Click! Network is profitable for Tacoma Public Utilities

The Click! Network is a community asset making a $7.5 million profit last year. It has created positive revenue and at no expense to rate payers. This is shown in TPU Operational Summary reports from 2004 through 2014.

CCG Consulting reported in their 2010 report on page 66 that "Click" is unique as it is 'debt free'. Click is actually paying the rate payers.

Think about it this way -

If Click didn't exist how would the operational reports from TPU read?
That's a good question.

Click's $57 million profitable contribution to TPU from 2001 to 2014 would not exist.

Local jobs and salaries of more than $28 million would not exist since 2004. Not to mention the ISPs contributions to jobs and local economy.

Since 2004, over $100 million dollars in cost savings for both Click and Comcast customers due to competitive rates for would not have been spent in the community; it would not have been invested in our schools, roads, parks, and local businesses. The $100 million would have left the state permanently.

What is the annual savings for services for the last 14 years to the School District and inter-governmental agencies with the City's 134 iNet services connections? What would have been the annual cost burden to the school district and governmental agencies if Click hadn't happened?

Why isn't this discussed as part of the equation of Click's value?

In all of the TPU slide presentations and all of the CCG reports these significant income, savings, and community benefits are not mentioned.

In the TPU annual reports, since 1997 through 2014, it is clear that Click! Network has created revenue and jobs for Tacoma Public Power.

Tacoma City Council has the opportunity to lead the nation by example. We can set local and national standards for the state and the nation. We can provide universal internet access, starting with students in school and widening service to the entire Tacoma Power Service area.
As a public policy, this is to commit to future economic growth, local jobs, universal access, and competitive pricing with savings to all of us. It is a key for a bright future.

The City Council should support this valuable asset and not give it as a gift to a private company. Tell them to ignore the false "Enron Economics" and "Arthur Anderson Accounting" that mislead the community with inaccuracies.

Recommendations for Public Policy regarding Click!

First is to re-commit "to being the most wired city in the Nation".

Second is to define "high-speed internet as 20 mbps" as low end of acceptable and make that the minimum speed for universal access. The commitment should include having the highest average speed in the nation and becoming the first city with universal broadband access.

Third is to provide universal high speed broadband to all Tacoma Power Customers within the current infrastructure of Click starting with families that have students in school. The requirement for qualifying should be simple.

This involves working with the ISPs to implement this program. The qualifying criteria could simply be qualification for the school lunch program –

Do you have students in school? If Yes. . then. .

Do you have access to the internet at home? If the answer is yes to the first question and no to the second - they qualify.

Fourth Next year, 2016, the process can begin for high speed Gigabit service to all businesses connections by directing Tacoma Power to include in the 2016 budget an upgrade for their backbone next year with DOCSIS 3.1.

The goal for minimum speed by 2025 for the Click! Network should be 1 Gig for homes. This will lay the ground and make Tacoma fertile for economic growth.

TPUs consultant said that Tacoma Power can make Gig Internet available for somewhere between $2.5 and $3.4 million. [page 6 in July 17, 2015 report]. Tacoma Power can afford this. This should make national news – we can lead the nation.
Fifth commit to local jobs by allowing the ISPs to continue to providing service, also commit to stable local jobs and prevent Click! From outsourcing work piecemeal to migratory contractors instead of supporting and building upon the local institutional knowledge base of Click! Employees.

Stable jobs are necessary for economic growth. Click employees are neighbors and taxpayers committed to Click! Network and to Tacoma.

They are real people, not just numbers, and are a part of our community.

The community should know that Click! Network is profitable.

Contact your City Council Member and tell them Click! Network needs to remain in the community. Write them and call them. Join us at the next City Council Meeting, December 15th, 5:00PM and give your input. Let's have a community discussion!

Kit Burns  253.820.7392  kburns.wcb@gmail.com
## Detailed Residential Breakdown: All Elements

<table>
<thead>
<tr>
<th>Type</th>
<th>Residential Pure COSA</th>
<th>Residential 2020 Rate</th>
<th>Actual vs. COSA</th>
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<td>Production Energy</td>
<td>$0.032893</td>
<td>$0.073750 per kWh</td>
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<tr>
<td>Production Capacity</td>
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<td>$0.045351 + $0.035353 per kWh</td>
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<td>Distribution Capacity</td>
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<td>Minimum System</td>
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<td>Meters &amp; Services</td>
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<td>Customer Account &amp; Billing</td>
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<td>Click! Underrecovery</td>
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</table>

Data from 2019/2020 Cost-of-Service Analysis.

