

## Attachment G – Business Plan

The Project will be located in unincorporated Lincoln County, just north of North Platte. The covered Project Area includes 156 unserved households, all of which lack access to qualifying broadband service today and 100% of the total identified unserved locations within the Project Area will be served by the Project.

As noted elsewhere, Charter will provide broadband internet services to the Project Area using FTTP EPON architecture. FTTP EPON is a standardized model that is currently operated by Charter across the country, engineered and managed to meet 1 Gbps downstream speeds, 1 Gbps upstream speeds, very low latency, and with the ability to scale to higher performance specifications in the future. Charter's hybrid fiber-coaxial ("HFC") network today is typically delivering very low latency – 26 milliseconds or better – as confirmed by the FCC's Measuring Fixed Broadband reports mentioned in our "Technical Capability" discussion in Attachment E. We expect the FTTP EPON architecture for the Project Area to deliver comparable or superior performance.

The Project Area has both a low population density and high costs per passing making it unlikely that private investment will result in the extension of a comparable fiber network to the Project Area without broadband grant assistance to make construction viable and feasible.

### Financial Analysis

As shown in the table below, in the absence of support from a grant, Charter's projected free cash flow return on investment payback from incurring the total costs of the Project using private capital would be **[BEGIN CONFIDENTIAL INFORMATION] XX [END CONFIDENTIAL INFORMATION]** years. This free cash flow exhibit does not account for the time value of money. If time value of money were applied using a discount rate, the payback year would be even farther into the future. A return-on-investment period of this timeframe is unlikely to result in the deployment of broadband service in the Project Area using private investment alone, either by Charter or by another broadband provider evaluating similar investment and network deployment opportunities. Support through the requested grant, however, would make the Project commercially viable. When the requested grant is applied, the return-on-investment payback is in year **[BEGIN CONFIDENTIAL INFORMATION] XX [END CONFIDENTIAL INFORMATION]**. This payback is reasonable based on comparable risk-adjusted investment opportunities, resulting in a Project that is sustainable in the long term and ensuring the continued provision of quality services to the Project Area in future years.

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Charter's commitment to contribute or absorb substantial costs associated with the Project and seek grant funding for only a portion of the direct construction costs for the network, results in a budget that will leverage Charter's existing resources and result in streamlined grant administration due to the limited nature of the expenses for which Charter is seeking reimbursement.

Charter will be able to leverage our substantial existing internal resources and expertise to provide our management and supervision of the Project and is not seeking reimbursement of costs associated with project administration or any design, coordination, and other tasks that will be carried out by Charter internal employees within our construction, engineering, and field operations organizations. In addition to increasing the cost-effectiveness of federal funds, Charter's commitment to limit the expenses included in the budget will simplify administration of the grant and verification that grant funds are expended only for allowable costs.

Charter has more than adequate resources and cash flow to meet all Project obligations, including both initial construction and ongoing operation of the proposed network. Charter funds construction projects using a centralized holding company planning model. For the proposed Project, Charter will aggregate needs and accumulate funds at the holding company level using a mix of available funding pools, including ongoing business free cash flow, existing credit lines, and new bond issuances, which could include high yield or investment grade bonds similar to those in our debt structure today. Our goal is to mix these resources as efficiently as possible. We continually evaluate our collective funding need and utilize funding mechanisms based on what is currently most advantageous for Charter. Our centralized funding entities will then disperse funds to the Charter affiliate participating in the Covered Partnership to fund the Project on an as needed basis.

Charter's projected cash needs and projected sources of liquidity depend upon, among other things, our actual results, and the timing and amount of our expenditures. Charter reported approximately \$54 billion in revenue for 2022. Free cash flow (defined as net cash flows from operating activities, less capital expenditures and changes in accrued expenses related to capital expenditures) in 2020, 2021, and 2022 was \$7.1b, \$8.7b, and \$6.1b respectively. As of December 31, 2022, the amount available under our credit facilities was approximately \$4.0 billion and cash on hand was approximately \$645 million. We expect to utilize free cash flow, cash on hand and availability under our credit facilities as well as future refinancing transactions to further extend the maturities of our obligations. We believe we have sufficient liquidity from cash on hand, free cash flow and Charter Operating's revolving credit facility as well as access to the capital markets to fund our projected cash needs.

Collectively, our free cash flow, revolving credit capacity, and access to capital markets reflect more than sufficient resources to fund the proposed Project. In addition, consensus estimates of our ongoing free cash flow would be more than sufficient to fund our debt maturity obligations as they come due, along with allowing us to continue to operate our business, including the built-out systems in the Project Area. More practically, however, our demonstrated commitment to invest in and sustain our networks for decades -- \$40 billion nationwide over the last five years and \$31 million in Nebraska just in 2022 -- shows that we have the commitment and financial capacity to complete and operate the Project for years to come.

