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VIA DELIVERY

The Hon. Buster Brown
City Clerk
City of Omaha, Nebraska
1819 Farnam Street
Suite LC-1
Omaha, Nebraska 68183

Re: Cox Communications Omaha, L.L.C.
(OMA Franchise Renewal '11)
File 10269-19

Dear Mr. Clerk:

By action of the Omaha City Council taken on June 21, 2011, Cox Communications Omaha, LLC ("Cox") was granted a sixty (60) day extension of time in which to respond to the Request for Formal Renewal Proposal for a Cable Franchise ("RFRP") issued by the City of Omaha ("City") on May 10, 2011. Notwithstanding such extension, Cox previously made submissions on June 20th and July 20th which contained responses to the vast majority of the RFRP.

To that end, and in satisfaction of all elements of the RFRP not previously addressed, enclosed please find the following submissions as well as the required copies thereof:

- Responses of Cox to Form I.B and Form III requested pursuant to the RFRP; and
- Exhibit 5 submitted in support of the aforementioned response to Form III;
 - Please note that Exhibit 5 is being provided under separate cover due to the confidential nature thereof.

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The Hon. Buster Brown
August 19, 2011
Page 2

With these submissions, Cox has provided all of the information required pursuant to the RFRP. Accordingly, Cox now looks forward to continuing the positive dialogue previously conducted with the City and its representatives in an effort to determine whether a cooperative and informal resolution of the RFRP process can be obtained.

Thank You!

Respectfully,



Kermit A. Brashear
kab@brashearlaw.com
402.916.4303 (DIRECT)
For the Firm

Enclosures

cc: T. O. Mumgaard, Esq.

Form I.B. Applicant's Holdings and Present Subscriber Rates

1. Please list all, present holdings (franchises and systems) in which the Applicant or any principal* owns five percent (5%) or more of equity interest. (If additional pages are needed, please reproduce this form). An Applicant that already holds a franchise need only list (1) systems where the franchise was renewed in the last two (2) years; and (2) systems where the franchise is scheduled to expire in the next three (3) years.

Response:

The table below includes each franchise area served by Cox Communications Omaha, LCC (“Cox”) that satisfies the conditions described in Question 1.

To the extent this question purports to require that Cox list all the franchises held nationwide by its “principal” as that term is defined in this Form I.B., it is overly broad and inapposite to the City’s determination under 47 U.S.C. § 546 of whether Cox’s franchise renewal proposal is reasonable or whether Cox has the financial, legal, and technical qualifications to provide the services, *etc.*, set forth therein. Cox is a wholly-owned subsidiary of Cox Communications, Inc. (“CCI”), the third largest cable operator in the United States. CCI serves more than 6.3 million customers in 450 franchise areas in eighteen states across the country.

While CCI may qualify as Cox’s “principal” under the definition below, providing the detailed information that the City requests for all franchise areas nationwide served by CCI or its operating affiliates, or even just for those franchise areas that have granted CCI or one of its operating affiliates a renewal franchise in the past two years or are scheduled to expire in the next three years, would be inordinately burdensome and ultimately irrelevant to this Response. CCI serves neither Omaha nor the Omaha area, and neither do any of CCI’s other operating subsidiaries that hold the franchises arguably sought by this request.

Cox has provided service to the City of Omaha for more than 30 years. Its financial and technical capability to provide cable service to the City for the renewal term of the franchise cannot be reasonably questioned.

Location of System	Omaha, NE	Offutt Air Force Base, NE	Crescent, IA
Date of Most Recent Franchise Award	Cox received a full extension of its franchise in 1991. In 1997, the City passed an ordinance granting Cox a one year extension of its franchise term to reward superior technical service and responsible programming.	Cox received a full franchise renewal in 2008.	Cox received a full franchise renewal in 1998.
Plant Miles of System	4,010 coax plant miles and 1,800 fiber miles in Omaha	15.2 miles	7.4 miles

