CROWN CASTLE INTERNATIONAL CORP
Form 10-Q
May 04, 2018

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

FORM 10-Q

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

For the quarterly period ended March 31, 2018
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period to
Commission File Number 001-16441

CROWN CASTLE INTERNATIONAL CORP.
(Exact name of registrant as specified in its charter)

Delaware	76-0470458
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1220 Augusta Drive, Suite 600, Houston, Texas
77057-2261
(Address of principal executives office) (Zip Code)
(713) 570-3000
(Registrant's telephone number, including area code)

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Number of shares of common stock outstanding at May 1, 2018: 414,822,942

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

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Cautionary Language Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements that are based on our management's expectations as of the filing date of this report with the Securities and Exchange Commission ("SEC"). Statements that are not historical facts are hereby identified as forward-looking statements. In addition, words such as "estimate," "anticipate," "project," "plan," "intend," "believe," "expect," "likely," "predicted," "positioned," and any variations of these words and similar expressions are intended to identify forward-looking statements. Such statements include plans, projections and estimates contained in "Part I—Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") and "Part I—Item 3. Quantitative and Qualitative Disclosures About Market Risk" herein. Such forward-looking statements include (1) expectations regarding anticipated growth in the wireless industry, carriers' investments in their networks, tenant additions, and demand for our communications infrastructure, (2) expectations regarding non-renewals of tenant contracts, (3) availability and adequacy of cash flows and liquidity for, or plans regarding, future discretionary investments, including capital expenditures, (4) potential benefits of our discretionary investments, including acquisitions, (5) anticipated growth in our financial results, including future revenues, Adjusted EBITDA, segment site rental gross margin, segment network services and other gross margin, segment operating profit, and operating cash flows, (6) expectations regarding our capital structure and the credit markets, our availability and cost of capital, and our ability to service our debt and comply with debt covenants and the plans for and the benefits of any future refinancings, (7) expectations related to remaining qualified as a real estate investment trust ("REIT") and the advantages, benefits or impact of, or opportunities created by, our REIT status, (8) the utilization of our net operating loss carryforwards ("NOLs"), (9) expectations related to the impact of customer consolidation or ownership changes, including the potential combination of T-Mobile and Sprint and (10) our dividend policy and the timing, amount, growth or tax characterization of any dividends.

Such forward-looking statements should, therefore, be considered in light of various risks, uncertainties and assumptions, including prevailing market conditions, risk factors described in "Part II—Item 1A. Risk Factors" herein and "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 ("2017 Form 10-K") and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected.

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Interpretation

As used herein, the term "including," and any variation thereof, means "including without limitation." The use of the word "or" herein is not exclusive. Unless this Form 10-Q indicates otherwise or the context otherwise requires, the terms, "we," "our," "our company," "the company" or "us" as used in this Form 10-Q refer to Crown Castle International Corp. and its predecessor (organized in 1995), as applicable, each a Delaware corporation (together, "CCIC"), and their subsidiaries. Additionally, unless the context suggests otherwise, references to "U.S." are to the United States of America and Puerto Rico, collectively.

PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)
(Amounts in millions, except par values)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 220	$ 314
Restricted cash	120	121
Receivables, net	402	398
Prepaid expenses	175	162
Other current assets	157	139
Total current assets	1,074	1,134
Deferred site rental receivables	1,304	1,300
Property and equipment, net of accumulated depreciation of $7,760 and $7,500, respectively	13,051	12,933
Goodwill	10,075	10,021
Other intangible assets, net	5,854	5,962
Long-term prepaid rent and other assets, net	892	879
Total assets	$ 32,250	$ 32,229
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 248	$ 249
Accrued interest	104	132
Deferred revenues	465	457
Other accrued liabilities	240	339
Current maturities of debt and other obligations	130	115
Total current liabilities	1,187	1,292
Debt and other long-term obligations	15,616	16,044
Other long-term liabilities	2,615	2,554
Total liabilities	19,418	19,890
Commitments and contingencies (note 9)		
CCIC stockholders' equity:		
Common stock, $0.01 par value; 600 shares authorized; shares issued and outstanding: March 31, 2018—415 and December 31, 2017—406	4	4
6.875% Mandatory Convertible Preferred Stock, Series A, $0.01 par value; 20 shares authorized; shares issued and outstanding: March 31, 2018—2 and December 31, 2017—2; aggregate liquidation value: March 31, 2018—$1,650 and December 31, 2017—$1,650	—	—
Additional paid-in capital	17,690	16,844
Accumulated other comprehensive income (loss)	(4)	(4)
Dividends/distributions in excess of earnings	(4,858)	(4,505)
Total equity	12,832	12,339
Total liabilities and equity	$ 32,250	$ 32,229