## **Project Plan**

The Project will be able to leverage existing Charter headend, backbone, and interconnection facilities, and will not require the construction of new buildings, towers, or other structures. Rather, it will consist solely of the construction of last-mile wireline fiber facilities from a pre-existing Charter hub to end-user locations. To consistently expand our network to serve so many new homes and businesses each year, Charter uses a comprehensive proprietary construction project management system called PRISM—a proven tool for tracking and managing all construction activity on a project-by-project, passing-by-

passing basis, with the ability to separate out various types of projects and passings by dwelling type and area. On an ongoing basis, PRISM manages thousands of construction jobs, encompassing millions of tasks across multiple Charter departments and third-party vendors. PRISM is able to accomplish this via a comprehensive real-time “Task Dashboard.” The Task Dashboard fosters visibility and drives accountability across each of PRISM’s five thousand users. This allows all groups involved (including those responsible for construction, permitting, design, and finance) to know the tasks for which they are responsible, and the timeframe allotted to each of these tasks.

The PRISM permit module enforces strict adherence to permitting rules, ensuring that steps in construction do not proceed without verified and approved permit documentation present in the system. Training is conducted frequently by a dedicated training group in Charter’s Field Engineering support organization to ensure Charter’s Construction Coordinators are well versed on the business processes and systemic solutions so that projects are managed effectively and efficiently.

Charter will likewise use PRISM to manage and meet our obligations in the Project Area. A centralized design team will separate Charter awards in each state into multiple projects in PRISM. Each project will proceed through the following project phases managed through PRISM.

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Because Charter has a well-established process for initiating and overseeing new construction projects, existing relationships with contractors to perform design, make-ready and construction work, and holds numerous regulatory authorizations and pole attachment agreements that can facilitate prompt access to rights-of-way and utility poles, it anticipates that it would be able to start work on the Project promptly upon approval. If awarded grant funds, Charter anticipates beginning the Project promptly with completion within a year from the effective date of a grant agreement, subject to timing of grant awards, pole attachment make-ready work required to install facilities, permitting delays, ability to access relevant locations, or other delays outside Charter’s reasonable control, including pandemic-related or raw materials shortages.

### **Potential Construction Roadblocks**

The primary roadblocks to any major construction project for us usually fall within two categories: permitting and make ready. While local county permitting should move quickly (we usually estimate 30 to 60 days for local permitting), we would work closely with all relevant government authorities to ensure quick action on any Interstate or State Road crossings, as well as any right of way work that would require state permitting. State permitting can usually be resolved with 60 to 90 days.

- **Material Lead Times** - We do not foresee this being an issue, and if chosen to move forward, we would look at ordering materials as soon as we have approval.
- **Access to Property** - Under Charter’s proposal, the new FTTP EPON network will be installed to reach the identified unserved location subject to surveys and our ability to reach the locations

by using our deployed broadband facilities in adjacent rights-of-way and performing standard installations (*i.e.*, standard aerial drops). The objective of connecting the identified locations in this manner may be limited by constraints in individual cases, *e.g.*, where property owners do not allow necessary access, where Charter cannot obtain access to necessary private easements or rights-of-way, or where a non-standard installation is required.

## **Project Maintenance and Scalability**

The FTTP EPON architecture proposed for the Project will scale to support customer growth and data usage growth for (a) ever increasing application requirements; (b) increasing quality demand; and (c) lower response/latency demands for ever increasing usage of highly interactive applications.

As Charter adds customers over time and as customers consume more bandwidth, Charter's scalable model and proven capacity management processes will accommodate this growth. While Charter will be building a new last mile FTTP EPON network in the Project Area, this last mile network will be connected to Charter's existing robust, resilient, and scalable network tiers (for more detail see Attachment E), which are already in place and ready for growth. Charter augments capacity and maintains our network through normal operating procedures, and these procedures will extend to the proposed Project Area seamlessly.

Our network meets growth demands by adding capacity as additional needs are identified. The Charter Network Capacity Management team monitors utilization of Hub Router tier links, Metro Router tier links, Regional Router tier links, Backbone Router tier links, Datacenter links, FTTP EPON Last Mile ports and ONU counts, and Middle Mile OLT to Hub links. The team continuously conducts a growth analysis comparing the current week's and month's peak hour traffic to the same time period in the prior year to plan for expected capacity needs and related purchases and deployments. The analysis is used to forecast, purchase, and deploy additional licenses and hardware needs for Charter's FTTP EPON network.

Once the capacity planning process outlined above identifies the need for additional licenses or hardware, the deployment processes expeditiously fulfill the need. Charter maintains an inventory of network element capacity licenses and hardware so that when capacity planning identifies the need for augmentation, a rapid Network Operations Center (NOC) change event process will add capacity through current available inventory and organize personnel to implement the upgrade during an overnight maintenance window. The balance of inventory is replenished in an ongoing process using purchase orders with Charter's network element suppliers, ensuring that available spare inventory is available for ongoing network health and capacity augmentation.

