COMMUNICATIONS TARIFF APPLICATION

DATE PSC RECEIVED: 11/18/2021 11:58:18 AM

OFFICIAL FILING DATE: 11/5/2021 12:00:00 AM

AUTHORITY NUMBER: T20210069

PROCESSED BY: OPR CURTIS WILLIAMS

COMPANY CODE: TY202

COMPANY NAME: Hargray of Tallahassee LLC

A. SYNOPSIS

1. ANTICIAPTED EFFECTIVE DATE: 1/19/2022 12:00:00 AM
2. IF DIFFERENT, COMPANY REQUESTED EFFECTIVE DATE:
3. DESCRIPTION OF THE FILING:

Application for certificate to provide local telecommunications service by Hargray of Tallahassee LLC.

B. ACTION TO BE TAKEN WITH THIS FILING

1. TO BECOME EFFECTIVE __________ (A1 or A2) SUBJECT: NEWAP
2. PLACE ON COMMISSION AGENDA FOR DATE: 11/23/2021 12:00:00 AM
3. RECOMMENDATION DUE DATE: 12/7/2021 12:00:00 AM
4. DOCKET NO: 20210173-TX
5. ORDER NO:

C. FINAL ACTION 1/4/2022

1. EFFECTIVE DATE: ~~11/18/2021 11:58:33 AM~~ PROTESTED? YES OR NO (CIRCLE ONE)
2. REVISION REPLACEMENTS? REQUESTED: __________ RECEIVED: __________
3. REVISION DISCREPANCIES:
4. COMMENTS: No price list
5. REVISIED PAGES VERIFIED AGANIST E-TARIFF: N/A
6. E-TARIFF UPDATED: N/A

FORMS (2) REVISIED 11/2015 FORM/CTA

Case Assignment and Scheduling Record

Section 1 - Office of Commission Clerk

Docket No. 20210173-TX Date Docketed: 11/5/2021 Title: Application for certificate to provide local telecommunications service by Hargray of Tallahassee LLC.

Company: Hargray of Tallahassee LLC

Official Filing Date: Expiration:

Last Day to Suspend:

Referred To:
("()" indicates OPR)

AFD	AIT	APA	CAO	CLK	DET	ECO	ENG	GCL	(IDM)	TEL
								X	X	

Section 2 - OPR Completes and returns to CLK in 10 workdays.

Program Module B1a

Staff Assignments

OPR Staff C Williams, G Fogleman

Staff Counsel M Jones, T Tan

Recommended assignements for hearing and/or deciding this case:
Full Commission X Commission Panel __
Hearing Examiner __ Staff __
Date filed with CLK: 11/17/2021
Initials OPR GFOGLEMA
Initials Staff Counsel LTAN

Time Schedule

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT. IT IS TENTATIVE AND SUBJECT TO REVISION. FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

1 Current CASR revision level	Due Date	Completion Date
1. Staff Recommendation	11/23/2021	
2. Commission Conference (Agenda)	12/07/2021	
3. PAA Order	12/27/2021	
4. Consummating Order if No Protest - Close Docket	01/19/2022	

Section 3 - Chariman Completes

Assignments as follows

Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	CK	GH	FY	LR	PS		
X							

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case. Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Prehearing Officer

Commissioners					ADM
CK	GH	FY	LR	PS	
					X

Approved:
Date:

Comments:

Revise Agenda Date

FPSC - T20210069

FILED 1/4/2022
DOCUMENT NO. 00035-2022
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for certificate to provide local telecommunications service by Hargray of Tallahassee LLC.	DOCKET NO. 20210173-TX ORDER NO. PSC-2022-0012-CO-TX ISSUED: January 4, 2022

CONSUMMATING ORDER

BY THE COMMISSION:

By Order No. PSC-2021-0454-PAA-TX, issued December 10, 2021, this Commission proposed to take certain action, subject to a Petition for Formal Proceeding as provided in Rule 25-22.029, Florida Administrative Code. No response has been filed to the order, in regard to the above mentioned docket. It is, therefore,

ORDERED by the Florida Public Service Commission that Order No. PSC-2021-0454-PAA-TX has become effective and final. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 4th day of January, 2022.

ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MJJ/TLT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any judicial review of Commission orders that is available pursuant to Section 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

FILED 12/10/2021
DOCUMENT NO. 13010-2021
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for certificate to provide local telecommunications service by Hargray of Tallahassee LLC.	DOCKET NO. 20210173-TX ORDER NO. PSC-2021-0454-PAA-TX ISSUED: December 10, 2021

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman
ART GRAHAM
ANDREW GILES FAY
MIKE LA ROSA
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING CERTIFICATE OF AUTHORITY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Hargray of Tallahassee LLC (Hargray) applied for a Certificate of Authority to provide telecommunications service, pursuant to Section 364.335, Florida Statutes (F.S.). Upon review of the application, it appears that Hargray has sufficient technical, financial, and managerial capability to provide such service. Accordingly, we hereby grant to Hargray Certificate of Authority No. 8967, which shall authorize Hargray to provide telecommunications service throughout the State of Florida.

Telecommunications service providers are required to comply with all applicable provisions of Chapter 364, F.S., and Chapter 25-4, F.A.C.

In addition, under Section 364.336, F.S., certificate holders must pay a minimum annual Regulatory Assessment Fee (RAF) if the certificate was active during any portion of the calendar year. A RAF Return notice will be mailed each December to Hargray for payment by January 30th. Neither the cancellation of its certificate nor the failure to receive a RAF Return notice shall relieve Hargray from its obligation to pay its RAF.

If this Order becomes final and effective, it will serve as Hargray's certificate. Hargray shall retain this Order as proof of its certification. We are vested with jurisdiction over this matter pursuant to Sections 364.335 and 364.336, F.S.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Hargray of Tallahassee LLC's application for a Certificate of Authority is hereby granted. It is further

ORDERED that Hargray of Tallahassee LLC is awarded Certificate of Authority No. 8967, which authorizes Hargray of Tallahassee LLC, to provide telecommunications service throughout the State of Florida, subject to the terms and conditions set forth in the body of this Order. It is further

ORDERED that this Order shall serve as Hargray of Tallahassee LLC's certificate and shall be retained by Hargray of Tallahassee LLC, as proof of certification. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 10th day of December, 2021.

ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MJJ/TLT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 3, 2022.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 23, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Williams)
Office of the General Counsel (Jones)

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 12/7/2021 - Consent Agenda - Proposed Agency Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Application for Certificate of Authority to Provide Telecommunications Service on the consent agenda for approval.

DOCKET NO.	COMPANY NAME	CERT. NO.
20210173-TX	Hargray of Tallahassee LLC	8967

The Commission is vested with jurisdiction in this matter pursuant to Section 364.335, Florida Statutes. Pursuant to Section 364.336, Florida Statutes, certificate holders must pay a minimum annual Regulatory Assessment Fee if the certificate is active during any portion of the calendar year. A Regulatory Assessment Fee Return Notice will be mailed each December to the entity listed above for payment by January 30.

HaR Gray

FILED 11/10/2021
DOCUMENT NO. 12618-2021
FPSC - COMMISSION CLERK

FLORIDA PUBLIC SERVICE COMMISSION

OFFICE OF INDUSTRY DEVELOPMENT AND MARKET ANALYSIS

Dkt #: 20210173

DATE DEPOSIT
NOV 10 4910
6910

APPLICATION FOR ORIGINAL AUTHORITY OR TRANSFER OF AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICE IN THE STATE OF FLORIDA

CK# 14987
$ 500.00

INSTRUCTIONS

This form should be used as the application for an original certificate and transfer of an existing certificate (from a Florida certificated company to a non-certificated company). In the case of a transfer, the information shall be provided by the transferee. If you have other questions about completing the form, call **(850) 413-6600.**

Print or type all responses to each item requested in the application. If an item is not applicable, please explain. All questions must be answered. If unable to answer the question in the allotted space, please continue on a separate sheet.

Once completed, submit the **original and one copy** of this form along with a **non-refundable** fee of **$500.00** to:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770

RECEIVED-FPSC
2021 NOV 10 AM 8:29
COMMISSION CLERK

IRS.gov

EIN Assistant

Your Progress: 1. Identity 2. Authenticate 3. Addresses 4. Details 5. EIN Confirmation

Congratulations! The EIN has been successfully assigned.

EIN Assigned: **87-4037907**

Legal Name: **HARGRAY OF TALLAHASSEE LLC**

The confirmation letter will be mailed to the applicant. This letter will be the applicant's official IRS notice and will contain important information regarding the EIN. Allow up to 4 weeks for the letter to arrive by mail.

We strongly recommend you print this page for your records.

Click "Continue" to get additional information about using the new EIN. Continue >>

Help Topics

Can the EIN be used before the confirmation letter is received?

FPSC - T20210069

DOCKET NO. 20210173-TX FILED 11/5/2021
DOCUMENT NO. 12560-2021
FPSC - COMMISSION CLERK

Florida Public Service Commission

Office of Industry Development And Market Analysis

Application For Original Authority Or Transfer Of Authority To Provide Telecommunications Service in the State of Florida

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INSTRUCTIONS

This form should be used as the application for an original certificate and transfer of an existing certificate (from a Florida certificated company to a non-certificated company). In the case of a transfer, the information shall be provided by the transferee. If you have other questions about completing the form, call **(850) 413-6600.**

Print or type all responses to each item requested in the application. If an item is not applicable, please explain. All questions must be answered. If unable to answer the question in the allotted space, please continue on a separate sheet.

Once completed, submit the **original and one copy** of this form along with a **non-refundable** fee of **$500.00** to:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770

COM ____
AFD ____
APA ____
ECO ____
ENG ____
GCL ____
IDM 1 Copy of Application
CLK ____

[illegible] to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded check:

JS

APPLICATION

This is an application for (check one):

☒ **Original certificate** (new company)

☐ **Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate rather than apply for a new certificate.

Please provide the following:

1. Full name of company, including fictitious name(s), that must match identically with name(s) on file with the Florida Department of State, Division of Corporations registration: Hargray of Tallahassee LLC

2. The Florida Secretary of State corporate registration number: Pending - filed November 3, 2021

3. F.E.I. Number: Pending

4. Structure of organization:

The company will be operating as a:
(Check all that apply):

☐ Corporation	☐ General Partnership
☐ Foreign Corporation	☐ Foreign Partnership
☒ Limited Liability Company	☐ Limited Partnership
☐ Sole Proprietorship	☐ Other, please specify below:

If a partnership, provide a copy of the partnership agreement.

If a foreign limited partnership, proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS). The Florida registration number is: ____________

5. Who will serve as point of contact to the Commission in regard to the following?

(a) This application:

Name:	Jean Thaxton
Title:	Sr. Manager, Regulatory
Street Address:	870 William Hilton Parkway, Building C
Post Office Box:	
City:	Hilton Head Island
State:	SC
Zip:	29928
Telephone No.:	843-686-1258
Fax No.:	843-341-0198
E-Mail Address:	jean.thaxton@htc.hargray.com

(b) Ongoing operations of the company:
(This company liaison will be the point of contact for FPSC correspondence. This point of contact can be updated if a change is necessary but this must be completed at the time the application is filed).

Name:	Jenae Naumann
Title:	Assistant General Counsel
Street Address:	210 E. Earll Drive
Post Office Box:	
City:	Phoenix
State:	AZ
Zip:	85012
Telephone No.:	602-364-6000
Fax No.:	602-365-6013
E-Mail Address:	Jenae.Naumann@cableone.biz
Company Homepage:	www.hargray.com

(c) Optional secondary point of contact or liaison:
(This point of contact will not receive FPSC correspondence but will be on file with the FPSC).

Name:	Jean Thaxton
Title:	Sr. Manager, Regulatory
Street Address:	870 William Hilton Parkway, Building C
Post Office Box:	
City:	Hilton Head Island
State:	SC
Zip:	29928
Telephone No.:	843-686-1258
Fax No.:	843-341-0198
E-Mail Address:	jean.thaxton@htc.hargray.com

6. Physical address for the applicant that will do business in Florida:

Street address: 210 E. Earll Drive
City: Phoenix
State: AZ
Zip: 85012
Telephone No.: 602-364-6000
Fax No.: 602-365-6013
E-Mail Address: legal@cableone.biz

7. List the state(s), and accompanying docket number(s), in which the applicant has:

(a) **operated** as a telecommunications company. None

(b) **applications pending** to be certificated as a telecommunications company.
None

(c) **been certificated** to operate as a telecommunications company.
None

(d) **been denied authority** to operate as a telecommunications company and the circumstances involved. None

(e) **had regulatory penalties imposed** for violations of telecommunications statutes and the circumstances involved. None

(f) **been involved in civil court proceedings** with another telecommunications entity, and the circumstances involved. None

8. The following questions pertain to the officers and directors. Have any been:

(a) adjudged bankrupt, mentally incompetent (and not had his or her competency restored), or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings? ☐ Yes ☒ No

If yes, provide explanation.

(b) granted or denied a certificate in the State of Florida (this includes active and canceled certificates)? ☒ Granted ☐ Denied ☐ Neither

If granted provide explanation and list the certificate holder and certificate number.
Hargray of Florida, Inc. - Certificate of Authority No. 8927

If denied provide explanation.

(c) an officer, director, and partner in any other Florida certificated telecommunications company? [x] Yes [ ] No

If yes, give name of company and relationship. If no longer associated with company, give reason why not.
Hargray of Florida, Inc. - Certificate of Authority No. 8927 - affiliated with Applicant

9. Florida Statute 364.335(1)(a) requires a company seeking a certificate of authority to demonstrate its managerial, technical, and financial ability to provide telecommunications service.

Note: *It is the applicant's burden to demonstrate that it possesses adequate managerial ability, technical ability, and financial ability. Additional supporting information may be supplied at the discretion of the applicant. For the purposes of this application, financial statements MUST contain the balance sheet, income statement, and statement of retained earnings.*

(a) **Managerial ability**: An applicant must provide resumes of employees/officers of the company that would indicate sufficient managerial experiences of each. Please explain if a resume represents an individual that is not employed with the company and provide proof that the individual authorizes the use of the resume.

(b) **Technical ability**: An applicant must provide resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance. Please explain if a resume represents an individual that is not employed with the company and provide proof that the individual authorizes the use of the resume.

(c) **Financial ability**: An applicant must provide financial statements demonstrating financial ability by submitting a balance sheet, income statement, and retained earnings statement. An applicant that has audited financial statements for the most recent three years must provide those financial statements. If a full three years' historical data is not available, the application must include both historical financial data and pro forma data to supplement. An applicant of a newly established company must provide three years' pro forma data. If the applicant does not have audited financial statements, it must be so stated and signed by either the applicant's chief executive officer or chief financial officer affirming that the financial statements are true and correct.

Please see Exhibits 1 and 2.

10. Where will you officially designate as your place of publicly publishing your schedule a/k/a tariffs or price lists)? (Tariffs or price lists MUST be publicly published to comply with Florida Statute 364.04).

- [ ] Florida Public Service Commission
- [x] Website – Please provide Website address: www.hargray.com
- [ ] Other – Please provide address: ______

THIS PAGE MUST BE COMPLETED AND SIGNED

REGULATORY ASSESSMENT FEE: I understand that all telecommunications companies must pay a regulatory assessment fee. A minimum annual assessment fee, as defined by the Commission, is required.

RECEIPT AND UNDERSTANDING OF RULES: I understand the Florida Public Service Commission's rules, orders, and laws relating to the provisioning of telecommunications company service in Florida.

APPLICANT ACKNOWLEDGEMENT: By my signature below, I, the undersigned owner or officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical ability, managerial ability, and financial ability to provide telecommunications company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules, orders and laws.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, ***"Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."***

I understand that any false statements can result in being denied a certificate of authority in Florida.

COMPANY OWNER OR OFFICER

Print Name: Peter N. Witty

Title: Vice President & Secretary

Telephone No.: 602-364-6000

E-Mail Address: Peter.Witty@cableone.biz

Signature: Peter N Witty

Date: November 3, 2021

Hargray of Tallahassee LLC
Application to Provide Telecommunications Service in the State of Florida

EXHIBIT 1
Officers of Hargray of Tallahassee LLC

The following are the officers of Hargray of Tallahassee LLC:

Julia M. Laulis, President & Chief Executive Officer
Laulis joined Cable One in 1999 as Director of Marketing-NW Division. In 2001, she was named Vice President of Operations for the SW Division. In 2004, she became responsible for starting Cable One's Phoenix Customer Care Center. Laulis was named Chief Operations Officer in 2008, responsible for the company's three operation divisions and two call centers. In 2012, Laulis was named Chief Operating Officer, adding sales, marketing, and technology to her responsibilities. In 2015, Laulis was promoted to President and Chief Operating Officer of Cable One. In 2017, she was named President and Chief Executive Officer and in 2018 she was named Chair of the Board. Prior to joining Cable One, Laulis was with Jones Communications in the Washington, DC area and Denver, where she served in various marketing management positions. Laulis began her 35-year career in the cable industry with Hauser Communications. Laulis graduated from Indiana University in Bloomington with a bachelor's degree in Telecommunications. She attended the Woman in Cable Television Betsy Magness Leadership Institute in 1998/1999 and graduated from the Program for Management Development at the Harvard Business School in 2002. Cable FAX Magazine has named Laulis one of the Most Powerful Women in Cable for the past 10 years running. Laulis currently serves on the boards of The AES Corporation, CableLabs, The Cable Center, and C-SPAN and is a trustee of the C-SPAN Education Foundation.

Christopher D. Boone, Vice President
Chris Boone is Senior Vice President, Business Services & Emerging Markets for Cable One. He is responsible for the overall strategy and day to day operations of the company's Business Services division as well as emerging markets for both Residential and Business Services. Boone joined Cable One in 2010 as a Business Sales Manager. During that time, he was promoted to roles of increasing responsibility, including Director of Sales and Senior Director. In 2016, Boone was named Vice President of Business Services and in 2021 he was named Senior Vice President, Business Services & Emerging Markets. Prior to joining Cable One, Boone spent 7 years at Cox Communications in various roles, including Sales Supervisor and Inside Sales Manager, Business Services. Boone is a native of Phoenix, Arizona.

Michael E. Bowker, Vice President
Mike Bowker is Chief Operating Officer for Cable One. He is responsible for overseeing Cable One's daily operations, technology, and residential and business channels. Bowker joined Cable One in 1999 as Advertising Regional Sales Manager. He is a member of the team that successfully launched the commercial sales division and the residential inbound sales call center. Bowker has been a Vice President of Cable One since 2005. He was named Vice President of Sales in 2012 and was promoted to Senior Vice President, Chief Sales and Marketing Officer in 2014. Prior to joining Cable One, Bowker was with AT&T Media Services and TCI Cable, where he served in various sales management positions. A native of Boise, Idaho, Bowker holds a bachelor's degree in Communication from Boise State University and is a graduate of the Stanford Executive Program at the Graduate School of Business at Stanford University. Bowker currently serves as Vice Chairman of ACA – America's Communications Association.

Steven S. Cochran, Vice President
Steven Cochran is Senior Vice President and Chief Financial Officer at Cable One. He is responsible for the areas of accounting, reporting, finance, and investor relations. A veteran of the cable industry, Cochran spent 15 years at Wide Open West (WOW), a Denver-based cable operator. During his tenure at WOW, Cochran held positions of increasing responsibility, including Chief Financial Officer, Chief Operating Officer, and President and Chief Executive Officer. Prior to WOW, Cochran was Senior Vice President and Chief Financial Officer at Millennium Digital Media. Cochran holds a master's degree in accounting science and a bachelor's degree in economics from the University of Illinois Urbana Champaign.

Jarrod L. Head, Vice President
Jarrod Head is Vice President of Engineering and Construction for Cable One. He is responsible for outside plant engineering, design and construction. Before joining Cable One, Head served as Vice President of Engineering & Technical Operations for Fidelity Communications and its subsidiaries. Prior to that position, he served as Engineering Director for Fidelity, overseeing Engineering and Network Operation teams to design, implement and support Fidelity's advanced technology services. Head holds a bachelor's degree in Electrical Engineering from Missouri University of Science and Technology.

Kenneth E. Johnson, Vice President
Ken Johnson is Senior Vice President of Technology Services at Cable One. He is responsible for the strategic evolution of technology roadmaps related to products, as well as Information Technology, and Network & Engineering. Before joining Cable One, Johnson served as Chief Operating Officer and Chief Technology Officer for NewWave Communications. Prior to NewWave, Johnson was Chief Technology Officer for SureWest Communications and Everest Connections. Originally from Lenexa, Kansas, Johnson holds a bachelor's degree in Computer and Information Sciences from Friends University. Johnson currently serves on the board of the National Cable Television Cooperative.

Eric M. Lardy, Vice President & Assistant Secretary
Eric Lardy is Senior Vice President of Operations and Integration for Cable One. He is responsible for overseeing the company's day-to-day operations, acquisition integration and long-term strategic operating plans. A more than 20-year veteran in the cable industry, Lardy joined Cable One as a Pay-Per-View Manager in the Fargo, North Dakota cable system. He was later promoted to Internet Business Manager, launching dial-up and high-speed broadband services. Lardy relocated several times and held a variety of positions in Marketing, Operations, and system General Management before being promoted to Director of New Products and Service Projects in 2012. In 2014, he was named Vice President of Strategy and Finance. In 2017, he was promoted to Senior Vice President, adding oversight of human resources and business intelligence to his responsibilities. Lardy holds bachelor's degrees in Marketing and International Business from Minnesota State University and an MBA from Arizona State University.

Raymond L. Storck, Jr., Vice President & Treasurer
Ray Storck is Vice President of Finance and Treasurer for Cable One. He is responsible for all of the company's accounting functions. Before joining Cable One, Storck served as Controller at

Kona Grill. Prior to that, Storck was Vice President/Controller and then Chief Financial Officer for MicroAge. Following MicroAge, Storck spent 4 years at PetSmart where he served as Vice President/Controller and then Vice President of Finance and Chief Accounting Officer. A native of Iowa, Storck holds a bachelor's degree in Accounting from the University of Northern Iowa.

Peter N. Witty, Vice President & Secretary
Peter N. Witty is Senior Vice President, General Counsel and Secretary for Cable One. He is responsible for overseeing the company's legal, regulatory and compliance functions. Witty has more than 20 years of legal experience. Before joining Cable One, he served as General Counsel and Secretary for Gas Technology Institute (GTI), a leading energy research, development and training organization. Prior to GTI, Witty spent 10 years with Abbott Laboratories, serving in various positions, including as Senior Counsel and Division Counsel. Witty also previously practiced law as an associate at Latham & Watkins LLP and Ross & Hardies (now McGuireWoods LLP). Witty holds a Juris Doctor from Notre Dame Law School and a bachelor's degree in aerospace engineering from the University of Notre Dame. He is also a graduate of the Stanford Executive Program at the Graduate School of Business at Stanford University. Prior to attending law school, Witty was an officer and helicopter pilot in the 101st Airborne Division (Air Assault), where he served during Operations Desert Shield/Desert Storm.

David Armistead, Vice President
David Armistead has 25 years of experience working with telecommunications and utility companies. Mr. Armistead joined Hargray in 2007. Mr. Armistead leads sales, product marketing, and field operations related to the company's incumbent markets and residential overbuilds. Prior to his current role, Mr. Armistead served as Hargray's General Counsel with responsibility for the company's legal, regulatory, legislative, human resources, corporate development, and real property functions. Mr. Armistead joined Hargray from CT Communications, Inc., a publicly-traded telecommunications and broadband provider, where he held the position of General Counsel and Corporate Secretary until that company's sale to Windstream Corporation in 2007. Before CT Communications, Mr. Armistead was a partner in the law firm of Troutman Sanders, LLP. With Troutman Sanders, he concentrated his practice on representing telecommunications and utility companies on corporate, regulatory, and legislative matters. Mr. Armistead received a BA in Economics, magna cum laude, from Vanderbilt University in 1993. He earned his JD, summa cum laude, from the University of Georgia in 1996, graduating first in his class and serving as Editor in Chief of the Georgia Law Review. Following law school, he clerked for then-Chief Judge Boyce F. Martin on the United States Court of Appeals for the Sixth Circuit.

Additional information on the officers and directors of the Company's parent, Cable One, Inc., can be found at: https://ir.cableone.net/corporate-information/officers-directors/default.aspx.

Hargray of Tallahassee LLC
Application to Provide Telecommunications Service in the State of Florida

EXHIBIT 2
Financial Information for Hargray of Tallahassee LLC

The financial reporting of Hargray of Tallahassee LLC is consolidated with its parent Cable One, Inc., a publicly traded company (NYSE: CABO).

Financial information concerning Cable One, Inc. can be found at: https://ir.cableone.net/corporate-profile/default.aspx.

The most recent SEC 10K of Cable One, Inc. can be found at: https://ir.cableone.net/sec-filings/documents/sec-filings-details/default.aspx?FilingId=14748642.

Copies of the annual reports and proxy statements of Cable One, Inc. can be found at: https://ir.cableone.net/financial-information/annual-reports/default.aspx.

FILED 11/8/2021
DOCUMENT NO. 12587-2021
FPSC - COMMISSION CLERK

HARGRAY
Do More. Live Better.

November 8, 2021

Via Electronic Filing

Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 20210173-TX
Supplement to Application of Hargray of Tallahassee LLC

Dear Mr. Teitzman:

On November 5, 2021, Hargray of Tallahassee LLC (the "Company") filed an Application for Certificate to Provide Local Telecommunications Services (the "Application") in the above-referenced docket. The Company noted in the Application that its registration as a foreign limited liability company with the Florida Secretary of State was pending. The Company hereby supplements the Application to inform the Commission that its Florida Secretary of State registration is now complete under document number M21000014720. A copy of the Company's certificate from the Florida Secretary of State is enclosed.

The Application was filed in conjunction with an internal corporate reorganization being undertaken by the Company's parent, Cable One, Inc., which is scheduled to be completed at the end of 2021. Accordingly, the Company respectfully requests that the Commission act on the pending Application at the Commission Conference meeting scheduled for December 7, 2021.

Please contact the undersigned if you have any questions or need any additional information.

Respectfully submitted,

/s/ Jean Thaxton

Jean Thaxton
Senior Manager, Regulatory

Enclosure

State of Florida

Department of State

I certify the attached is a true and correct copy of the application by HARGRAY OF TALLAHASSEE LLC, a Delaware limited liability company, authorized to transact business within the state of Florida on November 4, 2021 , as shown by the records of this office.

I further certify the document was electronically received under FAX audit number H21000409377. This certificate is issued in accordance with section 15.16, Florida Statutes, and authenticated by the code noted below.

The document number of this limited liability company is M21000014720.

Authentication Code: 821A00027068-110521-M21000014720-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Fifth day of November, 2021

Secretary of State

APPLICATION BY FOREIGN LIMITED LIABILITY COMPANY FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 605.0902, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN LIMITED LIABILITY COMPANY TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:

1. Hargray of Tallahassee LLC
(Name of Foreign Limited Liability Company; must include "Limited Liability Company," "L.L.C.," or "LLC.")

(If name unavailable, enter alternate name adopted for the purpose of transacting business in Florida. The alternate name must include "Limited Liability Company," "L.L.C," or "LLC.")

2. Delaware
(Jurisdiction under the law of which foreign limited liability company is organized)

3. Not applicable
(FEI number, if applicable)

4. Not applicable
(Date first transacted business in Florida, if prior to registration.)
(See sections 605.0904 & 605.0905, F.S. to determine penalty liability)

5. 210 E. Earll Drive
(Street Address of Principal Office)
Phoenix, AZ 85012

6. 210 E. Earll Drive
(Mailing Address)
Phoenix, AZ 85012

7. Name and <u>street address</u> of Florida registered agent: (P.O. Box <u>NOT</u> acceptable)

Name: C T Corporation System

Office Address: 1200 South Pine Island Road

Plantation, Florida 33324
(City) (Zip code)

Registered agent's acceptance:
Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

C T Corporation System
By: Meredith Hellwig, Assistant Secretary Meredith Hellwig
(Registered agent's signature)

8. For initial indexing purposes, list names, title or capacity and addresses of the primary members/managers or persons authorized to manage [up to six (6) total]:

Title or Capacity:	Name and Address:	Title or Capacity:	Name and Address:
☐Manager ☒Member ☐Authorized Person ☐Other	Name: Cable One, Inc. Address: 210 E. Earll Drive Phoenix, AZ 85012 ☐Other	☐Manager ☐Member ☒Authorized Person ☐Other	Name: Julia M. Laulis Address: 210 E. Earll Drive Phoenix, AZ 85012 ☐Other
☐Manager ☐Member ☒Authorized Person ☐Other	Name: Christopher D. Boone Address: 210 E. Earll Drive Phoenix, AZ 85012 ☐Other	☐Manager ☐Member ☒Authorized Person ☐Other	Name: Steven S. Cochran Address: 210 E. Earll Drive Phoenix, AZ 85012 ☐Other
☐Manager ☐Member ☒Authorized Person ☐Other	Name: Peter N. Witty Address: 210 E. Earll Drive Phoenix, AZ 85012 ☐Other	☐Manager ☐Member ☐Authorized Person ☐Other	Name: Address: ☐Other

Important Notice: Use an attachment to report more than six (6). The attachment will be imaged for reporting purposes only. Non-indexed individuals may be added to the index when filing your Florida Department of State Annual Report form.

9. Attached is a certificate of existence, no more than 90 days old, duly authenticated by the official having custody of records in the jurisdiction under the law of which it is organized. (If the certificate is in a foreign language, a translation of the certificate under oath of the translator must be submitted)

10. This document is executed in accordance with section 605.0203 (1) (b), Florida Statutes. I am aware that any false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S.

Peter N Witty

Signature of an authorized person

Peter N. Witty, Vice President and Secretary

Typed or printed name of signee

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "HARGRAY OF TALLAHASSEE LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRD DAY OF NOVEMBER, A.D. 2021.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.

SECRETARY'S OFFICE DELAWARE

Jeffrey W. Bullock, Secretary of State

6360059 8300

SR# 20213697375

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 204591051

Date: 11-03-21

Florida Department of State DIVISION OF CORPORATIONS

Sunbiz.org Division of Corporations

Department of State / Division of Corporations / Search Records / Search by Entity Name /

Detail by Entity Name

Foreign Limited Liability Company
HARGRAY OF TALLAHASSEE LLC

Filing Information

Document Number	M21000014720
FEI/EIN Number	NONE
Date Filed	11/04/2021
State	DE
Status	ACTIVE

Principal Address

210 E. EARLL DRIVE
PHOENIX, AZ 85012

Mailing Address

210 E. EARLL DRIVE
PHOENIX, AZ 85012

Registered Agent Name & Address

C T CORPORATION SYSTEM
1200 SOUTH PINE ISLAND ROAD
PLANTATION, FL 33324

Authorized Person(s) Detail

Name & Address

Title MEM

CABLE ONE, INC.
210 E. EARLL DRIVE
PHOENIX, AZ 85012

Title AP

LAULIS, JULIA M
210 E. EARLL DRIVE
PHOENIX, AZ 85012

Title AP

BOONE, CHRISTOPHER D
210 E. EARLL DRIVE
PHOENIX, AZ 85012

Title AP

COCHRAN, STEVEN
210 E. EARLL DRIVE
PHOENIX, AZ 85012

Title AP

WITTY, PETER N
210 E. EARLL DRIVE
PHOENIX, AZ 85012

Annual Reports

No Annual Reports Filed

Document Images

11/04/2021 -- Foreign Limited	View image in PDF format

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HARGRAY

(/)

Hargray Acquires Tallahassee Florida Based Electronet Broadband Communications And Expands Southeastern Footprint

SAVANNAH, GA AND TALLAHASSEE, FL - February 3, 2020 - Hargray Fiber, a regional communications provider and metro-fiber over builder, announced today that it has purchased Electronet, a fiber-based broadband communications company operating in Tallahassee, Florida. The transaction further expands Hargray's network in the southeast and positions the company to offer Electronet's customers and the broader commercial market a more robust suite of communications services.

"On behalf of Hargray's nearly 800 colleagues, we are pleased to announce our acquisition of Electronet Broadband Communications and the continued expansion of our Florida operations. Hargray's purpose is to empower people and communities to connect and thrive. We do this by envisioning and delivering customer delight – something not typically associated with most telecommunications service providers. We are excited to have the opportunity to advance our purpose and bring Hargray's full suite of communications solutions, robust last mile fiber connectivity, and our unmatched, superior customer service to businesses in Tallahassee," said Hargray Chairman and CEO, Michael Gottdenker. "We are particularly excited to partner with Electronet's existing team, led by Paul Watts, who combined have decades of experience and relationships in Tallahassee and who share our passion for customer delight."

Chris McCorkendale, Senior Vice President of Hargray Fiber, noted, "We remain very committed to providing advanced broadband services to commercial businesses in the southeast. With our entry into Tallahassee, we bring dedicated local service, superior support, and a commitment to the community. We plan to invest in the network and provide our full suite of communication products including enhanced data, voice, video, Hosted Unified Communications, Metro-Ethernet and multi-gigabit symmetrical circuits delivered exclusively over Hargray's 100% fiber-optic network."

Electronet CEO, Paul Watts said, "We are extremely proud of the company Allen Byington established in 1996 and for the services we provide to Tallahassee businesses. It was our mission to partner with an organization that shares the same commitment to unparalleled service to our customers while remaining local in the community. We have found this partner in

Frequently Asked Questions

Type your question here

FPSC - T20210069

Hargray Fiber and are excited that all of our employees will be part of the combined company, as we add products and carry-on our rich tradition of being a local customer focused organization."

John Dailey, Mayor of Tallahassee stated, "I am excited to welcome Hargray Fiber to Tallahassee. This is a testament to our commitment to be business-ready and our ability to continue to attract the jobs of the future to Florida's capital city. I am glad Hargray Fiber has found a home in Tallahassee. As we continue to experience incredible economic growth, Tallahassee remains open for business."

Businesses interested in learning more about Electronet's/Hargray's telecommunications services can contact Paul Watts at (850) 222-0229 or Paul.Watts@hargrayfiber.com or visit www.hargray.com/Tallahassee-FL (/Tallahassee-FL)

ABOUT HARGRAY

Founded in 1949, Hargray is a regional telecommunications company providing advanced communications and entertainment services in a growing set of markets in the southeastern United States. Hargray delivers the most advanced technology with the best service for its customers and is active in the communities it serves by supporting a wide range of local charities, organizations, projects, and events. For more information, please visit www.hargray.com (/)

FPSC - T20210069

Home (/)

Bundles (/residential/bundles)

Internet (/residential/internet)

TV (/residential/tv)

Home Phone (/residential/home-phone)

Business (/business)

Small Business Solutions (/business/small-business-solutions)

Enterprise Solutions (/business/enterprise-solutions)

Industry Specific Solutions (/business/industry-specific-solutions)

Managed Services (/business/managed-services)

Carrier Wholesale (/business/carrier-wholesale)

Commercial Bill Explainer (https://business.hargray.com/commercial-bill-explainer)

Support (/support)

Contact Us (/support/contact-us)

FAQs (/support)

Tutorials and Guides (/support/tutorials-and-guides)

Surcharges Explained (http://tvonmyside.com/)

Understanding My Bill (/support/understanding-my-bill)

About Hargray (/about-hargray)

Company History (/about-hargray/company-history)

Leadership Profiles (/leadership)

Press Releases (/news)

Blogs (/blog)

Careers (https://careers.hargray.com/)

Heroes at Hargray (/about-hargray/heroes-hargray)

Welcome To Hargray (https://www.hargray.com)

My Hargray (https://myservices.hargray.com/myservices/landing)

Pay Bill (https://myservices.hargray.com/myservices/pay-bill)

TV Everywhere (https://hargray.auth-gateway.net/saml/module.php/accounthub/tv/networks.php)

Frequently Asked Questions

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Check Email (https://webmail.hargray.com/)

Check Voicemail

(https://myservices.hargray.com/myservices/vm)

Community (/welcome-hargray/community)

Markets

Adel, GA (/adel)

Beaufort, SC (/beaufort-sc)

Bluffton, SC (/bluffton-sc)

Cochran, GA (https://www.hargray.com/cochran)

Conyers, GA (/conyers-ga)

Covington, GA (/covington-ga)

Fort Valley, GA (https://www.hargray.com/fort-valley-ga)

Hahira, GA (/hahira)

Hardeeville, SC (/hardeeville-sc)

Hawkinsville, GA (/hawkinsville-ga)

Hilton Head, SC (/hilton-head-sc)

Hinesville, GA (/hinesville-ga)

Jacksonville, FL (/jacksonville-fl)

Kingsland, GA (/kingsland-ga)

Lake City, FL (/lake-city)

Lawrenceville, GA (/lawrenceville)

Lake Oconee, GA (/lake-oconee-ga)

Macon, GA (/macon-ga)

Moody, AL (https://www.hargray.com/moody-al)

Peachtree Corners, GA (/peachtree-corners)

Pell City, AL (/pell-city-al)

Perry, GA (https://www.hargray.com/perry-ga)

Pooler, GA (/pooler-ga)

Reidsville, GA (/reidsville-ga)

Richmond Hill, GA

(https://www.hargray.com/richmond-hill)

Ridgeland, SC (/ridgeland-sc)

Savannah, GA (/savannah-ga)

Statesboro, GA (/statesboro-ga)

Tallahassee, FL (/tallahassee-fl)

Tifton, GA (/tifton)

Valdosta, GA (https://www.hargray.com/valdosta-ga)

Warner Robins, GA (https://www.hargray.com/warner-robins-ga)

Frequently Asked Questions

Legal (/legal)

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Privacy Policy (/privacy-policy)

Rates, Terms, and Conditions (/rates-terms-and-conditions)

Frequently Asked Questions

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FILED 11/16/2021
DOCUMENT NO. 12749-2021
FPSC - COMMISSION CLERK

HARGRAY
Do More. Live Better.

November 16, 2021

Via Electronic Filing

Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 20210173-TX
Second Supplement to Application of Hargray of Tallahassee LLC

Dear Mr. Teitzman:

On November 5, 2021, Hargray of Tallahassee LLC (the "Company") filed an Application for Certificate to Provide Local Telecommunications Services (the "Application") in the above-referenced docket. The Company stated in the Application that its financial statements are consolidated with its parent, Cable One, Inc. ("Cable One"), a publicly traded Delaware corporation (NYSE: CABO). Pursuant to a request from Commission staff, the Company hereby provides a copy of Cable One's financial statements (balance sheet, income statement, and retained earnings statement) as filed with the Securities and Exchange Commission for the most recent three years.