Location of System	Omaha, NE	Offutt Air Force Base, NE	Crescent, IA
Approximate number of Subscribers Served	108,000	622	172
Level of financial support provided for PEG programming	\$130,000 per year	None	None
Level of franchise fee paid to the franchising authority	5% of gross revenues	Not Applicable	3% of subscriber revenues
Name of any competing wireline provider	CenturyLink	CenturyLink	CenturyLink
Description of any institutional network or two-way services offered	Not Applicable	Not Applicable	Not Applicable
Name and Address of Local Government Officials Responsible for Cable Operations	Thomas O. Mumgaard, Esq. Deputy City Attorney City of Omaha 1819 Farnam Street Suite LC-1 Omaha, NE 68183	Charles Jones 101 Washington Square Offutt AFB, NE 68113	Mary Martin P.O. Box 16 Crescent, IA 51526

* For purposes of this form, "principal" means any officer or director of Applicant, and any person, firm, corporation, subsidiary, joint venture or other entity, that owns or controls five percent (5%) or more of the voting stock (or any equivalent voting interest of a partnership or joint venture) of Applicant.

2. Please list other investments or affiliations, direct or indirect, with any media, entertainment or telecommunications enterprise serving the City in which the Applicant or any principal owns five percent (5%) or more of equity interest.

Response:

Cox does not own a five percent (5%) or greater interest in any media, entertainment, or telecommunications enterprise serving the City that is relevant to this Application to operate a cable system to provide cable services. CCI affiliate Cox Nebraska Telcom, LLC provides telecommunications services in Omaha.

Form III. Financial Qualifications and Information

An important element of any response to this RFRP is an adequate demonstration of financial capability to perform. Clear, complete and documented financial information is required for the City to determine the qualifications of the Applicant.

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Form III.A. System Financing Plan

Please attach a detailed description of the financing plan for any cable system construction proposed during the period covered by your response to this RFRP. Indicate the source and amount of financing required to complete the construction in each of these categories, including internally generated funds, newly issued equity, newly issued debt, and any other sources. Identify the issuer, and the anticipated terms of any new debt and equity to be issued. In describing the terms of financing, include interest rates, collateral, guarantees, terms and conditions. Documentation must be submitted which corroborates the commitment of funds (where applicable) and lists the name, address, title and telephone number of the appropriate contact person for each organization involved in funding debt or equity. Copies of financing agreements are to be submitted or otherwise made available for inspection at the location indicated in the Instructions. Attach separate pages as necessary.

Response:

Pursuant to the 2007 Addendum to its Franchise Agreement, Cox previously completed an upgrade of its cable system in Omaha to a state-of-the-art fiber-optic/coaxial cable physical plant. Therefore, no further system-wide plant construction will be necessary to provide additional services for the foreseeable future, and Cox does not anticipate any financing that would be necessary for cable system construction during the likely term of its renewal franchise. Cox, therefore, has no financing plans for future system upgrades at this time.

Cox plans to fund minor construction projects, such as required plant extensions, maintenance, system improvements, and other activities required in the normal course of business from system revenues.

Form III.B. Applicant's Financial Statements

1. Please attach audited financial statements, including statements of income, balance sheets and cash flow statements, together with any notes necessary to the understanding of the financial statements, for the last five (5) fiscal years for the Applicant's cable system within the City. If audited information is not available, unaudited information is to be provided, and certified as correct by the Applicant's authorized Financial Officer. In addition, Applicant shall provide separate information for any affiliate or parent company where necessary to understand the statements for Applicant's system in the City, or where the debt, interest or other obligations or assets or revenue or expenses of such affiliate or parent company are in any way allocated to Applicant's system in the City. Any compensation received by Applicant's owners or related parties from the Applicant - whether in the form of salary, dividends, in-kind payments, fringe or personal benefits, stock options, or otherwise - shall be disclosed as to type and amount in each year.

Response:

Subject to the confidentiality protections of Nebraska law, NEB. REV. STAT. § 84-712.05(3), and the enclosed request for confidentiality, attached as Exhibit 5 is a confidential copy of the Cox Communication, Inc. ("CCI") audited 2010 Annual Financial Supplement, which includes data from as far back as 2008 for Cox's parent company. This highly confidential document demonstrates the financial capability of Cox's parent company and is among the documents Cox typically provides potential lenders, subject to a non-disclosure agreement, to demonstrate the company's financial capability. Moreover, as described below, Cox already has provided the City more than enough system-specific information to demonstrate that Cox has the requisite financial capability to perform the commitments in Cox's renewal proposal.