See notes to condensed consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (Unaudited)
(Amounts in millions, except per share amounts)

	Three Months Ended March 31,	
	2018	2017
Net revenues:		
Site rental	$1,153	$857
Network services and other	146	159
Net revenues	1,299	1,016
Operating expenses:		
Costs of operations[(a)]:		
Site rental	347	265
Network services and other	86	99
General and administrative	134	101
Asset write-down charges	3	1
Acquisition and integration costs	6	6
Depreciation, amortization and accretion	374	289
Total operating expenses	950	761
Operating income (loss)	349	255
Interest expense and amortization of deferred financing costs	(160)	(134)
Gains (losses) on retirement of long-term obligations	(71)	(4)
Interest income	1	—
Other income (expense)	(1)	6
Income (loss) before income taxes	118	123
Benefit (provision) for income taxes	(4)	(4)
Net income (loss) attributable to CCIC stockholders	114	119
Dividends on preferred stock	(28)	—
Net income (loss) attributable to CCIC common stockholders	$86	$119
Net income (loss)	$114	$119
Other comprehensive income (loss):		
Foreign currency translation adjustments	—	—
Total other comprehensive income (loss)	—	—
Comprehensive income (loss) attributable to CCIC stockholders	$114	$119
Net income (loss) attributable to CCIC common stockholders, per common share:		
Net income (loss) attributable to CCIC common stockholders—basic	$0.21	$0.33
Net income (loss) attributable to CCIC common stockholders—diluted	$0.21	$0.33
Weighted-average common shares outstanding:		
Basic	409	361
Diluted	410	362
Dividends/distributions declared per share of common stock	$1.05	$0.95

(a) Exclusive of depreciation, amortization and accretion shown separately.

See notes to condensed consolidated financial statements.

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
(In millions of dollars)

	Three Months Ended March 31,	
	2018 (a)	2017 (a)
Cash flows from operating activities:		
Net income (loss)	$114	$119
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation, amortization and accretion	374	289
(Gains) losses on retirement of long-term obligations	71	4
Amortization of deferred financing costs and other non-cash interest	2	2
Stock-based compensation expense	23	22
Asset write-down charges	3	1
Deferred income tax (benefit) provision	1	—
Other non-cash adjustments, net	2	(3)
Changes in assets and liabilities, excluding the effects of acquisitions:		
Increase (decrease) in accrued interest	(28)	(13)
Increase (decrease) in accounts payable	(5)	(30)
Increase (decrease) in deferred revenues, deferred ground lease payables, other accrued liabilities and other liabilities	(57)	(17)
Decrease (increase) in receivables	(5)	93
Decrease (increase) in prepaid expenses, deferred site rental receivables, long-term prepaid rent and other assets	(43)	(25)
Net cash provided by (used for) operating activities	452	442
Cash flows from investing activities:		
Payments for acquisitions of businesses, net of cash acquired	(14)	(1,497)
Capital expenditures	(370)	(262)
Other investing activities, net	—	(4)
Net cash provided by (used for) investing activities	(384)	(1,763)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	1,743	998
Principal payments on debt and other long-term obligations	(32)	(29)
Purchases and redemptions of long-term debt	(1,318)	—
Borrowings under revolving credit facility	170	1,405
Payments under revolving credit facility	(1,050)	(1,070)
Payments for financing costs	(15)	(7)
Net proceeds from issuance of common stock	843	22
Purchases of common stock	(33)	(22)
Dividends/distributions paid on common stock	(443)	(348)
Dividends paid on preferred stock	(28)	—
Net cash provided by (used for) financing activities	(163)	949
Net increase (decrease) in cash, cash equivalents, and restricted cash	(95)	(372)
Effect of exchange rate changes	—	—
Cash, cash equivalents, and restricted cash at beginning of period(a)	440	697
Cash, cash equivalents, and restricted cash at end of period(a)	$345	$325

(a) See "Recently Adopted Accounting Pronouncements" in note 2 to the condensed consolidated financial statements for a discussion of recently adopted restricted cash guidance, which impacted certain presentations on the condensed consolidated statement of cash flows.