The Application was filed in conjunction with an internal corporate reorganization being undertaken by Cable One, which is scheduled to be completed at the end of 2021. Accordingly, the Company respectfully requests that the Commission act on the pending Application at the Commission Conference meeting scheduled for December 7, 2021.

Please contact the undersigned if you have any questions or need any additional information.

Respectfully submitted,

/s/ Jean Thaxton

Jean Thaxton
Senior Manager, Regulatory

Enclosures

Calendar year 2020 Financial Statements
(filed February 26, 2021)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission File Number: **001-36863**

Cable One™

Cable One, Inc.

(Exact name of registrant as specified in its charter)

Delaware *(State or Other Jurisdiction of Incorporation or Organization)*	**13-3060083** *(I.R.S. Employer Identification No.)*
210 E. Earll Drive, Phoenix, Arizona *(Address of Principal Executive Offices)*	**85012** *(Zip Code)*

(602) 364-6000
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01	**CABO**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☑ No ☐

Steven S. Cochran	(Principal Financial Officer and Principal Accounting Officer)	
/s/ Brad D. Brian Brad D. Brian	Director	February 25, 2021
/s/ Thomas S. Gayner Thomas S. Gayner	Director	February 25, 2021
/s/ Deborah J. Kissire Deborah J. Kissire	Director	February 25, 2021
/s/ Mary E. Meduski Mary E. Meduski	Director	February 25, 2021
/s/ Thomas O. Might Thomas O. Might	Director	February 25, 2021
/s/ Kristine E. Miller Kristine E. Miller	Director	February 25, 2021
/s/ Sherrese M. Smith Sherrese M. Smith	Director	February 25, 2021
/s/ Wallace R. Weitz Wallace R. Weitz	Director	February 25, 2021
/s/ Katharine B. Weymouth Katharine B. Weymouth	Director	February 25, 2021

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Cable One, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Cable One, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Table of Contents

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Capitalization of Internal Labor Costs

As described in Notes 2 and 7 to the consolidated financial statements, capitalized labor costs include the direct costs of engineers and technical personnel involved in the design and implementation of plant and infrastructure; the costs of technicians involved in the installation and upgrades of services and customer premise equipment; and the costs of support personnel directly involved in capitalizable activities. These costs are capitalized based on internally developed standards by position, which are updated annually (or more frequently if required). These standards are developed utilizing a combination of actual costs incurred, survey information, operational data and management judgment. Capitalized labor costs represent a portion of the consolidated balance of property, plant and equipment, net of $1.3 billion as of December 31, 2020.

The principal considerations for our determination that performing procedures relating to capitalization of internal labor costs is a critical audit matter are (i) the significant judgment by management in determining the internal labor costs to be capitalized and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the determination of internal labor costs to be capitalized related to survey responses and operational data.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to capitalization of internal labor costs, including controls over the internal labor costs to be capitalized. These procedures also included, among others (i) evaluating the appropriateness of management's process for determining the standard labor costs by position, (ii) testing the data inputs related to payroll and benefits, and (iii) evaluating the reasonableness of the factors considered by management related to survey responses received and the analysis of operational data. Evaluating the reasonableness of the factors involved evaluating whether the factors were consistent with information contained in the survey responses received and the expected time spent on capitalizable activities.

Valuation of the Hargray Investment

As described in Note 6 to the consolidated financial statements, the Company contributed its Anniston, Alabama system to Hargray Acquisition Holdings, LLC ("Hargray") in exchange for an approximately 15% equity interest in Hargray on a fully diluted basis, which resulted in the recognition of a $113.2 million investment recorded in equity investments and a non-cash gain of $82.6 million recorded in gain on sale of business. Management calculated the fair value of

Hargray's total enterprise value using a hybrid of both the discounted cash flow method of the income approach and the guideline public company method of the market approach. Significant assumptions used in the valuation include projected revenue growth rates, future EBITDA margins, future capital expenditures, and the discount rate. The enterprise value less Hargray's debt and unamortized debt issuance costs was multiplied by the Company's minority equity interest percentage to determine the Hargray investment's carrying value. The resulting non-cash gain was calculated as the difference between this carrying value and the book value of the Anniston System's net assets, including its proportionate share of the Company's franchise agreement and goodwill assets.

The principal considerations for our determination that performing procedures relating to the valuation of the Hargray investment is a critical audit matter are (i) the significant judgment by management in developing the fair value measurement of the investment and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of equity investments, including controls over the assumptions related to the valuation of the fair value measurement of the Hargray investment, including the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate. These procedures also included, among others (i) reading the purchase agreement, (ii) evaluating management's process for developing the fair value estimate, (iii) evaluating the appropriateness of the discounted cash flow model, and (iv) evaluating the reasonableness of significant assumptions used by management related to the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate, and (v) testing the data used in the discounted cash flow model. Evaluating management's assumptions related to the projected revenue growth rates, future EBITDA margins, and future capital expenditures involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the investee; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with other aspects in the discounted cash flow model. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and the discount rate assumption.

Initial Fair Value of Options Associated with the Mega Broadband Investment

As described in Notes 6 and 13 to the consolidated financial statements, the Company acquired a 45.0% minority equity interest in Mega Broadband Investments Holdings LLC ("MBI") in 2020. The Company holds a call option to purchase all but not less than all of the remaining equity interests in MBI that the Company does not already own between January 1, 2023 and June 30, 2024. If the call option is not exercised, certain investors in MBI hold a put option to sell (and to cause all members of MBI other than the Company to sell) to the Company all but not less than all of the remaining equity interests in MBI that the Company does not already own between July 1, 2025 and September 30, 2025. The call and put options (collectively referred to as the "net option") are measured at fair value using Monte Carlo simulations that rely on assumptions around MBI's equity value, MBI's and the Company's equity volatility, MBI's and the Company's EBITDA volatility, risk adjusted discount rates and the Company's cost of debt, among others. The initial fair values of the call and put options on November 12, 2020 were $19.7 million and $75.5 million, respectively, and were included within other noncurrent liabilities. The net option is remeasured at fair value on a quarterly basis resulting in a $17.5 million change in fair value of the net option during the period ended December 31, 2020 which is reported within other income (expense), net.

The principal considerations for our determination that performing procedures relating to the initial fair value of options associated with MBI is a critical audit matter are (i) the significant judgment by management in developing the fair values of these options using the Monte Carlo simulations and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to MBI's equity value. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the fair value of the options, including controls over the assumptions related to the valuation of the options, including MBI's equity value. These procedures also included, among others, developing an independent range of values for each option and performing a comparison of management's estimate to the independently developed range to evaluate the reasonableness of management's estimate. Developing the independent range of values involved (i) developing an independent Monte Carlo simulation model, (ii) testing the completeness and accuracy of the contractual information used by management to calculate the agreed-upon price to acquire the remaining equity interests in MBI, and (iii) evaluating the reasonableness of the assumptions used by management to estimate MBI's equity value. Professionals with specialized skill and knowledge were used to assist in developing the independent Monte Carlo simulation model, including developing the independent range of values.

/s/ PricewaterhouseCoopers LLP
Phoenix, Arizona
February 25, 2021
We have served as the Company's auditor since 2014.

CABLE ONE, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	December 31,

(dollars in thousands, except par values)		2020		2019
Assets				
Current Assets:				
Cash and cash equivalents	$	574,909	$	125,271
Accounts receivable, net		38,768		38,452
Income taxes receivable		41,245		2,146
Prepaid and other current assets		17,891		15,619
Total Current Assets		672,813		181,488
Equity investments		807,781		206
Property, plant and equipment, net		1,265,460		1,201,271
Intangible assets, net		1,278,198		1,312,381
Goodwill		430,543		429,597
Other noncurrent assets		33,543		26,888
Total Assets	$	4,488,338	$	3,151,831
Liabilities and Stockholders' Equity				
Current Liabilities:				
Accounts payable and accrued liabilities	$	174,139	$	136,993
Deferred revenue		21,051		23,640
Current portion of long-term debt		26,392		28,909
Total Current Liabilities		221,582		189,542
Long-term debt		2,148,798		1,711,937
Deferred income taxes		366,675		303,314
Interest rate swap liability		155,357		78,612
Other noncurrent liabilities		100,627		26,857
Total Liabilities		2,993,039		2,310,262
Commitments and contingencies (see note 17)				
Stockholders' Equity				
Preferred stock ($0.01 par value; 4,000,000 shares authorized; none issued or outstanding)		-		-
Common stock ($0.01 par value; 40,000,000 shares authorized; 6,175,399 and 5,887,899 shares issued; and 6,027,704 and 5,715,377 shares outstanding as of December 31, 2020 and 2019, respectively)		62		59
Additional paid-in capital		535,586		51,198
Retained earnings		1,228,172		980,355
Accumulated other comprehensive loss		(140,683)		(68,158)
Treasury stock, at cost (147,695 and 172,522 shares held as of December 31, 2020 and 2019, respectively)		(127,838)		(121,885)
Total Stockholders' Equity		1,495,299		841,569
Total Liabilities and Stockholders' Equity	$	4,488,338	$	3,151,831

See accompanying notes to the consolidated financial statements.

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CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year Ended December 31,					
(dollars in thousands, except per share data)		2020		2019		2018
Revenues	$	1,325,229	$	1,167,997	$	1,072,295
Costs and Expenses:						
Operating (excluding depreciation and amortization)		418,704		388,552		370,269
Selling, general and administrative		255,163		245,120		222,216
Depreciation and amortization		265,658		216,687		197,731
(Gain) loss on asset sales and disposals, net		(1,072)		7,187		14,167
Gain on sale of business		(82,574)		-		-
Total Costs and Expenses		855,879		857,546		804,383
Income from operations		469,350		310,451		267,912
Interest expense		(73,607)		(71,729)		(60,415)
Other income (expense), net		(16,411)		(4,907)		4,487
Income before income taxes and equity method investment earnings		379,332		233,815		211,984
Income tax provision		76,317		55,233		47,224
Income before equity method investment earnings		303,015		178,582		164,760
Equity method investment earnings		1,376		-		-
Net income	$	304,391	$	178,582	$	164,760

Net Income per Common Share:			
Basic	$ 51.73	$ 31.45	$ 28.98
Diluted	$ 51.27	$ 31.12	$ 28.77
Weighted Average Common Shares Outstanding:			
Basic	5,884,780	5,678,990	5,684,375
Diluted	5,937,582	5,737,856	5,725,963
Unrealized gain (loss) on cash flow hedges and other, net of tax	$ (72,525)	$ (68,062)	$ 256
Comprehensive income	$ 231,866	$ 110,520	$ 165,016

See accompanying notes to the consolidated financial statements.

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CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands, except per share data)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock, at cost	Total Stockholders' Equity
Balance at December 31, 2017	5,731,442	$ 59	$ 28,412	$ 728,386	$ (352)	$ (80,058)	$ 676,447
Net income	-	-	-	164,760	-	-	164,760
Changes in pension, net of tax	-	-	-	-	256	-	256
Equity-based compensation	-	-	10,486	-	-	-	10,486
Issuance of equity awards, net of forfeitures	20,800	-	-	-	-	-	-
Repurchases of common stock	(38,814)	-	-	-	-	(26,582)	(26,582)
Withholding tax for equity awards	(10,026)	-	-	-	-	(7,155)	(7,155)
Dividends paid to stockholders ($7.50 per common share)	-	-	-	(42,854)	-	-	(42,854)
Balance at December 31, 2018	5,703,402	59	38,898	850,292	(96)	(113,795)	775,358
Lease accounting standard adoption cumulative adjustment	-	-	-	8	-	-	8
Net income	-	-	-	178,582	-	-	178,582
Unrealized loss on cash flow hedges and other, net of tax	-	-	-	-	(68,062)	-	(68,062)
Equity-based compensation	-	-	12,300	-	-	-	12,300
Issuance of equity awards, net of forfeitures	21,480	-	-	-	-	-	-
Repurchases of common stock	(5,984)	-	-	-	-	(5,073)	(5,073)
Withholding tax for equity awards	(3,521)	-	-	-	-	(3,017)	(3,017)
Dividends paid to stockholders ($8.50 per common share)	-	-	-	(48,527)	-	-	(48,527)
Balance at December 31, 2019	5,715,377	59	51,198	980,355	(68,158)	(121,885)	841,569
Net income	-	-	-	304,391	-	-	304,391
Unrealized loss on cash flow hedges and other, net of tax	-	-	-	-	(72,525)	-	(72,525)
Equity-based compensation	-	-	14,592	-	-	-	14,592
Issuance of common stock	287,500	3	469,796				469,799
Issuance of equity awards, net of forfeitures	28,688	-	-	-	-	-	-
Withholding tax for equity awards	(3,861)	-	-	-	-	(5,953)	(5,953)
Dividends paid to stockholders ($9.50 per common share)	-	-	-	(56,574)	-	-	(56,574)
Balance at December 31, 2020	6,027,704	$ 62	$ 535,586	$ 1,228,172	$ (140,683)	$ (127,838)	$ 1,495,299

See accompanying notes to the consolidated financial statements.

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CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,

(in thousands)	2020	2019	2018
Cash flows from operating activities:			
Net income	$ 304,391	$ 178,582	$ 164,760
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	265,658	216,687	197,731
Amortization of debt issuance costs	4,305	4,646	4,163
Equity-based compensation	14,592	12,300	10,486
Write-off of debt issuance costs	6,181	4,210	110
Increase in deferred income taxes	87,182	50,011	34,973
(Gain) loss on asset sales and disposals, net	(1,072)	7,187	14,167
Gain on sale of business	(82,574)	-	-
Equity method investment earnings	(1,376)	-	-
Fair value adjustment	17,510	-	-
Changes in operating assets and liabilities, net of effects from acquisitions:			
(Increase) decrease in accounts receivable, net	139	(3,520)	(17)
(Increase) decrease in income taxes receivable	(39,099)	8,567	10,618
Increase in prepaid and other current assets	(2,189)	(462)	(2,192)
Increase (decrease) in accounts payable and accrued liabilities	11,781	16,452	(27,853)
Increase (decrease) in deferred revenue	(2,961)	(1,432)	3,946
Other, net	(8,097)	(1,487)	(3,123)
Net cash provided by operating activities	574,371	491,741	407,769
Cash flows from investing activities:			
Purchase of businesses, net of cash acquired	(38,296)	(883,440)	-
Purchase of equity investments	(612,124)	-	-
Capital expenditures	(293,229)	(262,352)	(217,766)
Change in accrued expenses related to capital expenditures	(9,288)	4,511	2,005
Purchase of wireless licenses	(1,418)	-	-
Proceeds from sales of property, plant and equipment	730	7,039	1,466
Issuance of note and other receivables	(7,288)	-	-
Settlement of note and other receivables	6,000	-	-
Net cash used in investing activities	(954,913)	(1,134,242)	(214,295)
Cash flows from financing activities:			
Proceeds from equity issuance	488,750	-	-
Proceeds from long-term debt borrowings	1,050,000	1,275,000	-
Payment of equity issuance costs	(18,951)	-	-
Payment of debt issuance costs	(15,064)	(11,844)	(2,131)
Payments on long-term debt	(612,028)	(702,880)	(14,391)
Repurchases of common stock	-	(5,073)	(26,582)
Payment of withholding tax for equity awards	(5,953)	(3,017)	(7,155)
Dividends paid to stockholders	(56,574)	(48,527)	(42,854)
Other		-	2,000
Net cash provided by (used in) financing activities	830,180	503,659	(91,113)
Increase (decrease) in cash and cash equivalents	449,638	(138,842)	102,361
Cash and cash equivalents, beginning of period	125,271	264,113	161,752
Cash and cash equivalents, end of period	$ 574,909	$ 125,271	$ 264,113
Supplemental cash flow disclosures:			
Cash paid for interest, net of capitalized interest	$ 65,007	$ 67,907	$ 56,412
Cash paid for income taxes, net of refunds received	$ 28,230	$ (3,585)	$ 1,811

See accompanying notes to the consolidated financial statements.

CABLE ONE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Cable One, Inc., together with its wholly owned subsidiaries (collectively, "Cable One" or the "Company"), is a fully integrated provider of data, video and voice services to residential and business subscribers in 21 Western, Midwestern and Southern U.S. states. At the end of 2020, Cable One provided service to approximately 969,000 residential and business customers, of which approximately 857,000 subscribed to data services, 260,000 subscribed to video services and 124,000 subscribed to voice services.

On May 1, 2017, the Company acquired RBI Holding LLC ("NewWave") for a purchase price of $740.2 million. On January 8, 2019, the Company acquired Delta Communications, L.L.C. ("Clearwave") for a purchase price of $358.8 million. On October 1, 2019, the Company acquired Fidelity Communications Co.'s data, video and voice business and certain related assets (collectively, "Fidelity") for a purchase price of $531.4 million. On July 1, 2020, the Company acquired Valu-Net LLC ("Valu-Net") for a purchase price of $38.9 million. The purchase price for these transactions was in cash on a debt-free basis. Refer to note 3 for details on these transactions. Refer to note 6 for information on the Company's equity investments completed during 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and the rules and regulations of the Securities and Exchange Commission (the "SEC"). The Company's results of operations for the years ended December 31, 2020, 2019 and 2018 may not be indicative of the Company's future results.

Certain reclassifications have been made to prior period amounts to conform to the current year presentation.

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company, including its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Segment Reporting. Accounting Standards Codification ("ASC") 280 - *Segment Reporting* requires the disclosure of factors used to identify an entity's reportable segments. Historically, the Company's operations were organized and managed on the basis of its geographic divisions. Effective in the second quarter of 2020, as a result of progress made in the Company's staged rebranding initiative and the further alignment of service offerings and product pricing for recent acquisitions with its legacy business, the Company reevaluated the chief operating decision maker's review and assessment of the Company's operating performance for purposes of performance monitoring and resource allocation. The Company determined that its operations, including the decisions to allocate resources and deploy capital, are organized and managed on a consolidated basis and are not based on any predetermined geographic division. Each operating system derives revenues from the delivery of similar products and services to a customer base that is also similar. Each operating system deploys similar technology to deliver the Company's products and services, operates within a similar regulatory environment, has similar economic characteristics and is managed by the Company's chief operating decision maker as part of an aggregate of all operating systems within the Company's material geographic divisions. Management evaluated the criteria for aggregation under ASC 280 and has concluded that the Company meets each of the respective criteria set forth therein. Accordingly, management has identified one operating segment, which is its reportable segment, under this organizational and reporting structure.

Use of Estimates. The preparation of the consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported herein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates and underlying assumptions.

Revenue Recognition. The Company recognizes revenue in accordance with ASC 606 - *Revenue from Contracts with Customers.* Residential revenues are generated through individual and bundled subscriptions for data, video and voice services on month to month terms, without penalty for cancellation. As bundled subscriptions are typically offered at discounted rates, the sales price is allocated amongst the respective product lines based on the relative selling price at which each service is sold under standalone service agreements. Business revenues are generated through individual and bundled subscriptions for data, video and voice services under contracts with terms ranging from one month to several years.

The Company also generally receives an allocation of scheduled advertising time as part of its distribution agreements with cable and broadcast networks, which the Company sells to local, regional and national advertisers under contracts with terms that are typically less than one year. In most instances, the available advertising time is sold directly by the Company's internal sales force. As the Company is acting as principal in these arrangements, the advertising that is sold is reported as revenue on a gross basis. In instances where advertising time is sold by contracted third-party agencies, the Company is not acting as principal and the advertising sold is therefore reported net of agency fees. Advertising revenues are recognized when the related advertisements are aired.

The unit of accounting for revenue recognition is a performance obligation, which is a requirement to transfer a distinct good or service to a customer. Customers are billed for the services to which they subscribe based upon published or contracted rates, with the sales price being allocated to each performance obligation. For arrangements with multiple performance obligations, the sales price is allocated based on the relative standalone selling price for each subscribed service. Generally, performance obligations are satisfied, and revenue is recognized, over the period of time in which customers simultaneously receive and consume the Company's defined performance obligations, which are delivered in a similar pattern of transfer. Advertising revenue is recognized at the point in time when the underlying performance obligation is complete.

The Company also incurs certain incremental costs to acquire residential and business customers, such as commission costs and third-party costs to service specific customers. These costs are capitalized as contract assets and amortized over the applicable period. For commissions, the amortization period is the average customer tenure, which is approximately five years for both residential and business customers. All other costs are amortized over the requisite contract period.

Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. As the Company acts as principal, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

Concentrations of Credit Risk. Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. Concentration of credit risk with respect to the Company's cash balance is limited. The Company maintains or invests its cash with highly qualified financial institutions. With respect to the Company's receivables, credit risk is limited due to the large number of customers, individually small balances and short payment terms.

Programming Costs. The Company's programming costs are fees paid to license the programming that is distributed to video customers and are recorded in the period the services are provided. Programming costs are recorded based on the Company's contractual agreements with its programming vendors, which are generally multi-year agreements that provide for the Company to make payments to the programming vendors at agreed upon rates based on the number of subscribers to which the Company provides the programming service. From time to time, these agreements expire, and programming continues to be distributed, often pursuant to an extension, to customers while the parties negotiate new contractual terms. While payments are typically made under the prior agreement's terms, the amount of programming costs recorded during these interim periods is based on the Company's estimates of the ultimate contractual terms expected to be negotiated. Differences between actual amounts determined upon resolution of negotiations and amounts recorded during these interim periods are recorded in the period of resolution.

Advertising Costs. The Company expenses advertising costs as incurred. The total amount of such advertising expense recorded was $31.6 million, $34.3 million and $28.6 million in 2020, 2019 and 2018, respectively.

Cash Equivalents. The Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost plus accrued interest and dividends, which approximates market value.

Allowance for Doubtful Accounts. Accounts receivable have been reduced by an allowance for amounts that may be uncollectible in the future. This estimated allowance is based primarily on the aging category, historical collection experience and management's evaluation of the financial condition of the customer. The Company generally considers an account past due or delinquent when a customer misses a scheduled payment. The Company writes off accounts receivable balances deemed uncollectible against the allowance for doubtful accounts generally when the account is turned over for collection to an outside collection agency.

Fair Value Measurements. Fair value measurements are determined based on the assumptions that a market participant would use in pricing an asset or liability based on a three-tiered hierarchy that draws a distinction between market participant assumptions based on (i) observable inputs, such as quoted prices in active markets (level 1); (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (level 2); and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (level 3). Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

For assets and liabilities that are measured using quoted prices in active markets, the total fair value is the published market price per unit multiplied by the number of units held, without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability. Assets and liabilities that are measured using significant unobservable inputs are valued using various valuation techniques, including Monte Carlo simulations.

The Company measures certain assets, including property, plant and equipment, intangible assets and goodwill, at fair value on a nonrecurring basis when they are deemed to be impaired. The fair value of these assets is determined with valuation techniques using the best information available and may include quoted market prices, market comparables and discounted cash flow models.

The carrying amounts reported in the Company's consolidated financial statements for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short-term nature of these financial instruments.

Equity Investments. Equity investments that do not provide the Company the ability to exert significant influence over the operating or financial decisions of the investee are accounted for under the fair value measurement alternative. This method requires the initial fair value of the investment to be recorded as an asset within the consolidated balance sheet and any dividends received from the investee to be recorded as other income within the consolidated statement of operations and comprehensive income. If observable price changes for identical or similar investments in the same investee are identified, the recorded carrying value will be adjusted to its current estimated fair value.

Equity investments that do provide the Company with the ability to exert significant influence over the operating or financial decisions of the investee are accounted for under the equity method. The equity method requires the initial fair value of the investment to be recorded as an asset within the consolidated balance sheet. Based on its ownership percentage, the Company then recognizes its proportionate share of the investee's net income (loss) each period within equity method investment earnings in the consolidated statement of operations and comprehensive income and a corresponding increase (decrease) to the investment's carrying value within the consolidated balance sheet. As permitted by GAAP, the Company elected to recognize its proportionate share of such net income (loss) for each of its equity method investments on a one quarter lag. Additionally, any dividends received from an equity method investee are accounted for as a reduction in the carrying value of the investment within the consolidated balance sheet. Further, any material difference between the carrying value of an equity method investment and the Company's underlying equity in the net assets of the investee attributable to depreciable property, plant and equipment and/or amortizable intangible assets will result in an adjustment to the amount of net income (loss) recognized by the Company each period.

As none of the Company's cost or equity method investments have readily determinable fair values, the Company assesses each investment for indicators of impairment on a quarterly basis based primarily on the investee's most recently available financial and operating information. If it is determined that the fair value of an investment has fallen below its carrying value, the carrying value is adjusted down to fair value and an impairment loss equal to the amount of the adjustment is recognized within the period's statement of operations and comprehensive income.

Property, Plant and Equipment. Property, plant and equipment is recorded at cost less accumulated depreciation and amortization. Costs for replacements and major improvements are capitalized while costs for maintenance and repairs are expensed as incurred. Depreciation and amortization are calculated using the straight-line method for all assets, with the exception of capitalized internal and external labor, which are depreciated using an accelerated method. The estimated useful life ranges for each category of property, plant and equipment are as follows (in years):

Cable distribution systems	10	–	25
Customer premise equipment	3	–	5
Other equipment and fixtures	3	–	10
Buildings and improvements	10	–	20
Capitalized software	3	–	7
Right-of-use ("ROU") assets	1	–	5

The costs of leasehold improvements are amortized over the lesser of their useful lives or the remaining terms of the respective leases.

Costs associated with the installation and upgrade of services and acquiring and deploying of customer premise equipment, including materials, internal and external labor costs and related indirect and overhead costs, are capitalized.

Capitalized labor costs include the direct costs of engineers and technical personnel involved in the design and implementation of plant and infrastructure; the costs of technicians involved in the installation and upgrades of services and customer premise equipment; and the costs of support personnel directly involved in capitalizable activities, such as project managers and supervisors. These costs are capitalized based on internally developed standards by position, which are updated annually (or more frequently if required). These standards are developed utilizing a combination of actual costs incurred where applicable, survey information, operational data and management judgment. Overhead costs are capitalized based on standards developed from historical information. Indirect and overhead costs include payroll taxes; insurance and other benefits; and vehicle, tool and supply expense related to installation activities. Costs for repairs and maintenance, disconnecting service or reconnecting service are expensed as incurred.

The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use, on-premises and cloud-based software, including costs associated with coding, software configuration, upgrades and enhancements.

Evaluation of Long-Lived Assets. The recoverability of property, plant and equipment and finite-lived intangible assets is assessed whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. A long-lived asset is considered to not be recoverable when the undiscounted estimated future cash flows are less than the asset's recorded value. An impairment charge is measured based on estimated fair market value, determined primarily using estimated future cash flows on a discounted basis. Losses on long-lived assets to be disposed of are determined in a similar manner, but the fair market value is reduced for estimated disposal costs.

Finite-Lived Intangible Assets. Finite-lived intangible assets consist of franchise renewals, customer relationships, trademarks and trade names and wireless licenses and are amortized using a straight-line or accelerated method over the respective estimated periods for which the assets will provide economic benefit to the Company.

Indefinite-Lived Intangible Assets. The Company's intangible assets with an indefinite life are franchise agreements that it has with state and local governments and certain trade names. Franchise agreements allow the Company to contract and operate its business within specified geographic areas. The Company expects its franchise agreements to provide it with substantial benefit for a period that extends beyond the foreseeable horizon, and the Company has historically obtained renewals and extensions of such agreements without material modifications to the agreements for nominal costs, and these costs are expensed as incurred. The Company currently expects to utilize certain trade names for a period that extends beyond the foreseeable horizon and expects the cost to maintain such asset to be nominal.

The Company's unit of accounting for its franchise agreements was historically established at the geographic division level. Effective in the second quarter of 2020, as a result of progress made in the Company's staged rebranding initiative and the further alignment of service offerings and product pricing for recent acquisitions with its legacy business, the Company reevaluated the basis of its franchise agreements unit of accounting for use in impairment assessments and identified a single unit of accounting for its franchise agreements based on a reevaluation of the Company's current operations and the use of its assets.

The Company assesses the recoverability of its indefinite-lived intangible assets as of October 1st of each year, or more frequently whenever events or substantive changes in circumstances indicate that the assets might be impaired. The Company evaluates the unit of accounting used to test for impairment periodically or whenever events or substantive changes in circumstances occur to ensure impairment testing is performed at an appropriate level. The assessment of recoverability may first consider qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. When performing a quantitative assessment, the Company estimates the fair value of its franchise agreements primarily based on a multi-period excess earnings method ("MPEEM") analysis and estimates the fair value of certain trade names primarily based on a relief-from-royalty analysis, both of which involve significant judgment. When analyzing the fair values indicated under the MPEEM analysis, the Company also considers multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA" and as adjusted, "Adjusted EBITDA") generated by the underlying assets, current market transactions and profitability information. If the fair value of indefinite-lived intangible assets were determined to be less than the carrying amount, the Company would recognize an impairment charge for the difference between the estimated fair value and the carrying value of the assets.

Goodwill. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including an assembled workforce, noncontractual relationships and other agreements. The Company assesses the recoverability of its goodwill as of October 1st of each year, or more frequently whenever events or substantive changes in circumstances indicate that the carrying amount of a reporting unit may exceed its fair value.

The Company tests goodwill for impairment at the reporting unit level, which was historically established at the geographic division level. The Company evaluates the determination of its reporting units used to test for impairment periodically or whenever events or substantive changes in circumstances occur. Effective in the second quarter of 2020, as a result of progress made in the Company's staged rebranding initiative and the further alignment of service offerings and product pricing for recent acquisitions with its legacy business, the Company reevaluated the basis of its goodwill reporting units and identified four geographic divisions that were aggregated into a single goodwill reporting unit based on the chief operating decision maker's current performance monitoring and resource allocation process and the economic similarity of the four divisions.

The assessment of recoverability may first consider qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. The quantitative assessment considers whether the carrying amount of a reporting unit exceeds its fair value. Any excess amount is recorded as an impairment charge in the current period (limited to the amount of goodwill recorded).

Insurance. The Company uses a combination of insurance and self-insurance for a number of risks, including claims related to employee medical and dental care, disability benefits, workers' compensation, general liability, property damage and business interruption. Liabilities associated with these plans are estimated based on, among other things, the Company's historical claims experience, severity factors and other actuarial assumptions. Accruals for expected loss are based on estimates, and, while the Company believes that the amounts accrued are adequate, the ultimate loss may differ from the amounts accrued.

Equity-Based Compensation. The Company measures compensation expense related to equity-based awards based on the grant date fair value of the awards. The Company recognizes the expense on a straight-line basis over the requisite service period, which is generally the vesting period of the award, with forfeitures recognized as incurred.

Income Taxes. The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records deferred tax assets to the extent that it believes these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. This evaluation is made on an ongoing basis. In the event the Company were to determine that it was not able to realize all or a portion of its deferred tax assets in the future, the Company would record a valuation allowance, which would impact the provision for income taxes.

The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Company records a liability for the difference between the benefit recognized and measured for financial statement purposes and the tax position taken or expected to be taken on the tax return. Changes in the estimate are recorded in the period in which such determination is made.

Asset Retirement Obligations. Certain of the Company's franchise agreements and lease agreements contain provisions requiring the Company to restore facilities or remove property in the event that the franchise or lease agreement is not renewed. The Company expects to continually renew its franchise agreements and therefore cannot reasonably estimate any liabilities associated with such agreements. A remote possibility exists that franchise agreements could be terminated unexpectedly, which could result in the Company incurring significant expense in complying with restoration or removal provisions. Retirement obligations related to the Company's lease agreements are de minimis. The Company does not have any significant liabilities related to asset retirement obligations recorded in the consolidated financial statements.

Business Combination Purchase Price Allocation. The application of the acquisition method under ASC 805 - *Business Combinations* ("ASC 805") requires the Company to allocate the purchase price amongst the acquisition date fair values of identifiable assets acquired and liabilities assumed in a business combination. The Company determines fair values using the income approach, market approach and/or cost approach depending on the nature of the asset or liability being valued and the reliability of available information. The income approach estimates fair value by discounting associated lifetime expected future cash flows to their present value and relies on significant assumptions regarding future revenues, expenses, working capital levels and discount rates. The market approach estimates fair value by analyzing recent actual market transactions for similar assets or liabilities. The cost approach estimates fair value based on the expected cost to replace or reproduce the asset or liability and relies on assumptions regarding the occurrence and extent of any physical, functional and/or economic obsolescence.

Recently Adopted Accounting Pronouncements. In August 2018, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation, setup and other upfront costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing such costs incurred to develop or obtain internal-use software. The ASU specifies which costs are to be expensed and which are to be capitalized, the period over which capitalized costs are to be amortized, the process for identifying and recognizing impairment and the proper presentation of such costs within the consolidated financial statements. The Company adopted the updated guidance on January 1, 2020 on a prospective basis. The adoption of this ASU has resulted in the capitalization of $7.9 million of costs that will be amortized over the life of the applicable hosting arrangement. Amortization of such costs will be included in operating or selling, general and administrative expenses, rather than depreciation and amortization expense, within the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires companies to recognize an allowance for expected lifetime credit losses through earnings concurrent with the recognition of a financial asset measured at amortized cost. The estimate of expected credit losses is required to be adjusted each reporting period over the life of the financial asset. The ASU was effective January 1, 2020 and required adoption on a modified retrospective basis. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Recently Issued But Not Yet Adopted Accounting Pronouncements. In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference London Interbank Offered Rate ("LIBOR") and other reference rates expected to be discontinued at the end of 2021. The ASU may be adopted at any time through December 31, 2022. The Company currently holds certain debt and interest rate swaps that reference LIBOR. The Company plans to adopt ASU 2020-04 when the contracts underlying such instruments are amended as a result of reference rate reform, which is expected to occur prior to the end of 2021. The Company is currently evaluating the expected impact of the adoption of this guidance on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 removes certain exceptions related to intraperiod tax allocations, foreign subsidiaries and interim reporting that are present within existing GAAP. The ASU also provides updated guidance regarding the tax treatment of certain franchise taxes, goodwill and nontaxable entities, among other items. In addition, ASU 2019-12 clarifies that the effect of a change in tax laws or rates should be reflected in the annual effective tax rate computation during the interim period that includes the enactment date. The ASU was effective for annual and interim periods beginning after December 15, 2020. Certain provisions must be adopted on prescribed retrospective, modified retrospective and prospective bases, while other provisions may be adopted on either a retrospective or modified retrospective basis. The Company plans to adopt ASU 2019-12 in the first quarter of 2021 on a prospective basis and does not expect the updated guidance to have a material impact on the its consolidated financial statements, but it may have an impact in the future.

3. ACQUISITIONS

The Company accounted for certain acquisitions as business combinations pursuant to ASC 805. In accordance with ASC 805, the Company uses its best estimates and assumptions to assign fair value to the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date. The Company believes that the information available provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed for each acquisition, however, preliminary measurements of fair value for each acquisition are subject to change during the measurement period, and such changes could be material. The Company expects to finalize the valuation after each acquisition as soon as practicable but no later than one year after the acquisition date.

Customer relationships and franchise agreements are valued using the MPEEM of the income approach. Significant assumptions used in the valuations include projected revenue growth rates, future EBITDA margins, future capital expenditures and an appropriate discount rate. No residual value is assigned to the acquired customer relationships or trademark and trade name.

Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including an assembled workforce, noncontractual relationships and other agreements. As an indefinite-lived asset, goodwill is not amortized but rather is subject to impairment testing on at least an annual basis. The change in carrying value of goodwill as a result of acquisitions during the periods presented was as follows (in thousands):

		Goodwill
Balance at December 31, 2018	**$**	**172,129**

Clearwave acquisition goodwill recognized		185,885
Fidelity acquisition goodwill recognized		71,583
Balance at December 31, 2019	$	429,597
Valu-Net acquisition goodwill recognized		5,279
Anniston Exchange (as defined in note 6) goodwill disposed		(4,333)
Balance at December 31, 2020	$	430,543

Acquisition costs are not included as components of consideration transferred and instead are accounted for as expenses in the period in which the costs are incurred. The Company incurred $3.9 million, $9.6 million and $1.8 million of acquisition-related costs in 2020, 2019 and 2018, respectively. These costs are included in selling, general and administrative expenses within the Company's consolidated statements of operations and comprehensive income.

The following acquisitions occurred during the periods presented:

Clearwave. On January 8, 2019, the Company acquired Clearwave, a facilities-based service provider that owns and operates a high-capacity fiber network offering dense regional coverage in Southern Illinois for a purchase price of $358.8 million. The Clearwave acquisition provides the Company with a premier fiber network within its existing footprint, further enables the Company to supply its customers with enhanced business services solutions and provides a platform to allow the Company to replicate Clearwave's strategy in several of its other markets.

A summary of the allocation of the Clearwave purchase price consideration as of the acquisition date, reflecting all measurement period adjustments recorded in 2019, is as follows (in thousands):

		Purchase Price Allocation
Assets Acquired		
Cash and cash equivalents	$	1,913
Accounts receivable		1,294
Prepaid and other current assets		311
Property, plant and equipment		120,472
Intangible assets		89,700
Other noncurrent assets		3,533
Total Assets Acquired		217,223
Liabilities Assumed		
Accounts payable and accrued liabilities		2,128
Deferred revenue, short-term portion		4,322
Deferred income taxes		32,771
Other noncurrent liabilities		5,057
Total Liabilities Assumed		44,278
Net assets acquired		172,945
Purchase price consideration		358,830
Goodwill recognized	$	185,885

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Acquired identifiable intangible assets associated with the Clearwave acquisition consisted of the following (dollars in thousands):

		Fair Value	Useful Life (in years)
Customer relationships	$	83,000	17
Trade name	$	6,700	Indefinite

The measurement period ended on January 7, 2020, and no measurement period adjustments were recorded during 2020.

The Clearwave acquisition resulted in the recognition of $185.9 million of goodwill, which is not deductible for tax purposes.

Fidelity. On October 1, 2019, the Company acquired Fidelity, a provider of data, video and voice services to residential and business customers throughout Arkansas, Illinois, Louisiana, Missouri, Oklahoma and Texas for a purchase price of $531.4 million. Cable One and Fidelity share similar strategies, customer demographics and products. The Fidelity acquisition provides the Company opportunities for revenue growth and Adjusted EBITDA margin expansion as well as the potential to realize cost synergies.