With regard to the City's request for detailed financial information pertaining specifically to the Omaha system, Cox objects to this request because (i) Cox does not maintain the request financial data at the franchise area level for Omaha; and (ii) the request is overbroad and inapposite to the City's consideration of Cox's "financial, legal, and technical ability to provide the services, facilities, and equipment" specified in its renewal proposal pursuant to 47 U.S.C. § 546. In discharging its duties under that section, an LFA may only "require an applicant to submit relevant evidence of financial responsibility and operational competence" by, for example, requiring "an applicant to post a reasonable performance bond, obtain adequate insurance and submit evidence of competence to operate the system." *Group W Cable, Inc. v. City of Santa Cruz*, 669 F.Supp 954, 971 (N.D. Cal. 1987). An LFA, however, "may not . . . deny a franchise for the failure to answer questions that are irrelevant to its interest in minimizing disruption to the public domain" or demand disclosure of the scope requested by Form III.B. *Id.* In other words, LFA financial information requests must be reasonably tailored to obtain information necessary to a determination of a renewal applicant's financial capability to continue operating its cable system.

The City's requests fail to satisfy this governing standard for several reasons. First, Cox has demonstrated its financial capability through 30 years of high-quality, uninterrupted cable service, and the company has a sterling record of financial performance.

Moreover, Cox regularly demonstrates its financial health to the City through submission of gross revenue reports pursuant to the current franchise agreement. *See Franchise Agreement, § 6.* Indeed, Cox provided the City with volumes of financial information earlier in the renewal process to confirm proper payment of past franchise fees, and that data remains in the City's possession. The additional confidential information Cox is providing now also demonstrates the financial capability of Cox's parent company, CCI. For these reasons, the detailed, system-specific retrospective financial information requested by the City is entirely unnecessary to any reasonable evaluation of Cox's financial capability. In short, no doubt can exist that Cox has the financial ability to provide the services, facilities, and equipment set forth in its renewal proposal.

Requiring Cox to provide the requested information also would be unreasonable because the financial information sought by the City does not exist at the franchise area level. Cox does not produce or maintain the requested financial data for the Omaha franchise area, nor is it required to do so. Cox's Omaha Franchise Agreement never has required it to maintain detailed and complete financial records that reflect only Cox's Omaha operations. Pursuant to franchise requirements, Cox maintains local records only of its gross revenue. *See id.* Cox does not maintain records of specific local revenues or expenses unless required to do so by its Omaha Franchise Agreement. That agreement does not require Cox to track local expenses in the usual course of business and requires Cox to track local revenues only to the extent necessary to demonstrate proper payment of franchise fees. Cox potentially could respond to the City's request only by constructing estimates based on regional and national data that may or may not contain relevant information. Given Cox's demonstrated track record of financial health, the required fabrication of dubious financial records to further demonstrate financial ability would be entirely unreasonable.

Requiring Cox to develop such records also would be unreasonable because constructing the requested information from the records Cox does maintain would lead to unreliable results. Inasmuch as Cox does not maintain the requested financial data on a local basis, a specific response to this request would require Cox to develop hypothetical and inherently unreliable retrospective financial data. Developing accurate retrospective financial data of the type the City requests for the Omaha franchise area simply is impossible. The best that Cox could do would be to develop estimates based on conjectures about the portion of revenues and expenses for the Omaha region that are derived from the Omaha franchise area. Performing this task would require Cox to expend unreasonable amounts of time and money developing data that would be both inherently unreliable and potentially misleading, and therefore would be of little use in assessing Cox's financial ability to satisfy the commitments reflected in its renewal proposal. Section 546 of the Act does not authorize the City to require that Cox expend its resources developing unreliable financial data in support of its assertion of financial capability.

For all these reasons, Cox cannot provide – and it would be unreasonable for the City to require that Cox provide – the specific information requested by Form III.B. Cox nevertheless has already submitted all the information the City reasonably could need to determine Cox's financial qualifications. The only rational conclusion the City can draw from all the data before it is that Cox has ample financial qualifications to justify grant of a renewal franchise agreement.