94,707 Residential Customers

$232,180 Month x 12 = 2,800,000 Yr

$72,00
## Operational Summary

### City of Tacoma, Washington

**Department of Public Utilities**

**Click! Network**

### December 2018 - December 2014

<table>
<thead>
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<td>CATV</td>
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<td><strong>Total Revenue</strong></td>
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### Telecommunications Expense - Commercial Administration & Sales Expense

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<td>Salaries &amp; Wages Expense</td>
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<td>11,900,808</td>
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<td>631,365</td>
<td>617,102</td>
<td>674,018</td>
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<td>8,333</td>
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<td>Capitalized A&amp;G Expense</td>
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<td>(697,429)</td>
<td>(420,253)</td>
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<td><strong>Total Administration &amp; Sales</strong></td>
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### Operations & Maintenance Expense

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<td>Contract Services</td>
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<td>IS &amp; Intergovernmental Services</td>
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<td>Fleet Services</td>
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<td><strong>Total Operations &amp; Maintenance</strong></td>
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<td>2,852,302</td>
<td>3,085,760</td>
<td>3,070,225</td>
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### Total Telecommunications Expense

19,631,153

### EBITDA

$52,440,221

### Depreciation

$50,166,702

(not a charged 'expense')
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<th>DECEMBER 2007</th>
<th>DECEMBER 2006</th>
<th>DECEMBER 2005</th>
<th>DECEMBER 2004</th>
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<tr>
<td>CATV</td>
<td>$13,307,199</td>
<td>$12,384,419</td>
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<tr>
<td>Broadband</td>
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<td>897,353</td>
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<td>ISP</td>
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<td>3,105,632</td>
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<td>Intercorporate</td>
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<td>168,156</td>
<td>220,140</td>
<td>149,800</td>
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<td>Miscellaneous</td>
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<td>887,042</td>
<td>642,955</td>
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<td><strong>Total Revenue</strong></td>
<td><strong>20,087,680</strong></td>
<td><strong>17,962,135</strong></td>
<td><strong>16,368,333</strong></td>
<td><strong>14,513,793</strong></td>
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<td>Salaries &amp; Wages Expense</td>
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<td>General</td>
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<td>456,249</td>
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<td>Contract Services</td>
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<td>IS &amp; Intergovernmental Services</td>
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<td>Fleet Services</td>
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<td>Capitalized A&amp;G Expense</td>
<td>(117,662)</td>
<td>(359,970)</td>
<td>(305,320)</td>
<td>(419,789)</td>
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<td><strong>Total Administration &amp; Sales</strong></td>
<td><strong>14,453,292</strong></td>
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<td>Salaries &amp; Wages Expense</td>
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<td>IS &amp; Intergovernmental Services</td>
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<td>Fleet Services</td>
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<td>104,728</td>
<td>112,011</td>
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<td>New Connect Capital</td>
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<td>(582,017)</td>
<td>(372,641)</td>
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<td><strong>Total Operations &amp; Maintenance</strong></td>
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<td><strong>1,555,386</strong></td>
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**Total Telecommunications Expense**

**Net Revenues Before Taxes and Depreciation**

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<tr>
<th>DECEMBER 2007</th>
<th>DECEMBER 2006</th>
<th>DECEMBER 2005</th>
<th>DECEMBER 2004</th>
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<td>3,362,242</td>
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**EBITDA**

**Taxes**

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<th>DECEMBER 2005</th>
<th>DECEMBER 2004</th>
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<td>2,680,519</td>
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**Depreciation and Amortization**

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<td>3,403,439</td>
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**Total Taxes & Depreciation**

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<td>6,083,958</td>
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**Net Revenues (Expenses)**

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<th>DECEMBER 2005</th>
<th>DECEMBER 2004</th>
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<td>($2,721,716)</td>
<td>($2,878,833)</td>
<td>($3,487,026)</td>
<td>($2,862,993)</td>
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ORDINANCE NO. 28650

AN ORDINANCE relating to cable television, granting a non-exclusive 20-year franchise agreement to Rainier Connect North LLC, a Washington limited liability company, to construct, operate, maintain and provide cable television services in the City of Tacoma, setting forth provisions, terms, and conditions of the grant of franchise; specifically making such grant subject to the Tacoma Municipal Code, as well as the Tacoma City Charter; providing for City regulation of the system and services; and prescribing remedies for violation of franchise provisions in addition to those specified pursuant to the Tacoma Municipal Code and the Tacoma City Charter.