See notes to condensed consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(Amounts in millions) (Unaudited)

	Common Stock		6.875% Mandatory Convertible Preferred Stock			Accumulated Other Comprehensive Income (Loss) ("AOCI")		
	Shares	($0.01 Par)	Shares	($0.01 Par)	Additional paid-in capital	Foreign Currency Translation Adjustments	Dividends/Distributions in Excess of Earnings	Total
Balance, January 1, 2018	406	$ 4	2	—	$ 16,844	$ (4)	$ (4,505)	$ 12,339
Stock-based compensation related activity, net of forfeitures	1	—	—	—	36	—	—	36
Purchases and retirement of common stock	—	—	—	—	(33)	—	—	(33)
Net proceeds from issuance of common stock	8	—	—	—	843	—	—	843
Other comprehensive income (loss)[(a)]	—	—	—	—	—	—	—	—
Common stock dividends/distributions	—	—	—	—	—	—	(439)	(439)
Preferred stock dividends	—	—	—	—	—	—	(28)	(28)
Net income (loss)	—	—	—	—	—	—	114	114
Balance, March 31, 2018	415	$ 4	2	$ —	$ 17,690	$ (4)	$ (4,858)	$ 12,832

(a) See the condensed statement of operations and other comprehensive income (loss) for the components of "other comprehensive income (loss)."

	Common Stock		6.875% Mandatory Convertible Preferred Stock			AOCI		
	Shares	($0.01 Par)	Shares	($0.01 Par)	Additional paid-in capital	Foreign Currency Translation Adjustments	Dividends/Distributions in Excess of Earnings	Total
Balance, January 1, 2017	361	$ 4	—	—	$ 10,938	$ (6)	$ (3,379)	$ 7,557
Stock-based compensation related activity, net of forfeitures	1	—	—	—	30	—	—	30
Purchases and retirement of common stock	(1)	—	—	—	(22)	—	—	(22)
Net proceeds from issuance of common stock	—	—	—	—	22	—	—	22
Other comprehensive income (loss)[(a)]	—	—	—	—	—	—	—	—
Common stock dividends/distributions	—	—	—	—	—	—	(343)	(343)
Net income (loss)	—	—	—	—	—	—	119	119
Balance, March 31, 2017	361	$ 4	—	$ —	$ 10,968	$ (6)	$ (3,603)	$ 7,363

(a) See the condensed statement of operations and other comprehensive income (loss) for the components of "other comprehensive income (loss)."

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited
(Tabular dollars in millions, except per share amounts)

1. General

The information contained in the following notes to the consolidated financial statements is condensed from that which would appear in the annual consolidated financial statements; accordingly, the consolidated financial statements included herein should be reviewed in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2017, and related notes thereto, included in the 2017 Form 10-K filed by Crown Castle International Corp. ("CCIC") with the SEC. Capitalized terms used but not defined in these notes to the condensed consolidated financial statements have the same meaning given to them in our 2017 Form 10-K. References to the "Company" include CCIC and its predecessor, as applicable, and their subsidiaries, unless otherwise indicated or the context indicates otherwise. As used herein, the term "including," and any variation thereof means "including without limitation." The use of the word "or" herein is not exclusive. Unless the context suggests otherwise, references to "U.S." are to the United States of America and Puerto Rico, collectively.

The Company owns, operates and leases shared communications infrastructure that is geographically dispersed throughout the U.S., including (1) towers and other structures, such as rooftops (collectively, "towers"), and (2) fiber primarily supporting small cell networks ("small cells") and fiber solutions. The Company's towers, fiber and small cells assets are collectively referred to herein as "communications infrastructure," and the Company's customers on its communications infrastructure are referred to herein as "tenants."

The Company's core business is providing access, including space or capacity, to its shared communications infrastructure via long-term contracts in various forms, including lease, license, sublease and service agreements (collectively, "contracts").

The Company's operating segments consist of (1) Towers and (2) Fiber. See note 11.

As part of the Company's effort to provide comprehensive communications infrastructure solutions, the Company offers certain network services relating to its communications infrastructure, consisting of (1) site development services primarily relating to existing or new tenant equipment installations on its towers and small cells, including: site acquisition, architectural and engineering, or zoning and permitting (collectively, "site development services") and (2) tenant equipment installation or subsequent augmentations (collectively, "installation services").

The Company operates as a REIT for U.S. federal income tax purposes. In addition, the Company has certain taxable REIT subsidiaries ("TRSs"). See note 7.

Approximately 53% of the Company's towers are leased or subleased or operated and managed under master leases, subleases, and other agreements with AT&T, Sprint, and T-Mobile. The Company has the option to purchase these towers at the end of their respective lease terms. The Company has no obligation to exercise such purchase options.

Basis of Presentation

The condensed consolidated financial statements included herein are unaudited; however, they include all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to state fairly the consolidated financial position of the Company at March 31, 2018, and the consolidated results of operations and the consolidated cash flows for the three months ended March 31, 2018 and 2017. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company has changed its presentation from thousands to millions and, as a result, any necessary rounding adjustments have been made to prior year disclosed amounts.