A summary of the allocation of the Fidelity purchase price consideration as of the acquisition date, reflecting all measurement period adjustments recorded in 2019, was as follows (in thousands):

		Purchase Price Allocation
Assets Acquired		
Cash and cash equivalents	$	4,869

Accounts receivable	3,691
Prepaid and other current assets	1,756
Property, plant and equipment	173,904
Intangible assets	288,000
Other noncurrent assets	1,895
Total Assets Acquired	474,115
Liabilities Assumed	
Accounts payable and accrued liabilities	8,795
Deferred revenue, short-term portion	1,796
Other noncurrent liabilities	3,715
Total Liabilities Assumed	14,306
Net assets acquired	**459,809**
Purchase price consideration	531,392
Goodwill recognized	**$ 71,583**

Acquired identifiable intangible assets associated with the Fidelity acquisition consisted of the following (dollars in thousands):

	Fair Value	Useful Life (in years)
Customer relationships	$ 119,000	14
Trademark and trade name	$ 3,000	3
Franchise agreements	$ 166,000	Indefinite

The total weighted average original amortization period for the acquired finite-lived intangible assets is 13.7 years.

The measurement period ended on September 30, 2020, and no measurement period adjustments were recorded during 2020.

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The Fidelity acquisition resulted in the recognition of $71.6 million of goodwill, which is deductible for tax purposes.

Valu-Net. On July 1, 2020, the Company acquired Valu-Net, an all-fiber internet service provider headquartered in Kansas, for a purchase price of $38.9 million.

Acquired identifiable intangible assets associated with the Valu-Net acquisition consisted of the following (dollars in thousands):

	Fair Value	Useful Life (in years)
Customer relationships	$ 7,700	13.5
Trademark and trade name	$ 800	Indefinite
Franchise agreements	$ 11,200	Indefinite

4. REVENUES

The Company's revenues by product line were as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Residential			
Data	$ 669,545	$ 547,240	$ 492,816
Video	332,857	335,190	343,384
Voice	47,603	43,521	41,278
Business services	234,657	204,500	155,952
Other	40,567	37,546	38,865
Total revenues	$ 1,325,229	$ 1,167,997	$ 1,072,295
Franchise and other regulatory fees	$ 25,206	$ 22,702	$ 16,098
Deferred commission amortization	$ 5,478	$ 3,992	$ 3,605

Other revenues are comprised primarily of advertising sales, customer late charges and reconnect fees.

Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. As the Company acts as principal, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

Net accounts receivable from contracts with customers totaled $31.5 million and $32.3 million at December 31, 2020 and 2019, respectively.

A significant portion of the Company's revenues are derived from customers who may cancel their subscriptions at any time without penalty. As such, the amount of deferred revenue related to unsatisfied performance obligations is not necessarily indicative of the future revenue to be recognized from the Company's existing customers. Revenues from customers with contractually specified terms and non-cancelable service periods are recognized over the terms of the underlying contracts, which generally range from one to five years.

Contract Costs. The Company capitalizes the incremental costs incurred in obtaining customers, such as commission costs and certain third-party costs. Commission expense is recognized using a portfolio approach over the calculated average residential and business customer tenure. Commission amortization expense is included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income.

Contract Liabilities. As residential and business customers are billed for subscription services in advance of the service period, the timing of revenue recognition differs from the timing of billing. Deferred revenue liabilities are recorded when the Company collects payments in advance of providing the associated services. Current deferred revenue liabilities consist of refundable customer prepayments, up-front charges and installation fees. As of December 31, 2020, the Company's remaining performance obligations pertain to the refundable customer prepayments and consist of providing future data, video and voice services to customers. The $23.6 million of current deferred revenue at December 31, 2019 was recognized within revenues in the consolidated statement of operations and comprehensive income during 2020. Noncurrent deferred revenue liabilities consist of up-front charges and installation fees from business customers.

Significant Judgments. The Company often provides multiple services to a single customer. The provision of customer premise equipment, installation services and service upgrades may be highly integrated and interdependent with the data, video or voice services provided. Judgment is required to determine whether the provision of such customer premise equipment, installation services and service upgrades is considered a distinct service and accounted for separately, or not distinct and accounted for together with the related subscription service.

The transaction price for a bundle of services is frequently less than the sum of the standalone selling prices of each individual service. The Company allocates the sales price for such bundles to each individual service provided based on the relative standalone selling price for each subscribed service. Standalone selling prices of the Company's residential data and video services are directly observable, while standalone selling prices for the Company's residential voice services are estimated using the adjusted market assessment approach, which relies upon information from peer companies who sell residential voice services individually.

The Company also used significant judgment to determine the appropriate period over which to amortize deferred residential and business commission costs, which was determined to be the average customer tenure. Based on historical data and current expectations, the Company determined the average customer tenure for both residential and business customers to be approximately five years.

5. OPERATING ASSETS AND LIABILITIES

Accounts receivable consisted of the following (in thousands):

	As of December 31,	
	2020	2019
Trade receivables	$ 32,795	$ 33,467
Other receivables	7,225	6,186
Less: Allowance for credit losses	(1,252)	(1,201)
Total accounts receivable, net	$ 38,768	$ 38,452

The changes in the allowance for credit losses were as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Beginning balance	**$ 1,201**	**$ 2,045**	**$ 1,876**
Additions - charged to costs and expenses	7,527	6,500	5,101
Deductions - write-offs	(13,603)	(13,504)	(9,529)
Recoveries collected	6,127	6,160	4,597
Ending balance	**$ 1,252**	**$ 1,201**	**$ 2,045**

Prepaid and other current assets consisted of the following (in thousands):

	As of December 31,	
	2020	2019
Prepaid repairs and maintenance	$ 1,013	$ 551
Software implementation costs	1,035	-
Prepaid insurance	2,200	1,548
Prepaid rent	1,471	1,499
Prepaid software	4,544	4,672
Deferred commissions	4,026	3,586
All other current assets	3,602	3,763
Total prepaid and other current assets	$ 17,891	$ 15,619

Other noncurrent assets consisted of the following (in thousands):

	As of December 31,	
	2020	2019
Operating lease ROU assets	$ 13,408	$ 16,924
Deferred commissions	5,798	5,042
Software implementation costs	6,879	-
Debt issuance costs	3,249	2,427
All other noncurrent assets	4,209	2,495
Total other noncurrent assets	$ 33,543	$ 26,888

Accounts payable and accrued liabilities consisted of the following (in thousands):

	As of December 31,	
	2020	2019
Accounts payable	$ 22,686	$ 36,351
Accrued programming costs	20,279	19,620
Accrued compensation and related benefits	26,467	23,189
Accrued sales and other operating taxes	7,425	7,550
Accrued franchise fees	4,021	4,201
Deposits	6,300	6,550
Operating lease liabilities	3,772	4,601
Interest rate swap liability	30,646	11,045
Accrued insurance costs	7,292	6,174
Cash overdrafts	8,847	5,801
Equity investment payable(1)	13,387	-
Interest payable	4,128	175
Amount due to Hargray(2)	6,822	-
All other accrued liabilities	12,067	11,736
Total accounts payable and accrued liabilities	$ 174,139	$ 136,993

(1) Consists of the unfunded portion of the Company's equity investment in Wisper. Refer to note 6 for details on this transaction.
(2) Consists of amounts due to Hargray in connection with transition services provided as part of the Anniston Exchange. Refer to note 6 for details on this transaction.

Other noncurrent liabilities consisted of the following (in thousands):

	As of December 31,	
	2020	2019
Operating lease liabilities	$ 8,701	$ 11,146
Accrued compensation and related benefits	10,086	7,154
Deferred revenue	4,981	5,514
MBI net option (as defined in note 6)(1)	73,310	-
All other noncurrent liabilities	3,549	3,043
Total other noncurrent liabilities	$ 100,627	$ 26,857

(1) Consists of the net value of the Company's call and put options associated with the remaining equity interests in MBI, valued at $0.7 million and $74.0 million, respectively, as of December 31, 2020. Refer to note 6 for details on this transaction.

6. EQUITY INVESTMENTS

On May 4, 2020, the Company made a minority equity investment for a less than 10% ownership interest in AMG Technology Investment Group, LLC, a wireless internet service provider ("Nextlink"), for $27.2 million. On July 10, 2020, the Company acquired a 40.4% minority equity interest in Wisper ISP, LLC, a wireless internet service provider ("Wisper"), for total consideration of $25.3 million. The Company funded $11.9 million of the total consideration for Wisper in 2020 and expects to fund the remainder in 2021. On October 1, 2020, the Company contributed its Anniston, Alabama system (the "Anniston System") to Hargray Acquisition Holdings, LLC, a data, video and voice services provider ("Hargray"), in exchange for an approximately 15% equity interest in Hargray on a fully diluted basis (the "Anniston Exchange") and recognized an $82.6 million non-cash gain. On November 12, 2020, the Company acquired a 45.0% minority equity interest in Mega Broadband Investments Holdings LLC, a data, video and voice services provider ("MBI"), for $574.9 million in cash.

The carrying value of the Company's equity investments without readily determinable fair values were determined based on fair valuations as of their respective acquisition dates, and consisted of the following (dollars in thousands):

	Ownership Percentage	As of December 31, 2020		As of December 31, 2019	
Cost Method Investments					
Hargray(1)	~15%	$	113,165	$	-
Nextlink	<10%		27,245		-
Others	<10%		10,066		206
Total cost method investments		$	150,476	$	206
Equity Method Investments					
MBI(2)	45.0%	$	630,679	$	-
Wisper	40.4%		26,626		-
Total equity method investments		$	657,305	$	-
Total equity investments		$	807,781	$	206

(1) The Company calculated the fair value of Hargray's total enterprise value using a hybrid of both the discounted cash flow method of the income approach and the guideline public company method of the market approach. Significant assumptions used in the valuation include projected revenue growth rates, future EBITDA margins, future capital expenditures and an appropriate discount rate. The enterprise value less Hargray's debt and unamortized debt issuance costs was multiplied by Cable One's minority equity interest percentage to determine the Hargray investment's carrying value. The resulting non-cash gain was calculated as the difference between this carrying value and the book value of the Anniston System's net assets, including its proportionate share of the Company's franchise agreement and goodwill assets. The approximately 15% equity interest in Hargray is on a fully diluted basis.

(2) The Company holds a call option to purchase all but not less than all of the remaining equity interests in MBI that the Company does not already own between January 1, 2023 and June 30, 2024. If the call option is not exercised, certain investors in MBI hold a put option to sell (and to cause all members of MBI other than the Company to sell) to the Company all but not less than all of the remaining equity interests in MBI that the Company does not already own between July 1, 2025 and September 30, 2025. The call and put options (collectively referred to as the "net option") are measured at fair value using Monte Carlo simulations that rely on assumptions around MBI's equity value, MBI's and the Company's equity volatility, MBI's and the Company's EBITDA volatility, risk adjusted discount rates and the Company's cost of debt, among others. The final MBI purchase price allocation resulted in $630.7 million being allocated to the MBI equity investment and $19.7 million and $75.5 million being allocated to the call and put options, respectively. The net option is remeasured at fair value on a quarterly basis resulting in a $17.5 million change in fair value of the net option during the period ended December 31, 2020 which is reported within other income (expense), net, in the consolidated statement of operations and comprehensive income. The $73.3 million carrying value of the net option liability is included within other noncurrent liabilities in the consolidated balance sheet as of December 31, 2020.

The carrying value of MBI exceeded the Company's underlying equity in MBI's net assets by $529.7 million as of December 31, 2020. A portion of the excess will be allocated to amortizable assets within the investment and will be amortized as the Company records its share of MBI's income on a quarterly basis.

The Company recognized $1.4 million of Wisper net income within equity method investment earnings in the consolidated statement of operations and comprehensive income for 2020, which increased the investment's carrying value.

The Company assesses each equity investment for indicators of impairment on a quarterly basis. No impairments were recorded for any of the periods presented. The MBI call and put options are remeasured at fair value on a quarterly basis, with any changes in fair value reported within other income (expense) in the consolidated statements of operations and comprehensive income.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	As of December 31, 2020		As of December 31, 2019	
Cable distribution systems	$	1,916,048	$	1,779,964
Customer premise equipment		283,831		266,190
Other equipment and fixtures		463,469		444,799
Buildings and improvements		117,367		113,331
Capitalized software		107,107		99,988
Construction in progress		89,488		93,352
Land		13,293		13,361
ROU assets		10,314		10,187
Property, plant and equipment, gross		3,000,917		2,821,172
Less: Accumulated depreciation and amortization		(1,735,457)		(1,619,901)
Property, plant and equipment, net	$	1,265,460	$	1,201,271

The balance at December 31, 2020 included $13.9 million of property, plant and equipment acquired in the Valu-Net acquisition and excluded $16.4 million of property, plant and equipment disposed of in the Anniston Exchange.

Depreciation and amortization expense for property, plant and equipment was $220.2 million, $197.5 million and $186.0 million in 2020, 2019 and 2018, respectively.

In 2020, the Company recognized an $82.6 million non-cash gain in connection with the Anniston Exchange. In 2019, a portion of the Company's previous headquarters building and adjoining property was sold for $6.3 million in gross proceeds and the Company recognized a related gain of $1.6 million.

8. GOODWILL AND INTANGIBLE ASSETS

The carrying amount of goodwill was $430.5 million and $429.6 million at December 31, 2020 and 2019, respectively, with the increase pertaining to $5.3 million of goodwill recognized in the Valu-Net acquisition, partially offset by $4.3 million of goodwill disposed of in the Anniston Exchange. The Company has not historically recorded any impairment of goodwill.

Intangible assets consisted of the following (dollars in thousands):

		December 31, 2020			December 31, 2019		
	Useful Life Range (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-Lived Intangible Assets							
Franchise renewals	1 – 25	$ 2,927	$ 2,927	$ -	$ 2,927	$ 2,895	$ 32
Customer relationships	13.5 – 17	369,700	81,865	287,835	362,000	37,470	324,530
Trademarks and trade names	2.7 – 3	4,300	2,552	1,748	4,300	1,552	2,748
Wireless licenses	10 – 15	1,418	15	1,403	-	-	-
Total finite-lived intangible assets		$ 378,345	$ 87,359	$ 290,986	$ 369,227	$ 41,917	$ 327,310
Indefinite-Lived Intangible Assets							
Franchise agreements				$ 979,712			$ 978,371
Trade names				7,500			6,700
Total indefinite-lived intangible assets				$ 987,212			$ 985,071
Total intangible assets, net				$ 1,278,198			$ 1,312,381

The increase in intangible assets from December 31, 2019 to December 31, 2020 related to customer relationships, trade name and franchise agreements associated with the Valu-Net acquisition as well as purchased wireless licenses, partially offset by $9.9 million of franchise agreements disposed of in connection with the Anniston Exchange.

Intangible asset amortization expense was $45.5 million, $19.2 million and $11.7 million in 2020, 2019 and 2018, respectively.

The future amortization of existing finite-lived intangible assets as of December 31, 2020 was as follows (in thousands):

Year Ending December 31,	Amount
2021	$ 40,495
2022	35,528
2023	28,816
2024	23,886
2025	21,962
Thereafter	140,299
Total	$ 290,986

Actual amortization expense in future periods may differ from the amounts above as a result of intangible asset acquisitions or divestitures, changes in useful life estimates, impairments or other relevant factors.

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9. LEASES

As a lessee, the Company has operating leases for buildings, equipment, data centers, fiber optic networks and towers and finance leases for buildings and fiber optic networks. These leases have remaining lease terms ranging from less than 1 year to 23 years, with some including an option to extend the lease for up to 15 additional years and some including an option to terminate the lease within 1 year.

As a lessor, the Company has operating leases for the use of its fiber optic networks, towers and customer premise equipment. These leases have remaining lease terms ranging from less than 1 year to 14 years, with some including a lessee option to extend the leases for up to 5 additional years and some including an option to terminate the lease within 1 year.

Significant judgment is required when determining whether a fiber optic network access contract contains a lease, defining the duration of the lease term and selecting an appropriate discount rate, as discussed below:

- The Company concluded it was the lessee or lessor for fiber optic network access arrangements only when the asset is specifically identifiable and both substantially all the economic benefit is obtained by the lessee and the lessee's right to direct the use of the asset exists.

- The Company's lease terms are only for periods in which there are enforceable rights. For accounting purposes, a lease is no longer enforceable when both the lessee and the lessor each have the right to terminate the lease without requiring permission from the other party with no more than an insignificant penalty. The Company's lease terms are impacted by options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

- Most of the Company's leases do not contain an implicit interest rate. Therefore, the Company held discussions with lenders, evaluated its published credit rating and incorporated interest rates on currently held debt in determining discount rates that reflect what the Company would pay to borrow on a collateralized basis over similar terms for its lease obligations.

As of December 31, 2020, additional operating leases that have not yet commenced were not material. Additionally, lessor accounting disclosures were not material as of and for the years ended December 31, 2020 and 2019.

Lessee Financial Information. The Company's ROU assets and lease liabilities consisted of the following (in thousands):

	As of December 31,			
	2020		2019	
ROU Assets				
Property, plant and equipment, net:				
Finance leases	$	8,979	$	9,665
Other noncurrent assets:				
Operating leases	$	13,408	$	16,924
Lease Liabilities				
Accounts payable and accrued liabilities:				
Operating leases	$	3,772	$	4,601
Current portion of long-term debt:				
Finance leases	$	661	$	589
Long-term debt:				
Finance leases	$	4,805	$	5,354
Other noncurrent liabilities:				
Operating leases	$	8,701	$	11,146
Total:				
Finance leases	$	5,466	$	5,943
Operating leases	$	12,473	$	15,747

The components of the Company's lease expense were as follows (in thousands):

	Year Ended December 31,			
	2020		2019	
Finance lease expense:				
Amortization of ROU assets	$	812	$	537
Interest on lease liabilities		382		302
Operating lease expense		5,480		5,260
Short-term lease expense		113		940
Variable lease expense		23		168
Total lease expense	$	6,810	$	7,207

Amortization of ROU assets is included within depreciation and amortization expense; interest on lease liabilities is included within interest expense; and operating, short-term and variable lease expense is included within operating expenses and selling, general and administrative expenses in the consolidated statement of operations and comprehensive income.

Supplemental lessee financial information is as follows (in thousands):

	Year Ended December 31,			
	2020		2019	
Cash paid for amounts included in the measurement of lease liabilities:				
Finance leases - financing cash flows	$	604	$	925
Finance leases - operating cash flows	$	382	$	302
Operating leases - operating cash flows	$	5,370	$	5,293
ROU assets obtained in exchange for lease liabilities:				
Finance leases(1)	$	127	$	5,408

Operating leases(2)	$ 1,131	$ 9,767

(1) The amount for 2019 includes $3.9 million of ROU assets acquired in the Fidelity transaction.
(2) The amount for 2019 includes $3.3 million and $1.4 million of ROU assets acquired in the Clearwave and Fidelity transactions, respectively.

	As of December 31,	
	2020	2019
Weighted average remaining lease term:		
Finance leases (in years)	12.8	14.1
Operating leases (in years)	4.4	4.7
Weighted average discount rate:		
Finance leases	6.22%	6.26%
Operating leases	4.72%	4.94%

As of December 31, 2020, the future maturities of existing lease liabilities were as follows (in thousands):

Year Ending December 31,	Finance Leases	Operating Leases
2021	$ 1,008	$ 4,258
2022	1,019	3,279
2023	1,026	2,729
2024	1,008	1,298
2025	985	811
Thereafter	8,498	1,483
Total	13,544	13,858
Less: Present value discount	(8,078)	(1,385)
Lease liability	$ 5,466	$ 12,473

10. DEBT

The carrying amount of long-term debt consisted of the following (in thousands):

	As of December 31,	
	2020	2019
Senior Credit Facilities (as defined below)	$ 1,541,621	$ 1,753,045
New Notes (as defined below)	650,000	-
Finance lease liabilities	5,466	5,943
Total debt	2,197,087	1,758,988
Less: Unamortized debt issuance costs	(21,897)	(18,142)
Less: Current portion of long-term debt	(26,392)	(28,909)
Total long-term debt	$ 2,148,798	$ 1,711,937

Original Notes. On June 17, 2015, the Company issued $450.0 million aggregate principal amount of 5.75% senior unsecured notes due 2022 (the "Original Notes"). The Original Notes were jointly and severally guaranteed on a senior unsecured basis by each of the subsidiaries that guarantee the Senior Credit Facilities described below. The Original Notes were scheduled to mature on June 15, 2022 and interest was payable on June 15th and December 15th of each year. The indenture governing the Original Notes provided for early redemption of the Original Notes, at the option of the Company, at the prices and subject to the terms specified in the indenture.

On June 15, 2019, the Company redeemed all $450.0 million aggregate principal amount of outstanding Original Notes (the "Original Note Redemption"). In conjunction with the Original Note Redemption, the Company incurred a $6.5 million call premium and wrote off the remaining $3.8 million of unamortized debt issuance cost associated with the Original Notes. These amounts are recorded within other income (expense), net in the consolidated statement of operations and comprehensive income.

Senior Credit Facilities.

Chronology

On June 30, 2015, the Company entered into a credit agreement (the "Credit Agreement") among the Company, as borrower, the lenders party thereto, JPMorgan Chase Bank, N.A. ("JPMorgan"), as administrative agent, and the other agents party thereto, which provided for a five-year revolving credit facility in an aggregate principal amount of $200.0 million (the "Original Revolving Credit Facility") and a five-year term loan facility (the "Original Term Loan").

On May 1, 2017, the Company and the lenders amended and restated the Credit Agreement (the "Amended and Restated Credit Agreement") and the Company incurred $750.0 million of senior secured loans (the "2017 New Loans"), a portion of which were used to repay in full the Original Term Loan. The 2017 New Loans consisted of a five-year term "A" loan in an original aggregate principal amount of $250.0 million, which was refinanced in connection with the Second Restatement Agreement (as defined below), and a seven-year term "B" loan in an original aggregate principal amount of $500.0 million (the "Term Loan B-1").

On January 7, 2019, the Company entered into Amendment No. 2 to the Amended and Restated Credit Agreement ("Amendment No. 2") with CoBank, ACB ("CoBank"), as lender, and JPMorgan, as administrative agent, and incurred a new seven-year incremental term "B" loan in an aggregate principal amount of $250.0 million (the "Term Loan B-2").

On April 12, 2019, the Company entered into Amendment No. 3 to the Amended and Restated Credit Agreement ("Amendment No. 3") with CoBank, as lender, and JPMorgan, as administrative agent, to provide for a new delayed draw incremental term "B" loan in an aggregate principal amount of $325.0 million (the "Term Loan B-3"). The Term Loan B-3 was drawn in full on June 14, 2019.

On May 8, 2019, the Company entered into a Second Restatement Agreement with JPMorgan, as administrative agent, and the lenders party thereto, to amend and restate the Amended and Restated Credit Agreement (the "Second Restatement Agreement"). The Second Restatement Agreement provided for a new senior secured term "A" loan in an aggregate principal amount of $250.0 million (the "Initial Term Loan A-2"), a new senior secured delayed draw term "A" loan in an aggregate principal amount of $450.0 million (the "Delayed Draw Term Loan A-2," and collectively with the Initial Term Loan A-2, the "Term Loan A-2") and a new $350.0 million senior secured revolving credit facility (the "Revolving Credit Facility"). The Delayed Draw Term Loan A-2 was drawn in full on October 1, 2019 and has the same terms as, and constitutes one class of term loans with, the Initial Term Loan A-2. The Second Restatement Agreement did not alter the principal terms of the Company's previously established Term Loan B-1, Term Loan B-2 or Term Loan B-3.

The Revolving Credit Facility was scheduled to mature on May 8, 2024 prior to its extension pursuant to the Third Restatement Agreement (as defined and described below). The Revolving Credit Facility gives the Company the ability to issue letters of credit, which reduce the amount available for borrowing under the Revolving Credit Facility. The Company is required to pay commitment fees on any unused portion of the Revolving Credit Facility at a rate between 0.20% per annum and 0.30% per annum, determined on a quarterly basis by reference to a pricing grid based on the Company's Total Net Leverage Ratio (as defined in the Third Restatement Agreement).

In January 2020, the Company issued letters of credit totaling $22.0 million under the Revolving Credit Facility on behalf of Wisper to guarantee its performance obligations under a Federal Communications Commission ("FCC") broadband funding program. The fair value of the letters of credit approximates face value based on the short-term nature of the agreements. The Company would be liable for up to the total amount outstanding under the letters of credit if Wisper were to fail to satisfy all or some of its performance obligations under the FCC program. Wisper pledged certain assets in favor of the Company as collateral for issuing the letters of credit, which pledge was terminated in the third quarter of 2020 at the same time that the Company closed an equity investment in Wisper, and Wisper has guaranteed and indemnified the Company in connection with such letters of credit. As of December 31, 2020, the Company has assessed the likelihood of non-performance associated with the guarantee to be remote, and therefore, no liability has been accrued within the consolidated balance sheet.

In March 2020, the Company borrowed $100.0 million under the Revolving Credit Facility for general corporate purposes, including for small acquisitions and strategic investments. The outstanding balance was repaid in full in May 2020 using a portion of the net proceeds from the Company's public offering of common stock (the "Public Offering"). Refer to note 14 for information on the Public Offering.

On October 30, 2020, the Company and certain of its wholly owned subsidiaries entered into a Third Restatement Agreement with JPMorgan, as administrative agent, and the lenders party thereto to amend and restate the Second Restatement Agreement (the "Third Restatement Agreement"). The Third Restatement Agreement amended the Second Restatement Agreement to, among other things, (i) upsize the Term Loan B-3 by $300.0 million (the "TLB-3 Upsize") and extend the scheduled maturity of the Term Loan B-2 and the Term Loan B-3 to October 30, 2027, (ii) increase the aggregate principal amount of commitments under the Revolving Credit Facility by $150.0 million to $500.0 million and extend the scheduled maturity of the Revolving Credit Facility and the Term Loan A-2 to October 30, 2025 and (iii) reset the amortization schedule of the Term Loan A-2 so that the Term Loan A-2 will amortize in equal quarterly installments following the date of the amendment and restatement at a rate (expressed as a percentage of the outstanding principal amount on October 30, 2020) of 2.5% per annum for each of the first two years, 5.0% per annum for the third year, 7.5% per annum for the fourth year and 12.5% per annum for the fifth year (in each case subject to customary adjustments in the event of any prepayment), with the balance due upon maturity. Except as described above, the Third Restatement Agreement did not make any material changes to the terms of the Term Loan A-2, the Term Loan B-2, the Term Loan B-3 or the Revolving Credit Facility. The Company used the net proceeds from the TLB-3 Upsize, together with cash on hand, to repay all $483.8 million aggregate principal amount of its outstanding Term Loan B-1. The Revolving Credit Facility, the Term Loan A-2, the Term Loan B-2 and the Term Loan B-3 are collectively referred to as the "Senior Credit Facilities."

GeneralTerms

The Senior Credit Facilities are guaranteed by the Company's wholly owned subsidiaries (the "Guarantors") and are secured, subject to certain exceptions, by substantially all of the assets of the Company and the Guarantors.

The interest margins applicable to the Senior Credit Facilities are, at the Company's option, equal to either LIBOR or a base rate, plus an applicable margin equal to, (i) with respect to the Term Loan A-2 and the Revolving Credit Facility, 1.25% to 1.75% for LIBOR loans and 0.25% to 0.75% for base rate loans, determined on a quarterly basis by reference to a pricing grid based on the Company's Total Net Leverage Ratio, (ii) with respect to the Term Loan B-1, (x) for any day on or prior to April 22, 2018, 2.25% for LIBOR loans and 1.25% for base rate loans and (y) for any day thereafter through its repayment, 1.75% for LIBOR loans and 0.75% for base rate loans, and (iii) with respect to the Term Loan B-2 and the Term Loan B-3, 2.0% for LIBOR loans and 1.0% for base rate loans.

The Company may, subject to certain specified terms and provisions, obtain additional credit facilities of up to $700.0 million under the Third Restatement Agreement plus an unlimited amount so long as, on a pro forma basis, the Company's First Lien Net Leverage Ratio (as defined in the Third Restatement Agreement) is no greater than 3.0 to 1.0.

The Third Restatement Agreement contains customary representations, warranties and affirmative and negative covenants, including limitations on indebtedness, liens, restricted payments, prepayments of certain indebtedness, investments, dispositions of assets, restrictions on subsidiary distributions and negative pledge clauses, fundamental changes, transactions with affiliates and amendments to organizational documents. The Third Restatement Agreement also requires the Company to maintain specified ratios of total net indebtedness and first lien net indebtedness to consolidated operating cash flow. The Third Restatement Agreement also contains customary events of default, including non-payment of principal, interest, fees or other amounts, material inaccuracy of any representation or warranty, failure to observe or perform any covenant, default in respect of other material debt of the Company and of its restricted subsidiaries, bankruptcy or insolvency, the entry against the Company or any of its restricted subsidiaries of a material judgment, the occurrence of certain ERISA events, impairment of the loan documentation and the occurrence of a change of control.

Summary

As of December 31, 2020, the Company had $1.5 billion of aggregate outstanding term loan borrowings, $29.6 million of letter of credit issuances held for the benefit of performance obligations under government grant programs and certain general and liability insurance matters that bore interest at a rate of 1.63% per annum and $470.4 million available for borrowing under the Revolving Credit Facility. A summary of the Company's outstanding term loans under the Senior Credit Facilities as of December 31, 2020 is as follows (dollars in thousands):

Instrument	Draw Date	Original Principal	Amortization Per Annum(1)	Outstanding Principal	Final Maturity Date	Balance Due Upon Maturity	Benchmark Rate	Applicable Margin(2)	Interest Rate
Term Loan A-2	5/8/2019 (3) 10/1/2019 (3)	$ 700,000	Varies (4)	$ 676,611	10/30/2025	$ 476,607	LIBOR	1.50%	1.65%
Term Loan B-2	1/7/2019	250,000	1.0%	245,625	10/30/2027	228,750	LIBOR	2.00%	2.15%
Term Loan B-3	6/14/2019 (5) 10/30/2020 (5)	625,000	1.0%	619,385	10/30/2027	577,472	LIBOR	2.00%	2.15%
Total		$ 1,575,000		$ 1,541,621		$ 1,282,829			

(1) Payable in equal quarterly installments (expressed as a percentage of the original principal amount and subject to customary adjustments in the event of any prepayment). All loans may be prepaid at any time without penalty or premium (subject to customary LIBOR breakage provisions).
(2) The Term Loan A-2 interest rate spread can vary between 1.25% and 1.75%, determined on a quarterly basis by reference to a pricing grid based on the Company's Total Net Leverage Ratio. All other applicable margins are fixed.
(3) On May 8, 2019, $250.0 million was drawn. On October 1, 2019, an additional $450.0 million was drawn. On October 30, 2020, the amortization schedule was reset.
(4) Per annum amortization rates for years one through five following the October 30, 2020 refinancing date are 2.5%, 2.5%, 5.0%, 7.5% and 12.5%, respectively.
(5) On June 14, 2019, $325.0 million was drawn. On October 30, 2020, an additional $300.0 million was drawn.

New Notes. On November 9, 2020, the Company completed a private offering of $650.0 million aggregate principal amount of 4.00% senior notes due 2030 (the "New Notes"). The terms of the New Notes are governed by an indenture dated as of November 9, 2020 (the "Indenture"), among the Company, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.

The New Notes bear interest at a rate of 4.00% per annum payable semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2021. The New Notes are required to be guaranteed on a senior unsecured basis by each of the Company's existing and future wholly owned domestic subsidiaries that guarantees the Company's obligations under its Senior Credit Facilities or that guarantees certain capital markets debt of the Company or a guarantor in an aggregate principal amount in excess of $250.0 million.

At any time and from time to time prior to November 15, 2025, the Company may redeem some or all of the New Notes for cash at a redemption price equal to 100% of their principal amount, plus the "make-whole" premium described in the Indenture and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. Beginning on November 15, 2025, the Company may redeem some or all of the New Notes at any time and from time to time at the applicable redemption prices listed in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. In addition, at any time and from time to time prior to November 15, 2023, the Company may redeem up to 40% of the aggregate principal amount of the New Notes with funds in an aggregate amount not exceeding the net cash proceeds from one or more equity offerings at a redemption price equal to 104% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

Upon the occurrence of a Change of Control and a Below Investment Grade Rating Event (each as defined in the Indenture), the Company is required to offer to repurchase the New Notes at 101% of the principal amount of such New Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Indenture contains covenants that, among other things and subject to certain exceptions, limit (i) the Company's ability and the ability of its subsidiaries to incur any liens securing indebtedness for borrowed money, (ii) the Company's ability to consolidate or merge with or into another person or sell or otherwise dispose of all or substantially all of the assets of the Company and its subsidiaries (taken as a whole) and (iii) the ability of the guarantors to consolidate with or merge with or into another person.

The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest, breach of other agreements or covenants in respect of the New Notes, failure to pay certain other indebtedness at final maturity, acceleration of certain indebtedness prior to final maturity, failure to pay certain final judgments, failure of certain guarantees to be enforceable and certain events of bankruptcy or insolvency.

Debt Issuance Costs. In connection with various financing transactions completed during 2020 and 2019, the Company capitalized $15.1 million and $11.8 million of debt issuance costs and wrote-off to other expense $6.2 million and $4.2 million of existing unamortized debt issuance costs, respectively. The Company recorded debt issuance cost amortization of $4.3 million, $4.6 million and $4.2 million during 2020, 2019 and 2018, respectively, within interest expense in the consolidated statements of operations and comprehensive income.

Unamortized debt issuance costs consisted of the following (in thousands):

	As of December 31,	
	2020	2019
Revolving Credit Facility portion:		
Other noncurrent assets	$ 3,249	$ 2,427
Term loans and New Notes portion:		
Long-term debt (contra account)	21,897	18,142
Total	$ 25,146	$ 20,569

The future maturities of outstanding borrowings as of December 31, 2020 were as follows (in thousands):

Year Ending December 31,	Amount
2021	$ 25,731
2022	29,986
2023	47,008
2024	68,285
2025	549,147
Thereafter	1,471,464
Total	$ 2,191,621

The Company was in compliance with all debt covenants as of December 31, 2020.

11. INCOME TAXES

The income tax provision (benefit) consisted of the following (in thousands):

	Current	Deferred	Total
Year Ended December 31, 2020			
U.S. Federal	$ (14,633)	$ 74,164	$ 59,531
State and local	3,764	13,022	16,786
Total	$ (10,869)	$ 87,186	$ 76,317
Year Ended December 31, 2019			
U.S. Federal	$ 1,249	$ 43,270	$ 44,519
State and local	3,678	7,036	10,714
Total	$ 4,927	$ 50,306	$ 55,233
Year Ended December 31, 2018			
U.S. Federal	$ 10,214	$ 32,176	$ 42,390
State and local	2,284	2,550	4,834
Total	$ 12,498	$ 34,726	$ 47,224

The income tax provision is different than the amount of income tax calculated by applying the U.S. Federal statutory rate of 21.0% to income before income taxes as a result of the following items (in thousands):

	Year Ended December 31,		
	2020	2019	2018
U.S. Federal taxes at statutory rate	$ 79,660	$ 49,101	$ 44,517
State and local taxes, net of U.S. Federal tax	13,261	8,464	3,816
CARES Act benefit (as defined and described below)	(13,039)	-	-
Equity-based compensation	(10,993)	(5,296)	(3,690)
Valuation allowance	4,322	-	-
Section 162(m) limitation	1,564	656	113
Other items	1,542	2,308	2,468

Income tax provision	$ 76,317	$ 55,233	$ 47,224

The net deferred income tax liability consisted of the following (in thousands):

	As of December 31,	
	2020	2019
Other benefit obligations	$ 1,789	$ 1,890
Equity-based compensation	4,324	4,563
Net operating losses	2,951	25,532
Accrued bonus	3,947	2,313
Reserves	1,194	1,134
Lease liabilities	3,079	4,659
Interest rate swap	45,913	22,101
Capital losses	4,322	-
Other items	3,856	2,104
Deferred tax assets, gross	71,375	64,296
Less: Valuation allowance	(4,322)	-
Deferred tax assets, net	67,053	64,296
Property, plant and equipment	233,427	201,208
Goodwill and other intangible assets	160,442	159,074
Investments in subsidiaries and partnerships	29,043	-
ROU assets	5,121	5,201
Prepaid expenses	3,500	2,127
Other items	2,195	-
Deferred tax liabilities	433,728	367,610
Net deferred income tax liability	$ 366,675	$ 303,314

The valuation allowance disclosed above relates to capital losses from the MBI net option that may not be realized.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits net operating loss ("NOL") carrybacks to offset up to 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2020, 2019 and 2018 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. As a result, the Company carried its 2019 U.S. Federal tax NOL back and generated a $13.0 million benefit, as a portion of the NOL was carried back to years that had higher enacted income tax rates.

There were $0.5 million of tax-effected U.S. Federal tax NOLs available for carryforward at December 31, 2020, which were generated by NewWave prior to its acquisition and have expiration dates through 2036. The use of pre-acquisition operating losses is subject to limitations imposed by the Internal Revenue Code of 1986, as amended. The Company does not anticipate that these limitations will affect utilization of the carryforwards prior to their expiration. The Company had $2.4 million of tax-effected state tax NOL carryforwards at December 31, 2020, which will have expiration dates through 2039.

The Company endeavors to comply with tax laws and regulations where it does business, but cannot guarantee that, if challenged, the Company's interpretation of all relevant tax laws and regulations will prevail and that all tax benefits recorded in the consolidated financial statements will ultimately be recognized in full. The Company has taken reasonable efforts to address uncertain tax positions and has determined that there are no material transactions and no material tax positions taken by the Company that would fail to meet the more-likely-than-not threshold for recognizing transactions or tax positions in the consolidated financial statements. Accordingly, the Company has not recorded a reserve for uncertain tax positions in the consolidated financial statements, and the Company does not expect any significant tax increase or decrease to occur within the next 12 months with respect to any transactions or tax positions taken and reflected in the consolidated financial statements. In making these determinations, the Company presumes that taxing authorities pursuing examinations of the Company's compliance with tax law filing requirements will have full knowledge of all relevant information, and, if necessary, the Company will pursue resolution of disputed tax positions by appeals or litigation. The Company recognizes penalties and interest, if applicable, associated with any uncertain tax positions within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income.

12. INTEREST RATE SWAPS

The Company is party to two interest rate swap agreements, designated as cash flow hedges, to manage the risk of fluctuations in interest rates on its variable rate LIBOR debt. Changes in the fair values of the interest rate swaps are reported through other comprehensive income until the underlying hedged debt's interest expense impacts net income, at which point the corresponding change in fair value is reclassified from accumulated other comprehensive income to interest expense.