In this way, our business plan includes not only procedures and plans to build the Project, but to maintain, sustain, and improve our network over the long term.

## **Prior Federal Awards & Audits**

Charter has worked with governments across the country on joint broadband-expansion projects, including state and local governments in Alabama, California, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Ohio, South Carolina, Tennessee, and Wisconsin. As a result, Charter has extensive experience with managing and completing projects of the

sort contemplated here. A representative list of recent joint projects undertaken by Charter with state and local governments, as well as our winning bids in the RDOF auction, includes those in the following table.

Examples of Previous Federal and State Broadband Grant Awards					
Year	State	Locality	Subtype	Program	Awarded \$
2020	KS	Lansing	City	CARES	\$12,000
2022	KS	State of Kansas- Leavenworth	State	State Broadband Grant	\$403,158
2020	MN	Carlos	Township	State Broadband Grant	\$74,540
2020	MN	Rosemount	City	State Broadband Grant	\$499,072
2020	MN	Rosemount	City	CARES	\$203,000
2021	MN	Marion (Cambridge Hills, Town of )	Township	State Broadband Grant	\$28,950
2021	MN	Duluth	City	State Broadband Grant	\$11,400
2021	MN	Carlos	Township	State Broadband Grant	\$24,450
2022	MN	(City of New London) Willmar (30th Ave)	City	State & Local Fiscal Recovery	\$56,005
2022	MN	(City of New London) Willmar (141st Ave)	City	State & Local Fiscal Recovery	\$11,770
2022	MN	(City of New London) Willmar (199th Ave)	City	State & Local Fiscal Recovery	\$35,545
2022	MN	New London; Burbank (Riverwood Circle)	Township; Township	State & Local Fiscal Recovery	\$138,513
2022	MN	Lakeville (1 Project- Dakota County)	State	State Broadband Grant	\$98,750
2022	MN	Owatonna (1 Project- Steele County)	State	State Broadband Grant	\$158,052
2022	MN	Delano (2 Projects - Wright County Project C)	State	State Broadband Grant	\$1,824,009
2022	MN	Delano (2 Projects - Wright County Project D)	State	State Broadband Grant	\$1,008,146
2020	MO	Jefferson	County	State Broadband Grant	\$46,432
2020	MO	Smithville	City	State Broadband Grant	\$33,153
2020	MO	Pike (Ua Louisiana)	County	CARES	\$45,828
2022	MO	Wildwood	City	State & Local Fiscal Recovery	\$6,750,000
2022	MO	Missouri Brownfield Projects (City of Cottleville, Pacific, St. Charles)		NTIA (Local)	\$1,905,002
2020	NE	Brule	Village	CARES	\$141,400
2023	NE	Lancaster	County	Capital Projects Funds	\$3,183,095
2024	NE	Mead	Village	State Broadband Grant	\$491,881

Examples of Previous Federal and State Broadband Grant Awards					
Year	State	Locality	Subtype	Program	Awarded \$
2020	WI	Anson	Town	State Broadband Grant	\$49,000
2020	WI	Belgium	Town	State Broadband Grant	\$8,658
2020	WI	Fairwater	Village	State Broadband Grant	\$76,744
2020	WI	Jackson	Town	State Broadband Grant	\$54,716
2020	WI	Sturgeon Bay	Town	State Broadband Grant	\$188,044
2020	WI	Woodruff	Town	State Broadband Grant	\$16,500
2020	WI	Lincoln (Vilas Co.); Washington (Vilas Co)	Town; Town	State Broadband Grant	\$133,645
2020	WI	Marquette	Village	State Broadband Grant	\$341,461
2020	WI	Randolph (Columbia Co.); Randolph (Dodge Co.)	Village; Village	State Broadband Grant	\$104,034
2020	WI	Menomonie	Town	CARES	\$3,138,481
2021	WI	Lyons	Town	State Broadband Grant	\$142,500
2021	WI	Menomonie	City	CARES	\$626,279
2021	WI	Erin	Town	State & Local Fiscal Recovery	\$300,000
2021	WI	Bristol; Paris; Brighton	Village; Town; Town	State Broadband Grant - Kenosha County	\$872,171
2021	WI	Rochester; Yorkville; Union Grove	Village; Village; Village	State Broadband Grant - Racine County	\$629,616
2021	WI	Janesville	Town	State Broadband Grant	\$133,654
2021	WI	Walworth	County	State Broadband Grant - Walworth County	\$2,244,450
2022	WI	Chippewa	County	State Broadband Grant	\$812,650
2022	WI	Eau Claire	County	State Broadband Grant	\$621,422
2022	WI	Presque Isle	Town	State Broadband Grant	\$1,890,497
2022	WI	Vilas	County	State Broadband Grant	\$2,619,798

Spectrum Mid-America, LLC, has not been required to undergo any formal audits for any federally funded grants.