2. For the last three (3) fiscal years and for each of the entities indicated above, to the extent not provided in the statements identified above, identify:

(a) revenue by type. (e.g., basic service, other tier service, pay service, pay-per-view service, equipment rental, installation, advertising, itemized franchise fees or other fees, etc.) and expenses by type (e.g., programming costs, plant maintenance and technical expenses, marketing expenses, customer service expenses, franchise fee expenses, etc.).

Response:

Pursuant to § 6 of the Franchise Agreement and as part of previous information submission to the City during this renewal process, Cox has provided the gross revenue information relating to the City of Omaha that it possesses. That information includes whatever information Cox possesses that is responsive to this subpart.

(b) distribution plant miles, homes passed, subscribers, listed separately, for each service tier, and pay units (at year end and at previous year end if not already included).

Response:

Cox has provided data regarding its distribution plant miles and approximate number of cable subscribers in its response to Form I.B. The figures were roughly the same at year end 2009 and year end 2010.

Cox's cable system passed approximately 194,234 homes in the Omaha franchise area at the close of 2010, and 191,967 homes at the close of 2009.

Cox serves the following:

	2010	2009
Basic Subscribers	108,752	108,702
Expanded Basic Subscribers	98,102	97,729
Digital Basic Subscribers	69,029	65,434
Expanded Digital Subscribers	65,092	61,270
Pay-Unit Subscribers (i.e., HBO, Cinemax, etc.)	59,106	62,673

Pursuant to § 6 of the Franchise Agreement and as part of previous information submissions to the City during this renewal process, Cox has provided the gross revenue information relating to the City of Omaha that it possesses. That information includes whatever information Cox possesses that is responsive to this subpart.

FORM III

Page 6

As part of your response to this Form, please provide the historical financial data requested above in the same format used in your response to Form III.C.

Form III.C. Pro Forma Financial Projections

The Applicant shall furnish tables following the format below and shall provide the requested pro forma projections for the Applicant's operations within the City for the proposed franchise term (see Form X) assuming franchises for the territories specified in this RFRP are awarded on July 1, 2012.¹ If the system's assumed revenues or expenses will reflect an allocation of assumed expenses or revenues for some other entity, including, but not limited to, overhead allocations and management fees, pro forma projections for such other entity should be provided as well. The pro forma projections shall include approximately the same line-item level of detail indicated on the attached forms, but particular details of presentation may differ if the Applicant believes that alternatives are more appropriate given its internal accounting practices.

Key assumptions supporting the projections shall be documented and submitted as notes to the pro formas. In particular, assumptions regarding upgrades, PEG requirements, franchise fee expenses, and any other franchise requirements shall be clearly identified and treatment of associated costs or revenues in the financial projections shall be highlighted or explained.

Financial pro formas shall be based upon RFRP requirements. If the application deviates from those requirements, submit separate and additional pro formas showing the financial impact of each difference.

Please provide the following financial projections for each year of the proposed franchise term.

Response:

Cox objects to the City's request for pro forma financial projections on much the same grounds as it objects to the City's request for retrospective financial data requested in Form III.B.1. The City's request is overbroad and inapposite to the City's determination of Cox's franchise renewal proposal under 47 U.S.C. § 546. Moreover, the City may not deny Cox's franchise request for declining to produce "ten-year projections of operating costs and revenue." *Group W Cable, Inc. v. City of Santa Cruz*, 669 F.Supp 954, 971 (N.D. Cal. 1987).

As described in its response to Form III.B. above, Cox does not maintain financial records on a local franchise area level that would allow it to respond to this request. Given that Cox's records are not maintained on a local basis and that Cox operates a consolidated regional cable system serving communities throughout the Omaha greater area, developing pro forma projections for the Omaha franchise area alone would be even more speculative and prone to error than developing the retrospective data requested by Form III.B. The development of models for allocating expenses, system investments, and system assets among Cox's various Nebraska and Iowa franchise areas, including Omaha, would require a series of conjectures and would result in nothing more than speculative

¹ The City recognizes that the franchise may not be awarded on July 1, 2011. In part we chose that date for purposes of convenient analysis. In addition, the term proposed is based on the needs and interests of the City as they exist today. The longer the renewal process takes, the shorter the term may be.

guesses. Pro forma projections would compound this imprecision by requiring Cox to make another set of hypotheses about the future development of the video services market in Omaha and throughout the country. These projections would be wholly unreliable because they would have been predicated upon a hypothetical past that had itself been “projected” from other data.