WHEREAS, pursuant to Subtitle 16A of the Tacoma Municipal Code ("TMC") and in accordance with Section 546 of the Cable Communications Policy Act of 1984, as amended, (Pub. L. No. 98-549, 98 Stat. 2779 (codified at 47 U.S.C. § 521 et seq., hereinafter "Cable Act"), Rainier Connect North LLC, a Washington limited liability company ("Franchisee"), seeks a Franchise in the City, and

WHEREAS the City is authorized to grant one or more nonexclusive cable franchises pursuant to Subtitle 16A and applicable state and federal law, and

WHEREAS the City intends to exercise the full scope of its municipal powers to the extent not prohibited by state and federal law, including both its police power and contracting authority, to promote the public interest and to protect the health, safety and welfare of the citizens of the City, and

WHEREAS the City has identified the future cable-related needs and interests of the City and its community; has considered the financial, technical, and legal qualifications of Franchisee; and has determined that Franchisee's plans for its Cable System are adequate, in a full public proceeding affording due process to all Parties, and
WHEREAS the City has found Franchisee to be financially, technically, and legally qualified to operate the Cable System, and

WHEREAS the City has determined that the grant of a nonexclusive franchise to Franchisee is consistent with the public interest, and

WHEREAS the City and Franchisee have reached agreement on the terms and conditions set forth herein and the Parties have agreed to be bound by those terms and conditions, and

WHEREAS, in consideration of this request for a Franchise, Franchisee hereby agrees to comply with the provisions of this Franchise and Subtitle 16A of the Tacoma Municipal Code, and

WHEREAS the City Council has determined to grant such a franchise to Rainier Connect North LLC upon those certain terms and conditions which the City Council deems necessary as set forth herein, and

WHEREAS this City of Tacoma Telecommunications Franchise Ordinance contains the following sections:

Section 1. Definitions.

1.1 Access, EG Access, or EG Use ................................................................. 6
1.2 Access Channel ................................................................................. 6
1.3 Access Facilities .................................................................................. 7
1.4 Applicable Law ..................................................................................... 7
1.5 Basic Service ......................................................................................... 7
1.6 Cable Act ............................................................................................... 7
1.7 Cable Service ......................................................................................... 7
1.8 Cable System .......................................................................................... 7
1.9 Channel .................................................................................................. 8
1.10 City ....................................................................................................... 8
1.11 Code ..................................................................................................... 8
1.12 Commercial Use .................................................................................... 9
1.13 Day ....................................................................................................... 9
1.14 Designated Access Providers or DAP ................................................. 9
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<tr>
<th>Section</th>
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<td>Downstream</td>
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<td>1.16</td>
<td>Effective Date</td>
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<td>1.17</td>
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<td>1.23</td>
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<td>1.27</td>
<td>Pay Service or Premium Service</td>
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<td>Right-of-Way or Rights-of-Way</td>
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<td>13</td>
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<tr>
<td>1.37</td>
<td>Video Services</td>
<td>13</td>
</tr>
</tbody>
</table>

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Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. Definitions. For the purposes of this Franchise, the following terms, phrases, words, and their derivations shall have the meaning given herein where capitalized; words not defined herein which are defined in Subtitle 16A shall have the same meaning or be interpreted as provided in Subtitle 16A and if not defined there, shall be construed consistent with the Cable Act and if not defined there, shall have their ordinary and common meaning. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, words in the singular number include the
OUR MISSION
Tacoma Public Utilities provides services that are vital to our quality of life.
Power • Water • Rail • Click!

NOTEWORTHY
• TPU volunteer program wins first employer-based Governor's Volunteer Service Award

REVENUE & BUDGET
2017 operating revenue
• $571.7 MILLION

2017-2018 budget
• $1.2 BILLION

LEADERSHIP
We are governed by a five-member utility board, the members of which appoint the Director of Utilities. Board members serve five-year terms.

