

---

## Amended Attachment G Cass 3 Business Plan Cox Communications

In evaluating the viability of the Cass 3 grant application submitted by Cox Communications, the project was scrutinized from a legal, technical, and cost standpoint. The evaluation is supported by years of successful broadband deployment and maintenance of financially viable Cox broadband networks in the State of Nebraska.

### **Project Overview**

The geographic area of Cass 3 is in Cass County between the cities of Springfield and Plattsmouth. The proposed project, if approved, would deploy fiber broadband internet to the unserved serviceable locations around the cities of Springfield and Plattsmouth. In order to complete fiber buildout to all serviceable locations in the community, 11 miles of new fiber to 25 locations will be built and connected to Cox existing fiber network.

### **Maintenance (Expected useful life of facilities/components)**

Cox understands what it takes to build and maintain a broadband network. Our Omaha market has over 400 technical staff capable of maintaining the existing broadband network and the project area for its expected life. Cox will be deploying the majority of fiber underground which ensures the highest level of reliability and lowest ongoing maintenance costs. All Distribution Major/Minor Field Equipment has an average useful life of 20 years.

### **Risk/Legal Factors**

With the large network that already persists in Omaha, Cox has a good grasp of the legal challenges there. Cox maintains relationships with Cass County and the surrounding areas and always obtains permissions to work in their jurisdictions. We purposefully communicate project timelines, so all stakeholders are in the loop regarding work. As in the past, Cox will seek approval from Cass County to bury fiber in the county's right of way. We are prepared to obtain highway permits and any additional permitting necessary from the Nebraska Department of Transportation. In the event of railroad crossings, Cox anticipates extra due diligence may be necessary and will proactively work with the county partners for the safest and most expedient resolution. Cox is well-versed in obtaining the requisite permits and approvals to deploy a broadband network and is prepared to build out the serviceable locations in this project legally and efficiently.

## Financials

Cox will have funds available for all project costs that exceed the amount of requested support to be received for this project. The cost of the project for all locations is estimated to be \$558,276, whereas the requested support is \$527,416. Cox will provide private funding needed for the match source and will not need to borrow funds to complete the buildout obligations for these service areas. In addition to available funds currently in operations, Cox expects to generate enough cash flows going forward from providing service to these currently unserved locations to support the maintenance of infrastructure on an ongoing basis.

Cox does not see any key risks to financial sustainability for this project. We have provided our Financial Profile and Letter of Good Standing as evidence to stability and available funds. We have included conservative penetration estimates in this project area and have seen the trends of low churn in un and underserved areas. We also have evidence that we maintain our estimated adoption and take rates, even when competition enters the project area. Cox also fully participates in the Affordable Care Program (ACP) and uses it as one of multiple tools to drive adoption and affordability for new subscribers.

Project Plan: Cox Communications proposes to build a fiber to the home network consisting of 11 fiber miles in order to serve 25 locations.

## Financial Summary

<i>in thousands</i>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Customer Revenue	\$2	\$11	\$17	\$19	\$19	\$20	\$20	\$20	\$21	\$21
<b>Total Revenue</b>	<b>\$2</b>	<b>\$11</b>	<b>\$17</b>	<b>\$19</b>	<b>\$19</b>	<b>\$20</b>	<b>\$20</b>	<b>\$20</b>	<b>\$21</b>	<b>\$21</b>
Direct Costs	\$0	\$3	\$4	\$4	\$4	\$4	\$5	\$4	\$4	\$4
<b>Contribution Margin</b>	<b>\$1</b>	<b>\$8</b>	<b>\$13</b>	<b>\$15</b>	<b>\$15</b>	<b>\$15</b>	<b>\$16</b>	<b>\$16</b>	<b>\$17</b>	<b>\$17</b>
Contribution %	75.7%	76.8%	77.2%	77.5%	77.8%	77.7%	77.5%	79.3%	80.9%	82.4%
Opex	\$5	\$3	\$3	\$2	\$2	\$2	\$2	\$2	\$2	\$2
<b>EBITDA</b>	<b>(\$3)</b>	<b>\$5</b>	<b>\$10</b>	<b>\$12</b>	<b>\$13</b>	<b>\$13</b>	<b>\$14</b>	<b>\$14</b>	<b>\$15</b>	<b>\$15</b>
EBITDA %	-174.6%	47.9%	60.1%	65.3%	66.6%	66.9%	67.1%	69.2%	71.1%	71.5%
Capex	\$562	\$5	\$3	\$2	\$1	\$0	\$0	\$0	\$0	\$5
Subsidy	(\$527)	-	-	-	-	-	-	-	-	-
<b>OFCF</b>	<b>(\$37)</b>	<b>\$0</b>	<b>\$7</b>	<b>\$10</b>	<b>\$12</b>	<b>\$13</b>	<b>\$13</b>	<b>\$14</b>	<b>\$14</b>	<b>\$10</b>
OFCF %	-2032.5%	3.6%	40.0%	54.8%	63.7%	64.8%	65.2%	67.3%	69.2%	46.3%
Depreciation	\$369	\$57	\$41	\$30	\$22	\$21	\$21	\$11	\$1	\$2
<b>Taxable Income</b>	<b>\$155</b>	<b>(\$52)</b>	<b>(\$31)</b>	<b>(\$17)</b>	<b>(\$9)</b>	<b>(\$8)</b>	<b>(\$8)</b>	<b>\$3</b>	<b>\$14</b>	<b>\$13</b>
Taxes	\$42	(\$14)	(\$8)	(\$5)	(\$2)	(\$2)	(\$2)	\$1	\$4	\$4
<b>After-Tax Free Cash Flow</b>	<b>(\$79)</b>	<b>\$14</b>	<b>\$15</b>	<b>\$15</b>	<b>\$15</b>	<b>\$15</b>	<b>\$15</b>	<b>\$13</b>	<b>\$11</b>	<b>\$6</b>
<b>Cumulative ATFCF</b>	<b>(\$79)</b>	<b>(\$65)</b>	<b>(\$50)</b>	<b>(\$35)</b>	<b>(\$20)</b>	<b>(\$5)</b>	<b>\$10</b>	<b>\$23</b>	<b>\$34</b>	<b>\$40</b>