Even assuming for the sake of argument that Cox did maintain the necessary financial data at the local level, it does not develop pro forma projections for future periods of ten or fifteen years at any level. Pro forma projections of that length would, by their nature, be so speculative as to be practically worthless for any purpose, including the City’s consideration of Cox’s franchise renewal proposal under 47 U.S.C. § 546.

The City’s request for annual projections of the number of workers Cox will employ over the term of the renewal franchise (Section 12, below) is similarly unreasonable. As Cox informed the City in its response to Form IX, it currently employs nearly 1,100 workers in its Omaha system, broken down by job category as follows:

EMPLOYEES, BY CATEGORY	Current Employment
Customer Care	392
Operations/Field/Truck Technicians	161
Plant/Network	190
Sales	102
Other (Bus ops, PR, Media, Business, MTC, Solution Stores, Administrative)	244
Total	1089

Cox does not expect this number to increase or decrease substantially during the term of the franchise, but in any case, Cox does not make the requested projections – on an annual basis or otherwise – during the normal course of its planning and providing the requested numbers would be little more than speculation.

Rather than create conjectural “pro formas” that are neither necessary nor useful to determine whether Cox has the financial capability to operate its Omaha cable system (as it has successfully for the past thirty years), Cox has provided *actual* financial data in the form of past revenue statements and confidential and detailed CCI financial data that allows the City to assess Cox’s financial qualifications. Pursuant to § 6 of the Franchise Agreement, Cox produces and submits to the City financial statements verifying total gross revenue and the total subscribers. This information, considered with Cox’s track record of service and financial health as well as the audited financial data provided for CCI is more than sufficient for the City to conclude that Cox will possess sufficient future financial capability to perform its obligations under a renewal franchise agreement.

1. <u>REVENUES</u> -	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
<i>Households in franchise area:</i>			
- total			
- homes passed			
Beginning subscribers			
Net subscriber growth/loss			
Penetration percentage			
New subscriber connects			
Household reconnects			
Subscriber disconnects			
Number of basic subscribers			
Number of subscribers for other tiers			
Number of premium units			
Number of pay-per-view units sold			
<i>Revenue per subscriber:</i>			
Basic			

1. <u>REVENUES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Other tiers			
Premium			
Number of subscribers for each premium service			
Cable guide			
Pay-per-view			
Converter/remotes			
Extra outlets			
Installation			
HD service fees			
Advertising			
Home Shopping			
Other (Specify***)			
TOTAL			
<i>Revenue (annual \$ total):</i>			
Basic			
Other tiers			
Premium			
Pay-per-view			
Converter/remotes			
Extra outlets			
Installation			
HD service fees			
Advertising			
Home Shopping			
Other (Specify **)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

2. <u>STATEMENT OF INCOME</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Revenues			
Operating Expenses			
Programming			
Technical & Plant			
Marketing			
Administration & General			
Other Operating Expenses			
TOTAL OPERATING EXPENSES			
Operating Income			
Less -			
Depreciation			
Amortization			
Interest on Debt to Corporate Parent/related			
Other Interest			
Other Expenses/(Income)			
Net Income before Income Taxes			
Income Taxes			
Income Tax Credit			
After-Tax Net Income			

Attach information explaining the assumptions upon which these projections are made.

3. <u>BALANCE SHEET</u>	YEAR 1	YEAR 2	YEAR 3 [to end of term]
Current Assets			
Cash			
Cash Equivalents (specify)			
Accounts Receivable			
Inventory			
Prepaid Expenses			
Other (specify)			
Sub-Total			
Property, Plant & Equipment			
Land			
Buildings			
Leasehold Improvements,			
Furniture, Fixtures			
Cable Plant			
Equipment			
Other (specify)			
Less Accumulated Depreciation			
Sub-Total			
Other Assets (specify)			
TOTAL ASSETS			
Current Liabilities			
Accounts Payable			
Accrued Liabilities			
Subscriber Prepayments, Deposits			
Notes Payable - Corporate Parent			
Notes Payable — Other			
Other (specify)			
Sub-Total			
Long-term Debt - Corporate Parent			
Long-term Debt — Other			
Other Liabilities (specify)			
Stockholders' Equity			
TOTAL LIABILITY AND EQUITY			

Attach information explaining the assumptions upon which these projections are made.