2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the Company's condensed consolidated financial statements are disclosed in the 2017 Form 10-K, other than as updated by certain recent accounting pronouncements described below.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)
(Tabular dollars in millions, except per share amounts)

Recently Adopted Accounting Pronouncements

In May 2014, the FASB released updated guidance regarding the recognition of revenue from contracts with customers not otherwise addressed by specific guidance (commonly referred to as "ASC 606" or "the revenue recognition standard"). The core principle of the guidance is that 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. To achieve that core principle, an entity should apply the following steps: (1) identify the contracts with the customer; (2) identify the performance obligations in the contract; (3) determine the contract price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. This guidance was effective for the Company on January 1, 2018. This guidance was required to be applied, at the Company's election, either (1) retrospectively to each prior reporting period presented or (2) under the modified retrospective method, with the cumulative effect being recognized at the date of initial application.

The Company has elected to adopt the revenue recognition standard under the modified retrospective method, and the Company's adoption of the revenue recognition standard did not result in any adjustment to the balance of dividends/distributions in excess of earnings as of January 1, 2018. Given the nature of the Company’s contracts with customers, the Company’s pattern of revenue recognition is not impacted by the adoption of the revenue recognition standard.

See note 4 for further discussion regarding the Company’s revenues.

In November 2016, the FASB issued new guidance which requires an entity's statement of cash flows to explain the change in restricted cash and restricted cash equivalents in addition to cash and cash equivalents. This new guidance also requires an entity that includes cash, cash equivalents, restricted cash and restricted cash equivalents on multiple lines on its balance sheet to present a reconciliation between its statement of cash flows and its balance sheet. The Company adopted this guidance retrospectively, on January 1, 2018, and the impact of the new guidance is limited to certain changes in presentation on the condensed consolidated statement of cash flows and certain disclosures. See note 12.

In January 2017, the FASB issued new guidance which clarifies the definition of a business in order to assist companies in evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The Company adopted the guidance on January 1, 2018, and the adoption of this guidance did not have a material impact on its condensed consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued new guidance on the recognition, measurement, presentation and disclosure of leases. The new guidance requires lessees to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments for all leases with a term greater than 12 months. The accounting for lessors remains largely unchanged from existing guidance. This guidance is effective for the Company as of January 1, 2019 and is required to be applied using a modified retrospective approach for all leases existing at, or entered into after, the beginning of the earliest comparative period presented. Although early adoption is permitted, the Company does not expect to early adopt the new guidance prior to January 1, 2019. With regard to the application of this guidance to the Towers segment, the Company expects that (1) its Towers lessee arrangements will continue to be classified as operating leases under the new guidance; (2) this guidance will have a material impact on its condensed consolidated balance sheet due to the addition of right-of-use assets and lease liabilities for all lessee arrangements with a term greater than 12 months; and (3) there will not be a material impact to its condensed consolidated statement of operations and condensed consolidated statement of cash flows. With regard to the application of this guidance to the Fiber segment, the Company (1) has established and is progressing through the various steps of a cross-functional project plan to assess the impact of the standard; (2) expects this guidance to have a material impact on its condensed consolidated balance sheet due to the addition of right-of-use assets and lease liabilities for all lessee arrangements with a term greater than 12 months; and (3) continues to assess additional impacts to its condensed consolidated financial statements, including the condensed consolidated statement of operations and the condensed consolidated statement of cash flows.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)
(Tabular dollars in millions, except per share amounts)

3. Acquisitions

Lightower Acquisition

On July 18, 2017, the Company announced that it had entered into a definitive agreement to acquire LTS Group Holdings LLC ("Lightower") from Berkshire Partners, Pamlico Capital and other investors for approximately $7.1 billion in cash, subject to certain limited adjustments ("Lightower Acquisition"). Lightower owned or had rights to approximately 32,000 route miles of fiber located primarily in top metro markets in the Northeast, including Boston, New York and Philadelphia. On November 1, 2017, the Company closed the Lightower Acquisition.

The preliminary purchase price allocation for the Lightower Acquisition is shown below and is based upon a preliminary valuation which is subject to change as the Company obtains additional information with respect to fixed assets, intangible assets and certain liabilities.

