,193
Variable SGA (A)	0.342	45	45	45	45	45
Ongoing Support	1%	6	18	33	52	77
Sales Commissions	4%	47	110	173	262	384
Colocation Rent	1.000	60	120	120	120	120
Regional Overhead	50.000	600	600	600	600	600
Total SGA		1,156	1,529	1,608	1,954	2,419
EBITDA before Corp OH		-1,009	-826	18	890	2,100
(A)						
ILEC Install	\$ 100					
FIT Install Costs	130					
OA, TAC, NOC	64					
Other Direct Expenses	20					
Total Variable SGA	\$ 314					
New Equipment						
Coloc Setup per CO	60.000	600	0	0	0	0
Electronics Per CO	35.000	350	0	0	0	0
Hub Equipment Per Reg	700.000	700	0	0	0	0
Data Center Eq. Per Reg	70.000	70	0	0	0	0
Line Card per Client	0.120	159	254	254	350	477
Office LH Impvt		50	0	0	0	0
Total Equipment		1,929	254	254	350	477
Cash Flow						
Current Period		-2,938	-1,081	-236	540	1,623
Cumulative		-2,938	-4,019	-4,255	-3,715	-2,092

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