BOARD
Woodrow Jones, chair | Karen Larkin, vice-chair
Bryan Flint, secretary | Mark Patterson | Christine Cooley

MANAGEMENT
Jackie Flowers • Director of Utilities / CEO
Chris Robinson • Tacoma Power Superintendent
Scott Dewhirst • Tacoma Water Superintendent
Dale King • Tacoma Rail Superintendent
Steve Hatcher • Customer Services Manager
Jim Sant • Deputy Director for Administration

SERVING OUR COMMUNITY
TPU HELPED 3,781 HOUSEHOLDS PAY THEIR UTILITY BILLS WITH $351,523 IN ASSISTANCE

In addition, TPU gave qualifying seniors and adults receiving disability benefits more than $2.16 million in discounted utility bills.

COMMUNITY CONNECTION
EMPLOYEES VOLUNTEERED 2,280 HOURS WITH LOCAL NONPROFIT ORGANIZATIONS AND GAVE MORE THAN $336,091 IN CASH, PRODUCTS, AND VOLUNTEER TIME

Information based on 2017 data.
Click! Network, part of Tacoma Power, is one of the largest municipally owned telecommunications systems in the country. Launched in 1998, Click! brought Tacoma and the surrounding area competition in the cable television market.

**SERVICE AREA**

1,485 MILES OF FIBER-OPTIC & COAXIAL CABLE

About the distance from Tacoma to Pueblo, CO

**CUSTOMERS**

CABLE TV

16,010

HIGH-SPEED INTERNET

22,613

**CABLE CHANNELS**

233 VIDEO

143 HIGH DEFINITION

64 AUDIO

**INTERNET SERVICE PROVIDERS**

2 HIGH-SPEED INTERNET

- Rainier Connect
- Advanced Stream

CLICK! NETWORK TACOMA PUBLIC UTILITIES
<table>
<thead>
<tr>
<th>CURRENT QUARTER</th>
<th>BIENNIAL TO DATE</th>
<th>BIENNIUM</th>
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<tr>
<td>BUDGET</td>
<td>ACTUAL</td>
<td>FAVORABLE / UNFAVORABLE</td>
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<tr>
<td>REVENUE LESS EXPENDITURES</td>
<td>$(3,354,878)</td>
<td>$23,716,499</td>
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<tr>
<td><strong>SALES OF ELECTRICAL ENERGY</strong></td>
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<tr>
<td>RETAIL SALES</td>
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<tr>
<td>RESIDENTIAL</td>
<td>$42,299,308</td>
<td>$41,265,522</td>
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<tr>
<td>PRIVATE OFF-STREET LIGHTING</td>
<td>348,681</td>
<td>333,336</td>
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<tr>
<td>SMALL GENERAL SERVICE</td>
<td>7,264,757</td>
<td>6,883,210</td>
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<td>GENERAL POWER</td>
<td>27,458,847</td>
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<td>HIGH VOLTAGE GENERAL POWER</td>
<td>4,947,932</td>
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<td>CONTRACT INDUSTRIAL POWER - FIRM</td>
<td>5,955,836</td>
<td>6,078,402</td>
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<td>STREET LIGHTING &amp; TRAFFIC SIGNALS</td>
<td>374,020</td>
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<td>ACCRUED UNBILLED REVENUE</td>
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<td>29,347,470</td>
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<td>88,648,361</td>
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<td>RENTAL OF ELECTRIC PROPERTY</td>
<td>356,666</td>
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<td>SERVICE FEES</td>
<td>615,690</td>
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<td>WHEELING REVENUE</td>
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<td>CAMPGROUND FEES</td>
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<td>415,519</td>
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<td>MISCELLANEOUS REVENUES</td>
<td>653,728</td>
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<td>TOTAL OTHER OPERATING REVENUES</td>
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<td>TOTAL OPERATING REVENUES</td>
<td>109,938,538</td>
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<td>NON-OPERATING REVENUES</td>
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<td>INTEREST</td>
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<td>917,500</td>
<td>988,660</td>
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<td>OTHER</td>
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<td>412,292</td>
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<td>TOTAL NON-OPERATING REVENUES</td>
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<td>TOTAL REVENUES</td>
<td>111,539,078</td>
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<td>OTHER AVAILABLE FUNDS</td>
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<td>APPROPRIATION FROM FUND BALANCE</td>
<td>3,031,469</td>
<td>-</td>
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<td>TOTAL REVENUES AND AVAILABLE FUNDS</td>
<td>$114,570,546</td>
<td>$108,931,161</td>
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**SET BUDGET HIGH TO GIVE THE ILLUSION OF UNFAVORABLE RESULTS.**
<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<th>TOTALS</th>
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<td>Licensing</td>
<td>$2,388.50</td>
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<td>Set Up</td>
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<td>$65,000.00</td>
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<td>Annual Maint.</td>
<td>$50,000.00</td>
<td>$50,000.00</td>
<td>$50,000.00</td>
<td>$52,500.00</td>
<td>$202,500.00</td>
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<td>Hardware</td>
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<td>$252,197.77</td>
<td>$52,500.00</td>
<td>$900,280.17</td>
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<tr>
<td>Marketing Collateral</td>
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<td>$900.00</td>
<td>$900.00</td>
<td>$900.00</td>
<td>$900.00</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>$765,458.90</td>
<td>$329,062.50</td>
<td>$92,470.20</td>
<td>$72,569.48</td>
<td>$1,259,561.08</td>
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<tr>
<td>Income</td>
<td>$(4,321.11)</td>
<td>$(147,661.27)</td>
<td>$(286,443.67)</td>
<td>$(139,861.22)</td>
<td>$(578,287.27)</td>
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<tr>
<td><strong>NET</strong></td>
<td>$761,137.79</td>
<td>$181,401.23</td>
<td>$(193,973.47)</td>
<td>$(67,291.74)</td>
<td>$681,273.81</td>
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</tbody>
</table>
DATE: January 14, 2016
TO: Board of Contracts and Awards
SUBJECT: Waiver of Competitive Solicitation Request – Not Practicable to Bid
Tivo cable boxes, remote, Implementation and monthly services
Budgeted from Tacoma Power - Clickl (4700-TELE)