A summary of the significant terms of the Company's interest rate swap agreements is as follows (dollars in thousands):

Entry Date	Effective Date	Maturity Date(1)	Notional Amount	Settlement Type	Settlement Frequency	Fixed Base Rate

Swap A	3/7/2019	3/11/2019	3/11/2029	$ 850,000	Receive one-month LIBOR, pay fixed	Monthly	2.653%
Swap B	3/6/2019	6/15/2020	2/28/2029	350,000	Receive one-month LIBOR, pay fixed	Monthly	2.739%
Total				$ 1,200,000			

(1) Each swap may be terminated prior to the scheduled maturity at the election of the Company or the financial institution counterparty under the terms provided in each swap agreement.

The combined fair values of the Company's interest rate swaps are reflected within the consolidated balance sheets as follows (in thousands):

	As of December 31, 2020	As of December 31, 2019
Liabilities:		
Current portion:		
Accounts payable and accrued liabilities	$ 30,646	$ 11,045
Noncurrent portion:		
Interest rate swap liability	$ 155,357	$ 78,612
Total	$ 186,003	$ 89,657
Stockholders' Equity:		
Accumulated other comprehensive loss	$ 140,090	$ 67,556

The combined effect of the Company's interest rate swaps on the consolidated statements of operations and comprehensive income is as follows (in thousands):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Interest expense	$ 22,509	$ 3,105
Unrealized loss on cash flow hedges, gross	$ 96,346	$ 89,657
Less: Tax effect	(23,812)	(22,101)
Unrealized loss on cash flow hedges, net of tax	$ 72,534	$ 67,556

The Company does not hold any derivative instruments for speculative trading purposes.

13. FAIR VALUE MEASUREMENTS

Financial Assets and Liabilities. The Company has estimated the fair values of its financial instruments as of December 31, 2020 using available market information or other appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the following fair value estimates are not necessarily indicative of the amounts the Company would realize in an actual market exchange.

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The carrying amounts, fair values and related fair value hierarchy levels of the Company's financial assets and liabilities as of December 31, 2020 were as follows (dollars in thousands):

	December 31, 2020 Carrying Amount	Fair Value	Fair Value Hierarchy
Assets:			
Cash and cash equivalents:			
Money market investments	$ 544,524	$ 544,524	Level 1
Liabilities:			
Long-term debt (including current portion):			
Term loans	$ 1,541,621	$ 1,534,113	Level 2
New Notes	$ 650,000	$ 669,500	Level 2
Interest rate swap liability (including current portion):			
Interest rate swaps	$ 186,003	$ 186,003	Level 2
Other noncurrent liabilities:			
MBI net option	$ 73,310	$ 73,310	Level 3

Money market investments are held primarily in U.S. Treasury securities and registered money market funds and are valued using a market approach based on quoted market prices (level 1). Money market investments with original maturities of three months or less are included within cash and cash equivalents in the consolidated balance sheets. The fair value of the term loans and New Notes are estimated based on market prices for similar instruments in active markets (level 2). Interest rate swaps are measured at fair value within the consolidated balance sheets on a recurring basis, with fair value determined using standard valuation models with assumptions about interest rates being based on those observed in underlying markets (level 2). The fair value of the MBI net option is measured using Monte Carlo simulations that use inputs considered unobservable and significant to the fair value measurement (level 3).

The assumptions used to determine the fair value of the MBI net option as of December 31, 2020 consisted of the following:

	Cable One	MBI
Equity volatility	28.0%	30.0%
EBITDA volatility	10.0%	10.0%
EBITDA risk-adjusted discount rate	5.0%	6.5%
Cost of debt	4.0%	

The Company regularly evaluates each of the assumptions used in establishing the fair value of the MBI net option. Significant changes in any of these assumptions could result in a significantly lower or higher fair value measurement. A change in one of these assumptions is not necessarily accompanied by a change in another assumption.

The carrying amounts of accounts receivable, accounts payable and other financial assets and liabilities approximate fair value because of the short-term nature of these instruments.

Nonfinancial Assets and Liabilities. The Company's nonfinancial assets, such as property, plant and equipment, intangible assets and goodwill, are not measured at fair value on a recurring basis. Assets acquired, including identifiable intangible assets and goodwill, and liabilities assumed in acquisitions are recorded at fair value on the respective acquisition dates, subject to potential future measurement period adjustments. Nonfinancial assets are subject to fair value adjustments when there is evidence that impairment may exist. No material impairments were recorded during any of the periods presented.

14. STOCKHOLDERS' EQUITY

Public Equity Offering. In May 2020, the Company completed the Public Offering of 287,500 shares of its common stock for total net proceeds of $469.8 million, after deducting underwriting discounts and offering expenses. The Company used a portion of the net proceeds to repay in full its outstanding borrowings of $100.0 million under the Revolving Credit Facility in May 2020 and it used the remainder for general corporate purposes, including for acquisitions and strategic investments.

Treasury Stock. Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the consolidated financial statements. Treasury shares of 147,695 held at December 31, 2020 include shares repurchased under the Company's share repurchase program and shares withheld for withholding tax, as described below.

Share Repurchase Program. On July 1, 2015, the Company's board of directors (the "Board") authorized up to $250.0 million of share repurchases (subject to a total cap of 600,000 shares of common stock). Purchases under the share repurchase program may be made from time to time on the open market and in privately negotiated transactions. The size and timing of these purchases are based on a number of factors, including share price and business and market conditions. Since the inception of the share repurchase program through December 31, 2020, the Company has repurchased 210,631 shares of its common stock at an aggregate cost of $104.9 million. No shares were repurchased during 2020.

Tax Withholding for Equity Awards. At the employee's option, shares of common stock are withheld by the Company upon the vesting of restricted stock and exercise of stock appreciation rights ("SARs") to cover the applicable statutory minimum amount of employee withholding taxes, which the Company then pays to the taxing authorities in cash. The amounts remitted during 2020, 2019 and 2018 were $6.0 million, $3.0 million and $7.2 million, for which the Company withheld 3,861, 3,521 and 10,026 shares of common stock, respectively.

15. EQUITY-BASED COMPENSATION

On June 5, 2015, the Board adopted the Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (the "Original 2015 Plan"), which became effective on July 1, 2015. On May 2, 2017, the Company's stockholders approved the Amended and Restated Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (the "2015 Plan"), which automatically terminated, replaced and superseded the Original 2015 Plan, except that any outstanding awards granted under the Original 2015 Plan would remain in effect pursuant to their terms. The 2015 Plan is designed to promote the interests of the Company and its stockholders by providing the employees and directors of the Company with incentives and rewards to encourage them to continue in the service of the Company and with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company. Any of the directors, officers, employees and consultants of the Company are eligible to be granted one or more of the following types of awards under the 2015 Plan: (1) incentive stock options, (2) non-qualified stock options, (3) restricted stock awards, (4) SARs, (5) restricted stock units ("RSUs"), (6) cash-based awards, (7) performance-based awards, (8) dividend equivalents and (9) other stock-based awards, including, without limitation, performance stock units and deferred stock units. Unless the 2015 Plan is sooner terminated by the Board, no awards may be granted under the 2015 Plan after May 2, 2027.

The 2015 Plan provides that, subject to certain adjustments for specified corporate events, the maximum number of shares of Company common stock that may be issued under the 2015 Plan is 334,870, which is equal to the number of remaining shares of Company common stock available for future issuance under the Original 2015 Plan as of May 2, 2017, regardless of whether such shares were subject to outstanding awards as of such date, and no more than 329,962 shares may be issued pursuant to incentive stock options. At December 31, 2020, 119,595 shares were available for issuance under the 2015 Plan.

Compensation expense associated with equity-based awards is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the award, with forfeitures recognized as incurred. The Company's equity-based compensation expense, included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income, was as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Restricted stock (as defined below)	$ 11,476	$ 7,994	$ 6,751
SARs	3,116	4,306	3,735
Total	$ 14,592	$ 12,300	$ 10,486

The Company recognized income tax benefits of $11.1 million, $5.3 million and $3.7 million related to equity-based awards during 2020, 2019 and 2018, respectively. The deferred tax asset related to all outstanding equity-based awards was $4.3 million as of December 31, 2020.

Restricted Stock. The Company has granted restricted shares of Company common stock subject to performance-based and/or service-based vesting conditions to certain employees of the Company. Restricted share awards generally cliff-vest on the three-year anniversary of the grant date or in three or four equal ratable installments beginning on the first anniversary of the grant date (generally subject to the holder's continued employment with the Company through the applicable vesting date), although certain individual awards have been granted with shorter vesting periods from time to time. Performance-based restricted shares are or were subject to performance metrics related primarily to three-year cumulative growth in Adjusted EBITDA less capital expenditures or year-over-year growth in Adjusted EBITDA and annual adjusted capital expenditures as a percentage of total revenues. Restricted shares are subject to the terms and conditions of the Original 2015 Plan or the 2015 Plan (in the case of awards made on or following May 2, 2017) and are otherwise subject to the terms and conditions of the applicable award agreement.

The Company's non-employee directors are entitled to an annual cash retainer of $75,000, plus an additional annual cash retainer for each committee chair or the lead independent director, and approximately $125,000 in RSUs. Such RSUs will generally be granted on the date of the Company's annual stockholders' meeting and will vest on the earlier of the first anniversary of the grant date or the annual stockholders' meeting date immediately following the grant date, subject to the director's continued service through such vesting date. Settlement of such RSUs will be in the form of one share of the Company's common stock and will follow vesting, unless the director has previously elected to defer all or a portion of such settlement until his or her separation from service from the Board or a specified date. Non-employee directors may elect to defer their annual retainer and receive RSUs in lieu of annual cash fees. Any dividends associated with RSUs granted prior to the 2017 annual grant of RSUs are converted into dividend equivalent units ("DEUs"), which will be delivered at the time of settlement of the associated RSUs.

Restricted shares, RSUs and DEUs are collectively referred to as "restricted stock." A summary of restricted stock activity is as follows:

	Restricted Stock	Weighted Average Grant Date Fair Value Per Share
Outstanding as of December 31, 2017	51,290	$ 472.89
Granted	17,098	$ 715.74
Forfeited	(2,455)	$ 636.64
Vested and issued	(25,057)	$ 397.53
Outstanding as of December 31, 2018	40,876	$ 610.88
Granted	13,374	$ 885.66
Forfeited	(4,111)	$ 710.87
Vested and issued	(11,266)	$ 493.80
Outstanding as of December 31, 2019	38,873	$ 728.77
Granted	12,352	$ 1,573.50
Forfeited	(5,491)	$ 752.39
Vested and issued	(10,790)	$ 682.84
Outstanding as of December 31, 2020	34,944	$ 1,037.83
Vested and deferred as of December 31, 2020	6,655	$ 618.54

At December 31, 2020, there was $17.4 million of unrecognized compensation expense related to restricted stock, which is expected to be recognized over a weighted average period of 1.1 years.

Stock Appreciation Rights. The Company has granted SARs to certain executives and other employees of the Company. The SARs are scheduled to vest in four equal ratable installments beginning on the first anniversary of the grant date (generally subject to the holder's continued employment with the Company through the applicable vesting date). The SARs are subject to the terms and conditions of the Original 2015 Plan or the 2015 Plan (in the case of awards made on or following May 2, 2017) and will otherwise be subject to the terms and conditions of the applicable award agreement.

A summary of SAR activity is as follows:

	Stock Appreciation	Weighted Average Exercise	Weighted Average Grant Date Fair	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term

	Rights	Price	Value	(in thousands)	(in years)
Outstanding as of December 31, 2017	102,458	$ 477.62	$ 100.91	$ 23,173	8.1
Granted	21,000	$ 744.47	$ 181.21	$ -	8.7
Exercised	(27,060)	$ 435.11	$ 90.06	$ 9,418	-
Forfeited	(5,793)	$ 502.08	$ 108.22	$	
Outstanding as of December 31, 2018	90,605	$ 550.60	$ 122.29	$ 24,673	7.2
Granted	29,000	$ 900.90	$ 209.57	$ -	8.8
Exercised	(26,092)	$ 491.12	$ 105.94	20,143	-
Forfeited	(3,103)	$ 659.01	$ 154.49		
Outstanding as of December 31, 2019	90,410	$ 676.41	$ 153.90	$ 73,419	7.5
Granted	8,000	$ 1,701.74	$ 423.92	$ -	9.5
Exercised	(33,154)	$ 553.69	$ 120.91	$ 39,099	-
Forfeited	(6,891)	$ 846.81	$ 199.27		
Outstanding as of December 31, 2020	58,365	$ 866.54	$ 204.29	$ 79,446	7.3
Exercisable as of December 31, 2020	21,125	$ 618.52	$ 139.78	$ 33,994	6.1

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The grant date fair value of the Company's SARs is measured using the Black-Scholes valuation model. The weighted average inputs used in the model for grants awarded during 2020, 2019 and 2018 were as follows:

	2020	2019	2018
Expected volatility	26.61%	21.69%	22.22%
Risk-free interest rate	0.43%	2.25%	2.53%
Expected term (in years)	6.25	6.25	6.25
Expected dividend yield	0.56%	0.92%	0.97%

The Black-Scholes model used to estimate the grant date fair value of the Company's SARs requires the input of highly subjective assumptions. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the Company's equity-based compensation expense could be materially different for future SAR grants. The assumptions for 2020 SAR grants were determined as follows:

- Fair Value of Common Stock — Valued by reference to the closing price of the Company's publicly traded common stock on the date of grant.
- Expected Volatility — The Company estimated the expected future stock price volatility for its common stock by using its life-to-date historical volatility based on daily price observations since it became a publicly traded company on July 1, 2015. Prior to 2019, expected volatility was calculated using a combination of historical Company stock prices and those of a peer group.
- Risk-Free Interest Rate — The risk-free interest rate assumption was based on the yields of U.S. Treasury securities with maturities similar to the expected term of the SARs being valued.
- Expected Term — The expected term represents the period that the Company's SARs are expected to be outstanding. Prior to becoming a standalone public company on July 1, 2015, the Company did not issue stock-based awards specific to Cable One and therefore does not yet have a sufficient history on which to base an estimate of the period that its SARs are expected to be outstanding. Accordingly, the expected term of the Company's SARs is based on the "simplified method" which defines the expected term as the average of the contractual term and the weighted-average vesting period for all tranches.
- Expected Dividend Yield — The Company expects to continue to pay quarterly dividends in the future and, as such, the expected dividend yield was calculated as the Company's current annual dividend divided by the Company's closing stock price on the grant date.

At December 31, 2020, there was $6.5 million of unrecognized compensation expense related to SARs, which is expected to be recognized over a weighted average period of 1.1 years.

16. NET INCOME PER COMMON SHARE

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the period. The denominator used in calculating diluted net income per common share further includes any common shares available to be issued upon vesting or exercise of outstanding equity-based compensation awards if such inclusion would be dilutive, calculated using the treasury stock method.
The computation of basic and diluted net income per common share was as follows (dollars in thousands, except per share amounts):

	Year Ended December 31,		
	2020	2019	2018
Numerator:			
Net income	$ 304,391	$ 178,582	$ 164,760
Denominator:			
Weighted average common shares outstanding - basic	5,884,780	5,678,990	5,684,375
Effect of dilutive equity-based awards(1)	52,802	58,866	41,588

Weighted average common shares outstanding - diluted	5,937,582	5,737,856	5,725,963
Net Income per Common Share:			
Basic	$ 51.73	$ 31.45	$ 28.98
Diluted	$ 51.27	$ 31.12	$ 28.77
Supplemental Net Income per Common Share Disclosure:			
Anti-dilutive shares from equity-based compensation awards(1)	288	409	1,811

(1) Equity-based awards whose impact is considered to be anti-dilutive under the treasury stock method were excluded from the diluted net income per common share calculation.

17. COMMITMENTS AND CONTINGENCIES

Contractual Obligations. The Company has obligations to make future payments for goods and services under certain contractual arrangements. These contractual obligations secure the future rights to various goods and services to be used in the normal course of the Company's operations. In accordance with applicable accounting rules, the future rights and obligations pertaining to firm commitments, such as certain purchase obligations under contracts, are not reflected as assets or liabilities in the consolidated balance sheets.

The following table summarizes the Company's outstanding contractual obligations as of December 31, 2020 (including amounts associated with data processing services, high-speed data connectivity and fiber-related obligations) and the estimated effect and timing that such obligations are expected to have on the Company's liquidity and cash flows in future periods (in thousands):

Year Ending December 31,	Programming Purchase Commitments(1)	Lease Payments(2)	Debt Payments(3)	Other Purchase Obligations(4)	Total
2021	$ 138,582	$ 5,266	$ 25,731	$ 22,920	$ 192,499
2022	55,119	4,298	29,986	9,691	99,094
2023	35,992	3,755	47,008	4,517	91,272
2024	15,763	2,306	68,285	847	87,201
2025	3,749	1,796	549,147	503	555,195
Thereafter	-	9,981	1,471,464	6,775	1,488,220
Total	$ 249,205	$ 27,402	$ 2,191,621	$ 45,253	$ 2,513,481

(1) Programming purchase commitments represent contracts that the Company has with cable television networks and broadcast stations to provide programming services to subscribers. The amounts reported represent estimates of the future programming costs for these purchase commitments based on estimated subscriber numbers, tier placements as of December 31, 2020 and the per-subscriber rates contained in the contracts. Actual amounts due under such contracts may differ from the amounts above based on the actual subscriber numbers and tier placements at the time. Programming purchases pursuant to non-binding commitments are not reflected in the amounts shown.
(2) Lease payments include payment obligations related to the Company's outstanding finance and operating lease arrangements as of December 31, 2020.
(3) Debt payments include principal repayment obligations for the Company's outstanding debt instruments as of December 31, 2020.
(4) Other purchase obligations include purchase obligations related to capital projects and other legally binding commitments. Other purchase orders made in the ordinary course of business are excluded from the amounts shown but are included within accounts payable and accrued liabilities in the consolidated balance sheet.

The Company incurs the following costs as part of its operations, however, they are not included within the contractual obligations table above for the reasons discussed below:

- The Company rents space on utility poles in order to provide services to subscribers. Generally, pole rentals are cancellable on short notice. However, the Company anticipates that such rentals will recur. Rent expense for pole attachments was $10.5 million, $9.5 million and $8.9 million for 2020, 2019 and 2018, respectively.

- Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. These fees were $25.2 million, $22.7 million and $16.1 million for 2020, 2019 and 2018, respectively. As the Company acts as principal in these arrangements, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

- The Company has franchise agreements requiring plant construction and the provision of services to customers within the franchise areas. In connection with these obligations under existing franchise agreements, the Company obtains surety bonds or letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Such surety bonds and letters of credit totaled $31.6 million and $18.3 million as of December 31, 2020 and 2019, respectively. Payments under these arrangements are required only in the remote event of nonperformance. The Company does not expect that these contingent commitments will result in any amounts being paid.

- The Company issued letters of credit totaling $22.0 million in January 2020 on behalf of Wisper to guarantee its performance obligations under an FCC broadband funding program. As of December 31, 2020, the Company has assessed the likelihood of non-performance associated with the guarantee to be remote, and therefore, no liability has been accrued within the consolidated balance sheet. Refer to note 10 for further details on this transaction.

Litigation and Legal Matters. The Company is subject to complaints and administrative proceedings and has been a defendant in various civil lawsuits that have arisen in the ordinary course of its business. Such matters include contract disputes; actions alleging negligence; invasion of privacy; trademark, copyright and patent infringement; violations of applicable wage and hour laws; statutory or common law claims involving current and former employees; and other matters. Although the outcomes of any legal claims and proceedings against the Company cannot be predicted with certainty, based on currently available information, the Company believes that there are no existing claims or proceedings that are likely to have a material adverse effect on its business, financial condition, results of operations or cash flows.

Regulation in the Company's Industry. The Company's operations are extensively regulated by the FCC, some state governments and most local governments. The FCC has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities used in connection with cable operations. Future legislative and regulatory changes could adversely affect the Company's operations.

18. SUBSEQUENT EVENT

On February 12, 2021, the Company and its indirect wholly owned subsidiary, Lighthouse Merger Sub LLC, entered into an Agreement and Plan of Merger, dated as of February 12, 2021 (the "Merger Agreement"), with Hargray and TPO-Hargray, LLC, as equityholders' representative, pursuant to which the Company agreed to acquire the equity interests in Hargray that it does not already own (the "Hargray Acquisition"). The equity interests to be acquired represent approximately 85% of Hargray on a fully diluted basis. Under the terms of the Merger Agreement, the Company will pay a purchase price that implies a $2.2 billion total enterprise value for Hargray on a debt-free and cash-free basis, subject to customary post-closing adjustments. The Company intends to finance the Hargray Acquisition with a combination of existing cash resources and proceeds from new indebtedness (which may include revolving credit facility borrowings) and/or equity capital. The Company has received $900 million of definitive bridge loan commitments from JPMorgan and Credit Suisse AG to finance a portion of the purchase price. Hargray has also amended its credit agreement to allow the Company to assume approximately $689 million of Hargray's outstanding debt at the closing of the Hargray Acquisition. The Hargray Acquisition will expand the Company's presence in the Southeastern U.S. and enable the Company to capitalize on Hargray's experience and expertise in fiber expansion. The closing of the Hargray Acquisition is subject to the receipt of certain regulatory approvals, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the receipt of consents or approvals from the FCC and certain state public service commissions, and other customary closing conditions. The Company currently anticipates that the Hargray Acquisition will be completed during the second quarter of 2021.

Calendar year 2019 Financial Statements
(filed February 28, 2020)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

Commission File Number: **001-36863**

Cable One, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-3060083**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
210 E. Earll Drive, Phoenix, Arizona	**85012**
(Address of Principal Executive Offices)	*(Zip Code)*

(602) 364-6000
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01	**CABO**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☑ No ☐

Thomas O. Might

/s/ Kristine E. Miller Kristine E. Miller	Director	February 27, 2020
/s/ Alan G. Spoon Alan G. Spoon	Director	February 27, 2020
/s/ Wallace R. Weitz Wallace R. Weitz	Director	February 27, 2020
/s/ Katharine B. Weymouth Katharine B. Weymouth	Director	February 27, 2020

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Cable One, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Cable One, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Clearwave and Fidelity from its assessment of internal control over financial reporting as of December 31, 2019, because they were acquired by the Company in purchase business combinations during 2019. We have also excluded Clearwave and Fidelity from our audit of internal control over financial reporting. Clearwave's total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 4.5% and 2.3%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2019. Fidelity's total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 6.3% and 2.7%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2019.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Capitalization of Internal Labor Costs

As described in Notes 2 and 6 to the consolidated financial statements, capitalized labor costs include the direct costs of engineers and technical personnel involved in the design and implementation of plant and infrastructure; the costs of technicians involved in the installation and upgrades of services and customer premise equipment; and the costs of support personnel directly involved in capitalizable activities. Standard labor costs are updated annually and are developed by position utilizing a combination of actual costs incurred, survey information, and operational data. Capitalized labor costs represent a portion of the consolidated balance of property, plant and equipment, net of $1.2 billion as of December 31, 2019.

The principal considerations for our determination that performing procedures relating to capitalization of internal labor costs is a critical audit matter are there was significant judgment by management in determining the standard labor costs; this in turn led to a high degree of auditor judgment, subjectivity and effort in performing our audit procedures and in evaluating audit evidence relating to the calculation of internal labor costs to be capitalized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to capitalization of internal labor costs, including controls over the development of standard labor costs. These procedures also included, among others, evaluating and testing management's process for developing standard labor costs by position, which included evaluating and testing the data inputs related to payroll and benefits and evaluating the reasonableness and appropriateness of factors considered by management in the development of management's estimated standard labor costs.

Acquisition of Clearwave – Valuation of Acquired Customer Relationships Intangible Asset

As described in Note 3 to the consolidated financial statements, the Company completed the acquisition of Clearwave in 2019 for net consideration of $358.8 million, which resulted in $89.7 million of intangible assets being recorded, of which $83.0 million related to customer relationships. Management recorded the customer relationships at fair value on the date of the acquisition using the multi-period excess earnings method of the income approach. Significant assumptions and estimates used in this method include projected revenue growth rates, future EBITDA margins, future capital expenditures, and the discount rate.

The principal considerations for our determination that performing procedures relating to the valuation of the customer relationships intangible asset acquired in the acquisition of Clearwave is a critical audit matter are there was significant judgment by management when developing the fair value measurement of the intangible asset acquired; this in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate management's fair value measurement and significant assumptions, including the future EBITDA margins and the discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to business combinations, including controls over management's valuation of the intangible asset and controls over development of the assumptions related to the valuation of the intangible asset, including the future EBITDA margins and the discount rate. These procedures also included, among others (i) reading the purchase agreement, (ii) testing management's process for estimating the fair value of the customer relationships intangible asset, (iii) evaluating the appropriateness of the multi-period excess earnings method of the income approach, (iv) testing the completeness and accuracy of the underlying data used in the method, and (v) evaluating the reasonableness of significant assumptions including the future EBITDA margins and the discount rate. Evaluating the reasonableness of the future EBITDA margins involved considering the past performance of the acquired business, as well as the comparable businesses, industry and peer data, and considering whether they were consistent with evidence obtained in other areas of the audit. The discount rate was evaluated by considering the cost of capital of comparable businesses and other industry factors. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the multi-period excess earnings method of the income approach and certain significant assumptions, including the discount rate.

Acquisition of Fidelity – Valuation of Acquired Customer Relationships and Franchise Rights Intangible Assets

As described in Note 3 to the consolidated financial statements, the Company completed the acquisition of Fidelity in 2019 for net consideration of $531.4 million, which resulted in $288.0 million of intangible assets being recorded. The intangible assets were comprised primarily of customer relationships of $119.0 million and franchise rights of $166.0 million. Management recorded the customer relationships and franchise rights at fair value on the date of the acquisition using the multi-period excess earnings method of the income approach. Significant assumptions and estimates used in this method include projected revenue growth rates, future EBITDA margins, future capital expenditures, and the discount rate.

The principal considerations for our determination that performing procedures relating to the valuation of the customer relationships and franchise rights intangible assets acquired in the acquisition of Fidelity is a critical audit matter are there was significant judgment by management when developing the fair value measurements of customer relationships and franchise rights intangible assets acquired; this in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate management's fair value measurements and significant assumptions, including the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to business combinations, including controls over management's valuation of the intangible assets and controls over development of the assumptions related to the valuation of the intangible assets, including the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate. These procedures also included, among others (i) reading the purchase agreement, (ii) testing management's process for estimating the fair value of the customer relationships and franchise rights intangible assets, (iii) evaluating the appropriateness of the multi-period excess earnings method of the income approach, (iv) testing the completeness and accuracy of the underlying data used in the method, and (v) evaluating the reasonableness of significant assumptions including the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate. Evaluating the reasonableness of the projected revenue growth rates, future EBITDA margins, and future capital expenditures involved considering the past performance of the acquired business, as well as the comparable businesses, industry and peer data, and considering whether they were consistent with evidence obtained in other areas of the audit. The discount rate was evaluated by considering the cost of capital of comparable businesses and other industry factors. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the multi-period excess earnings method of the income approach and certain significant assumptions, including the discount rate.

/s/ PricewaterhouseCoopers LLP

Phoenix, Arizona
February 27, 2020

We have served as the Company's auditor since 2014.

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CABLE ONE, INC.
CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except par values)	December 31, 2019	December 31, 2018
Assets		
Current Assets:		
Cash and cash equivalents	$ 125,271	$ 264,113
Accounts receivable, net	38,452	29,947
Income taxes receivable	2,146	10,713
Prepaid and other current assets	15,619	13,090
Total Current Assets	181,488	317,863
Property, plant and equipment, net	1,201,271	847,979
Intangible assets, net	1,312,381	953,851
Goodwill	429,597	172,129

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Other noncurrent assets	27,094	11,412
Total Assets	$ 3,151,831	$ 2,303,234
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 136,993	$ 94,134
Deferred revenue	23,640	18,954
Current portion of long-term debt	28,909	20,625
Total Current Liabilities	189,542	133,713
Long-term debt	1,711,937	1,142,056
Deferred income taxes	303,314	242,127
Other noncurrent liabilities	105,469	9,980
Total Liabilities	2,310,262	1,527,876
Commitments and contingencies (see note 16)		
Stockholders' Equity		
Preferred stock ($0.01 par value; 4,000,000 shares authorized; none issued or outstanding)	-	-
Common stock ($0.01 par value; 40,000,000 shares authorized; 5,887,899 shares issued, and 5,715,377 and 5,703,402 shares outstanding as of December 31, 2019 and 2018, respectively)	59	59
Additional paid-in capital	51,198	38,898
Retained earnings	980,355	850,292
Accumulated other comprehensive loss	(68,158)	(96)
Treasury stock, at cost (172,522 and 184,497 shares held as of December 31, 2019 and 2018, respectively)	(121,885)	(113,795)
Total Stockholders' Equity	841,569	775,358
Total Liabilities and Stockholders' Equity	$ 3,151,831	$ 2,303,234

See accompanying notes to the consolidated financial statements.

CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year Ended December 31,		
(dollars in thousands, except per share data)	2019	2018	2017
Revenues	$ 1,167,997	$ 1,072,295	$ 959,956
Costs and Expenses:			
Operating (excluding depreciation and amortization)	388,552	370,269	337,040
Selling, general and administrative	245,120	222,216	204,384
Depreciation and amortization	216,687	197,731	181,619
Loss on asset disposals, net	7,187	14,167	574
Total Costs and Expenses	857,546	804,383	723,617
Income from operations	310,451	267,912	236,339
Interest expense	(71,729)	(60,415)	(46,864)
Other income (expense), net	(4,907)	4,487	668
Income before income taxes	233,815	211,984	190,143
Income tax provision (benefit)	55,233	47,224	(45,028)
Net income	$ 178,582	$ 164,760	$ 235,171
Net Income per Common Share:			
Basic	$ 31.45	$ 28.98	$ 41.40
Diluted	$ 31.12	$ 28.77	$ 40.92
Weighted Average Common Shares Outstanding:			
Basic	5,678,990	5,684,375	5,680,073
Diluted	5,737,856	5,725,963	5,747,037
Deferred gain (loss) on cash flow hedges and other, net of tax	$ (68,062)	$ 256	$ 94
Comprehensive income	$ 110,520	$ 165,016	$ 235,265

See accompanying notes to the consolidated financial statements.

CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands, except per share data)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock, at cost	Total Stockholders' Equity
Balance at December 31, 2016	5,708,223	$ 59	$ 17,669	$ 530,431	$ (446)	$ (74,547)	$ 473,166
Net income	-	-	-	235,171	-	-	235,171
Changes in pension, net of tax	-	-	-	-	94	-	94
Equity-based compensation	-	-	10,743	-	-	-	10,743
Issuance of equity awards, net of forfeitures	31,129	-	-	-	-	-	-
Repurchases of common stock	(900)	-	-	-	-	(528)	(528)
Withholding tax for equity awards	(7,010)	-	-	-	-	(4,983)	(4,983)
Dividends paid to stockholders ($6.50 per common share)	-	-	-	(37,216)	-	-	(37,216)
Balance at December 31, 2017	5,731,442	59	28,412	728,386	(352)	(80,058)	676,447
Net income	-	-	-	164,760	-	-	164,760
Changes in pension, net of tax	-	-	-	-	256	-	256
Equity-based compensation	-	-	10,486	-	-	-	10,486
Issuance of equity awards, net of forfeitures	20,800	-	-	-	-	-	-
Repurchases of common stock	(38,814)	-	-	-	-	(26,582)	(26,582)
Withholding tax for equity awards	(10,026)	-	-	-	-	(7,155)	(7,155)
Dividends paid to stockholders ($7.50 per common share)	-	-	-	(42,854)	-	-	(42,854)
Balance at December 31, 2018	5,703,402	59	38,898	850,292	(96)	(113,795)	775,358
Lease accounting standard adoption cumulative adjustment				8			8
Net income	-	-	-	178,582	-	-	178,582
Deferred loss on cash flow hedges and other, net of tax	-	-	-	-	(68,062)	-	(68,062)
Equity-based compensation	-	-	12,300	-	-	-	12,300
Issuance of equity awards, net of forfeitures	21,480	-	-	-	-	-	-
Repurchases of common stock	(5,984)	-	-	-	-	(5,073)	(5,073)
Withholding tax for equity awards	(3,521)	-	-	-	-	(3,017)	(3,017)
Dividends paid to stockholders ($8.50 per common share)	-	-	-	(48,527)	-	-	(48,527)
Balance at December 31, 2019	5,715,377	$ 59	$ 51,198	$ 980,355	$ (68,158)	$ (121,885)	$ 841,569

See accompanying notes to the consolidated financial statements.

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CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2019	2018	2017
Cash flows from operating activities:			
Net income	$ 178,582	$ 164,760	$ 235,171
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	216,687	197,731	181,619
Amortization of debt issuance costs	4,646	4,163	3,174
Equity-based compensation	12,300	10,486	10,743
Write-off of debt issuance costs	4,210	110	613
Increase (decrease) in deferred income taxes	50,011	34,973	(87,223)
Loss on asset disposals, net	7,187	14,167	574
Changes in operating assets and liabilities, net of effects from acquisitions:			
(Increase) decrease in accounts receivable, net	(3,520)	(17)	18,146
(Increase) decrease in income taxes receivable	8,567	10,618	(16,784)
(Increase) decrease in prepaid and other current assets	(462)	(2,192)	5,073
Increase (decrease) in accounts payable and accrued liabilities	16,452	(27,853)	6,874
Increase (decrease) in deferred revenue	(1,432)	3,946	(20,547)
Other, net	(1,487)	(3,123)	(12,947)

Net cash provided by operating activities	491,741	407,769	324,486
Cash flows from investing activities:			
Purchase of businesses, net of cash acquired	(883,440)	-	(727,947)
Capital expenditures	(262,352)	(217,766)	(179,363)
Change in accrued expenses related to capital expenditures	4,511	2,005	4,167
Proceeds from sales of property, plant and equipment	7,039	1,466	11,976
Net cash used in investing activities	(1,134,242)	(214,295)	(891,167)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	1,275,000	-	750,000
Payment of debt issuance costs	(11,844)	(2,131)	(15,224)
Payments on long-term debt	(702,880)	(14,391)	(100,642)
Repurchases of common stock	(5,073)	(26,582)	(528)
Payment of withholding tax for equity awards	(3,017)	(7,155)	(4,983)
Dividends paid to stockholders	(48,527)	(42,854)	(37,216)
Other	-	2,000	(1,014)
Net cash provided by (used in) financing activities	503,659	(91,113)	590,393
Increase (decrease) in cash and cash equivalents	(138,842)	102,361	23,712
Cash and cash equivalents, beginning of period	264,113	161,752	138,040
Cash and cash equivalents, end of period	$ 125,271	$ 264,113	$ 161,752
Supplemental cash flow disclosures:			
Cash paid for interest, net of capitalized interest	$ 67,907	$ 56,412	$ 43,327
Cash paid for income taxes, net of refunds received	$ (3,585)	$ 1,811	$ 59,622

See accompanying notes to the consolidated financial statements.

CABLE ONE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Cable One, Inc., together with its wholly owned subsidiaries (collectively, "Cable One" or the "Company"), is a fully integrated provider of data, video and voice services to residential and business subscribers in 21 Western, Midwestern and Southern U.S. states. At the end of 2019, Cable One provided service to approximately 907,000 residential and business customers, of which approximately 773,000 subscribed to data services, 314,000 subscribed to video services and 139,000 subscribed to voice services.

On May 1, 2017, the Company acquired RBI Holding LLC ("NewWave") for a purchase price of $740.2 million in cash on a debt-free basis. On January 8, 2019, the Company acquired Delta Communications, L.L.C. ("Clearwave") for a purchase price of $358.8 million in cash on a debt-free basis. On October 1, 2019, the Company acquired Fidelity Communications Co.'s data, video and voice business and certain related assets (collectively, "Fidelity") for a purchase price of $531.4 million in cash on a debt-free basis, after customary post-closing adjustments. Refer to note 3 for details on these transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and the rules and regulations of the Securities and Exchange Commission (the "SEC"). The Company's results of operations for the years ended December 31, 2019, 2018 and 2017 may not be indicative of the Company's future results.

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company, including its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Segment Reporting. Accounting Standards Codification ("ASC") 280 - *Segment Reporting* requires the disclosure of factors used to identify an entity's reportable segments. The Company's operations are organized and managed on the basis of operating systems within its geographic divisions. Each operating system derives revenues from the delivery of similar products and services to a customer base that is also similar. Each operating system deploys similar technology to deliver the Company's products and services, operates within a similar regulatory environment, has similar economic characteristics and is managed by the Company's chief operating decision maker as part of an aggregate of all operating systems within the Company's material geographic divisions. Management evaluated the criteria for aggregation under ASC 280 and has concluded that the Company meets each of the respective criteria set forth therein. Accordingly, management has identified one reportable segment.

Use of Estimates. The preparation of the consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported herein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates and underlying assumptions.

Revenue Recognition. The Company recognizes revenue in accordance with ASC 606 - *Revenue from Contracts with Customers.* Residential revenues are generated through individual and bundled subscriptions for data, video and voice services on month to month terms, without penalty for cancellation. As bundled subscriptions are typically offered at discounted rates, the sales price is allocated amongst the respective product lines based on the relative selling price at which each service is sold under standalone service agreements. Business revenues are generated through individual and bundled subscriptions for data, video and voice services under contracts with terms ranging from one month to several years.

The Company also generally receives an allocation of scheduled advertising time as part of its distribution agreements with cable and broadcast networks, which the Company sells to local, regional and national advertisers under contracts with terms that are typically less than one year. In most instances, the available advertising time is sold directly by the Company's internal sales force. As the Company is acting as principal in these arrangements, the advertising that is sold is reported as revenue on a gross basis. In instances where advertising time is sold by contracted third-party agencies, the Company is not acting as principal and the advertising sold is therefore reported net of agency fees. Advertising revenues are recognized when the related advertisements are aired.

The unit of account for revenue recognition is a performance obligation, which is a requirement to transfer a distinct good or service to a customer. Customers are billed for the services to which they subscribe based upon published or contracted rates, with the sales price being allocated to each performance obligation. For arrangements with multiple performance obligations, the sales price is allocated based on the relative standalone selling price for each subscribed service. Generally, performance obligations are satisfied, and revenue is recognized, over the period of time in which customers simultaneously receive and consume the Company's defined performance obligations, which are delivered in a similar pattern of transfer. Advertising revenue is recognized at the point in time when the underlying performance obligation is complete.

The Company also incurs certain incremental costs to acquire residential and business customers, such as commission costs and third-party costs to service specific customers. These costs are capitalized as contract assets and amortized over the applicable period. For commissions, the amortization period is the average customer tenure, which is approximately five years for both residential and business customers. All other costs are amortized over the requisite contract period.

Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. These fees were $22.7 million, $16.1 million and $15.7 million for 2019, 2018 and 2017, respectively. As the Company acts as principal, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

Concentrations of Credit Risk. Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. Concentration of credit risk with respect to the Company's cash balance is limited. The Company maintains or invests its cash with highly qualified financial institutions. With respect to the Company's receivables, credit risk is limited due to the large number of customers, individually small balances and short payment terms.

Programming Costs. The Company's programming costs are fees paid to license the programming that is distributed to video customers and are recorded in the period the services are provided. Programming costs are recorded based on the Company's contractual agreements with its programming vendors, which are generally multi-year agreements that provide for the Company to make payments to the programming vendors at agreed upon rates based on the number of subscribers to which the Company provides the programming service. From time to time, these agreements expire, and programming continues to be distributed, often pursuant to an extension, to customers while the parties negotiate new contractual terms. While payments are typically made under the prior agreement's terms, the amount of programming costs recorded during these interim periods is based on the Company's estimates of the ultimate contractual terms expected to be negotiated. Differences between actual amounts determined upon resolution of negotiations and amounts recorded during these interim periods are recorded in the period of resolution.

Advertising Costs. The Company expenses advertising costs as incurred. The total amount of such advertising expense recorded was $34.3 million, $28.6 million and $25.3 million in 2019, 2018 and 2017, respectively.

Cash Equivalents. The Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost plus accrued interest and dividends, which approximates market value.

Allowance for Doubtful Accounts. Accounts receivable have been reduced by an allowance for amounts that may be uncollectible in the future. This estimated allowance is based primarily on the aging category, historical collection experience and management's evaluation of the financial condition of the customer. The Company generally considers an account past due or delinquent when a customer misses a scheduled payment. The Company writes off accounts receivable balances deemed uncollectible against the allowance for doubtful accounts generally when the account is turned over for collection to an outside collection agency.

Fair Value Measurements. Fair value measurements are determined based on the assumptions that a market participant would use in pricing an asset or liability based on a three-tiered hierarchy that draws a distinction between market participant assumptions based on (i) observable inputs, such as quoted prices in active markets (level 1); (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (level 2); and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (level 3). Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

For assets and liabilities that are measured using quoted prices in active markets, the total fair value is the published market price per unit multiplied by the number of units held, without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability.

The Company measures certain assets, including property, plant and equipment, intangible assets and goodwill, at fair value on a nonrecurring basis when they are deemed to be impaired. The fair value of these assets is determined with valuation techniques using the best information available and may include quoted market prices, market comparables and discounted cash flow models.

The carrying amounts reported in the Company's consolidated financial statements for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short-term nature of these financial instruments.

Property, Plant and Equipment. Property, plant and equipment is recorded at cost less accumulated depreciation and amortization. Costs for replacements and major improvements are capitalized while costs for maintenance and repairs are expensed as incurred. Depreciation and amortization is calculated using the straight-line method for all assets, with the exception of capitalized internal and external labor, which is depreciated using an accelerated method. The estimated useful life ranges for each category of property, plant and equipment are as follows (in years):

Cable distribution systems	10 – 25
Customer premise equipment	3 – 5
Other equipment and fixtures	3 – 10
Buildings and improvements	10 – 20
Capitalized software	3 – 7
Right-of-use ("ROU") assets	1 – 15

The costs of leasehold improvements are amortized over the lesser of their useful lives or the remaining terms of the respective leases.

Costs associated with the installation and upgrade of services and acquiring and deploying of customer premise equipment, including materials, internal and external labor costs and related indirect and overhead costs, are capitalized.

Capitalized labor costs include the direct costs of engineers and technical personnel involved in the design and implementation of plant and infrastructure; the costs of technicians involved in the installation and upgrades of services and customer premise equipment; and the costs of support personnel directly involved in capitalizable activities, such as project managers and supervisors. These costs are capitalized based on internally developed standards by position, which are updated annually (or more frequently if required). These standards are developed utilizing a combination of actual costs incurred where applicable, survey information, operational data and management judgment. Overhead costs are capitalized based on standards developed from historical information. Indirect and overhead costs include payroll taxes; insurance and other benefits; and vehicle, tool and supply expense related to installation activities. Costs for repairs and maintenance, disconnecting service or reconnecting service are expensed as incurred.

The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use, on-premises software, including costs associated with coding, software configuration, upgrades and enhancements. Costs associated with internal-use, cloud-based software are expensed as incurred.

Evaluation of Long-Lived Assets. The recoverability of property, plant and equipment and finite-lived intangible assets is assessed whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. A long-lived asset is considered to not be recoverable when the undiscounted estimated future cash flows are less than the asset's recorded value. An impairment charge is measured based on estimated fair market value, determined primarily using estimated future cash flows on a discounted basis. Losses on long-lived assets to be disposed of are determined in a similar manner, but the fair market value is reduced for estimated disposal costs.

Finite-Lived Intangible Assets. Finite-lived intangible assets consist of franchise renewals, customer relationships and trademarks and trade names, and are amortized over the respective estimated periods for which the assets will provide economic benefit to the Company.

Indefinite-Lived Intangible Assets. The Company's intangible assets with an indefinite life are franchise agreements that it has with state and local governments and the Clearwave trade name. Franchise agreements allow the Company to contract and operate its business within specified geographic areas. The Company expects its franchise agreements to provide it with substantial benefit for a period that extends beyond the foreseeable horizon, and the Company has historically obtained renewals and extensions of such agreements without material modifications to the agreements for nominal costs, and these costs are expensed as incurred. The Company groups the recorded values of its various franchise agreements into geographic divisions or units of account. The Company currently expects to utilize the Clearwave trade name for a period that extends beyond the foreseeable horizon and expects the cost to maintain such asset to be nominal.

The Company assesses the recoverability of its indefinite-lived intangible assets as of October 1st of each year, or more frequently whenever events or substantive changes in circumstances indicate that the assets might be impaired. The Company evaluates the unit of account used to test for impairment periodically or whenever events or substantive changes in circumstances occur to ensure impairment testing is performed at an appropriate level. The assessment of recoverability may first consider qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. When performing a quantitative assessment, the Company estimates the fair value of its franchise agreements primarily based on a multi-period excess earnings method ("MPEEM") analysis and estimates the fair value of the Clearwave trade name primarily based on a relief-from-royalty analysis, both of which involve significant judgment. When analyzing the fair values indicated under the MPEEM analysis, the Company also considers multiples of Adjusted EBITDA generated by the underlying assets, current market transactions and profitability information. If the fair value of indefinite-lived intangible assets were determined to be less than the carrying amount, the Company would recognize an impairment charge for the difference between the estimated fair value and the carrying value of the assets.

Goodwill. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including an assembled workforce, noncontractual relationships and other agreements. The Company assesses the recoverability of its goodwill as of October 1st of each year, or more frequently whenever events or substantive changes in circumstances indicate that the carrying amount of a reporting unit may exceed its fair value. Beginning on October 1, 2019, the Company prospectively changed its annual goodwill impairment testing date from November 30th to October 1st. The voluntary change was to better align the Company's goodwill impairment testing procedures with its annual planning and budgeting process. This change did not delay, accelerate or avoid an impairment loss, nor did the change have a cumulative effect on pre-tax income, net income, retained earnings or net assets.

The Company tests goodwill for impairment at the reporting unit level. To determine its reporting units, the Company evaluates the components one level below the segment level and it aggregates the components if they have similar economic characteristics. As a result of this assessment, the Company's reporting units are established at the geographic division level. The Company evaluates the determination of its reporting units used to test for impairment periodically or whenever events or substantive changes in circumstances occur. The assessment of recoverability may first consider qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. The quantitative assessment considers whether the carrying amount of a reporting unit exceeds its fair value. Any excess amount is recorded as an impairment charge in the current period (limited to the amount of goodwill recorded).

Insurance. The Company uses a combination of insurance and self-insurance for a number of risks, including claims related to employee medical and dental care, disability benefits, workers' compensation, general liability, property damage and business interruption. Liabilities associated with these plans are estimated based on, among other things, the Company's historical claims experience, severity factors and other actuarial assumptions. Accruals for expected loss are based on estimates, and, while the Company believes that the amounts accrued are adequate, the ultimate loss may differ from the amounts accrued.

Equity-Based Compensation. The Company measures compensation expense related to equity-based awards based on the grant date fair value of the awards. The Company recognizes the expense on a straight-line basis over the requisite service period, which is generally the vesting period of the award, with forfeitures recognized as incurred.

Income Taxes. The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records deferred tax assets to the extent that it believes these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. This evaluation is made on an ongoing basis. In the event the Company were to determine that it was not able to realize all or a portion of its deferred tax assets in the future, the Company would record a valuation allowance, which would impact the provision for income taxes.

The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Company records a liability for the difference between the benefit recognized and measured for financial statement purposes and the tax position taken or expected to be taken on the tax return. Changes in the estimate are recorded in the period in which such determination is made.

Asset Retirement Obligations. Certain of the Company's franchise agreements and lease agreements contain provisions requiring the Company to restore facilities or remove property in the event that the franchise or lease agreement is not renewed. The Company expects to continually renew its franchise agreements and therefore cannot reasonably estimate any liabilities associated with such agreements. A remote possibility exists that franchise agreements could be terminated unexpectedly, which could result in the Company incurring significant expense in complying with restoration or removal provisions. Retirement obligations related to the Company's lease agreements are de minimis. The Company does not have any significant liabilities related to asset retirement obligations recorded in the consolidated financial statements.

Business Combination Purchase Price Allocation. The application of the acquisition method under ASC 805 - *Business Combinations* ("ASC 805") requires the Company to allocate the purchase price amongst the acquisition date fair values of identifiable assets acquired and liabilities assumed in a business combination. The Company determines fair values using the income approach, market approach and/or cost approach depending on the nature of the asset or liability being valued and the reliability of available information. The income approach estimates fair value by discounting associated lifetime expected future cash flows to their present value and relies on significant assumptions regarding future revenues, expenses, working capital levels and discount rates. The market approach estimates fair value by analyzing recent actual market transactions for similar assets or liabilities. The cost approach estimates fair value based on the expected cost to replace or reproduce the asset or liability and relies on assumptions regarding the occurrence and extent of any physical, functional and/or economic obsolescence.

Recently Adopted Accounting Pronouncements. In June 2018, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.* ASU 2018-07 expands the scope of ASC 718 to include share-based payment transactions for acquiring goods and services from non-employees. The ASU was effective January 1, 2019. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.* ASU 2017-12 improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and also simplifies the application of hedge accounting under GAAP. The ASU was effective January 1, 2019. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* ASU 2016-02 requires lessees to record substantially all of their leases on the balance sheet as an ROU asset and a corresponding lease liability with the exception of short-term leases. The Company is required to classify each separate lease component as an operating or a finance lease at the lease commencement date. Initial measurement of the ROU asset and lease liability is the same for both operating and finance leases, however, expense recognition and amortization of the ROU asset differs. Expense for operating leases is recognized on a straight-line basis similar to previous operating leases while finance leases reflect a front-loaded expense pattern similar to previous capital leases. The Company adopted the updated guidance on January 1, 2019.

With respect to the adoption of ASU 2016-02, the Company elected the "Comparatives Under 840 Option" approach to transition. Under this method, financial information related to periods prior to adoption is presented as originally reported under ASC 840 - *Leases*. Upon adoption on January 1, 2019, the Company recorded ROU assets of $14.9 million and lease liabilities of $13.3 million. The adoption of this guidance did not have a significant impact on Company's consolidated financial statements.

ASU 2016-02 provides several optional practical expedients in transition. The Company elected the lessee and lessor transition package of three practical expedients permitted within the standard, which eliminates the requirements to reassess prior conclusions about lease identification, lease classification and initial direct costs.

The Company also made certain lessee accounting policy elections, including a short-term lease exception policy, permitting the exclusion of short-term leases (defined as leases with terms of 12 months or less) from the recognition requirements of ASC 842, and an accounting policy to account for lease and non-lease components as a single component for all classes of assets, permitting common area maintenance, real estate taxes, fiber network power charges and routine maintenance fees to be combined with the associated lease component. The portfolio approach, which allows a lessee to account for its leases at a portfolio level, was elected for certain equipment and fiber leases in which the difference in accounting for each asset separately would not have been materially different from accounting for the assets as a combined unit. As a lessee, the Company also elected the practical expedient not to reevaluate whether any expired or existing land easements are, or contain, leases.

The Company provides residential and business customers with certain hardware to deliver data, video and voice services. As a lessor, the Company elected the practical expedient not to separate lease components from the associated non-lease component for all classes of assets. The Company concluded the non-lease components would otherwise be accounted for under the new revenue recognition standard and both the timing and pattern of transfer are the same for the non-lease components and associated lease component based on the interrelated nature of the services provided and the underlying leased hardware and, if accounted for separately, the lease component would be classified as an operating lease.

Refer to note 8 for additional details.

Recently Issued But Not Yet Adopted Accounting Pronouncements. In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 removes certain exceptions related to intraperiod tax allocations, foreign subsidiaries and interim reporting that are present within existing GAAP. The ASU also provides updated guidance regarding the tax treatment of certain franchise taxes, goodwill and nontaxable entities, among other items. In addition, ASU 2019-12 clarifies that the effect of a change in tax laws or rates should be reflected in the annual effective tax rate computation during the interim period that includes the enactment date. The ASU is effective for annual and interim periods beginning after December 15, 2020, with early adoption permitted. Certain provisions must be adopted on prescribed retrospective, modified retrospective and prospective bases, while other provisions may be adopted on either a retrospective or modified retrospective basis. The Company is currently evaluating its timing and method, where applicable, of adoption as well as the expected impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation, setup and other upfront costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing such costs incurred to develop or obtain internal-use software. The ASU specifies which costs are to be expensed and which are to be capitalized, the period over which capitalized costs are to be amortized, the process for identifying and recognizing impairment and the proper presentation of such costs within the consolidated financial statements. The Company adopted the updated guidance on January 1, 2020 on a prospective basis. The adoption of this ASU will result in the capitalization and subsequent amortization of certain costs that would have been expensed as incurred under previous guidance. Amortization of such costs will be included in operating or selling, general and administrative expenses, rather than depreciation and amortization expense, within the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires companies to recognize an allowance for expected lifetime credit losses through earnings concurrent with the recognition of a financial asset measured at amortized cost. The estimate of expected credit losses is required to be adjusted each reporting period over the life of the financial asset. The ASU was effective January 1, 2020. The adoption of this guidance will not have a material impact on the Company's consolidated financial statements.

3. ACQUISITIONS

The Company accounted for certain acquisitions as business combinations pursuant to ASC 805. In accordance with ASC 805, the Company uses its best estimates and assumptions to assign fair value to the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date. The Company believes that the information available provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed for each acquisition, however, preliminary measurements of fair value for each acquisition are subject to change during the measurement period, and such changes could be material. The Company expects to finalize the valuation after each acquisition as soon as practicable but no later than one year after the acquisition date.

Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including an assembled workforce, noncontractual relationships and other agreements. As an indefinite-lived asset, goodwill is not amortized but rather is subject to impairment testing on at least an annual basis.

Acquisition costs are not included as components of consideration transferred and instead are accounted for as expenses in the period in which the costs are incurred. The Company incurred $9.6 million, $1.8 million and $5.9 million of acquisition-related costs in 2019, 2018 and 2017, respectively. These costs are included in selling, general and administrative expenses within the Company's consolidated statements of operations and comprehensive income.

The following acquisitions occurred during the periods presented:

NewWave. On May 1, 2017, the Company acquired all the outstanding equity interests in NewWave for $740.2 million in cash on a debt-free basis. Refer to note 9 for details regarding the financing of the transaction. NewWave provides data, video and voice services to residential and business customers throughout non-urban areas of Arkansas, Illinois, Indiana, Louisiana, Mississippi, Missouri and Texas. Cable One and NewWave shared similar strategies, customer demographics, and products. The acquisition of NewWave offered the Company opportunities for revenue growth and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") margin expansion as well as the potential to realize cost synergies.

The following table summarizes the allocation of the NewWave purchase price consideration as of the acquisition date, reflecting all measurement period adjustments recorded (in thousands):

	Purchase Price Allocation
Assets Acquired	
Cash and cash equivalents	$ 12,220
Accounts receivable	15,027
Prepaid and other current assets	2,286
Property, plant and equipment	192,234
Intangible assets	476,300
Other noncurrent assets	1,184
Total Assets Acquired	699,251
Liabilities Assumed	
Accounts payable and accrued liabilities	25,125
Deferred revenue	14,516
Deferred income taxes	6,644
Total Liabilities Assumed	46,285
Net assets acquired	**652,966**
Purchase price consideration	740,166
Goodwill recognized	**$ 87,200**

Acquired identifiable intangible assets associated with the NewWave acquisition consist of the following (dollars in thousands):

	Fair Value	Useful Life (in years)
Customer relationships	$ 160,000	14
Trademark and trade name	$ 1,300	3
Franchise agreements	$ 315,000	Indefinite

Customer relationships and franchise agreements were valued using the MPEEM of the income approach. Significant assumptions used in the valuations include projected revenue growth rates, future EBITDA margins, future capital expenditures and an appropriate discount rate. No residual value was assigned to the acquired customer relationships or trademark and trade name.

The measurement period for the NewWave acquisition ended on April 30, 2018.

The NewWave acquisition resulted in the recognition of $87.2 million of goodwill, which is deductible for tax purposes.

Clearwave. On January 8, 2019, the Company acquired Clearwave, a facilities-based service provider that owns and operates a high-capacity fiber network offering dense regional coverage in Southern Illinois. The Company funded the purchase price of $358.8 million with cash on hand and Term Loan B-2 borrowings as defined and described in note 9. The Clearwave acquisition provides the Company with a premier fiber network within its existing footprint, further enables the Company to supply its customers with enhanced business services solutions and provides a platform to allow the Company to replicate Clearwave's strategy in several of its other markets.

The following table summarizes the allocation of the Clearwave purchase price consideration as of the acquisition date (in thousands):

	Original Estimate	Measurement Period Adjustment	Preliminary Purchase Price Allocation
Assets Acquired			
Cash and cash equivalents	$ 1,913	$ -	$ 1,913
Accounts receivable	1,294	-	1,294
Prepaid and other current assets	311	-	311
Property, plant and equipment	120,472	-	120,472
Intangible assets	89,700	-	89,700
Other noncurrent assets	3,533	-	3,533
Total Assets Acquired	217,223	-	217,223
Liabilities Assumed			
Accounts payable and accrued liabilities	2,128	-	2,128
Deferred revenue, short-term portion	4,322	-	4,322
Deferred income taxes	30,104	2,667	32,771
Other noncurrent liabilities	5,057	-	5,057
Total Liabilities Assumed	41,611	2,667	44,278
Net assets acquired	**175,612**	**(2,667)**	**172,945**
Purchase price consideration	358,830	-	358,830
Goodwill recognized	**$ 183,218**	**$ 2,667**	**$ 185,885**

Acquired identifiable intangible assets associated with the Clearwave acquisition consist of the following (dollars in thousands):

	Fair Value	Useful Life (in years)
Customer relationships	$ 83,000	17
Trade name	$ 6,700	Indefinite

Customer relationships were valued using the MPEEM of the income approach. Significant assumptions used in the valuations include projected revenue growth rates, future EBITDA margins, future capital expenditures and an appropriate discount rate. No residual value was assigned to the acquired customer relationships.

During 2019, the Company recorded a measurement period adjustment increasing both deferred income taxes and goodwill by $2.7 million as a result of the Company's election for Clearwave to be treated as a disregarded entity for U.S. Federal income tax purposes.

The Clearwave acquisition resulted in the recognition of $185.9 million of goodwill, which is not deductible for tax purposes.

For the period from January 8, 2019 to December 31, 2019, the Company recognized revenues of $27.4 million and net income of $5.1 million from Clearwave operations, which included acquired intangible assets amortization expense of $4.9 million.

Fidelity. On October 1, 2019, the Company acquired Fidelity, a provider of data, video and voice services to residential and business customers throughout Arkansas, Illinois, Louisiana, Missouri, Oklahoma and Texas. The Company funded the purchase price of $531.4 million with cash on hand and the Delayed Draw Term Loan A-2 as defined and described in note 9. Cable One and Fidelity share similar strategies, customer demographics and products. The Fidelity acquisition provides the Company opportunities for revenue growth and Adjusted EBITDA margin expansion as well as the potential to realize cost synergies.

The following table summarizes the allocation of the Fidelity purchase price consideration as of the acquisition date (in thousands):

	Original Estimate	Measurement Period Adjustments	Preliminary Purchase Price Allocation
Assets Acquired			
Cash and cash equivalents	$ 4,869	$ -	$ 4,869
Accounts receivable	3,691	-	3,691
Prepaid and other current assets	1,756	-	1,756
Property, plant and equipment	173,806	98	173,904
Intangible assets	288,000	-	288,000
Other noncurrent assets	481	1,414	1,895
Total Assets Acquired	472,603	1,512	474,115
Liabilities Assumed			
Accounts payable and accrued liabilities	8,426	369	8,795
Deferred revenue, short-term portion	1,464	332	1,796
Other noncurrent liabilities	2,670	1,045	3,715
Total Liabilities Assumed	12,560	1,746	14,306
Net assets acquired	460,043	(234)	459,809
Purchase price consideration	529,349	2,043	531,392
Goodwill recognized	$ 69,306	$ 2,277	$ 71,583

Acquired identifiable intangible assets associated with the Fidelity acquisition consist of the following (dollars in thousands):

	Fair Value	Useful Life (in years)
Customer relationships	$ 119,000	14
Trademark and trade name	$ 3,000	3
Franchise agreements	$ 166,000	Indefinite

Customer relationships and franchise agreements were valued using the MPEEM of the income approach. Significant assumptions used in the valuations include projected revenue growth rates, future EBITDA margins, future capital expenditures and an appropriate discount rate. No residual value was assigned to the acquired customer relationships or trademark and trade name. The total weighted average amortization period for the acquired finite-lived intangible assets is 13.7 years.

Subsequent to the original estimates, the Company recorded certain measurement period adjustments related to the impact of the adoption ASC 842 as well as a true-up of working capital post-closing. These adjustments increased goodwill by $2.3 million and were based on information available as of the acquisition date and obtained during the measurement period and have been properly reflected in the Company's consolidated balance sheet as of December 31, 2019.

The Fidelity acquisition resulted in the recognition of $71.6 million of goodwill, which is deductible for tax purposes.

For the three months ended December 31, 2019, the Company recognized revenues of $32.0 million and net income of $4.7 million from Fidelity operations, which included acquired intangible assets amortization expense of $2.4 million.

The following unaudited pro forma combined results of operations information for the years ended December 31, 2019 and 2018 has been prepared as if the Fidelity acquisition had occurred on January 1, 2018 and includes adjustments for depreciation expense of $(4.0) million and $(4.5) million, amortization expense of $6.9 million and $9.2 million, interest expense of $10.9 million and $15.2 million, acquisition related costs of $(5.5) million and zero and the related aggregate impact on the income tax provision of $(2.1) million and $(5.0) million for 2019 and 2018, respectively (in thousands, except per share data):

	(Unaudited) Year Ended December 31,			
	2019		2018	
Revenues	$	1,261,027	$	1,186,044
Net income	$	189,020	$	159,348
Net income per common share:				
Basic	$	33.28	$	28.03
Diluted	$	32.94	$	27.83

The unaudited pro forma combined results of operations information is provided for informational purposes only and is not necessarily intended to represent the results that would have been achieved had the Fidelity acquisition been consummated on January 1, 2018 or indicative of the results that may be achieved in the future.

4. REVENUES

The Company's revenues by product line were as follows (in thousands):

	Year Ended December 31,					
	2019		2018		2017	
Residential						
Data	$	547,240	$	492,816	$	416,355
Video		335,190		343,384		332,536
Voice		43,521		41,278		43,733
Business services		204,500		155,952		131,082
Other		37,546		38,865		36,250
Total revenues	$	1,167,997	$	1,072,295	$	959,956

Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. These fees were $22.7 million, $16.1 million and $15.7 million for 2019, 2018 and 2017, respectively. As the Company acts as principal, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

Other revenues are comprised primarily of advertising, customer late charges and reconnect fees.

Net accounts receivable from contracts with customers totaled $32.3 million and $28.1 million at December 31, 2019 and December 31, 2018, respectively.

A significant portion of the Company's revenues are derived from customers who may cancel their subscriptions at any time without penalty. As such, the amount of deferred revenue related to unsatisfied performance obligations is not necessarily indicative of the future revenue to be recognized from the Company's existing customers. Revenues from customers with contractually specified terms and non-cancelable service periods are recognized over the terms of the underlying contracts, which generally range from one to five years.

Contract Costs. The Company capitalizes the incremental costs incurred in obtaining customers, such as commission costs and certain third-party costs. Commission expense is recognized using a portfolio approach over the calculated average residential and business customer tenure. Deferred commissions totaled $8.6 million and $7.8 million as of December 31, 2019 and 2018, respectively, and were included within prepaid and other current assets and other noncurrent assets in the consolidated balance sheets. Commission amortization expense was $4.0 million, $3.6 million and $3.1 million for 2019, 2018 and 2017, respectively, and was included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income. Deferred commissions of $3.6 million included within prepaid and other current assets in the consolidated balance sheet as of December 31, 2019 are expected to be amortized over the next 12 months.

Contract Liabilities. As residential and business customers are billed for subscription services in advance of the service period, the timing of revenue recognition differs from the timing of billing. Deferred revenue liabilities are recorded when the Company collects payments in advance of providing the associated services. Current deferred revenue liabilities, consisting of refundable customer prepayments, up-front charges and installation fees, were $23.6 million and $19.0 million as of December 31, 2019 and 2018, respectively. As of December 31, 2019, the Company's remaining performance obligations pertain to the refundable customer prepayments and consist of providing future data, video and voice services to customers. The $19.0 million of current deferred revenue at December 31, 2018 was recognized within revenues in the consolidated statement of operations and comprehensive income during 2019. Noncurrent deferred revenue liabilities, consisting of up-front charges and installation fees from business customers, were $5.5 million and $2.8 million as of December 31, 2019 and 2018, respectively, and were included within other noncurrent liabilities in the consolidated balance sheets.

Significant Judgments. The Company often provides multiple services to a single customer. The provision of customer premise equipment, installation services and service upgrades may be highly integrated and interdependent with the data, video or voice services provided. Judgment is required to determine whether the provision of such customer premise equipment, installation services and service upgrades is considered a distinct service and accounted for separately, or not distinct and accounted for together with the related subscription service.

The transaction price for a bundle of services is frequently less than the sum of the standalone selling prices of each individual service. The Company allocates the sales price for such bundles to each individual service provided based on the relative standalone selling price for each subscribed service. Standalone selling prices of the Company's residential data and video services are directly observable, while standalone selling prices for the Company's residential voice services are estimated using the adjusted market assessment approach, which relies upon information from peer companies who sell residential voice services individually.

The Company also used significant judgment to determine the appropriate period over which to amortize deferred residential and business commission costs, which was determined to be the average customer tenure. Based on historical data and current expectations, the Company determined the average customer tenure for both residential and business customers to be approximately five years.

5. OPERATING ASSETS AND LIABILITIES

Accounts receivable consisted of the following (in thousands):

	As of December 31, 2019	As of December 31, 2018
Trade receivables	$ 33,467	$ 30,173
Other receivables	6,186	1,819
Less: Allowance for doubtful accounts	(1,201)	(2,045)
Total accounts receivable, net	$ 38,452	$ 29,947

The changes in the allowance for doubtful accounts were as follows (in thousands):

	Beginning Balance	Additions – Charged to Costs and Expenses	Deductions	Ending Balance
2019	$ 2,045	$ 6,500	$ (7,344)	$ 1,201
2018	$ 1,876	$ 5,101	$ (4,932)	$ 2,045
2017	$ 505	$ 4,925	$ (3,554)	$ 1,876

Prepaid and other current assets consisted of the following (in thousands):

	As of December 31, 2019	As of December 31, 2018
Prepaid insurance	$ 1,548	$ 1,477
Prepaid rent	1,499	1,253
Prepaid software	4,672	1,106
Deferred commissions	3,586	2,902
All other current assets	4,314	6,352
Total prepaid and other current assets	$ 15,619	$ 13,090

Other noncurrent assets consisted of the following (in thousands):

	As of December 31, 2019	As of December 31, 2018
Operating lease ROU assets	$ 16,924	$ -
Deferred commissions	5,042	4,867
Debt issuance costs	2,427	-
Assets held for sale	-	4,626
All other noncurrent assets	2,701	1,919
Total other noncurrent assets	$ 27,094	$ 11,412

Accounts payable and accrued liabilities consisted of the following (in thousands):

	As of December 31, 2019	As of December 31, 2018
Accounts payable	$ 36,351	$ 20,790
Accrued programming costs	19,620	17,092
Accrued compensation and related benefits	23,189	21,314
Accrued sales and other operating taxes	9,501	8,149
Accrued franchise fees	4,201	3,870
Subscriber deposits	6,550	5,180
Operating lease liabilities	4,601	-
Interest rate swap liability	11,045	-
Accrued insurance costs	6,174	3,976
Cash overdrafts	5,801	4,689
All other accrued liabilities	9,960	9,074
Total accounts payable and accrued liabilities	$ 136,993	$ 94,134

Other noncurrent liabilities consisted of the following (in thousands):

	As of December 31, 2019	As of December 31, 2018
Interest rate swap liability	$ 78,612	$ -
Operating lease liabilities	11,146	-
Accrued compensation and related benefits	7,154	6,683
Deferred revenue	5,514	2,837
All other noncurrent liabilities	3,043	460
Total other noncurrent liabilities	$ 105,469	$ 9,980

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	As of December 31, 2019	As of December 31, 2018
Cable distribution systems	$ 1,779,964	$ 1,421,820
Customer premise equipment	266,190	220,571
Other equipment and fixtures	444,799	406,011
Buildings and improvements	113,331	100,625
Capitalized software	99,988	94,801
Construction in progress	93,352	69,163
Land	13,361	11,946
ROU assets	10,187	-
Property, plant and equipment, gross	2,821,172	2,324,937
Less: Accumulated depreciation and amortization	(1,619,901)	(1,476,958)
Property, plant and equipment, net	$ 1,201,271	$ 847,979

The Company's industry is capital intensive, and a significant portion of the Company's resources are spent on capital activities associated with extending, rebuilding and upgrading its network. For the years ended December 31, 2019, 2018 and 2017, cash paid for property, plant and equipment was $257.8 million, $215.8 million and $175.2 million, respectively.

Depreciation and amortization expense for property, plant and equipment was $197.5 million, $186.0 million and $173.6 million in 2019, 2018 and 2017, respectively.

In 2017, the Company sold a portion of its previous headquarters property for $10.1 million in gross proceeds and recognized a related gain of $6.6 million. The remaining portion of the property's carrying value of $4.6 million was included within other noncurrent assets in the consolidated balance sheet as assets held for sale at December 31, 2018. In January 2019, the remaining portion was sold for $6.3 million in gross proceeds and the Company recognized a related gain of $1.6 million.

7. GOODWILL AND INTANGIBLE ASSETS

The carrying amount of goodwill was $429.6 million and $172.1 million at December 31, 2019 and 2018, respectively. Goodwill of $185.9 million was recognized upon the acquisition of Clearwave in January 2019 and goodwill of $71.6 million was recognized upon the acquisition of Fidelity in October 2019. The Company has not historically recorded any impairment of goodwill.

Intangible assets consisted of the following (dollars in thousands):

		December 31, 2019			December 31, 2018		
	Useful Life Range (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-Lived Intangible Assets							
Franchise renewals	1 – 25	$ 2,927	$ 2,895	$ 32	$ 2,927	$ 2,887	$ 40
Customer relationships	14 – 17	362,000	37,470	324,530	160,000	19,047	140,953
Trademarks and trade names	2.4 – 3	4,300	1,552	2,748	1,300	813	487
Total finite-lived intangible assets		$ 369,227	$ 41,917	$ 327,310	$ 164,227	$ 22,747	$ 141,480
Indefinite-Lived Intangible Assets							
Franchise agreements				$ 978,371			$ 812,371
Trade name				6,700			-
Total indefinite-lived intangible assets				$ 985,071			$ 812,371
Total intangible assets, net				$ 1,312,381			$ 953,851

Intangible asset amortization expense was $19.2 million, $11.7 million and $8.0 million in 2019, 2018 and 2017, respectively.

As of December 31, 2019, the future amortization of existing finite-lived intangible assets was as follows (in thousands):

Year Ending December 31,	Amount
2020	$ 25,817
2021	25,817
2022	25,566
2023	24,816
2024	24,816
Thereafter	200,478
Total	$ 327,310

Actual amortization expense in future periods may differ from the amounts above as a result of intangible asset acquisitions or divestitures, changes in useful life estimates, impairments or other relevant factors.

8. LEASES

As a lessee, the Company has operating leases for buildings, equipment, data centers, fiber optic networks and towers and finance leases for buildings and fiber optic networks. These leases have remaining lease terms ranging from under 1 year to 24 years, with some including an option to extend the lease for up to 15 additional years and some including an option to terminate the lease within 1 year.

As a lessor, the Company has operating leases for the use of its fiber optic networks, towers and customer premise equipment. These leases have remaining lease terms ranging from under 1 year to 15 years, with some including a lessee option to extend the leases for up to 5 additional years and some including an option to terminate the lease within 1 year.

Significant judgment is required when determining whether a fiber optic network access contract contains a lease, defining the duration of the lease term and selecting an appropriate discount rate, as discussed below:

- The Company concluded it was the lessee or lessor for fiber optic network access arrangements only when the asset is specifically identifiable and both substantially all the economic benefit is obtained by the lessee and the lessee's right to direct the use of the asset exists.

- The Company's lease terms are only for periods in which there are enforceable rights. For accounting purposes, a lease is no longer enforceable when both the lessee and the lessor each have the right to terminate the lease without requiring permission from the other party with no more than an insignificant penalty. The Company's lease terms are impacted by options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

- Most of the Company's leases do not contain an implicit interest rate. Therefore, the Company held discussions with lenders, evaluated its published credit rating and incorporated interest rates on currently held debt in determining discount rates that reflect what the Company would pay to borrow on a collateralized basis over similar terms for its lease obligations.

As of December 31, 2019, additional operating leases that have not yet commenced were not material. Additionally, lessor accounting disclosures were not material as of and for the year ended December 31, 2019.

Lessee Financial Information. The Company's ROU assets and lease liabilities consisted of the following (in thousands):

		December 31, 2019
ROU Assets		
Property, plant and equipment, net:		
Finance leases	$	9,665
Other noncurrent assets:		
Operating leases	$	16,924
Lease Liabilities		
Accounts payable and accrued liabilities:		
Operating leases	$	4,601
Current portion of long-term debt:		
Finance leases	$	589
Long-term debt:		
Finance leases	$	5,354
Other noncurrent liabilities:		
Operating leases	$	11,146
Total:		
Finance leases	$	5,943
Operating leases	$	15,747

The components of the Company's lease expense were as follows (in thousands):

	2019
Finance lease expense:	
Amortization of ROU assets	$ 537
Interest on lease liabilities	302
Operating lease expense	5,260
Short-term lease expense	940
Variable lease expense	168
Total lease expense	$ 7,207

Amortization of ROU assets is included within depreciation and amortization expense; interest on lease liabilities is included within interest expense; and operating, short-term and variable lease expense is included within operating expenses and selling, general and administrative expenses in the consolidated statement of operations and comprehensive income.

Supplemental lessee financial information for 2019 is as follows (in thousands):

	2019
Cash paid for amounts included in the measurement of lease liabilities:	
Finance leases - financing cash flows	$ 925
Finance leases - operating cash flows	$ 302
Operating leases - operating cash flows	$ 5,293
ROU assets obtained in exchange for lease liabilities:	
Finance leases (1)	$ 5,408
Operating leases (2)	$ 9,767

(1) Includes $3.9 million of ROU assets acquired in the Fidelity transaction.
(2) Includes $3.3 million and $1.4 million of ROU assets acquired in the Clearwave and Fidelity transactions, respectively.

Supplemental lessee financial information as of December 31, 2019 is as follows:

	December 31, 2019
Weighted average remaining lease term:	
Finance leases (in years)	14.1
Operating leases (in years)	4.7
Weighted average discount rate:	
Finance leases	6.26%
Operating leases	4.94%

As of December 31, 2019, the future maturities of existing lease liabilities were as follows (in thousands):

Year Ending December 31,	Finance Leases	Operating Leases
2020	$ 968	$ 5,253
2021	979	3,977
2022	989	2,889
2023	996	2,456
2024	981	1,046
Thereafter	9,481	2,085
Total	14,394	17,706
Less: Present value discount	(8,451)	(1,959)
Lease liability	$ 5,943	$ 15,747

As of December 31, 2018, the Company's outstanding lease obligations under the previous accounting guidance were as follows (in thousands):

Year Ending December 31,	Operating Leases
2019	$ 1,767
2020	1,219
2021	911
2022	398
2023	204
Thereafter	299
Total	$ 4,798

9. DEBT

The carrying amount of long-term debt consisted of the following (in thousands):

	As of December 31,	
	2019	2018
Notes (as defined below)	$ -	$ 450,000
Senior Credit Facilities (as defined below)	1,753,045	730,000
Finance lease liabilities	5,943	251
Total debt	1,758,988	1,180,251
Less: Unamortized debt issuance costs	(18,142)	(17,570)
Less: Current portion	(28,909)	(20,625)
Total long-term debt	$ 1,711,937	$ 1,142,056

Notes. On June 17, 2015, the Company issued $450.0 million aggregate principal amount of 5.75% senior unsecured notes due 2022 (the "Notes"). The Notes were jointly and severally guaranteed on a senior unsecured basis by each of the subsidiaries that guarantee the Senior Credit Facilities described below. The Notes were scheduled to mature on June 15, 2022 and interest was payable on June 15th and December 15th of each year. The indenture governing the Notes provided for early redemption of the Notes, at the option of the Company, at the prices and subject to the terms specified in the indenture.

On June 15, 2019, the Company redeemed all $450.0 million aggregate principal amount of outstanding Notes (the "Note Redemption"). In conjunction with the Note Redemption, the Company incurred a $6.5 million call premium and wrote off the remaining $3.8 million of unamortized debt issuance cost associated with the Notes. These amounts are recorded within other income (expense), net in the consolidated statement of operations and comprehensive income.

Senior Credit Facilities. On June 30, 2015, the Company entered into a Credit Agreement (the "Credit Agreement") among the Company, as borrower, the lenders party thereto, JPMorgan Chase Bank, N.A. ("JPMorgan"), as administrative agent, and the other agents party thereto, which provided for a five-year revolving credit facility in an aggregate principal amount of $200.0 million (the "Original Revolving Credit Facility") and a five-year term loan facility (the "Original Term Loan").