Preliminary Purchase Price Allocation	
Current assets	$105
Property and equipment	2,188
Goodwill[(a)]	3,168
Other intangible assets, net[(b)]	2,177
Other non-current assets	30
Current liabilities	(174)
Other non-current liabilities	(342)
Net assets acquired[(c)]	$7,152

(a) The preliminary purchase price allocation for the Lightower Acquisition resulted in the recognition of goodwill based on:

- the Company's expectation to leverage the Lightower fiber footprint to support new small cells and fiber solutions,
- the complementary nature of the Lightower fiber to the Company's existing fiber assets and its location where the Company expects to see wireless carrier network investments,
- the Company's belief that the acquired fiber assets are well-positioned to benefit from the continued growth trends in the demand for data, and
- other intangibles not qualified for separate recognition, including the assembled workforce.

(b) Predominantly comprised of site rental contracts and customer relationships.

(c) The vast majority of the assets will be included in the Company's REIT. As such, no deferred taxes were recorded in connection with the Lightower Acquisition.

4. Revenues

Site rental revenues

The Company generates site rental revenues from its core business by providing customers with access, including space or capacity, to its shared communications infrastructure via long-term contracts in various forms, including lease, license, sublease and service agreements. Providing such access over the length of the contract term represents the Company’s sole performance obligation under its contracts.

Site rental revenues from the Company’s contracts are recognized on a straight-line, monthly basis over the fixed, non-cancelable term of the relevant contract, which generally ranges from five to 15 years for wireless customers and three to 20 years related to the Company's fiber solutions (including from organizations with high-bandwidth and multi-location demands), regardless of whether the payments from the tenant are received in equal monthly amounts during the life of a contract. Certain of the Company's contracts contain fixed escalation clauses (such as fixed-dollar or fixed-percentage increases) or inflation-based escalation clauses (such as those tied to the consumer price index). If the payment terms call for fixed escalations, upfront payments, or rent-free periods, the revenue is recognized on a straight-line basis over the fixed, non-cancelable term of the agreement. When calculating straight-line rental revenues, the Company considers all fixed elements of tenant contractual escalation provisions. The Company's assets related to straight-line site rental revenues include current amounts of $100 million included in "other current assets" and non-current amounts of $1.3 billion included in "deferred site rental receivables" for the period ended March 31, 2018. Amounts billed or received prior to being earned are deferred and reflected in "deferred revenues" and "other long-term liabilities." Amounts to which the Company has an unconditional right to payment, which are related to both satisfied or partially satisfied performance obligations, are recorded within "receivables, net" on the Company's condensed consolidated balance sheet.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)
(Tabular dollars in millions, except per share amounts)

Network services and other revenues

As part of the Company's effort to provide comprehensive communications infrastructure solutions, the Company offers certain network services, primarily relating to its towers and small cells, predominately consisting of (1) site development services and (2) installation services.

Under network service agreements, the Company may have multiple performance obligations for site development services, which primarily include: structural analysis, zoning, permitting and construction drawings. Upon contract commencement, the Company assesses services to customers and identifies performance obligations for each promise to provide a distinct service. The volume and mix of site development services may vary among contracts, and may include a combination of some or all of the above performance obligations. For each of the above performance obligations, network services revenues are recognized at completion of the applicable performance obligation, which represents the point at which the Company believes it has transferred goods or services to the customer. The revenue recognized is based on an allocation of the transaction price among the performance obligations in a respective contract based on estimated standalone selling price. Payments generally are due within 45 days and generally do not contain variable-consideration provisions. Since performance obligations are typically satisfied prior to receiving payment from customers, the unconditional right to payment is recorded within "receivables, net" on the Company's condensed consolidated balance sheet. The Company has one performance obligation for installation services, which is satisfied at the time of the respective installation or augmentation. This single performance obligation is typically completed in advance of receipt of payment from customers, and therefore the unconditional right to payment is recorded within "receivables, net" on the Company's condensed consolidated balance sheet.

The vast majority of the Company's network services relates to the Company's Towers operating segment, and generally have a duration of one year or less.

Other

As of both January 1, 2018 and March 31, 2018, $2.1 billion of unrecognized revenue was reported in "deferred revenues" and "other non-current liabilities" on our condensed consolidated balance sheet. During the three months ended March 31, 2018, approximately $100 million of the January 1, 2018 unrecognized revenue balance was recognized as revenue.

The following table is a summary of the contracted amounts owed to the Company by customers pursuant to site rental contracts in effect as of March 31, 2018.

	Nine months ending December 31,	Years ending December 31,					
	2018	2019	2020	2021	2022	Thereafter	Total
Contracted amounts[(a)]	$ 3,007	$3,755	$3,476	$3,195	$2,956	$ 5,900	$22,289

(a) Excludes amounts related to network services, as those contracts generally have a duration of one year or less.

See note 11 for further information regarding the Company's operating segments.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)
(Tabular dollars in millions, except per share amounts)

5. Debt and Other Obligations