RECOMMENDATION: Tacoma Power, Clickl Network requests a waiver of competitive procurement procedures and recommends that a contract be awarded to National Cable Television Cooperative, Inc. (NCTC), Lenexa, KS, for costs associated with Implementation of TiVo hardware and services, in the amount of $2,650,000, plus sales tax.

BACKGROUND: Clickl has the opportunity to take advantage of nationally negotiated prices on the TiVo product. This product will provide our customers with a multi-room DVR (Digital Video Recording), an enhanced user interface which is comparable with the Xfinity X1 platform, access to the top programming with an integrated solution and state of the art equipment. Our national cooperative has negotiated extremely favorable terms for a five year agreement. The agreement includes customer equipment (cable boxes and remotes), licensing of the TiVo product and platform, user support, training and implementation. The revenue generated from this purchase is estimated at $3,125,000 with a payback of 18% over the life of the contract.

JUSTIFICATION FOR WAIVER: Waiver of competitive bidding requested due to being not practicable to bid as a special market condition exists. Clickl staff conducted a Request for Proposal process in 2014. The costs savings for this agreement are so significant that they cannot possibly be matched through individual purchase from the same vendor. This agreement requires that all services and purchases go through the NCTC for maximum savings to us and other members. The more members who participate, the lower the costs. Already, there has been enough member commitment that the implementation fees have been reduced by about 40% from the original quote. We anticipate more savings through the duration of the contract due to volume discounts. We have, however, priced the contract based on the original proposal and do not anticipate exceeding the contract amount over the five year period. In order to launch the NCTC version of the TiVo product, we need to have cable boxes with a specific software configuration. This configuration will only be available from the NCTC as they are having the boxes specifically manufactured for this product.

CONTRACT HISTORY: We have an existing contract with the NCTC for programming services and equipment. We use this contract to purchase, at volume discounts, the majority of the video programming available to our customers. This membership participation agreement allows us to purchase TiVo cable boxes and services.

FUNDING: Funds for this are available in the Power - Clickl (4700-TELE).

SBE/LEAP COMPLIANCE: Not applicable.

PROJECT ENGINEER/COORDINATOR: Ken Ostrus, 502-8775.
Tenzin Gyaltsen
Section Manager, Clickl Network

cc: Chuck Blankenship, Senior Buyer, Finance/Purchasing
Date: January 14, 2016

To: Patsy Best, Procurement and Payables Division Manager

From: Tenzin Gyaltse
Click! Network, Tacoma Power

Subject: Waiver of Competitive Solicitation Request – Not Practicable to Bid

Please forward for Board of Contracts and Awards review and recommendation.