4. <u>STATEMENT OF CASH FLOWS</u>	YEAR 1	YEAR 2	YEAR 3 [to end of term]
Cash flows from operating activities:			
Net income			
Adjustments to reconcile net income to net cash provided by operating			
Depreciation and amortization			
Changes in current assets and liabilities (non-Other (specify)			
Net cash provided by operating activities			
Cash flows from investing activities:			
Capital expenditures for property and equipment			
Other (specify)			

4. STATEMENT OF CASH FLOWS	YEAR 1	YEAR 2	YEAR 3 [to end of term]
Net cash provided by investing activities			
Cash flows from financing activities:			
Proceeds from borrowings - corporate parent			
Repayment of borrowings - corporate parent			
Proceeds from borrowings - unrelated third			
Repayment of borrowings - unrelated third			
Proceeds from issuance of stock or other equity			
Dividends Other (specify)			
Net cash provided by financing activities			
Net change in cash			
Beginning cash			
Ending cash			
Supplemental disclosures:			
Cash paid for interest Cash paid for income taxes			

Attach information explaining the assumptions upon which these projections are made.

5. ANTICIPATED CAPITAL EXPENDITURES	YEAR 1	YEAR 2	YEAR 3 [[to end of term]
Antennas, Towers, Microwave Facilities			
Headend and Hubs/Nodes			
Cable Plant - Subscriber Network			
Distribution Plant			
Rebuild/Upgrade of Distribution Plant			
Extensions			
Replacement			
Subscriber drops			
Cable Plant -- Institutional Network			
Distribution Plant			
Rebuild/Upgrade of Distribution Plant			
Extensions			
Replacement			
Drops			
Interface Equipment			
Converters			
HD Service			
Replacements			
Buildings and Land			
Leasehold Improvements, Furniture & Fixtures			
Program Origination			
Local Origination			
Access Facility			
Other Access Equipment			
Test Equipment, Spares, Tools			
Vehicles			
Data Processing Equipment			
Other (specify)			
Capitalized Overhead			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

<u>6. DEPRECIATION SCHEDULE</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Antennas, Towers and Microwave Facilities			
Headend and Hubs/Nodes			
Cable Plant - Subscriber Network			
Distribution Plant			
Rebuild/Upgrade of Distribution Plant			
Extensions			
Replacement			
Subscriber drops			
Cable Plant - Institutional Network			
Distribution Plant			
Rebuild/Upgrade of Distribution Plant			
Extensions			
Replacement			
Drops			
Interfaces			
Converters			
HD service			
Replacements			
Buildings and Land			
Leasehold Improvements, Furniture & Fixtures			
Program Origination			
Local Origination			
Access Facility			
Other Access Equipment			
Test Equipment, Spares, Tools			
Vehicles			
Data Processing Equipment			
Other (specify)-			
Capitalized Overhead			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

<u>7. PROGRAMMING EXPENSES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Salaries			
Payroll Taxes			
Overtime			
Benefits			
Buildings/Rent			
Maintenance			
Vehicle Expense			
Premium Programming Expenses			
Expanded Basic Programming Expenses			
Basic Programming Expenses			
Royalty Payments			
Program Guides			
Other Programming Expenses (specify)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

8. <u>TECHNICAL AND PLANT OPERATIONS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
(Include data for the subscriber network and any institutional network).			
Salaries			
Pavroll Taxes			
Overtime			
Benefits			
Contract Labor			
Buildings/Rent			
Maintenance			
Vehicle Expense			
Repairs & Maintenance			
Pole Rentals			
System Power			
Small Tools & Test Equipment			
Other Plant Expenses (specify)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

9. <u>MARKETING</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Salaries			
Pavroll Taxes			
Overtime			
Commissions			
Benefits			
Outside Marketing			
Buildings/Rent			
Maintenance			
Vehicle Expense			
Advertising & Promotion			
Other Marketing Expenses (specify)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

10. <u>ADMINISTRATIVE AND GENERAL</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Salaries			
Overtime			
Payroll Taxes			
Benefits			
Data Processing			
Buildings/Rent			
Maintenance			
Vehicle Expense			
Utilities			
Phone			
Light, Heat/AC			
Power			
State and Local Taxes			
Franchise Fee			
Postage			
Stationery & Supplies			
Training, Travel & Entertainment			
Professional Services			
Services Purchased			
Insurance			
Bad Debts			
License & Permit Fees			
Management Fee:			
By Recipient			
By Parent			
Corporate Allocation			
Other (specify)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

11. OTHER OPERATING EXPENSES (specify)

Attach information explaining the assumptions upon which these projections are made.