On May 1, 2017, the Company and the lenders amended and restated the Credit Agreement (the "Amended and Restated Credit Agreement") and the Company incurred $750.0 million of senior secured loans (the "2017 New Loans"), the proceeds of which were used, together with cash on hand, to finance the NewWave acquisition, repay in full the Original Term Loan and pay related fees and expenses. The 2017 New Loans consist of a five-year term "A" loan in an original aggregate principal amount of $250.0 million (the "Term Loan A-1") and a seven-year term "B" loan in an original aggregate principal amount of $500.0 million (the "Term Loan B-1").

On January 7, 2019, the Company entered into Amendment No. 2 to the Amended and Restated Credit Agreement ("Amendment No. 2") with CoBank, ACB ("CoBank"), as lender, and JPMorgan, as administrative agent, and incurred a new seven-year incremental term "B" loan in an aggregate principal amount of $250.0 million (the "Term Loan B-2"), the proceeds of which were used to finance, in part, the Clearwave acquisition.

On April 12, 2019, the Company entered into Amendment No. 3 to the Amended and Restated Credit Agreement ("Amendment No. 3") with CoBank, as lender, and JPMorgan, as administrative agent, to provide for a new delayed draw incremental term "B" loan in an aggregate principal amount of $325.0 million (the "Term Loan B-3"). The Term Loan B-3 was drawn in full on June 14, 2019.

On May 8, 2019, the Company entered into a Second Restatement Agreement with JPMorgan, as administrative agent, and the lenders party thereto, to amend and restate the Amended and Restated Credit Agreement (the "Second Restatement Agreement"). The Second Restatement Agreement provides for a new senior secured term "A" loan in an aggregate principal amount of $250.0 million (the "Initial Term Loan A-2"), a new senior secured delayed draw term "A" loan in an aggregate principal amount of $450.0 million (the "Delayed Draw Term Loan A-2," and collectively with the Initial Term Loan A-2, the "Term Loan A-2") and a new $350.0 million senior secured revolving credit facility (the "Revolving Credit Facility" and, together with the Initial Term Loan A-2, the Delayed Draw Term Loan A-2, the Term Loan B-1, the Term Loan B-2 and the Term Loan B-3, the "Senior Credit Facilities"). The Delayed Draw Term Loan A-2 was drawn in full on October 1, 2019 and has the same terms as, and constitutes one class of term loans with, the Initial Term Loan A-2. The Second Restatement Agreement did not alter the principal terms of the Company's previously established Term Loan B-1, Term Loan B-2 or Term Loan B-3.

A portion of the proceeds from the Initial Term Loan A-2, the Term Loan B-3 and the Revolving Credit Facility, together with cash on hand, were used to refinance the Original Revolving Credit Facility and the Term Loan A-1, to fund the Note Redemption and for other general corporate purposes. The remaining proceeds, together with proceeds from the Delayed Draw Term Loan A-2 and cash on hand, were used to finance the acquisition of Fidelity and for other general corporate purposes.

The Term Loan B-1 will mature on May 1, 2024 and both the Term Loan B-2 and the Term Loan B-3 will mature on January 7, 2026. The principal amounts of these term loans amortize in equal quarterly installments at a rate (expressed as a percentage of the original principal amount) of 1.0% per annum (subject to customary adjustments in the event of any prepayment), with the balance due upon maturity.

The Term Loan A-2 and the Revolving Credit Facility will mature on May 8, 2024 (unless certain of the Company's existing indebtedness remains outstanding after certain specified dates, in which case the final maturity date of both facilities will be an earlier date as specified in the Second Restatement Agreement).

The principal amount of the Term Loan A-2 amortizes in equal quarterly installments at a rate (expressed as a percentage of the original principal amount) of 2.5% per annum for the first two years following the closing date, 5.0% per annum for the third year following the closing date, 7.5% per annum for the fourth year following the closing date and 12.5% per annum for the fifth year following the closing date (in each case subject to customary adjustments due to the timing of the Delayed Draw Term Loan A-2 draw date and in the event of any prepayment), with the balance due upon maturity.

The Company was required to pay a ticking fee, which accrued at a per annum rate of 0.30% on the average daily undrawn portion of the Delayed Draw Term Loan A-2 accruing during the period commencing on June 15, 2019 up to, but excluding, October 1, 2019.

The Revolving Credit Facility gives the Company the ability to issue letters of credit, which reduce the amount available for borrowing under the Revolving Credit Facility. At December 31, 2019, letter of credit issuances under the Revolving Credit Facility were held for the benefit of certain general and liability insurance matters and other performance obligations under government grant programs and bore interest at a rate of 1.63% per annum. The Company is required to pay commitment fees on any unused portion of the Revolving Credit Facility at a rate between 0.20% per annum and 0.30% per annum, determined on a quarterly basis by reference to a pricing grid based on the Company's Total Net Leverage Ratio (as defined in the Second Restatement Agreement).

The Senior Credit Facilities are guaranteed by the Company's wholly owned subsidiaries (the "Guarantors") and are secured, subject to certain exceptions, by substantially all of the assets of the Company and the Guarantors.

The Senior Credit Facilities may be prepaid at any time without penalty or premium (subject to customary London Interbank Offered Rate ("LIBOR") breakage provisions).

The interest margins applicable to the Senior Credit Facilities are, at the Company's option, equal to either LIBOR or a base rate, plus an applicable margin equal to, (i) with respect to the Term Loan A-2 and the Revolving Credit Facility, 1.25% to 1.75% for LIBOR loans and 0.25% to 0.75% for base rate loans, determined on a quarterly basis by reference to a pricing grid based on the Company's Total Net Leverage Ratio, (ii) with respect to the Term Loan B-1, (x) for any day on or prior to April 22, 2018, 2.25% for LIBOR loans and 1.25% for base rate loans and (y) for any day thereafter, 1.75% for LIBOR loans and 0.75% for base rate loans, and (iii) with respect to the Term Loan B-2 and the Term Loan B-3, 2.0% for LIBOR loans and 1.0% for base rate loans.

The Company may, subject to certain specified terms and provisions, obtain additional credit facilities of up to $600.0 million under the Second Restatement Agreement plus an unlimited amount so long as, on a pro forma basis, the Company's First Lien Net Leverage Ratio (as defined in the Second Restatement Agreement) is no greater than 3.0 to 1.0.

The Second Restatement Agreement contains customary representations, warranties and affirmative and negative covenants, including limitations on indebtedness, liens, restricted payments, prepayments of certain indebtedness, investments, dispositions of assets, restrictions on subsidiary distributions and negative pledge clauses, fundamental changes, transactions with affiliates and amendments to organizational documents. The Second Restatement Agreement also requires the Company to maintain specified ratios of total net indebtedness and first lien net indebtedness to consolidated operating cash flow. The Second Restatement Agreement also contains customary events of default, including non-payment of principal, interest, fees or other amounts, material inaccuracy of any representation or warranty, failure to observe or perform any covenant, default in respect of other material debt of the Company and of its restricted subsidiaries, bankruptcy or insolvency, the entry against the Company or any of its restricted subsidiaries of a material judgment, the occurrence of certain ERISA events, impairment of the loan documentation and the occurrence of a change of control.

As of December 31, 2019, the Company had $1.8 billion of aggregate outstanding term loan borrowings, $6.7 million of letter of credit issuances and $343.3 million available for borrowing under the Revolving Credit Facility. A summary of the Company's outstanding term loans as of December 31, 2019 is as follows (dollars in thousands):

Instrument	Draw Date(s)	Original Principal	Amortization Per Annum (1)	Outstanding Principal	Final Maturity Date	Balance Due Upon Maturity	Benchmark Rate	Applicable Margin (2)	Interest Rate
Term Loan A-2	5/8/2019 (3) 10/1/2019 (3)	$ 700,000	Varies (4)	$ 694,045	5/8/2024	$ 513,945	LIBOR	1.50%	3.30%
Term Loan B-1	5/1/2017	500,000	1.0%	487,500	5/1/2024	466,250	LIBOR	1.75%	3.55%
Term Loan B-2	1/7/2019	250,000	1.0%	248,125	1/7/2026	233,125	LIBOR	2.00%	3.80%
Term Loan B-3	6/14/2019	325,000	1.0%	323,375	1/7/2026	303,875	LIBOR	2.00%	3.80%
Total		$ 1,775,000		$ 1,753,045		$ 1,517,195			

(1) Payable in equal quarterly installments (expressed as a percentage of the original principal amount). All loans may be prepaid at any time without penalty or premium (subject to customary LIBOR breakage provisions).
(2) The Term Loan A-2 interest rate spread can vary between 1.25% and 1.75%, determined on a quarterly basis by reference to a pricing grid based on the Company's total net leverage ratio. All other applicable margins are fixed.
(3) On May 8, 2019, $250.0 million was drawn. On October 1, 2019, an additional $450.0 million was drawn.
(4) Per annum amortization rates for years one through five following the closing date are 2.5%, 2.5%, 5.0%, 7.5% and 12.5%, respectively.

In connection with various financing transactions completed during 2019, the Company incurred $11.8 million of debt issuance costs and wrote-off $4.2 million of existing unamortized debt issuance costs to other expense, including $3.8 million associated with the Note Redemption. The Company recorded debt issuance cost amortization of $4.6 million, $4.2 million and $3.2 million during 2019, 2018 and 2017, respectively, within interest expense in the consolidated statements of operations and comprehensive income. Unamortized debt issuance costs totaled $20.6 million and $17.6 million at December 31, 2019 and 2018, respectively, of which $2.4 million and zero are reflected within other noncurrent assets, respectively, and $18.1 million and $17.6 million are reflected as reductions to long-term debt, respectively, in the consolidated balance sheets.

As of December 31, 2019, the future maturities of outstanding debt, excluding lease liability payment obligations, were as follows (in thousands):

Year Ending December 31,	Amount
2020	$ 28,321
2021	37,106
2022	54,677
2023	81,033
2024	1,009,158
Thereafter	542,750
Total	$ 1,753,045

The Company was in compliance with all debt covenants as of December 31, 2019.

10. INCOME TAXES

The income tax provision (benefit) consisted of the following (in thousands):

	Current	Deferred	Total
Year Ended December 31, 2019			
U.S. Federal	$ 1,249	$ 43,270	$ 44,519
State and local	3,678	7,036	10,714
Total	$ 4,927	$ 50,306	$ 55,233
Year Ended December 31, 2018			
U.S. Federal	$ 10,214	$ 32,176	$ 42,390
State and local	2,284	2,550	4,834
Total	$ 12,498	$ 34,726	$ 47,224
Year Ended December 31, 2017			
U.S. Federal	$ 38,033	$ (91,271)	$ (53,238)
State and local	4,164	4,046	8,210
Total	$ 42,197	$ (87,225)	$ (45,028)

The income tax provision (benefit) is different than the amount of income tax calculated by applying the U.S. Federal statutory rate of 21.0% for 2019 and 2018 and 35.0% for 2017 to income before income taxes as a result of the following items (in thousands):

	Year Ended December 31,		
	2019	2018	2017
U.S. Federal taxes at statutory rate	$ 49,101	$ 44,517	$ 66,550
State and local taxes, net of U.S. Federal tax	8,464	3,816	5,487
Benefit from remeasurement of deferred taxes due to U.S. Federal tax reform legislation	-	-	(113,976)
Equity-based compensation	(5,296)	(3,690)	(3,089)
Section 162(m) limitation	656	113	-
Other items	2,308	2,468	-
Income tax provision (benefit)	$ 55,233	$ 47,224	$ (45,028)

The net deferred income tax liability consisted of the following (in thousands):

	As of December 31,	
	2019	2018
Other benefit obligations	$ 1,890	$ 1,940
Equity-based compensation	4,563	4,080
Net operating losses	25,532	1,983
Accrued bonus	2,313	1,826
Reserves	1,134	365
Interest rate swap	22,101	-
Other items	2,104	1,204
Deferred tax assets	59,637	11,398
Property, plant and equipment	201,208	119,851
Goodwill and other intangible assets	159,074	131,765
Prepaid commissions	2,127	1,909
Other items	542	-
Deferred tax liabilities	362,951	253,525
Net deferred income tax liability	$ 303,314	$ 242,127

The Company has no valuation allowances against any of its deferred tax assets.

There were $21.9 million of tax-effected U.S. Federal tax net operating losses available for carryforward at December 31, 2019, of which $8.5 million were generated by NewWave and Clearwave prior to their acquisitions. Of this amount, $20.0 million can be carried forward indefinitely and $1.9 million will have expiration dates through 2036. The use of pre-acquisition operating losses is subject to limitations imposed by the Internal Revenue Code of 1986, as amended. The Company does not anticipate that these limitations will affect utilization of the carryforwards prior to their expiration. The Company had $3.6 million of tax-effected state tax net operating loss carryforwards at December 31, 2019, of which $0.2 million can be carried forward indefinitely and $3.4 million will have expiration dates through 2039.

The Company endeavors to comply with tax laws and regulations where it does business, but cannot guarantee that, if challenged, the Company's interpretation of all relevant tax laws and regulations will prevail and that all tax benefits recorded in the consolidated financial statements will ultimately be recognized in full. The Company has taken reasonable efforts to address uncertain tax positions and has determined that there are no material transactions and no material tax positions taken by the Company that would fail to meet the more-likely-than-not threshold for recognizing transactions or tax positions in the consolidated financial statements. Accordingly, the Company has not recorded a reserve for uncertain tax positions in the consolidated financial statements, and the Company does not expect any significant tax increase or decrease to occur within the next 12 months with respect to any transactions or tax positions taken and reflected in the consolidated financial statements. In making these determinations, the Company presumes that taxing authorities pursuing examinations of the Company's compliance with tax law filing requirements will have full knowledge of all relevant information, and, if necessary, the Company will pursue resolution of disputed tax positions by appeals or litigation. The Company recognizes penalties and interest, if applicable, associated with any uncertain tax positions within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income.

11. INTEREST RATE SWAPS

The Company is party to two interest rate swap agreements, designated as cash flow hedges, to manage the risk of fluctuations in interest expense on its variable rate LIBOR debt. Under the first swap agreement effective March 2019, with respect to a notional amount of $850.0 million, the Company's monthly payment obligation is determined at a fixed base rate of 2.653%. Under the second swap agreement effective in June 2020, with respect to a notional amount of $350.0 million, the Company's monthly payment obligation will be determined at a fixed base rate of 2.739%. Both interest rate swap agreements are scheduled to mature in the first quarter of 2029 but may be terminated prior to their scheduled maturities at the election of the Company or the counterparties as provided in the swap agreements. As of December 31, 2019, the Company's interest rate swap liabilities were recorded at their combined fair value of $89.7 million, with the current and noncurrent portions reflected in accounts payable and accrued expenses and other noncurrent liabilities, respectively, within the consolidated balance sheet.

Changes in the fair values of the interest rate swaps are reported through other comprehensive income until the underlying hedged debt's interest expense impacts net income, at which point the corresponding change in fair value is reclassified from accumulated other comprehensive income to interest expense. A loss of $89.7 million ($67.5 million net of tax) was recorded through other comprehensive income during 2019 and a loss of $3.1 million was reflected in interest expense. The Company currently expects that $11.0 million of the accumulated other comprehensive loss at December 31, 2019 will be reclassified to interest expense within the next 12 months.

The Company does not hold any derivative instruments for speculative trading purposes.

12. FAIR VALUE MEASUREMENTS

Financial Assets and Liabilities. The Company has estimated the fair values of its financial instruments as of December 31, 2019 using available market information or other appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the following fair value estimates are not necessarily indicative of the amounts the Company would realize in an actual market exchange.

The carrying amounts, fair values and related fair value hierarchy levels of the Company's financial assets and liabilities as of December 31, 2019 were as follows (in thousands):

	December 31, 2019		
	Carrying Amount	**Fair Value**	**Fair Value Hierarchy**
Assets:			
Cash and cash equivalents:			
Money market investments	$ 46,051	$ 46,051	Level 1
Commercial paper	$ 54,919	$ 54,824	Level 2
Liabilities:			
Long-term debt, including current portion, excluding debt issuance costs:			
Senior Credit Facilities	$ 1,753,045	$ 1,751,241	Level 2
Other noncurrent liabilities, including current portion:			
Interest rate swaps	$ 89,657	$ 89,657	Level 2

Money market investments are primarily held in U.S. Treasury securities and registered money market funds and are valued using a market approach based on quoted market prices (level 1). Commercial paper is primarily held with high-quality companies and is valued using quoted market prices for investments similar to the commercial paper (level 2). Money market investments and commercial paper with original maturities of three months or less are included within cash and cash equivalents in the consolidated balance sheets. The fair value of the Senior Credit Facilities is estimated based on market prices for similar instruments in active markets (level 2). Interest rate swaps are measured at fair value within the consolidated balance sheets on a recurring basis, with fair value determined using standard valuation models with assumptions about interest rates being based on those observed in underlying markets (level 2).

The carrying amounts of accounts receivable, accounts payable and other financial assets and liabilities approximate fair value because of the short-term nature of these instruments.

Nonfinancial Assets and Liabilities. The Company's nonfinancial assets, such as property, plant and equipment, intangible assets and goodwill, are not measured at fair value on a recurring basis. The assets acquired, including identifiable intangible assets and goodwill, and liabilities assumed in acquisitions are recorded at fair value on the respective acquisition dates, subject to potential future measurement period adjustments. Nonfinancial assets are subject to fair value adjustments when there is evidence that impairment may exist. No material impairments were recorded during any of the periods presented.

13. TREASURY STOCK

Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the consolidated financial statements. Treasury shares of 172,522 held at December 31, 2019 include shares repurchased under the Company's share repurchase program and shares withheld for withholding tax.

Share Repurchase Program. On July 1, 2015, the Company's board of directors (the "Board") authorized up to $250.0 million of share repurchases (subject to a total cap of 600,000 shares of common stock). Purchases under the share repurchase program may be made from time to time on the open market and in privately negotiated transactions. The size and timing of these purchases are based on a number of factors, including share price and business and market conditions. Since the inception of the share repurchase program through December 31, 2019, the Company has repurchased 210,631 shares of its common stock at an aggregate cost of $104.9 million. During the first quarter of 2019, the Company repurchased 5,984 shares at an aggregate cost of $5.1 million.

Tax Withholding for Equity Awards. At the employee's option, shares of common stock are withheld by the Company upon the vesting of restricted stock and exercise of stock appreciation rights ("SARs") to cover the applicable statutory minimum amount of employee withholding taxes, which the Company then pays to the taxing authorities in cash. The amounts remitted during 2019, 2018 and 2017 were $3.0 million, $7.2 million and $5.0 million, for which the Company withheld 3,521, 10,026 and 7,010 shares of common stock, respectively.

14. EQUITY-BASED COMPENSATION

On June 5, 2015, the Board adopted the Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (the "Original 2015 Plan"), which became effective on July 1, 2015. On May 2, 2017, the Company's stockholders approved the Amended and Restated Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (the "2015 Plan"), which automatically terminated, replaced and superseded the Original 2015 Plan, except that any outstanding awards granted under the Original 2015 Plan would remain in effect pursuant to their terms. The 2015 Plan is designed to promote the interests of the Company and its stockholders by providing the employees and directors of the Company with incentives and rewards to encourage them to continue in the service of the Company and with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company. Any of the directors, officers and employees of the Company and its affiliates are eligible to be granted one or more of the following types of awards under the 2015 Plan: (1) incentive stock options, (2) non-qualified stock options, (3) restricted stock awards, (4) SARs, (5) restricted stock units ("RSUs"), (6) cash-based awards, (7) performance-based awards, (8) dividend equivalents and (9) other stock-based awards, including, without limitation, performance stock units and deferred stock units. Unless the 2015 Plan is sooner terminated by the Board, no awards may be granted under the 2015 Plan after May 2, 2027.

The 2015 Plan provides that, subject to certain adjustments for specified corporate events, the maximum number of shares of Company common stock that may be issued under the 2015 Plan is 334,870, which is equal to the number of remaining shares of Company common stock available for future issuance under the Original 2015 Plan as of May 2, 2017, regardless of whether such shares were subject to outstanding awards as of such date, and no more than 329,962 shares may be issued pursuant to incentive stock options. At December 31, 2019, 169,456 shares were available for issuance under the 2015 Plan.

Total equity-based compensation expense of $12.3 million, $10.5 million and $10.7 million was recognized during 2019, 2018 and 2017, respectively, and was included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income. The Company recognized an income tax benefit of $5.3 million related to equity-based awards during 2019. The deferred tax asset related to all outstanding equity-based awards was $4.6 million as of December 31, 2019.

Restricted Stock Awards. The Company has granted restricted shares of Company common stock subject to performance-based and/or service-based vesting conditions to certain employees of the Company. Restricted share awards generally cliff-vest on the three-year anniversary of the grant date or in three or four equal ratable installments beginning on the first anniversary of the grant date (generally subject to the holder's continued employment with the Company through the applicable vesting date). Performance-based restricted shares are or were subject to performance metrics related primarily to three-year cumulative growth in Adjusted EBITDA less capital expenditures or year-over-year growth in Adjusted EBITDA and annual adjusted capital expenditures as a percentage of total revenues. Restricted shares are subject to the terms and conditions of the Original 2015 Plan or the 2015 Plan (in the case of awards made on or following May 2, 2017) and are otherwise subject to the terms and conditions of the applicable award agreement.

The Company's non-employee directors are entitled to an annual cash retainer of $75,000, plus an additional annual cash retainer for each committee chair or the lead independent director, and approximately $125,000 in RSUs. Such RSUs will generally be granted on the date of the Company's annual stockholders' meeting and will vest on the earlier of the first anniversary of the grant date or the annual stockholders' meeting date immediately following the grant date, subject to the director's continued service through such vesting date. Settlement of such RSUs will be in the form of one share of the Company's common stock and will follow vesting, unless the director has previously elected to defer all or a portion of such settlement until his or her separation from service from the Board. Non-employee directors may elect to defer their annual retainer and receive RSUs in lieu of annual cash fees. Any dividends associated with RSUs granted prior to the 2017 annual grant of RSUs are converted into dividend equivalent units ("DEUs"), which will be delivered at the time of settlement of the associated RSUs.

Restricted shares, RSUs and DEUs are collectively referred to as "restricted stock." A summary of restricted stock activity is as follows:

	Restricted Stock	Weighted Average Grant Date Fair Value Per Share
Outstanding as of December 31, 2016	38,425	$ 402.13
Granted	17,245	$ 633.34
Granted due to performance achievement	5,006	$ 433.66
Forfeited	(6,223)	$ 469.23
Vested and issued	(3,163)	$ 415.39
Outstanding as of December 31, 2017	51,290	$ 472.89
Granted	17,098	$ 715.74
Forfeited	(2,455)	$ 636.64
Vested and issued	(25,057)	$ 397.53
Outstanding as of December 31, 2018	40,876	$ 610.88
Granted	13,374	$ 885.66
Forfeited	(4,111)	$ 710.87
Vested and issued	(11,266)	$ 493.80
Outstanding as of December 31, 2019	38,873	$ 728.77
Vested and deferred as of December 31, 2019	5,678	$ 527.85

Equity-based compensation expense for restricted stock was $8.0 million, $6.8 million and $7.5 million for 2019, 2018 and 2017, respectively. At December 31, 2019, there was $10.9 million of unrecognized compensation expense related to restricted stock, which is expected to be recognized over a weighted average period of one year.

Stock Appreciation Rights. The Company has granted SARs to certain executives and other employees of the Company. The SARs are scheduled to vest in four equal ratable installments beginning on the first anniversary of the grant date (generally subject to the holder's continued employment with the Company through the applicable vesting date). The SARs are subject to the terms and conditions of the Original 2015 Plan or the 2015 Plan (in the case of awards made on or following May 2, 2017) and will otherwise be subject to the terms and conditions of the applicable award agreement.

A summary of SAR activity is as follows:

	Stock Appreciation Rights	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)	Weighted Average Remaining Contractual Term (in years)
Outstanding as of December 31, 2016	136,000	$ 426.80	$ 88.07	$ 26,510	8.7
Granted	24,432	$ 632.15	$ 140.44	$ -	9.1
Exercised	(41,603)	$ 424.02	$ 87.54	$ 11,596	-
Forfeited	(16,371)	$ 422.31	$ 87.22		
Outstanding as of December 31, 2017	102,458	$ 477.62	$ 100.91	$ 23,173	8.1
Granted	21,000	$ 744.47	$ 181.21	$ -	8.7
Exercised	(27,060)	$ 435.11	$ 90.06	$ 9,418	-
Forfeited	(5,793)	$ 502.08	$ 108.22		
Outstanding as of December 31, 2018	90,605	$ 550.60	$ 122.29	$ 24,673	7.2
Granted	29,000	$ 900.90	$ 209.57	$ -	8.8
Exercised	(26,092)	$ 491.12	$ 105.94	$ 20,143	-
Forfeited	(3,103)	$ 659.01	$ 154.49		
Outstanding as of December 31, 2019	90,410	$ 676.41	$ 153.90	$ 73,419	7.5
Exercisable as of December 31, 2019	35,393	$ 489.11	$ 104.63	$ 35,370	6.1

The grant date fair value of the Company's SARs is measured using the Black-Scholes valuation model. The weighted average inputs used in the model for grants awarded during 2019, 2018 and 2017 were as follows:

	2019	2018	2017
Expected volatility	21.69%	22.22%	20.83%
Risk-free interest rate	2.25%	2.53%	2.13%
Expected term (in years)	6.25	6.25	6.25
Expected dividend yield	0.92%	0.97%	0.95%

The Black-Scholes model used to estimate the grant date fair value of the Company's SARs requires the input of highly subjective assumptions. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the Company's equity-based compensation expense could be materially different for future SAR grants. The assumptions for 2019 SAR grants were determined as follows:

- Fair Value of Common Stock — Valued by reference to the closing price of the Company's publicly traded common stock on the date of grant.
- Expected Volatility — The Company estimated the expected future stock price volatility for its common stock by using its life-to-date historical volatility based on daily price observations since it became a publicly traded company on July 1, 2015. In prior years, expected volatility was calculated using a combination of historical Company stock prices and those of a peer group.
- Risk-Free Interest Rate — The risk-free interest rate assumption was based on the yields of U.S. Treasury securities with maturities similar to the expected term of the SARs being valued.
- Expected Term — The expected term represents the period that the Company's SARs are expected to be outstanding. Prior to becoming a standalone public company on July 1, 2015, the Company did not issue stock-based awards specific to Cable One and therefore does not yet have a sufficient history on which to base an estimate of the period that its SARs are expected to be outstanding. Accordingly, the expected term of the Company's SARs is based on the "simplified method" which defines the expected term as the average of the contractual term and the weighted-average vesting period for all tranches.

- Expected Dividend Yield — The Company expects to continue to pay quarterly dividends in the future and, as such, the expected dividend yield was calculated as the Company's current annual dividend divided by the Company's closing stock price on the grant date.

Equity-based compensation expense for SARs was $4.3 million, $3.7 million and $3.3 million for 2019, 2018 and 2017, respectively. At December 31, 2019, there was $7.6 million of unrecognized compensation expense related to SARs, which is expected to be recognized over a weighted average period of 1.3 years.

15. NET INCOME PER COMMON SHARE

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the period. The denominator used in calculating diluted net income per common share further includes any common shares available to be issued upon vesting or exercise of outstanding equity-based awards if such inclusion would be dilutive, calculated using the treasury stock method.

The following table sets forth the computation of basic and diluted net income per common share (dollars in thousands, except per share amounts):

	Year Ended December 31,		
	2019	2018	2017
Numerator:			
Net income	$ 178,582	$ 164,760	$ 235,171
Denominator:			
Weighted average common shares outstanding - basic	5,678,990	5,684,375	5,680,073
Effect of dilutive equity-based awards (1)	58,866	41,588	66,964
Weighted average common shares outstanding - diluted	5,737,856	5,725,963	5,747,037
Net Income per Common Share:			
Basic	$ 31.45	$ 28.98	$ 41.40
Diluted	$ 31.12	$ 28.77	$ 40.92

(1) Equity-based awards whose impact is considered to be anti-dilutive under the treasury stock method were excluded from the diluted net income per common share calculation. The excluded number of anti-dilutive equity-based awards totaled 409, 1,811 and 2,600 for 2019, 2018 and 2017, respectively.

16. COMMITMENTS AND CONTINGENCIES

Contractual Obligations. The Company has obligations to make future payments for goods and services under certain contractual arrangements. These contractual obligations secure the future rights to various goods and services to be used in the normal course of the Company's operations. In accordance with applicable accounting rules, the future rights and obligations pertaining to firm commitments, such as certain purchase obligations under contracts, are not reflected as assets or liabilities in the consolidated balance sheets.

The following table summarizes the Company's outstanding contractual obligations as of December 31, 2019 (including amounts associated with data processing services, high-speed data connectivity and fiber-related obligations) and the estimated effect and timing that such obligations are expected to have on the Company's liquidity and cash flows in future periods (in thousands):

Year Ending December 31,	Programming Purchase Commitments (1)	Lease Payments (2)	Debt Payments (3)	Other Purchase Obligations (4)	Total
2020	$ 187,427	$ 6,221	$ 28,321	$ 28,955	$ 250,924
2021	106,055	4,956	37,106	12,946	161,063
2022	18,688	3,878	54,677	4,253	81,496
2023	10,699	3,452	81,033	2,072	97,256
2024	8,074	2,027	1,009,158	828	1,020,087
Thereafter	3,398	11,566	542,750	4,625	562,339
Total	$ 334,341	$ 32,100	$ 1,753,045	$ 53,679	$ 2,173,165

(1) Programming purchase commitments represent contracts that the Company has with cable television networks and broadcast stations to provide programming services to subscribers. The amounts reported represent estimates of the future programming costs for these purchase commitments based on estimated subscriber numbers, tier placements as of December 31, 2019 and the per-subscriber rates contained in the contracts. Actual amounts due under such contracts may differ from the amounts above based on the actual subscriber numbers and tier placements at the time. Programming purchases pursuant to non-binding commitments are not reflected in the amounts shown.

(2) Lease payments include payment obligations related to the Company's outstanding finance and operating lease arrangements as of December 31, 2019.

(3) Debt payments include principal repayment obligations for the Company's outstanding debt instruments as of December 31, 2019.

(4) Other purchase obligations include purchase obligations related to capital projects and other legally binding commitments. Other purchase orders made in the ordinary course of business are excluded from the amounts shown but are included within accounts payable and accrued liabilities in the consolidated balance sheet.

The Company incurs the following costs as part of its operations, however, they are not included within the contractual obligations table above for the reasons discussed below:

- The Company rents space on utility poles in order to provide services to subscribers. Generally, pole rentals are cancellable on short notice. However, the Company anticipates that such rentals will recur. Rent expense for pole attachments was $9.5 million, $8.9 million and $7.8 million for 2019, 2018 and 2017, respectively.

- Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. These fees were $22.7 million, $16.1 million and $15.7 million for 2019, 2018 and 2017, respectively. As the Company acts as principal in these arrangements, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

- The Company has franchise agreements requiring plant construction and the provision of services to customers within the franchise areas. In connection with these obligations under existing franchise agreements, the Company obtains surety bonds or letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Such surety bonds and letters of credit totaled $18.3 million and $13.3 million as of December 31, 2019 and 2018, respectively. Payments under these arrangements are required only in the remote event of nonperformance. The Company does not expect that these contingent commitments will result in any amounts being paid.

Litigation and Legal Matters. The Company is subject to complaints and administrative proceedings and has been a defendant in various civil lawsuits that have arisen in the ordinary course of its business. Such matters include contract disputes; actions alleging negligence; invasion of privacy; trademark, copyright and patent infringement; violations of applicable wage and hour laws; statutory or common law claims involving current and former employees; and other matters. Although the outcomes of any legal claims and proceedings against the Company cannot be predicted with certainty, based on currently available information, the Company believes that there are no existing claims or proceedings that are likely to have a material adverse effect on its business, financial condition, results of operations or cash flows.

Regulation in the Company's Industry. The Company's operations are extensively regulated by the Federal Communications Commission (the "FCC"), some state governments and most local governments. The FCC has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities used in connection with cable operations. Future legislative and regulatory changes could adversely affect the Company's operations.

17. SUMMARY OF QUARTERLY OPERATING RESULTS (UNAUDITED)

	(Unaudited) Year Ended December 31, 2019			
(dollars in thousands, except per share amounts)	First Quarter (1)	Second Quarter (2)	Third Quarter (2)	Fourth Quarter (3)
Revenues	$ 278,605	$ 285,650	$ 284,991	$ 318,751
Total costs and expenses	$ 210,908	$ 211,536	$ 204,858	$ 230,244
Income from operations	$ 67,697	$ 74,114	$ 80,133	$ 88,507
Net income	$ 38,739	$ 36,395	$ 49,835	$ 53,613
Net Income per Common Share:				
Basic	$ 6.83	$ 6.41	$ 8.77	$ 9.43
Diluted	$ 6.78	$ 6.35	$ 8.68	$ 9.32
Weighted Average Common Shares Outstanding:				
Basic	5,674,120	5,673,669	5,682,167	5,685,840
Diluted	5,716,585	5,730,238	5,741,666	5,751,970

(1) Includes Clearwave operations beginning January 8, 2019.
(2) Includes Clearwave operations.
(3) Includes Clearwave and Fidelity operations.

	(Unaudited) Year Ended December 31, 2018			
(dollars in thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 265,761	$ 268,414	$ 268,268	$ 269,852
Total costs and expenses	$ 201,100	$ 197,746	$ 204,949	$ 200,588
Income from operations	$ 64,661	$ 70,668	$ 63,319	$ 69,264
Net income	$ 40,653	$ 43,785	$ 38,314	$ 42,008
Net Income per Common Share:				
Basic	$ 7.13	$ 7.70	$ 6.75	$ 7.40
Diluted	$ 7.08	$ 7.65	$ 6.70	$ 7.34
Weighted Average Common Shares Outstanding:				
Basic	5,702,539	5,687,095	5,674,224	5,674,067
Diluted	5,742,648	5,722,869	5,717,575	5,723,528

Calendar year 2018 Financial Statements
(filed February 28, 2019)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

Commission File Number: **001-36863**

Cable One, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-3060083**
(State or other jurisdiction of incorporation)	*(I.R.S. Employer Identification No.)*
210 E. Earll Drive, Phoenix, Arizona	**85012**
(Address of principal executive offices)	*(Zip Code)*

(602) 364-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Cable One, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Cable One, Inc. and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for revenue from contracts with customers in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Phoenix, Arizona
February 27, 2019

We have served as the Company's auditor since 2014.

CABLE ONE, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except par value and share data)	December 31, 2018	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 264,113	$ 161,752
Accounts receivable, net	29,947	29,930
Income taxes receivable	10,713	21,331
Prepaid and other current assets	13,090	10,898
Total Current Assets	317,863	223,911
Property, plant and equipment, net	847,979	831,892
Intangible assets, net	953,851	965,745
Goodwill	172,129	172,129
Other noncurrent assets	11,412	10,955
Total Assets	$ 2,303,234	$ 2,204,632
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 94,134	$ 117,855
Deferred revenue	18,954	15,008
Current portion of long-term debt	20,625	14,375
Total Current Liabilities	133,713	147,238
Long-term debt	1,142,056	1,160,682
Deferred income taxes	242,127	207,154
Other noncurrent liabilities	9,980	13,111
Total Liabilities	1,527,876	1,528,185
Commitments and contingencies (see note 16)		
Stockholders' Equity		
Preferred stock ($0.01 par value; 4,000,000 shares authorized; none issued or outstanding)	-	-
Common stock ($0.01 par value; 40,000,000 shares authorized; 5,887,899 shares issued, and 5,703,402 and 5,731,442 shares outstanding as of December 31, 2018 and 2017, respectively)	59	59
Additional paid-in capital	38,898	28,412
Retained earnings	850,292	728,386
Accumulated other comprehensive loss	(96)	(352)
Treasury stock, at cost (184,497 and 156,457 shares held as of December 31, 2018 and 2017, respectively)	(113,795)	(80,058)
Total Stockholders' Equity	775,358	676,447
Total Liabilities and Stockholders' Equity	$ 2,303,234	$ 2,204,632

See accompanying notes to the consolidated financial statements.

CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(in thousands, except per share and share data)	Year Ended December 31, 2018	2017	2016
Revenues	$ 1,072,295	$ 959,956	$ 819,348
Costs and Expenses:			
Operating (excluding depreciation and amortization)	370,269	337,040	296,577
Selling, general and administrative	222,216	204,384	185,013
Depreciation and amortization	197,731	181,619	147,839
Loss on asset disposals, net	14,167	574	2,821
Total Costs and Expenses	804,383	723,617	632,250
Income from operations	267,912	236,339	187,098
Interest expense	(60,415)	(46,864)	(30,221)
Other income, net	4,487	668	5,121
Income before income taxes	211,984	190,143	161,998
Income tax provision (benefit)	47,224	(45,028)	61,681
Net income	$ 164,760	$ 235,171	$ 100,317
Net income per common share:			
Basic	$ 28.98	$ 41.40	$ 17.47
Diluted	$ 28.77	$ 40.92	$ 17.38
Weighted average common shares outstanding:			
Basic	5,684,375	5,680,073	5,743,568
Diluted	5,725,963	5,747,037	5,770,960
Other comprehensive income, net of tax	256	94	111
Comprehensive income	$ 165,016	$ 235,265	$ 100,428

See accompanying notes to the consolidated financial statements.

CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands, except per share and share data)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock, at cost	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2015	5,833,442	$ 59	$ 4,929	$ 464,559	$ (16,367)	$ (557)	$ 452,623
Net income	-	-	-	100,317	-	-	100,317
Changes in pension, net of tax	-	-	-	-	-	111	111
Equity-based compensation	-	-	12,298	-	-	-	12,298
Issuance of common stock under restricted stock unit awards	947	-	(380)	-	380	-	-
Issuance of equity awards, net of forfeitures	4,247	-	-	-	-	-	-
Repurchase of common stock	(126,797)	-	-	-	(56,370)	-	(56,370)
Withholding tax for equity awards	(3,616)	-	-	-	(2,190)	-	(2,190)
Excess income tax benefits for equity-based compensation activities		-	822	-	-	-	822
Dividends paid to stockholders ($6.00 per common share)	-	-	-	(34,445)	-	-	(34,445)
Balance at December 31, 2016	5,708,223	59	17,669	530,431	(74,547)	(446)	473,166
Net income	-	-	-	235,171	-	-	235,171
Changes in pension, net of tax	-	-	-	-	-	94	94
Equity-based compensation	-	-	10,743	-	-	-	10,743
Issuance of equity awards, net of forfeitures	31,129	-	-	-	-	-	-
Repurchases of common stock	(900)	-	-	-	(528)	-	(528)
Withholding tax for equity awards	(7,010)	-	-	-	(4,983)	-	(4,983)
Dividends paid to stockholders ($6.50 per common share)	-	-	-	(37,216)	-	-	(37,216)
Balance at December 31, 2017	5,731,442	59	28,412	728,386	(80,058)	(352)	676,447
Net income	-	-	-	164,760	-	-	164,760
Changes in pension, net of tax	-	-	-	-	-	256	256
Equity-based compensation	-	-	10,486	-	-	-	10,486
Issuance of equity awards, net of forfeitures	20,800	-	-	-	-	-	-
Repurchases of common stock	(38,814)	-	-	-	(26,582)	-	(26,582)
Withholding tax for equity awards	(10,026)	-	-	-	(7,155)	-	(7,155)
Dividends paid to stockholders ($7.50 per common share)	-	-	-	(42,854)	-	-	(42,854)
Balance at December 31, 2018	5,703,402	$ 59	$ 38,898	$ 850,292	$ (113,795)	$ (96)	$ 775,358

See accompanying notes to the consolidated financial statements.

CABLE ONE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2018	2017	2016
Cash flows from operating activities:			
Net income	$ 164,760	$ 235,171	$ 100,317
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	197,731	181,619	147,839
Amortization of debt issuance cost	4,163	3,174	1,642
Equity-based compensation	10,486	10,743	12,298
Write-off of debt issuance costs	110	613	-
Excess income tax benefits for equity-based compensation activities	-	-	(822)
Gain on sale of cable system	-	-	(4,096)
Increase (decrease) in deferred income taxes	34,973	(87,223)	(1,497)
Loss on asset disposals, net	14,167	574	2,821
Changes in operating assets and liabilities, net of effects from acquisitions:			
(Increase) decrease in accounts receivable, net	(17)	18,146	1,773
(Increase) decrease in income taxes receivable	10,618	(16,784)	(4,547)
(Increase) decrease in prepaid and other current assets	(2,192)	5,073	(2,618)
Increase (decrease) in accounts payable and accrued liabilities	(27,853)	6,874	4,052
Increase (decrease) in deferred revenue	3,946	(20,547)	(1,324)
Decrease in income taxes payable	-	-	(5,928)
Change in other noncurrent assets and liabilities, net	(3,123)	(12,947)	7,211
Net cash provided by operating activities	407,769	324,486	257,121
Cash flows from investing activities:			
Purchase of business, net of cash acquired	-	(727,947)	-
Capital expenditures	(217,766)	(179,363)	(130,824)
Increase (decrease) in accrued expenses related to capital expenditures	2,005	4,167	(16,190)
Proceeds from sale of cable system, net	-	-	6,752
Acquisition of cable system	-	-	(2,672)
Proceeds from sales of property, plant and equipment and other	1,466	11,976	1,327
Net cash used in investing activities	(214,295)	(891,167)	(141,607)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	-	750,000	-
Payment of debt issuance costs	(2,131)	(15,224)	-
Payments on long-term debt	(14,391)	(100,642)	(3,767)
Repurchases of common stock	(26,582)	(528)	(56,370)
Payment of withholding tax for equity awards	(7,155)	(4,983)	(2,190)
Dividends paid to stockholders	(42,854)	(37,216)	(34,445)
Excess income tax benefits for equity-based compensation activities	-	-	822
Deposits received for asset construction	2,000	-	-
Increase in cash overdraft	-	(1,014)	(723)
Net cash provided by (used in) financing activities	(91,113)	590,393	(96,673)
Increase in cash and cash equivalents	102,361	23,712	18,841
Cash and cash equivalents, beginning of period	161,752	138,040	119,199
Cash and cash equivalents, end of period	$ 264,113	$ 161,752	$ 138,040
Supplemental cash flow disclosures:			
Cash paid for interest, net of capitalized interest	$ 56,412	$ 43,327	$ 28,628
Cash paid for income taxes, net of refunds received	$ 1,811	$ 59,622	$ 73,007

See accompanying notes to the consolidated financial statements.

CABLE ONE, INC.
NOTES TO THE CO NSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Cable One, Inc., together with its wholly owned subsidiaries, (collectively, "Cable One," "us," "our," "we" or the "Company"), is a fully integrated provider of data, video and voice services to residential and business subscribers in 21 Western, Midwestern and Southern U.S. states. At the end of 2018, Cable One provided service to 804,865 residential and business customers, of which 663,074 subscribed to data services, 326,423 subscribed to video services and 125,934 subscribed to voice services.

On May 1, 2017, the Company acquired RBI Holding LLC ("NewWave") for a purchase price of $740.2 million in cash on a debt-free basis. Refer to note 4 for details on this transaction.

On January 8, 2019, the Company acquired Delta Communications, L.L.C. ("Clearwave") for a purchase price of $357.0 million in cash on a debt-free basis, subject to customary post-closing adjustments. Refer to note 17 for details on this transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and the rules and regulations of the Securities and Exchange Commission (the "SEC"). The Company's results of operations for the years ended December 31, 2018, 2017 and 2016 may not be indicative of the Company's future results.

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company, including its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Segment Reporting. Accounting Standard Codification ("ASC") 280 - *Segment Reporting* requires the disclosure of factors used to identify an entity's reportable segments. The Company's operations are organized and managed on the basis of operating systems within its geographic divisions. Each operating system derives revenues from the delivery of similar products and services to a customer base that is also similar. Each operating system deploys similar technology to deliver the Company's products and services, operates within a similar regulatory environment, has similar economic characteristics and is managed by the Company's chief operating decision maker as part of an aggregate of all operating systems. Management evaluated the criteria for aggregation under ASC 280 and has concluded that the Company meets each of the respective criteria set forth therein. Accordingly, management has identified one reportable segment.

Use of Estimates. The preparation of the consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported herein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates and underlying assumptions.

Revenue Recognition. The Company recognizes revenue in accordance with ASC 606 - *Revenue from Contracts with Customers* . Residential revenues are generated through individual and bundled subscriptions for data, video and voice services on month to month terms, without penalty for cancellation. As bundled subscriptions are typically offered at discounted rates, the sales price is allocated amongst the respective product lines based on the relative selling price at which each service is sold under standalone service agreements. Business revenues are generated through individual and bundled subscriptions for data, video and voice services under contracts with terms ranging from one month to several years.

The Company also generally receives an allocation of scheduled advertising time as part of its distribution agreements with cable and broadcast networks, which the Company sells to local, regional and national advertisers under contracts with terms that are typically less than one year. In most instances, the available advertising time is sold directly by the Company's internal sales force. As the Company is acting as principal in these arrangements, the advertising that is sold is reported as revenue on a gross basis. In instances where advertising time is sold by contracted third-party agencies, the Company is not acting as principal and the advertising sold is therefore reported net of agency fees. Advertising revenues are recognized when the related advertisements are aired.

The unit of account for revenue recognition is a performance obligation, which is a requirement to transfer a distinct good or service to a customer. Customers are billed for the services to which they subscribe based upon published or contracted rates, with the sales price being allocated to each performance obligation. For arrangements with multiple performance obligations, the sales price is allocated based on the relative standalone selling price for each subscribed service. Generally performance obligations are satisfied, and revenue is recognized, over the period of time in which customers simultaneously receive and consume the Company's defined performance obligations, which are delivered in a similar pattern of transfer. Advertising revenue is recognized at the point in time when the underlying performance obligation is complete.

The Company also incurs certain incremental costs to acquire residential and business customers, such as commission costs and third-party costs to service specific customers. These costs are capitalized as contract assets and amortized over the applicable period. For commissions, the amortization period is the average customer tenure, which is approximately five years for both residential and business customers. All other costs are amortized over the requisite contract period.

Under the terms of the Company's franchise agreements, the Company is generally required to pay to the franchising authority an amount based on the gross amount billed to the customer. The Company normally passes these fees to its customers and reports the fees on a gross basis as a component of revenue with the corresponding costs included in operating expense. The franchise authority assesses the Company directly for these fees and it is the Company's obligation to pay the fees. The amount of such fees recorded on a gross basis was $16.1 million, $15.7 million and $14.2 million in 2018, 2017 and 2016, respectively.

Concentrations of Credit Risk. Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. Concentration of credit risk with respect to the Company's cash balance is limited. The Company maintains or invests its cash with highly qualified financial institutions. With respect to the Company's receivables, credit risk is limited due to the large number of customers, individually small balances and short payment terms.

Programming Costs. The Company's programming costs are fees paid to license the programming that is distributed to video customers and are recorded in the period the services are provided. Programming costs are recorded based on the Company's contractual agreements with its programming vendors, which are generally multi-year agreements that provide for the Company to make payments to the programming vendors at agreed upon rates based on the number of subscribers to which the Company provides the programming service. From time to time, these agreements expire, and programming continues to be distributed, often pursuant to an extension, to customers while the parties negotiate new contractual terms. While payments are typically made under the prior agreement's terms, the amount of programming costs recorded during these interim periods is based on the Company's estimates of the ultimate contractual terms expected to be negotiated. Differences between actual amounts determined upon resolution of negotiations and amounts recorded during these interim periods are recorded in the period of resolution.

Advertising Costs. The Company expenses advertising costs as incurred. The total amount of such advertising expense recorded was $28.6 million, $25.3 million and $25.9 million in 2018, 2017 and 2016, respectively.

Cash and Cash Equivalents. For financial reporting purposes, the Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost, which approximates market value.

Allowance for Doubtful Accounts. Accounts receivable have been reduced by an allowance for amounts that may be uncollectible in the future. This estimated allowance is based primarily on the aging category, historical collection experience and management's evaluation of the financial condition of the customer. The Company generally considers an account past due or delinquent when a customer misses a scheduled payment. The Company writes off accounts receivable balances deemed uncollectible against the allowance for doubtful accounts generally when the account is turned over for collection to an outside collection agency.

Fair Value Measurements. Fair value measurements are determined based on the assumptions that a market participant would use in pricing an asset or liability based on a three-tiered hierarchy that draws a distinction between market participant assumptions based on (i) observable inputs, such as quoted prices in active markets (level 1); (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (level 2); and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (level 3). Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measure. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

For assets and liabilities that are measured using quoted prices in active markets, the total fair value is the published market price per unit multiplied by the number of units held, without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability.

The Company measures certain assets including goodwill, intangible assets and property, plant and equipment at fair value on a nonrecurring basis when they are deemed to be impaired. The fair value of these assets is determined with valuation techniques using the best information available and may include quoted market prices, market comparables and discounted cash flow models.

Fair Value of Financial Instruments. The carrying amounts reported in the Company's consolidated financial statements for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short-term nature of these financial instruments.

Property, Plant and Equipment. Property, plant and equipment is recorded at cost. Replacements and major improvements are capitalized; maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-line method for all assets, with the exception of capitalized internal labor, which is depreciated using an accelerated method. The estimated useful lives of each category of property, plant and equipment is as follows (in years):

Cable distribution systems	10–12
Customer premise equipment	3–5
Other equipment, vehicles and fixtures	3–10
Capitalized software	3–7
Buildings and improvements	10–20

The costs of leasehold improvements are amortized over the lesser of their useful lives or the remaining terms of the respective leases.

Costs associated with the installation and upgrade of services and acquiring and deploying customer premise equipment, including materials, internal and external labor costs and related indirect and overhead costs, are capitalized. Indirect and overhead costs include payroll taxes, insurance and other benefits and vehicle, tool and supply expense related to installation activities. Capitalized labor costs include the direct costs of engineers and technical managers involved in the design and implementation of plant and infrastructure, the costs of technicians involved in the installation and upgrades of services and customer premise equipment, and the costs of support personnel directly involved in capitalizable activities, such as project managers and supervisors. Internal labor costs capitalized for engineering and technical personnel are based on standards developed by position for the percentage of time spent on capitalized projects while internal labor costs associated with installation and other plant activities are based on standards developed from operational data. Overhead costs are capitalized based on standards developed from historical information. Costs for repairs and maintenance, disconnecting service or reconnecting service are expensed as incurred.

The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use software, including costs associated with coding, software configuration, upgrades and enhancements.

Evaluation of Long-Lived Assets. The recoverability of property, plant and equipment and amortized intangible assets is assessed whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. A long-lived asset is considered to not be recoverable when the undiscounted estimated future cash flows are less than the asset's recorded value. An impairment charge is measured based on estimated fair market value, determined primarily using estimated future cash flows on a discounted basis. Losses on long-lived assets to be disposed of are determined in a similar manner, but the fair market value is reduced for estimated disposal costs.

Finite-Lived Intangible Assets. Finite-lived intangible assets consist of franchise renewals, customer relationships and trademarks and trade names, and are amortized on a straight-line basis over the respective estimated periods for which the assets will provide economic benefit to the Company.

Indefinite-Lived Intangible Assets. The Company's intangible assets with an indefinite life are franchise agreements that it has with state and local governments allowing the Company to operate our business within a specified geographic area. The Company expects its franchise agreements to provide it with substantial benefit for a period that extends beyond the foreseeable horizon, and the Company has historically obtained renewals and extensions of such agreements without material modifications to the agreements for nominal costs, and these costs are expensed as incurred. The Company groups the recorded values of its various franchise agreements into geographic divisions or units of account.

The Company assesses the recoverability of its indefinite-lived intangible assets as of November 30th of each year, or more frequently whenever events or substantive changes in circumstances indicate that the assets might be impaired. The Company evaluates the unit of account used to test for impairment of its indefinite-lived intangible assets periodically or whenever events or substantive changes in circumstances occur to ensure impairment testing is performed at an appropriate level. The assessment of recoverability may first consider qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. When performing a quantitative assessment, the Company estimates the fair value of its indefinite-lived intangible assets primarily based on a multi-period excess earnings method ("MPEEM") analysis that involves significant judgment. When analyzing the fair values indicated under the MPEEM analysis, the Company also considers multiples of Adjusted EBITDA generated by the underlying assets, current market transactions, and profitability information. If the fair value of the Company's indefinite-lived intangible assets were less than the carrying amount, the Company would recognize an impairment charge for the difference between the estimated fair value and the carrying value of the assets.

Goodwill. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including assembled workforce, noncontractual relationships and other agreements. The Company assesses the recoverability of its goodwill as of November 30th of each year, or more frequently whenever events or substantive changes in circumstances indicate that the carrying amount of a reporting unit may exceed its fair value. The Company tests goodwill for impairment at the reporting unit level. To determine its reporting units, the Company evaluates the components one level below the segment level and it aggregates the components if they have similar economic characteristics. As a result of this assessment, the Company's reporting units are established at the geographic division level. The Company evaluates the determination of its reporting units used to test for impairment periodically or whenever events or substantive changes in circumstances occur. The assessment of recoverability may first consider qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. The quantitative assessment considers whether the carrying amount of a reporting unit exceeds its fair value. Any excess amount is recorded as an impairment charge in the current period (limited to the amount of goodwill recorded).

Pension and Other Postretirement Benefits. The Company maintains various pension and incentive savings plans. The Company recognizes the overfunded or underfunded status of the defined benefit SERP (as defined in note 14) as an asset or liability in its consolidated balance sheets and recognizes changes in that funded status in the year in which the changes occur through comprehensive income. The Company measures changes in the funded status of its plans using the projected unit credit cost method and several actuarial assumptions, the most significant of which is the discount rate. The Company uses a measurement date of December 31st for its pension and other postretirement benefit plans.

Self-Insurance. The Company uses a combination of insurance and self-insurance for a number of risks, including claims related to employee medical and dental care, disability benefits, workers' compensation, general liability, property damage and business interruption. Liabilities associated with these plans are estimated based on, among other things, the Company's historical claims experience, severity factors and other actuarial assumptions. Accruals for expected loss are based on estimates, and, while the Company believes that the amounts accrued are adequate, the ultimate loss may differ from the amounts provided.

Equity-Based Compensation. The Company measures compensation expense for awards settled in shares based on the grant date fair value of the award. The Company measures compensation expense for awards settled in cash, or that may be settled in cash, based on the fair value at each reporting date. The Company recognizes the expense over the requisite service period, which is generally the vesting period of the award.

Income Taxes. The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent that it believes these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. This evaluation is made on an ongoing basis. In the event the Company were to determine that it was not able to realize all or a portion of its net deferred income tax assets in the future, the Company would record a valuation allowance, which would impact the provision for income taxes.

The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Company records a liability for the difference between the benefit recognized and measured for financial statement purposes and the tax position taken or expected to be taken on the tax return. Changes in the estimate are recorded in the period in which such determination is made.

Asset Retirement Obligations. Certain of the Company's franchise agreements and lease agreements contain provisions requiring the Company to restore facilities or remove property in the event that the franchise or lease agreement is not renewed. The Company expects to continually renew its franchise agreements and therefore cannot reasonably estimate any liabilities associated with such agreements. A remote possibility exists that franchise agreements could be terminated unexpectedly, which could result in the Company incurring significant expense in complying with restoration or removal provisions. Retirement obligations related to the Company's lease agreements are de minimis. The Company does not have any significant liabilities related to asset retirement obligations recorded in the consolidated financial statements.

Recently Adopted Accounting Pronouncements. In May 2017, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2017-09, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting* . ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in accordance with ASC 718. The ASU was effective January 1, 2018. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements, but may have an impact in the future.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* ASU 2017-04 removes step two of the previous goodwill impairment test under ASC 350 and replaces it with a simplified model. Under the simplified model, goodwill impairment will be calculated as the difference between the carrying amount of a reporting unit and its fair value, but not to exceed the carrying amount of goodwill. The amount of any impairment under the simplified model may differ from what would have been recognized under the previous two-step test. The ASU is effective for annual and any interim impairment tests performed for periods beginning after December 15, 2019, with early adoption permitted. The Company elected to early adopt the standard on January 1, 2018. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements, but may have an impact in the future.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* . The purpose of the amendment is to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The ASU was effective January 1, 2018. The adoption of this guidance did not have an impact on the Company's consolidated financial statements, but may have an impact in the future.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230) : Classification of Certain Cash Receipts and Cash Payments* . The guidance clarifies the way in which certain cash receipts and cash payments should be classified within the consolidated statements of cash flows and also how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. ASU 2016-15 was effective January 1, 2018. The adoption of this guidance did not have a material impact on the classification of any cash flows within the Company's consolidated statements of cash flows, but may have an impact in the future.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 provides new guidance related to how an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard provides a single principles-based, five step model to be applied to all contracts with customers: (i) identify the contract(s) with the customer, (ii) identify the performance obligation(s) in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligation(s) in the contract and (v) recognize revenue when each performance obligation is satisfied. The updated guidance also requires additional disclosures regarding the nature and timing of revenue recognition as well as any uncertainty surrounding potential revenue recognition. The Company adopted the updated guidance on January 1, 2018 on a full retrospective basis, which required all periods presented to reflect the impact of the updated guidance. Upon adoption, the Company also implemented changes in the presentation of certain revenues and expenses, which resulted in the deferral of all business installation revenues and residential and business customer acquisition costs, to be recognized over a period of time instead of immediately. Refer to note 3 for further details of the impact on the Company's 2017 and 2016 consolidated financial statements and the requisite disclosures pertaining to the transition to the new standard.

Recently Issued But Not Yet Adopted Accounting Pronouncements. In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract* . ASU 2018-15 aligns the requirements for capitalizing implementation, setup and other upfront costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing such costs incurred to develop or obtain internal-use software. The update specifies which costs are to be expensed and which are to be capitalized, the period over which capitalized costs are to be amortized, the process for identifying and recognizing impairment and the proper presentation of such costs within the consolidated financial statements. ASU 2018-15 is effective for annual and interim periods beginning after December 15, 2019, with early adoption permitted, and may be adopted either retrospectively or prospectively. The Company is currently evaluating the method of adoption to pursue as well as the expected impact on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting* . ASU 2018-07 expands the scope of ASC 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The update is effective for the first quarter of 2019, with early adoption permitted. The Company does not expect ASU 2018-07 to have a material impact on the Company's consolidated financial statements upon adoption, but it may have an impact in the future.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* . ASU 2016-13 requires companies to recognize an allowance for expected lifetime credit losses through earnings concurrent with the recognition of a financial asset measured at amortized cost. The estimate of expected credit losses is required to be adjusted each reporting period over the life of the financial asset. The update is effective for annual and interim periods beginning after December 15, 2019, with early adoption permitted, and requires a modified retrospective adoption approach. The Company does not expect ASU 2016-13 to have a material impact on its consolidated financial statements upon adoption, but it may have an impact in the future.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* . ASU 2016-02 requires lessees to record substantially all of their leases on the balance sheet as a right-of-use asset and a corresponding lease liability, with the exception of short-term leases. The Company will be required to classify each separate lease component as either an operating lease or a finance lease at the lease commencement date. Initial measurement of the right-of-use asset and lease liability is the same for both operating and finance leases, however, expense recognition and amortization of the right-of-use asset differs. Operating leases will reflect lease expense on a straight-line basis similar to current operating leases while finance leases will reflect a front-loaded expense pattern similar to current capital leases. The Company will adopt this guidance beginning in the first quarter of 2019 and anticipates utilizing the modified retrospective transition method by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption without adjusting prior period reported amounts. The Company expects to elect certain practical expedients permitted under the transition guidance. The adoption of this guidance will result in the Company implementing new systems, processes and internal controls and will require additional quantitative and qualitative disclosures around the amount, timing and uncertainty of lease-related cash flows and significant judgments utilized. The Company's lease portfolio primarily consists of building, land, tower, fiber, equipment and colocation site leases, among others. The Company is currently in the process of determining the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

3. ADOPTION OF NEW REVENUE RECOGNITION STANDARD

The Company adopted ASC 606 on January 1, 2018 using the full retrospective method, resulting in a recasting of prior period consolidated financial statements. The adoption resulted in the deferral of all business installation revenues and residential and business customer acquisition costs, to be recognized over a period of time, instead of immediately. The impact of the ASC 606 adoption on the comparative 2017 and 2016 consolidated financial statements was as follows (in thousands, except per share data):

	December 31, 2017		
	As Reported	ASC 606 Adjustment	As Recasted
Consolidated Balance Sheet Information			
Assets			
Current Assets:			
Accounts receivable, net	$ 51,141	$ (21,211)	$ 29,930
Prepaid and other current assets	8,160	2,738	10,898
Total Current Assets	242,384	(18,473)	223,911
Other noncurrent assets	6,179	4,776	10,955
Total Assets	$ 2,218,329	$ (13,697)	$ 2,204,632
Liabilities and Stockholders' Equity			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 117,963	$ (108)	$ 117,855
Deferred revenue	38,266	(23,258)	15,008
Total Current Liabilities	170,604	(23,366)	147,238
Deferred income taxes	205,636	1,518	207,154
Other noncurrent liabilities	9,991	3,120	13,111
Total Liabilities	1,546,913	(18,728)	1,528,185
Stockholders' Equity			
Retained earnings	723,354	5,032	728,386
Total Stockholders' Equity	671,416	5,031	676,447
Total Liabilities and Stockholders' Equity	$ 2,218,329	$ (13,697)	$ 2,204,632

	Year Ended December 31, 2017		
	As Reported	ASC 606 Adjustment	As Recasted
Consolidated Statement of Operations and Comprehensive Income Information			
Revenues	$ 960,029	$ (73)	$ 959,956
Costs and Expenses:			
Selling, general and administrative	204,799	(415)	204,384
Total Costs and Expenses	724,032	(415)	723,617
Income from operations	235,997	342	236,339
Income before income taxes	189,801	342	190,143
Income tax benefit	(44,227)	(801)	(45,028)
Net income	$ 234,028	$ 1,143	$ 235,171
Net income per common share:			
Basic	$ 41.20	$ 0.20	$ 41.40
Diluted	$ 40.72	$ 0.20	$ 40.92
Comprehensive income	$ 234,122	$ 1,143	$ 235,265
Consolidated Statement of Cash Flows Information			
Net income	$ 234,028	$ 1,143	$ 235,171
Decrease in deferred income taxes	(86,357)	(866)	(87,223)
(Increase) decrease in accounts receivable, net	(3,065)	21,211	18,146
Decrease in prepaid and other current assets	4,950	123	5,073
Increase (decrease) in accounts payable and accrued liabilities	6,982	(108)	6,874
Increase (decrease) in deferred revenue	1,560	(22,107)	(20,547)
Change in other noncurrent assets and liabilities, net	(13,551)	604	(12,947)
Net cash provided by operating activities	$ 324,486	$ -	$ 324,486

	Year Ended December 31, 201 6		
	As Reported	ASC 606 Adjustment	As Recasted
Consolidated Statement of Operations and Comprehensive Income Information			
Revenues	$ 819,625	$ (277)	$ 819,348
Costs and Expenses:			
Selling, general and administrative	184,024	989	185,013
Total Costs and Expenses	631,261	989	632,250
Income from operations	188,364	(1,266)	187,098
Income before income taxes	163,264	(1,266)	161,998
Income tax provision	62,162	(481)	61,681
Net income	$ 101,102	$ (785)	$ 100,317
Net income per common share:			
Basic	$ 17.60	$ (0.13)	$ 17.47
Diluted	$ 17.52	$ (0.14)	$ 17.38
Comprehensive income	$ 101,213	$ (785)	$ 100,428
Consolidated Statement of Cash Flows Information			
Net income	$ 101,102	$ (785)	$ 100,317
Increase (decrease) in deferred income taxes	(1,090)	(407)	(1,497)
(Increase) decrease in prepaid and other current assets	243	(2,861)	(2,618)
Decrease in deferred revenue	(173)	(1,151)	(1,324)
Change in other noncurrent assets and liabilities, net	2,007	5,204	7,211
Net cash provided by operating activities	$ 257,121	$ -	$ 257,121

The adoption of ASC 606 did not result in any changes to previously reported total net cash flows from operating, financing or investing activities.

A summary of changes in timing and presentation to the Company's historical consolidated financial statements is presented below:

- The net decrease in total assets reflects a decrease in accounts receivable to remove amounts billed to customers for which the associated performance obligations have not yet been satisfied, partially offset by the deferral of incremental costs incurred to obtain customers, which were historically expensed immediately.

- The net decrease in total liabilities reflects a decrease in deferred revenue to remove amounts billed to customers for which the associated performance obligations have not yet been satisfied, partially offset by the recognition of deferred revenue related to certain up-front and installation fees collected from business customers, which were historically recognized when billed and the net tax effect of these adjustments on deferred assets and liabilities.

- The changes in revenues and expenses are a result of the deferred recognition of incremental customer acquisition costs and up-front and installation business services fees over a period of time, compared to the historical treatment of immediate recognition.

4. NEWWAVE ACQUISITION

On May 1, 2017, the Company acquired all the outstanding equity interests in NewWave for $740.2 million in cash on a debt-free basis. Refer to note 9 for details regarding the financing of the transaction. NewWave provides data, video and voice services to residential and business customers throughout non-urban areas of Arkansas, Illinois, Indiana, Louisiana, Mississippi, Missouri and Texas. Cable One and NewWave shared similar strategies, customer demographics, and products. Accordingly, the acquisition of NewWave offers the Company opportunities for revenue growth and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") margin expansion as well as the potential to realize cost synergies.

The following table summarizes the allocation of the purchase price consideration as of the acquisition date, reflecting all measurement period adjustments recorded in 2017 (in thousands):

		Purchase Price Allocation
Assets Acquired		
Cash and cash equivalents	$	12,220
Accounts receivable		15,027
Prepaid and other current assets		2,286
Property, plant and equipment		192,234
Intangible assets		476,300
Other noncurrent assets		1,184
Total Assets Acquired		699,251
Liabilities Assumed		
Accounts payable and accrued liabilities		25,125
Deferred revenue		14,516
Deferred income taxes		6,644
Total Liabilities Assumed		46,285
Net Assets Acquired		652,966
Purchase price consideration		740,166
Goodwill Recognized	$	87,200

The measurement period ended on April 30, 2018 and no measurement period adjustments were recorded during 2018.

The following unaudited pro forma combined results of operations for the years ended December 31, 2017 and 2016 have been prepared as if the acquisition of NewWave had occurred on January 1, 2016 and include adjustments for depreciation and amortization expense of $0.6 million and $0.4 million, interest expense from financing of $2.2 million and $6.0 million, non-recurring acquisition-related costs of $13.6 million and zero and the related aggregate impact on the income tax provision (benefit) of $1.2 million and $7.5 million for 2017 and 2016, respectively (in thousands, except per share data):

	(Unaudited) Year Ended December 31,			
	2017		2016	
Revenues	$	1,023,945	$	1,001,246
Net income	$	235,809	$	89,121
Net income per common share:				
Basic	$	41.52	$	15.52
Diluted	$	41.03	$	15.44

The pro forma combined results of operations is provided for informational purposes only and is not necessarily indicative of or intended to represent the results that would have been achieved had the NewWave acquisition been consummated as of January 1, 2016 or the results that may be achieved in the future.

5. REVENUES

The Company's revenues by product line were as follows (in thousands):

	Year Ended December 31,					
	2018		2017		2016	
Residential						
Data	$	492,816	$	416,355	$	345,563
Video		343,344		332,536		294,781
Voice		41,278		43,733		42,949
Business services		155,993		131,082		100,034
Advertising sales		24,919		24,824		27,496
Other		13,945		11,426		8,525
Total revenues	$	1,072,295	$	959,956	$	819,348

Fees imposed on the Company by various governmental authorities are passed through monthly to the Company's customers and are periodically remitted to authorities. These fees were $16.1 million, $15.7 million and $14.2 million for 2018, 2017 and 2016, respectively. Further, as the Company acts as principal, these fees are reported in video revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

Other revenues are comprised primarily of customer late charges and reconnect fees.

A significant portion of the Company's revenues are derived from customers who may cancel their subscriptions at any time without penalty. As such, the amount of deferred revenue related to unsatisfied performance obligations is not necessarily indicative of the future revenue to be recognized from the Company's existing customers. Revenues from customers with contractually specified terms and non-cancelable service periods are recognized over the terms of the underlying contracts, which generally range from one to five years.

Contract Costs. The Company capitalizes the incremental costs incurred in obtaining customers, such as commission costs and certain third-party costs. Commission expense is recognized using a portfolio approach over the calculated average residential and business customer tenure. Deferred commissions totaled $7.8 million and $7.5 million as of December 31, 2018 and 2017, respectively, and were included within prepaid and other current assets and other noncurrent assets in the consolidated balance sheets. Commission amortization expense was $3.6 million, $3.1 million and $3.7 million for 2018, 2017 and 2016, respectively, and was included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income. Deferred commissions of $2.9 million included within prepaid and other current assets in the consolidated balance sheet as of December 31, 2018 are expected to be amortized over the next 12 months.

Contract Liabilities. As residential and business customers are billed for subscription services in advance of the service period, the timing of revenue recognition differs from the timing of billing. Deferred revenue liabilities are recorded when the Company collects payments in advance of providing the associated services. Current deferred revenue liabilities, consisting of refundable customer prepayments, up-front charges and installation fees, were $19.0 million and $15.0 million as of December 31, 2018 and 2017, respectively. Nearly all the deferred revenue liabilities existing at December 31, 2017 were recognized within revenues in the consolidated statement of operations and comprehensive income during 2018. Noncurrent deferred revenue liabilities, consisting of up-front charges and installation fees from business customers, were $2.8 million and $3.1 million as of December 31, 2018 and 2017, respectively, and were included within other noncurrent liabilities in the consolidated balance sheets.

Significant Judgments. The Company often provides multiple services to a single customer. The provision of customer premise equipment, installation services and service upgrades may be highly integrated and interdependent with the data, video or voice services provided. Judgment is required to determine whether the provision of such customer premise equipment, installation services and service upgrades is considered distinct and accounted for separately, or not distinct and accounted for together with the related subscription service.

The transaction price for a bundle of services is frequently less than the sum of the standalone selling prices of each individual service. The Company allocates the sales price for such bundles to each individual service provided based on the relative standalone selling price for each subscribed service. Standalone selling prices of the Company's residential data and video services are directly observable, while standalone selling prices for the Company's residential voice services are estimated using the adjusted market assessment approach, which relies upon information from peer companies who sell residential voice services individually.

The Company also uses significant judgment to determine the appropriate period over which to amortize deferred residential and business commission costs, which was determined to be the average customer tenure. Based on historical data and current expectations, the Company determined the average customer tenure for both residential and business customers to be approximately five years.

6. ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable consisted of the following (in thousands):

	As of December 31,	
	2018	2017
Trade receivables, net	$ 28,128	$ 25,014
Other receivables	1,819	4,916
Accounts receivable, net	$ 29,947	$ 29,930

The changes in the allowance for doubtful accounts were as follows (in thousands):

	Balance at Beginning of Period	Additions – Charged to Costs and Expenses [(1)]	Deductions	Balance at End of Period
2018	$ 1,876	$ 5,101	$ (4,932)	$ 2,045
2017	$ 505	$ 4,925	$ (3,554)	$ 1,876
2016	$ 864	$ 2,316	$ (2,675)	$ 505

(1) Additions for 2017 include a $1.1 million allowance for doubtful accounts assumed as part of the NewWave acquisition.

Accounts payable and accrued liabilities consisted of the following (in thousands):

	As of December 31, 2018	As of December 31, 2017
Accounts payable	$ 20,790	$ 21,670
Programming costs	17,092	19,500
Accrued compensation and related benefits	21,314	35,189
Accrued sales and other operating taxes	8,149	6,113
Cash overdrafts	4,689	8,994
Franchise fees	3,870	4,457
Subscriber deposits	5,180	6,540
Customer refunds	1,863	3,498
Accrued insurance costs	3,976	3,312
Other accrued expenses	7,211	8,582
Total accounts payable and accrued liabilities	$ 94,134	$ 117,855

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	As of December 31, 2018	As of December 31, 2017
Cable distribution systems	$ 1,421,820	$ 1,329,451
Customer premise equipment	220,571	200,175
Other equipment and fixtures	406,011	378,968
Buildings and leasehold improvements	100,625	95,314
Capitalized software	94,801	89,773
Construction in progress	69,163	67,564
Land	11,946	11,585
Property, plant and equipment, gross	2,324,937	2,172,830
Less accumulated depreciation	(1,476,958)	(1,340,938)
Property, plant and equipment, net	$ 847,979	$ 831,892

The Company's industry is capital intensive, and a significant portion of the Company's resources are spent on capital activities associated with extending, rebuilding and upgrading its network. For the years ended December 31, 2018, 2017 and 2016, cash paid for property, plant and equipment was $215.8 million, $175.2 million and $147.0 million, respectively.

Depreciation expense was $186.0 million, $173.6 million and $147.7 million in 2018, 2017 and 2016, respectively.

In 2017, the Company sold a portion of its previous headquarters property for $10.1 million in gross proceeds and recognized a related gain of $6.6 million. The remaining portion of the property's carrying value of $4.6 million is included within other noncurrent assets in the consolidated balance sheets as assets held for sale at both December 31, 2018 and 2017.

As previously disclosed in note 2 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the "2017 Form 10-K"), the Company changed its accounting for the capitalization of certain internal labor and related costs associated with construction and customer installation activities commencing in the first quarter of 2017. The Company initially classified the entire change as a change in accounting estimate. During the fourth quarter of 2017, the Company determined that a portion of what had previously been reflected as a change in estimate should have been categorized as a change in accounting principle, a portion was determined to be a correction of an error and a portion remained a change in estimate. The changes determined to be a change in estimate or change in accounting principle were applied prospectively for all of 2017. The Company revised its historical consolidated financial statements to properly reflect the impact of the labor capitalization, including the related impact to depreciation expense and income taxes, and corrected for other previously identified immaterial errors, as disclosed in the 2017 Form 10-K.

The Company estimates that the change in principle resulted in a decrease in operating expenses (excluding depreciation and amortization) of approximately $11.3 million and $11.5 million, a decrease in selling, general and administrative expenses of approximately $0.2 million and $0.2 million and an increase in depreciation and amortization expense of $2.9 million and $1.0 million for the years ended December 31, 2018 and 2017, respectively, compared to the results under the prior principle.

8. GOODWILL AND INTANGIBLE ASSETS

The carrying amount of goodwill at both December 31, 2018 and 2017 was $172.1 million. The Company elected to perform a quantitative assessment for its goodwill in 2018, for which the fair value of each geographic reporting unit was determined by applying a calculated multiple from the Company's peer group companies to each reporting unit's forecasted cash flow. Based on the assessment, the Company concluded that the fair value of goodwill for each geographic reporting unit exceeded its carrying value. The Company did not record any impairment of goodwill in any of the periods presented.

Intangible assets (excluding goodwill) consisted of the following (dollars in thousands):

		December 31, 2018			December 31, 2017		
	Useful Life Range (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-Lived Intangible Assets							
Franchise renewals	1 - 25	$ 2,927	$ 2,887	$ 40	$ 4,138	$ 3,886	$ 252
Customer relationships	14	160,000	19,047	140,953	160,000	7,619	152,381
Trademarks and trade names	2.7	1,300	813	487	1,300	325	975
Total Finite-Lived Intangible Assets		$ 164,227	$ 22,747	$ 141,480	$ 165,438	$ 11,830	$ 153,608
Indefinite-Lived Intangible Assets							
Franchise agreements		$ 812,371			$ 812,137		

Intangible asset amortization expense was $11.7 million, $8.0 million and less than $0.1 million in 2018, 2017 and 2016, respectively.

As of December 31, 2018, the future amortization of currently held intangible assets was as follows (in thousands):

Year Ending December 31,	Amount
2019	$ 11,925
2020	11,437
2021	11,436
2022	11,433
2023	11,431
Thereafter	83,818
Total	$ 141,480

Actual amortization expense in future periods may differ from the amounts above as a result of new intangible asset acquisitions or divestitures, changes in useful life estimates, impairments or other relevant factors.

The Company performed a qualitative assessment of its franchise assets in 2018. Based on the assessment, the Company concluded that it is more likely than not that the fair value of franchise assets in each unit of account exceeded the carrying value of such assets and, therefore, the Company did not perform a quantitative analysis. The Company did not recognize any impairment charges in any of the periods presented.

9. LONG-TERM DEBT

Notes. On June 17, 2015, the Company issued $450 million aggregate principal amount of 5.75% senior unsecured notes due 2022 (the "Notes") pursuant to an indenture (the "Indenture") dated as of June 17, 2015. The Notes mature on June 15, 2022 and interest is payable on June 15th and December 15th of each year.