RECOMMENDATION: In accordance with TMC 1.06.257.B. (Not Practicable), Click! Network, Tacoma Power requests a waiver of the competitive solicitation process and recommends award of a contract to National Cable Television Cooperative, Inc. (NCTC), Lenexa, KS, in the amount of $2,650,000, plus sales tax, for TiVo hardware and services.

BACKGROUND: Click! has the opportunity to take advantage of nationally negotiated prices on the TiVo product. This product will provide our customers with a multi-room DVR (Digital Video Recording), an enhanced user interface which is comparable with the Xfinity X1 platform, access to over the top programming with an integrated solution and state of the art equipment. Our national cooperative has negotiated extremely favorable terms for a five year agreement. The agreement includes customer equipment (cable boxes and remotes), licensing of the TiVo product and platform, user support, training and implementation. The revenue generated from this purchase is estimated at $3,125,000 with a payback of 18% over the life of the contract.

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FUNDING: Funds for this purchase are available in the Power - Click (4700-TELE).

PROJECT COORDINATOR: Ken Ostrus, Click! Network, Tacoma Power X8775

CONCUR AS TO IMPRACTICABLE TO BID:

Tenzin Gyaltsen, Section Manager

Date: 1/14/2016

William A. Gaines, Director of Utilities/CEO

Date: 2/17/16

cc: Chuck Blankenship, Senior Buyer, Finance/Purchasing
TiVo Deployment Quick Facts Sheet

What is TiVo

It is an advanced multi-room DVR with an enhanced user interface, comparable to Xfinity's X1 platform. It is a subscription service that operates on proprietary equipment and software.

It gives the customer a single point of access to all their video content. It allows the user to search across linear content, Video on Demand, previously recorded content or content from the Internet.

It gives the customer access from within the platform to Internet video sources such as Hulu, and in the near future Netflix and Amazon Prime.

It gives customer the ability to record up to 6 different programs at a time.

It consists of a primary box that is installed next to the source of internet in the home and smaller boxes for viewing in additional rooms.

How this is different from TiVo from the store

When Click! purchases the equipment, receives a discount on the subscription and resells it to the customer with a profit margin for Click!, the customer doesn’t have to pay the cost of the box upfront, the monthly subscription fee is included in their cable bill and they have us to help them if anything goes wrong.

Why are we deploying it

The benefit to Click! is providing access to other video content from within a Click! service platform to help prevent customer defection to internet options or Xfinity.

The benefit to customers is greater choice of state of the art video technology more comparable to our competitor’s X1 technology, ability to record more programs at the same time, and enhanced ability to search for and access content.

How will the service be implemented

This is a five year agreement with the NCTC. The contract is for services, equipment and implementation. The cost of implementation is based on how many members sign up. Originally it was to be $115,000. It has already decreased to $65,000 due to additional members opting to participate and launch the service.

Boxes will be purchased from the NCTC and shipped to Click!. The cost of the service is targeted at $19.95 for the first box and $5-7 for the second room service and beyond. The retail price will be within the established range for video equipment contained in Section 12.13 TMC.

TiVo will be featured in new customer acquisition and existing customer upgrade campaigns. It will be advertised using direct mail, digital media, social media, CSR mentions, and Click! website. Some marketing materials will be supplied by TiVo.
Timing of Deployment

We have the opportunity to be one of the early entrants into this master agreement which will give us the benefit of an additional six months (18 total months in first period) to achieve the initial penetration benchmark of 3% of video subscribers. We must participate by February 15, 2016 to be in the early entrant group.

The integration and deployment process is anticipated to begin in April, and commercial deployment is anticipated in July 2016.

If we are unable to participate at this time, we will likely have to wait for previous entrants to be deployed, which will extend the time period by as much as a year or more before this product can be brought to our customers.