12. EMPLOYEE ESTIMATES

List by category, by title, and by year the total estimated number of employees that will be employed to provide service in the City. If these employees will also provide service to other franchise areas, identify these areas and the number of subscribers in each.

For example:

<u>EMPLOYEES, BY CATEGORY</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Technical and Plant			
Operations			
Plant Manager			
Trunk Technicians			
Other (specify)			
Administrative and General			
Customer Service Representatives			
Other (specify)			

Attach information explaining the assumptions upon which the projections are made.

Form III.D. Financial Goals

A. Attach a brief narrative describing the Applicant's financial goals for the cable system in the City. If the system does not meet these goals, describe how the Applicant will improve financial performance. Any discussion should include, at a minimum, operating assumptions such as rate increases, interest rates, sources of revenue, marketing and operational changes.

Include in the narrative your historical rates of return on investment for the system, your target rates of return on new cable system investments, and your target rate of return for your investment in the system. Explain how these rates were arrived at, and the methodology that you will use in comparing the actual results to these targets. Attach separate pages as necessary.

B. Identify any plans that Applicant or its parent companies has to dispose of the cable system directly (by sale of the system) or indirectly (by merger, spin-off, or any other mechanism that results in a change in control of Applicant or its parents).

Response:

Cox objects to the vagueness of this question and its irrelevance to the City's consideration of Cox's franchise renewal proposal under 47 U.S.C. § 546. Nonetheless, Cox will attempt to respond in a meaningful way.

Cox has operated its cable system in the City of Omaha for about thirty years. During that time, the company has invested over a billion dollars in the system, launched dozens of new services, and employed thousands of people. Cox reviews its operations each year and develops a plan to meet the expectations of its customers, the communities it serves, its employees, and its affiliates. Meeting these expectations requires a balancing of opportunities and demands, and the requested description of these choices would require a response of encyclopedic length. It would also require the disclosure of highly confidential and potentially damaging strategic information and, quite simply, would require that Cox speculate as to how it the company would respond to changes in the competitive environment.

With regard to the specific items requested in Paragraph A, we note that competition has made rate increases problematic despite the skyrocketing demands for increased compensation by broadcasters and other programming providers. Cox's primary revenue sources for cable services will continue to be our residential customers. Marketing efforts will focus on retaining existing customers, selling new products to them, and acquiring new customers. Cox plans no major operational changes in the foreseeable future.

Although Cox does not believe that a recitation of its "financial goals" for Omaha would be useful or appropriate, the City is aware that the cable system serving Omaha is part of Cox's regional "cluster" of formerly separate cable systems.

Cox's Omaha cable facilities are part of a consolidated regional cable system that serves twenty-three (23) communities in the Omaha area and that is operated by a single management team. This "clustering" strategy has been highly successful for Cox in terms of improving service quality and providing efficiencies of both scale and scope. Cox has been satisfied with the financial results in each of its clustered markets, including in Omaha.

Regarding the City's inquiry in Paragraph B regarding Cox's plans to sell or otherwise transfer the system during the next franchise term, Cox obviously cannot provide a definitive answer except to say that Cox currently has no such plans. Cox believes that speculation about this subject would be inappropriate at best.

Form III.E. Applicant's Accountants

Each Applicant shall provide the name, address, title and telephone number of an appropriate contact person for Applicant's internal financial staff involved in preparing the historical and projected financial statements, as well as any outside accounting firm utilized by the Applicant in preparing the statements.

Response: The financial information provided for CCI was audited by the following:

Name: Barry E. McLaurin

Title: Partner, Audit & Enterprise Risk Services

Address: Deloitte & Touche LLP

191 Peachtree Street, Suite 2000

Atlanta, Georgia 30303

Telephone Number: 404 220 1202