The Notes are jointly and severally guaranteed on a senior unsecured basis (the "Guarantees") by each of the Company's subsidiaries that guaranteed the Senior Credit Facilities (as defined below) (the "Guarantors"). In addition, if a subsidiary of the Company becomes a guarantor in respect of the Senior Credit Facilities or certain other indebtedness, it is required to provide (subject to customary exceptions) a Guarantee in respect of the Notes. The Notes are unsecured and senior obligations of the Company. The Guarantees are unsecured and senior obligations of the Guarantors.

At the option of the Company, the Notes are redeemable, in whole or in part, at any time at the redemption prices specified in the Indenture, plus accrued and unpaid interest, if any, to (but excluding) the redemption date.

The Indenture includes certain covenants relating to debt incurrence, liens, restricted payments, asset sales, transactions with affiliates, changes in control and mergers or sales of all or substantially all of the Company's assets. The Indenture also provides for customary events of default (subject, in certain cases, to customary grace periods), which include nonpayment on the Notes, breach of covenants in the Indenture, payment defaults or acceleration of other indebtedness over a specified threshold, failure to pay certain judgments over a specified threshold and certain events of bankruptcy and insolvency. Generally, if an event of default occurs, the trustee under the Indenture or holders of at least 25% of the aggregate principal amount of the then outstanding Notes may declare the principal of, and accrued but unpaid interest, if any, on the then outstanding Notes to be due and payable immediately.

Senior Credit Facilities. On June 30, 2015, the Company entered into a Credit Agreement (the "Credit Agreement") among the Company, as borrower, the lenders party thereto, JPMorgan Chase Bank, N.A. ("JPMorgan"), as administrative agent, and the other agents party thereto. The Credit Agreement provided for a five-year revolving credit facility in an aggregate principal amount of $200 million (the "Revolving Credit Facility") and a five-year term loan facility in an aggregate principal amount of $100 million (the "Original Term Loan Facility" and, together with the Revolving Credit Facility, the "Original Credit Facilities"). Concurrently with its entry into the Credit Agreement, the Company borrowed the full amount of the Original Term Loan Facility (the "Original Term Loan").

Borrowings under the Original Credit Facilities bore interest, at the Company's option, at a rate per annum determined by reference to either the London Interbank Offered Rate ("LIBOR") or an adjusted base rate, in each case plus an applicable interest rate margin. The applicable interest rate margin with respect to LIBOR borrowings was a rate per annum between 1.50% and 2.25% and the applicable interest rate margin with respect to adjusted base rate borrowings was a rate per annum between 0.50% and 1.25%, in each case determined on a quarterly basis by reference to a pricing grid based upon the Company's total net leverage ratio. In addition, the Company is required to pay commitment fees on any unused portion of the Revolving Credit Facility at a rate between 0.25% per annum and 0.40% per annum, determined by reference to the pricing grid.

The Revolving Credit Facility also gives the Company the ability to issue letters of credit, which reduce the amount available for borrowing under the Revolving Credit Facility. Letter of credit issuances under the Revolving Credit Facility of $4.1 million at December 31, 2018 were held for the benefit of certain general and liability insurance matters and bore interest at a rate of 1.88% per annum at December 31, 2018. The Company had $195.9 million available for borrowing under the Revolving Credit Facility at December 31, 2018.

On May 1, 2017, the Company entered into a Restatement Agreement (the "Restatement Agreement") with JPMorgan, as administrative agent, and the lenders party thereto, pursuant to which the Company amended and restated the Credit Agreement (as so amended and restated, the "Amended and Restated Credit Agreement") and incurred $750.0 million of senior secured loans (the "2017 New Loans") which were used, together with cash on hand, to (i) finance the NewWave acquisition, (ii) repay in full the Original Term Loan and (iii) pay related fees and expenses.

The 2017 New Loans consist of (a) a five-year incremental term "A" loan in an aggregate principal amount of $250.0 million (the "Term Loan A") and (b) a seven-year incremental term "B" loan in an aggregate principal amount of $500.0 million (the "Term Loan B" and, together with the Term Loan A and the Revolving Credit Facility, the "Senior Credit Facilities"). The obligations under the Amended and Restated Credit Agreement are guaranteed by the Company's wholly owned subsidiaries and are secured, subject to certain exceptions, by substantially all assets of the Company and the Guarantors.

On April 23, 2018, the Company entered into Amendment No. 1 (the "Repricing Amendment") to the Amended and Restated Credit Agreement to, among other things, decrease the applicable margin for the Term Loan B to 1.75% for LIBOR borrowings and 0.75% for base rate borrowings.

The interest margins applicable to the 2017 New Loans under the Amended and Restated Credit Agreement are, at the Company's option, equal to either LIBOR or a base rate, plus an applicable margin equal to, (i) with respect to the Term Loan A and the Revolving Credit Facility, 1.50% to 2.25% for LIBOR loans and 0.50% to 1.25% for base rate loans, determined on a quarterly basis by reference to a pricing grid based on the Company's total net leverage ratio and (ii) with respect to the Term Loan B, (x) for any date on or prior to April 22, 2018, 2.25% for LIBOR loans and 1.25% for base rate loans and (y) for any day thereafter, 1.75% for LIBOR loans and 0.75% for base rate loans. The Term Loan A may be prepaid at any time without penalty or premium (subject to customary LIBOR breakage provisions) and amortizes in equal quarterly installments at a rate (expressed as a percentage of the original principal amount) of 2.5% per annum for the first year after funding, 5.0% per annum for the second year after funding, 7.5% per annum for the third year after funding and 10.0% per annum for the fourth and fifth years after funding (subject to customary adjustments in the event of any prepayment), with the outstanding balance due upon maturity. The Term Loan B amortizes in equal quarterly installments at a rate (expressed as a percentage of the original principal amount) of 1.0% per annum (subject to customary adjustments in the event of repayment), with the outstanding balance due upon maturity. The Term Loan B may be prepaid at any time without penalty or premium (subject to customary LIBOR breakage provisions), benefits from certain "most favored nation" pricing protections and is not subject to the financial maintenance covenants under the Amended and Restated Credit Agreement.

The Company may, subject to the terms and conditions of the Amended and Restated Credit Agreement, obtain additional credit facilities of up to $425 million under the Amended and Restated Credit Agreement plus an unlimited amount so long as, on a pro forma basis, the Company's First Lien Net Leverage Ratio (as defined in the Amended and Restated Credit Agreement) is no greater than 1.80 to 1.00. The Amended and Restated Credit Agreement contains customary representations, warranties and affirmative and negative covenants, including limitations on indebtedness, liens, restricted payments, prepayments of certain indebtedness, investments, dispositions of assets, restrictions on subsidiary distributions and negative pledge clauses, fundamental changes, transactions with affiliates and amendments to organizational documents. The Amended and Restated Credit Agreement also requires the Company to maintain specified ratios of total net indebtedness and first lien net indebtedness to consolidated operating cash flow. The Amended and Restated Credit Agreement also contains customary events of default, including non-payment of principal, interest, fees or other amounts, material inaccuracy of any representation or warranty, failure to observe or perform any covenant, default in respect of other material debt of the Company and of its restricted subsidiaries, bankruptcy or insolvency, the entry against the Company or any of its restricted subsidiaries of a material judgment, the occurrence of certain ERISA events, impairment of the loan documentation and the occurrence of a change of control.

The Company was in compliance with all debt covenants as of December 31, 2018.

As of December 31, 2018, outstanding borrowings under the Term Loan A and Term Loan B were $237.5 million and $492.5 million, respectively, and each bore interest at a rate of 4.28% per annum.

In connection with the Repricing Amendment, the Company incurred debt issuance costs of $2.1 million, of which $0.1 million was expensed immediately. The Company recorded $4.2 million, $3.2 million and $1.6 million of debt issuance cost amortization for the years ended December 31, 2018, 2017 and 2016, respectively. These amounts are reflected within interest expense in the consolidated statements of operations and comprehensive income. Unamortized debt issuance costs totaled $17.6 million and $19.6 million at December 31, 2018 and 2017, respectively. These balances are reflected within long-term debt in the consolidated balance sheets.

The carrying amount of long-term debt consisted of the following (in thousands):

	As of December 31,	
	2018	**2017**
Notes	$ 450,000	$ 450,000
Senior Credit Facilities	730,000	744,375
Capital lease obligation	251	267
Total debt	1,180,251	1,194,642
Less unamortized debt issuance costs	(17,570)	(19,585)
Less current portion	(20,625)	(14,375)
Total long-term debt	$ 1,142,056	$ 1,160,682

As of December 31, 2018, the future maturities of outstanding debt, including capital lease payment obligations, were as follows (in thousands):

Year Ending December 31,	Amount
2019	$ 20,625
2020	26,892
2021	30,017
2022	630,017
2023	5,017
Thereafter	467,683
Total	$ 1,180,251

10. INCOME TAXES

The Company recognized the income tax effects of the 2017 Federal tax reform legislation (the "2017 Tax Act") in its consolidated financial statements in accordance with Staff Accounting Bulletin No. 118, which provides SEC staff guidance for the application of ASC 740 – *Income Taxes* . As such, the Company's consolidated financial statements for 2017 reflected the income tax effects of the 2017 Tax Act for which the accounting under ASC 740 was complete as well as provisional amounts for those specific income tax effects of the 2017 Tax Act for which the accounting under ASC 740 was incomplete but a reasonable estimate could be determined. The Company recognized the provisional tax impacts related to acceleration of depreciation and the revaluation of deferred tax assets and liabilities in its 2017 consolidated financial statements. The accounting was completed when the Company's 2017 Federal corporate income tax return was filed in 2018.

The income tax provision (benefit) consisted of the following (in thousands):

	Current	Deferred	Total
Year Ended December 31, 2018			
U.S. Federal	$ 10,214	$ 32,176	$ 42,390
State and local	2,284	2,550	4,834
Total	$ 12,498	$ 34,726	$ 47,224
Year Ended December 31, 2017			
U.S. Federal	$ 38,033	$ (91,271)	$ (53,238)
State and local	4,164	4,046	8,210
Total	$ 42,197	$ (87,225)	$ (45,028)
Year Ended December 31, 2016			
U.S. Federal	$ 56,564	$ (2,172)	$ 54,392
State and local	6,688	601	7,289
Total	$ 63,252	$ (1,571)	$ 61,681

The income tax provision (benefit) is different than the amount of income tax determined by applying the U.S. Federal statutory rate of 21% for 2018 and 35% for 2017 and 2016 to income before income taxes as a result of the following (in thousands):

	Year Ended December 31,		
	2018	2017	2016
U.S. Federal taxes at statutory rate	$ 44,517	$ 66,550	$ 56,699
State and local taxes, net of U.S. Federal tax	3,816	5,487	3,994
Benefit from remeasurement of deferred taxes due to the 2017 Tax Act	-	(113,976)	-
Equity-based compensation	(3,690)	(3,089)	-
Other	2,581	-	988
Income tax provision (benefit)	$ 47,224	$ (45,028)	$ 61,681

The net deferred income tax liability consisted of the following (in thousands):

	As of December 31,	
	2018	2017
Other benefit obligations	$ 1,940	$ 5,779
Equity-based compensation	4,080	4,711
Net operating losses	1,983	2,992
Accrued bonus	1,826	-
Reserves	365	760
Other	1,204	542
Deferred tax assets	11,398	14,784
Property, plant and equipment	119,851	95,345
Goodwill and other intangible assets	131,765	123,745
Prepaid commissions	1,909	1,793
Accrued bonus	-	1,055
Deferred tax liabilities	253,525	221,938
Net deferred income tax liability	$ 242,127	$ 207,154

The Company has not established valuation allowances against any U.S. Federal or state deferred tax assets.

There were $1.8 million of tax-effected U.S. Federal tax net operating losses available for carryforward at December 31, 2018, which were generated by NewWave prior to the acquisition and have expiration dates through 2036. The use of pre-acquisition operating losses is subject to limitations imposed by the Internal Revenue Code of 1986, as amended. The Company does not anticipate that these limitations will affect utilization of the carryforwards prior to their expiration. The Company had $0.2 million of tax-effected state tax net operating loss carryforwards at December 31, 2018 with varying expiration dates through 2036.

The Company endeavors to comply with tax laws and regulations where it does business, but cannot guarantee that, if challenged, the Company's interpretation of all relevant tax laws and regulations will prevail and that all tax benefits recorded in the consolidated financial statements will ultimately be recognized in full. The Company has taken reasonable efforts to address uncertain tax positions and has determined that there are no material transactions and no material tax positions taken by the Company that would fail to meet the more-likely-than-not threshold for recognizing transactions or tax positions in the consolidated financial statements. Accordingly, the Company has not recorded a reserve for uncertain tax positions in the consolidated financial statements, and the Company does not expect any significant tax increase or decrease to occur within the next 12 months with respect to any transactions or tax positions taken and reflected in the consolidated financial statements. In making these determinations, the Company presumes that taxing authorities pursuing examinations of the Company's compliance with tax law filing requirements will have full knowledge of all relevant information, and, if necessary, the Company will pursue resolution of disputed tax positions by appeals or litigation. The Company classifies penalties, if applicable, associated with any uncertain tax positions as a component of selling, general and administrative expenses in the consolidated statements of operations and comprehensive income.

11. FAIR VALUE MEASUREMENTS

The carrying amounts, fair values and related fair value hierarchies of the Company's financial assets and liabilities as of December 31, 2018 were as follows (in thousands):

	December 31, 2018		
	Carrying Amount	Fair Value	Fair Value Hierarchy
Assets:			
Cash and cash equivalents:			
Money market investments	$ 238,222	$ 238,222	Level 1
Liabilities :			
Long-term debt, including current portion:			
Notes	$ 450,000	$ 452,250	Level 2
Senior Credit Facilities	$ 730,000	$ 698,975	Level 2

Money market investments are primarily held in U.S. Treasury securities and registered money market funds and are valued using a market approach based on quoted market prices (level 1). Money market investments with original maturities of three months or less are included within cash and cash equivalents in the consolidated balance sheets. The fair values of the Notes and Senior Credit Facilities are estimated based on market prices for similar instruments in active markets (level 2).

The Company's deferred compensation liability represents the market value of participant balances in a notional investment account that is comprised primarily of mutual funds, whose value is based on observable market prices. However, since the deferred compensation liability is not exchanged in an active market, it is classified as level 2 in the fair value hierarchy.

12. TREASURY STOCK

Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the consolidated financial statements.

Share Repurchase Program. On July 1, 2015, the Company's board of directors (the "Board") authorized up to $250.0 million of share repurchases (subject to a total cap of 600,000 shares of common stock). Purchases under the share repurchase program may be made from time to time on the open market and in privately negotiated transactions. The size and timing of these purchases are based on a number of factors, including share price and business and market conditions. Since the inception of the share repurchase program through December 31, 2018, the Company had repurchased 204,647 shares of its common stock at an aggregate cost of $99.8 million. During 2018, the Company repurchased 38,814 shares at an aggregate cost of $26.6 million.

Tax Withholding for Equity Awards . At the employee's option, shares of common stock are withheld by the Company upon vesting of restricted stock and exercise of stock appreciation rights ("SARs") to pay the applicable statutory minimum amount of employee withholding taxes. The Company then pays the applicable statutory minimum amount of withholding taxes in cash. The amounts remitted during 2018 and 2017 were $7.2 million and $5.0 million, for which the Company withheld 10,026 and 7,010 shares of common stock, respectively. Treasury shares of 184,497 held at December 31, 2018 include such shares withheld for withholding tax.

13. EQUITY-BASED COMPENSATION

On June 5, 2015, the Board adopted the Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (the "Original 2015 Plan"), which became effective July 1, 2015. On May 2, 2017, the Company's stockholders approved the Amended and Restated Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (the "2015 Plan"), which automatically terminated, replaced and superseded the Original 2015 Plan, except that any outstanding awards granted under the Original 2015 Plan will remain in effect pursuant to their terms. The 2015 Plan is designed to promote the interests of the Company and its stockholders by providing the employees and directors of the Company with incentives and rewards to encourage them to continue in the service of the Company and with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company. Any of the directors, officers and employees of the Company and its affiliates are eligible to be granted one or more of the following types of awards under the 2015 Plan: (1) incentive stock options, (2) non-qualified stock options, (3) restricted stock awards, (4) SARs, (5) restricted stock units ("RSUs"), (6) cash-based awards, (7) performance-based awards, (8) dividend equivalents and (9) other stock-based awards, including, without limitation, performance stock units and deferred stock units. Unless the 2015 Plan is sooner terminated by the Board, no awards may be granted under the 2015 Plan after May 2, 2027.

The 2015 Plan provides that, subject to certain adjustments for specified corporate events, the maximum number of shares of Company common stock that may be issued under the 2015 Plan is 334,870, which is equal to the number of remaining shares of Company common stock available for future issuance under the Original 2015 Plan as of May 2, 2017, regardless of whether such shares were subject to outstanding awards as of such date, and no more than 329,962 shares may be issued pursuant to incentive stock options. At December 31, 2018, 236,547 shares were available for issuance under the 2015 Plan.

Total equity-based compensation expense recognized was $10.5 million, $10.7 million and $12.3 million for 2018, 2017 and 2016, respectively, and was included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income. The Company recognized an income tax benefit of $3.7 million related to equity-based awards during 2018. The deferred tax asset related to all outstanding equity-based awards was $4.1 million as of December 31, 2018.

Restricted Stock Awards. The Company has granted restricted shares of Company common stock subject to service-based and performance-based vesting conditions to employees of the Company. Restricted share awards generally cliff-vest on the three-year anniversary of the grant date or in four equal ratable installments beginning on the first anniversary of the grant date (generally subject to the holder's continued employment with the Company through the applicable vesting date), except in the case of awards made to individuals (i) whose equity awards issued by GHC were forfeited in connection with the Company's spin-off from GHC (the "Replacement Shares"), which Replacement Shares vested on December 12, 2016 (with certain exceptions as provided in the applicable award agreement), or (ii) who did not receive an equity award from GHC in 2015 in anticipation of the spin-off (the "Staking Shares"), which Staking Shares cliff-vested on January 2, 2018. Performance-based restricted shares are or were subject to performance metrics related primarily to year-over-year or three-year cumulative growth in Adjusted EBITDA less capital expenditures or year-over-year growth in Adjusted EBITDA and capital expenditures as a percentage of total revenues. Restricted shares are subject to the terms and conditions of the Original 2015 Plan or the 2015 Plan (in the case of awards made on or following May 2, 2017) and are otherwise subject to the terms and conditions of the applicable award agreement.

The current compensation arrangements for the Company's non-employee directors provide that each non-employee director is entitled to an annual retainer of $75,000 in cash, plus an additional annual cash retainer for each non-employee director who serves as a committee chair or as lead independent director and approximately $125,000 in RSUs. Such RSUs will generally be granted on the date of the Company's annual stockholders' meeting and will vest on the earlier of the first anniversary of the grant date or the annual stockholders' meeting date immediately following the grant date, subject to the director's continued service through such vesting date. Settlement of such RSUs will be in the form of one share of the Company's common stock and will follow vesting, unless the director has previously elected to defer such settlement until his or her separation from service from the Board. Non-employee directors may elect to defer their annual retainer and receive RSUs in lieu of annual cash fees. Such RSU awards granted on January 3, 2018 vested in full on the date immediately preceding the date of the 2018 annual stockholders' meeting date and future awards will vest on the date immediately preceding the date of the annual stockholders' meeting immediately following the grant date, subject to the director's continued service through such vesting date. Any dividends associated with RSUs granted prior to the 2017 annual grant of RSUs will be converted into dividend equivalent units ("DEUs"), which will be delivered at the time of settlement of the associated RSUs. Commencing with the 2017 annual grant of RSUs, dividends associated with RSUs will be paid out in cash at the time of settlement. As of December 31, 2018, 4,144 RSUs, including DEUs, were vested and deferred.

Restricted shares, RSUs and DEUs are collectively referred to as "restricted stock." A summary of restricted stock activity is as follows:

	Restricted Stock	Weighted Average Grant Date Fair Value Per Share
Outstanding as of December 31, 2015	39,744	$ 383.18
Granted	10,369	$ 454.75
Forfeited	(1,343)	$ 389.33
Vested and issued	(10,345)	$ 383.61
Outstanding as of December 31, 2016	38,425	$ 402.13
Granted	17,245	$ 633.34
Granted due to performance achievement	5,006	$ 433.66
Forfeited	(6,223)	$ 469.23
Vested and issued	(3,163)	$ 415.39
Outstanding as of December 31, 2017	51,290	$ 472.89
Granted	17,098	$ 715.74
Forfeited	(2,455)	$ 636.64
Vested and issued	(25,057)	$ 397.53
Outstanding as of December 31, 2018	40,876	$ 610.88
Vested and unissued as of December 31, 2018	4,144	$ 493.96

Compensation expense associated with restricted stock is recognized on a straight-line basis over the vesting period, with forfeitures recognized as incurred. Equity-based compensation expense for restricted stock was $6.8 million, $7.5 million and $9.4 million for 2018, 2017 and 2016, respectively. At December 31, 2018, there was $9.7 million of unrecognized compensation expense related to restricted stock, which is expected to be recognized over a weighted average period of 1.1 years.

Stock Appreciation Rights. The Company has granted SARs to certain executives and other employees of the Company. The SARs are scheduled to vest in four equal ratable installments beginning on the first anniversary of the grant date (generally subject to the holder's continued employment with the Company through the applicable vesting date). The SARs are subject to the terms and conditions of the Original 2015 Plan or the 2015 Plan (in the case of awards made on or following May 2, 2017) and will otherwise be subject to the terms and conditions of the applicable award agreement.

A summary of SAR activity is as follows:

	Stock Appreciation Rights	Weighted Average Exercise Price	Weighted Average Fair Value	Aggregate Intrinsic Value (in thousands)	Weighted Average Remaining Contractual Term (in years)
Outstanding as of December 31, 2015	135,600	$ 422.31	$ 87.22	$ 1,539	
Granted	6,100	$ 522.50	$ 106.15	$ -	
Forfeited	(5,700)	$ 422.31	$ 87.22		
Outstanding as of December 31, 2016	136,000	$ 426.80	$ 88.07	$ 26,510	8.7
Granted	24,432	$ 632.15	$ 140.44	$ -	9.1
Exercised	(41,603)	$ 424.02	$ 87.54		
Forfeited	(16,371)	$ 422.31	$ 87.22		
Outstanding as of December 31, 2017	102,458	$ 477.62	$ 100.91	$ 23,173	8.1
Granted	21,000	$ 744.47	$ 181.21	$ -	8.7
Exercised	(27,060)	$ 435.11	$ 90.06		
Forfeited	(5,793)	$ 502.08	$ 108.22		
Outstanding as of December 31, 2018	90,605	$ 550.60	$ 122.29	$ 24,673	7.2
Vested and exercisable as of December 31, 2018	26,935	$ 465.74	$ 98.09	$ 9,545	6.4

The grant date fair value of the Company's SARs is measured using the Black-Scholes valuation model. The weighted average inputs used in the model for grants awarded during 2018, 2017 and 2016 were as follows:

	2018	2017	2016
Expected volatility	22.22%	20.83%	21.63%
Risk-free interest rate	2.53%	2.13%	1.39%
Expected term (in years)	6.25	6.25	6.25
Expected dividend yield	0.97%	0.95%	1.16%

Compensation expense associated with SARs is recognized on a straight-line basis over the vesting period, with forfeitures recognized as incurred. Equity-based compensation expense for SARs was $3.7 million, $3.3 million and $2.9 million for 2018, 2017 and 2016, respectively. At December 31, 2018, there was $6.3 million of unrecognized compensation expense related to SARs, which is expected to be recognized over a weighted average period of 1.1 years.

The Black-Scholes model used to estimate the fair value of the Company's SARs requires the input of highly subjective assumptions, including the expected volatility of the price of the Company's common stock, the risk-free interest rate, the expected term of the SARs and the expected dividend yield of the Company's common stock. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the Company's equity-based compensation expense could be materially different in the future. These assumptions for 2018 were determined as follows:

- Fair Value of Common Stock — Valued by reference to the closing price of the Company's publicly traded common stock on the date of grant.

- Expected Volatility — Prior to the spin-off the Company did not have a history of market prices for its common stock, and through 2018 it did not have what the Company considered a sufficient trading history for its common stock to exclusively use historical market prices for its common stock to estimate future volatility. Accordingly, the Company estimated the expected stock price volatility for its common stock by using a combination weighting between its life-to-date historical daily volatility and a leverage-adjusted average volatility of industry peers based on daily price observations over a period equivalent to the expected term of the SAR grants. Industry peers consist of public companies in the cable, satellite and integrated telecommunication services industry similar in size, stage of life cycle and financial leverage.

- Risk-Free Interest Rate — The risk-free interest rate assumption was based on the yields of U.S. Treasury securities with maturities similar to the expected term of the SARs.

- Expected Term — The expected term represents the period that the Company's stock-based awards were expected to be outstanding. Prior to the spin-off, the Company did not have stock-based awards specific to Cable One and therefore did not have a history of the period that its stock-based awards were expected to be outstanding. Accordingly, the expected terms of the awards were based on the "simplified method" which defines the expected term as the average of the contractual term of the SARs and the weighted-average vesting period for all tranches.

- Expected Dividend Yield — The Company expects to continue to pay quarterly dividends in the future and, as such, the expected dividend yield was calculated as the expected future annual dividend divided by the Company's closing stock price on the grant date.

14. POSTEMPLOYMENT BENEFIT PLANS

Pension Plans. The Company's Supplemental Executive Retirement Plan (the "SERP") includes a defined benefit portion (the "DB SERP") and a defined contribution portion (the "DC SERP"). As the DB SERP is unfunded, the Company makes contributions to the DB SERP based on actual benefit payments. No participant or Company contributions to the DC SERP occurred during any of the periods presented in the consolidated financial statements.

The following table sets forth obligation information for the DB SERP (in thousands):

	As of December 31,	
	2018	2017
Benefit obligation at beginning of period	$ 5,187	$ 5,125
Interest cost	179	196
Actuarial gain	(437)	(123)
Benefits paid	(289)	(11)
Benefit obligation at end of period	$ 4,640	$ 5,187

The accumulated benefit obligation for the DB SERP at December 31, 2018 and 2017 was $4.6 million and $5.2 million, respectively. The amounts recorded in the consolidated balance sheets for the DB SERP were as follows (in thousands):

	As of December 31,	
	2018	2017
Accounts payable and accrued liabilities	$ 282	$ 323
Other noncurrent liabilities	4,358	4,864
Total liabilities	$ 4,640	$ 5,187

Key assumptions utilized for determining the benefit obligation included the use of a discount rate of 4.27% and 3.56% for 2018 and 2017, respectively.

The Company recognized $0.2 million in DB SERP expense for each of 2018, 2017 and 2016, which was recorded within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income. Company contributions to the DB SERP were $0.3 million for the year ended December 31, 2018 and were not material for the years ended December 31, 2017 and 2016.

At December 31, 2018, future estimated benefit payments for the next 10 years were as follows (in thousands):

Year Ending December 31,	Estimated Benefit Payments
2019	$ 288
2020	288
2021	287
2022	287
2023	286
2024 - 2028	1,459
Total	$ 2,895

The actuarial loss expected to be recognized during 2019 as a component of net periodic cost for the DB SERP is immaterial.

401(k) Plans. The Company sponsors a 401(k) savings plan (the "401(k) Plan"), which allows eligible employees to contribute a portion of their compensation to the 401(k) Plan, and in some cases, a matching contribution to the 401(k) Plan is made by the Company. The Company recorded matching contributions to the 401(k) Plan of $3.6 million, $3.1 million and $2.8 million for 2018, 2017 and 2016, respectively.

Deferred Compensation. The Company has and may continue to enter into arrangements under the Cable One, Inc. Deferred Compensation Plan with certain current and former executives and officers of the Company who desire to defer all or a portion of their annual cash-based incentives. Upon execution of the agreements, the Company transfers the deferred incentive to a long-term liability. Realized and unrealized market-based gains and losses are applied to the respective outstanding balances at each reporting period such that market-based period gains represent additional compensation expense to the Company and market-based losses represent a reduction of compensation expense.

The Company's deferred compensation expense was $0.4 million, $2.8 million and $0.3 million for 2018, 2017 and 2016, respectively, and was included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income. The deferred compensation liability as of December 31, 2018 and 2017 was $3.0 million and $20.2 million, respectively. The current portion of this liability is included within accounts payable and accrued liabilities and the noncurrent portion is included within other noncurrent liabilities in the consolidated balance sheets. The Company distributed $17.1 million of deferred compensation payments in 2018.

15. NET INCOME PER COMMON SHARE

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per common share further includes any common shares available to be issued upon vesting or exercise of outstanding equity awards if such inclusion would be dilutive, calculated using the treasury stock method.

The following table sets forth the computation of basic and diluted net income per common share (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2018	2017	2016
Numerator:			
Net income	$ 164,760	$ 235,171	$ 100,317
Denominator:			
Weighted average common shares outstanding - basic	5,684,375	5,680,073	5,743,568
Effect of dilutive equity-based awards [(1)]	41,588	66,964	27,392
Weighted average common shares outstanding - diluted	5,725,963	5,747,037	5,770,960
Net income per common share:			
Basic	$ 28.98	$ 41.40	$ 17.47
Diluted	$ 28.77	$ 40.92	$ 17.38

(1) Equity-based awards whose impact is considered to be anti-dilutive under the treasury stock method were excluded from the diluted net income per common share calculation. The excluded number of anti-dilutive equity-based awards totaled 1,811, 2,600 and 438 for 2018, 2017 and 2016, respectively.

16. COMMITMENTS AND CONTINGENCIES

Contractual Obligations. The Company has obligations to make future payments for goods and services under certain contractual arrangements. These contractual obligations secure the future rights to various assets and services to be used in the normal course of the Company's operations. For example, the Company is contractually committed to make certain minimum lease payments for the use of property under operating lease agreements. In accordance with applicable accounting rules, the future rights and obligations pertaining to firm commitments, such as operating lease obligations and certain purchase obligations under contracts, are not reflected as assets or liabilities in the consolidated balance sheets.

The Company's rent expense, which primarily includes facility and pole rental expense, was $13.1 million, $11.1 million and $8.1 million for 2018, 2017 and 2016, respectively. The Company has lease obligations under various operating leases, including minimum lease obligations for real estate.

The following table summarizes the Company's outstanding contractual obligations as of December 31, 2018 (including amounts associated with data processing services, high-speed data connectivity and fiber-related obligations) and the estimated timing and effect that such obligations are expected to have on the Company's liquidity and cash flows in future periods (in thousands):

Year Ending December 31,	Programming Purchase Commitments (1)	Operating Lease Payments	Debt Payments (2)	Other Purchase Obligations (3)	Total
2019	$ 201,894	$ 1,767	$ 20,625	$ 24,385	$ 248,671
2020	160,489	1,219	26,892	17,095	205,695
2021	88,872	911	30,017	9,560	129,360
2022	8,910	398	630,017	2,760	642,085
2023	6,162	204	5,017	1,581	12,964
Thereafter	3,726	299	467,683	3,648	475,356
Total	$ 470,053	$ 4,798	$ 1,180,251	$ 59,029	$ 1,714,131

(1) Programming purchase commitments represent contracts that the Company has with cable television networks and broadcast stations to provide programming services to subscribers. The amounts reported represent estimates of the future programming costs for these purchase commitments based on tier placement as of December 31, 2018 and the estimated subscriber numbers applied to the per-subscriber rates contained in these contracts. Actual amounts due under such contracts may differ from the amounts above based on the actual subscriber numbers and tier placements at the time. In addition, programming purchases sometimes occur pursuant to non-binding commitments, which are not reflected in the amounts shown.

(2) Debt payments include principal repayment obligations as defined by the agreements described in note 9 and capital lease payment obligations.

(3) Other purchase obligations include purchase obligations related to capital projects and other legally binding commitments. Other purchase orders made in the ordinary course of business are excluded from the amounts shown. Any amounts for which the Company is liable under purchase orders are included within accounts payable and accrued liabilities in the consolidated balance sheet.

The Company incurs the following costs as part of its operations, however, they are not included within the contractual obligations table above for the reasons discussed below:

- The Company rents space on utility poles in order to provide services to subscribers. Generally, pole rentals are cancellable on short notice. However, the Company anticipates that such rentals will recur. Rent expense for pole attachments was $8.9 million, $7.8 million and $5.7 million for 2018, 2017 and 2016, respectively.

- The Company pays fees to franchise authorities under multi-year franchise agreements based on a percentage of revenues generated from video service each year. Franchise fees and other franchise-related costs are included in both revenues and operating expenses within the consolidated statements of operations and comprehensive income. Such amounts totaled $16.1 million, $15.7 million and $14.2 million for 2018, 2017 and 2016, respectively.

- The Company has franchise agreements requiring plant construction and the provision of services to customers within the franchise areas. In connection with these obligations under existing franchise agreements, the Company obtains surety bonds or letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Such surety bonds and letters of credit totaled $13.3 million and $12.0 million as of December 31, 2018 and 2017, respectively. Payments under these arrangements are required only in the remote event of nonperformance. The Company does not expect that these contingent commitments will result in any amounts being paid.

Litigation and Legal Matters . The Company is subject to complaints and administrative proceedings and has been a defendant in various civil lawsuits that have arisen in the ordinary course of its business. Such matters include contract disputes; actions alleging negligence; invasion of privacy; trademark, copyright and patent infringement; violations of applicable wage and hour laws; statutory or common law claims involving current and former employees; and other matters. Although the outcomes of any legal claims and proceedings against the Company cannot be predicted with certainty, based on currently available information, the Company believes that there are no existing claims or proceedings that are likely to have a material adverse effect on its business, financial condition, results of operations or cash flows.

Regulation in the Company's Industry. The operation of a cable system is extensively regulated by the Federal Communications Commission (the "FCC"), some state governments and most local governments. The FCC has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities used in connection with cable operations. The Telecommunications Act of 1996 altered the regulatory structure governing the nation's communications providers. It removed barriers to competition in both the cable television market and the voice services market. Among other things, it reduced the scope of cable rate regulation and encouraged additional competition in the video programming industry by allowing telephone companies to provide video programming in their own telephone service areas. Future legislative and regulatory changes could adversely affect the Company's operations.

GHC Agreements. On June 16, 2015, Cable One entered into several agreements with GHC that set forth the principal actions taken in connection with the spin-off and that govern the relationship of the parties following the spin-off, including a Separation and Distribution Agreement, a Tax Matters Agreement and an Employee Matters Agreement. The aggregate costs and reimbursements paid to GHC totaled $0.4 million, $0.4 million and $5.5 million in 2018, 2017 and 2016, respectively.

17. SUBSEQUENT EVENTS

On November 9, 2018, the Company entered into an agreement to acquire Clearwave, a facilities-based service provider that owns and operates a high-capacity fiber network offering dense regional coverage in Southern Illinois. The acquisition provides the Company with a premier fiber network within its existing footprint, further enables the Company to supply its customers with enhanced business services solutions and provides a platform to allow the Company to replicate Clearwave's strategy in several of its other markets. The transaction closed on January 8, 2019 and was funded with cash on hand and the additional term loan borrowings described below. The Company paid a purchase price of $357.0 million in cash on a debt-free basis, subject to customary post-closing adjustments.

On January 7, 2019, the Company entered into Amendment No. 2 to the Amended and Restated Credit Agreement with CoBank, ACB, as lender, and JPMorgan, as administrative agent, to provide for a new seven-year incremental term "B" loan in an aggregate principal amount of $250 million (the "Term B-2 Loan").

The Term B-2 Loan is an obligation of the Company and is guaranteed by the wholly owned subsidiaries that guarantee the other obligations under the Amended and Restated Credit Agreement. The Term B-2 Loan is secured, subject to certain exceptions, by substantially all of the assets of the Company and the Guarantors.

The interest margin applicable to the Term B-2 Loan is, at the Company's option, equal to either LIBOR or a base rate, plus an applicable margin equal to 2.0% for LIBOR loans and 1.0% for base rate loans. The Term B-2 Loan may be prepaid at any time without penalty or premium (subject to customary LIBOR breakage provisions) and is not subject to the financial maintenance covenants under the Amended and Restated Credit Agreement. The Term B-2 Loan amortizes in equal quarterly installments at a rate (expressed as a percentage of the original principal amount) of 1.0% per annum (subject to customary adjustments in the event of any prepayment), with the outstanding balance due upon maturity. The final maturity of the Term B-2 Loan may be accelerated following an event of default under the Amended and Restated Credit Agreement. Other than with respect to maturity, amortization, prepayment premiums and pricing, the Term B-2 Loan contains terms that are substantially similar to the existing Term Loan B.

The Company is currently in the process of finalizing the accounting for the acquisition of Clearwave and expects to complete the preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the first quarter 2019.

18. SUMMARY OF QUARTERLY OPERATING RESULTS (UNAUDITED)

	Year Ended December 31, 2018 (Unaudited)			
(in thousands, except per share and share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 265,761	$ 268,414	$ 268,268	$ 269,852
Total costs and expenses	$ 201,100	$ 197,746	$ 204,949	$ 200,588
Income from operations	$ 64,661	$ 70,668	$ 63,319	$ 69,264
Net income	$ 40,653	$ 43,785	$ 38,314	$ 42,008
Net income per common share:				
Basic	$ 7.13	$ 7.70	$ 6.75	$ 7.40
Diluted	$ 7.08	$ 7.65	$ 6.70	$ 7.34
Weighted average common shares outstanding:				
Basic	5,702,539	5,687,095	5,674,224	5,674,067
Diluted	5,742,648	5,722,869	5,717,575	5,723,528

(in thousands, except per share and share data)	Year Ended December 31, 2017 (Unaudited) First Quarter (1)	Second Quarter (2)	Third Quarter	Fourth Quarter
Revenues	$ 207,434	$ 240,991	$ 253,833	$ 257,698
Total costs and expenses	$ 148,858	$ 183,497	$ 192,918	$ 198,344
Income from operations	$ 58,576	$ 57,494	$ 60,915	$ 59,354
Net income	$ 32,113	$ 27,860	$ 30,905	$ 144,293
Net income per common share:				
Basic	$ 5.66	$ 4.91	$ 5.44	$ 25.38
Diluted	$ 5.60	$ 4.85	$ 5.37	$ 25.09
Weighted average common shares outstanding:				
Basic	5,671,838	5,678,394	5,680,600	5,684,785
Diluted	5,730,901	5,745,617	5,753,910	5,750,420

(1) Does not include NewWave operations.
(2) Includes two months of NewWave operations.