Financial Metrics

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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Count (Total Cable):</td>
<td>17,643</td>
<td>16,814</td>
<td>16,025</td>
<td>15,272</td>
<td>14,555</td>
<td>13,871</td>
<td></td>
</tr>
<tr>
<td>Customer Count:</td>
<td>295</td>
<td>1,258</td>
<td>2,285</td>
<td>2,879</td>
<td>2,921</td>
<td>2,909</td>
<td></td>
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<tr>
<td>Customer Count Secondary:</td>
<td>177</td>
<td>755</td>
<td>1,371</td>
<td>1,727</td>
<td>1,753</td>
<td>1,745</td>
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<tr>
<td>Service Penetration Primary:</td>
<td>1.67%</td>
<td>7.48%</td>
<td>14.26%</td>
<td>18.85%</td>
<td>20.07%</td>
<td>20.97%</td>
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<tr>
<td>Rate Per Primary:</td>
<td>$19.95</td>
<td>$19.95</td>
<td>$19.95</td>
<td>$19.95</td>
<td>$19.95</td>
<td>$19.95</td>
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<tr>
<td>Rate Per Secondary:</td>
<td>$5.00</td>
<td>$5.00</td>
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<td>$5.00</td>
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<td>Total Revenue:</td>
<td>$24,820</td>
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<td>$806,855</td>
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<td>$413,459</td>
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<td>$131,336</td>
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<td>License Fees/Support:</td>
<td>$68,426</td>
<td>$102,600</td>
<td>$152,440</td>
<td>$197,415</td>
<td>$217,978</td>
<td>$147,645</td>
<td>$886,504</td>
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</table>

SEE VIDEO...
FROM MTO!
Happy New Year!

When we met with Laura Fox and David Nelson last month one of the questions raised related to the dollar value of pole attachments and which utility recorded them. It took a little time to gather but we have that information. The total capitalized cost for Fiber and Coax attachments is $69 million (current book value $32 million) and was included in Click! So of Click’s total asset cost of $202 million, $69 million or 34% is comprised of pole attachments. You probably don’t need the attached detail asset listing but I’ve included it just in case.

Please let me know if you need anything else.

Thanks!

Scott
AG FERGUSON: CENTURYLINK WILL PAY $6.1 MILLION OVER HIDDEN FEES AFFECTING 650,000 WASHINGTONIANS

FOR IMMEDIATE RELEASE:
Dec 10 2019
AG Ferguson launches "Honest Fees Initiative," asks Washingtonians to help him uncover hidden fees

OLYMPIA — Attorney General Bob Ferguson announced today the first major action of his office’s Honest Fees Initiative. Global technology company CenturyLink will pay $6.1 million to the State of Washington according to a court order to resolve the Attorney General’s lawsuit regarding a range of unfair and deceptive conduct. CenturyLink added additional charges to customer bills without accurately disclosing those fees, impacting 650,000 Washingtonians. CenturyLink also failed to provide discounts that their sales agents had promised to about 16,000 Washingtonians.

Nearly $900,000 of the money has been or will be directly refunded to Washington consumers to make up for discounts they were promised, but did not receive. Ferguson will set aside the remainder until a nationwide class action lawsuit filed in U.S. District Court for the District of Minnesota resolves. If the approximately 650,000 eligible Washingtonians receive less than full restitution through the class action, the remainder of the $6.1 million will be provided with the goal of making impacted Washingtonians whole. If the class action lawsuit makes affected Washingtonians whole, Ferguson will invest the recovery into his office to continue combating dishonest fees that harm Washingtonians.

Today’s order, filed in King County Superior Court, is part of Attorney General Ferguson’s Honest Fees Initiative, which works to ensure that companies adequately disclose all fees and charges to Washington consumers, and that those fees are lawful. Ferguson asks Washingtonians who believe they have received bills that include undisclosed fees to file a complaint with his office.
“CenturyLink deceived consumers by telling them they would pay one price, and then charging them more,” Ferguson said. “Companies must clearly disclose all added fees and charges to Washingtonians. If you believe that a company has charged dishonest fees, please contact my office.”

A screenshot from CenturyLink’s sales webpage in 2017, which does not disclose all the fees the customer will pay on their bill.

The Attorney General’s Office began its investigation into CenturyLink in 2016, after receiving complaints from consumers that their actual bills were more than the advertised price, or the price that they were promised by sales representatives.

There were three main fees CenturyLink did not disclose: a broadcast fee of $2.49 per month, a sports fee of $2.49 per month, and CenturyLink’s “Internet Cost Recovery Fee, ranging from $0.99 to $1.99 per month.
CenturyLink charged its Internet Cost Recovery Fee to 650,000 Washingtonians. Of those, another 60,000 were also charged the broadcast and sports fees. These fees alone added up to $7 per month to a television subscriber’s bill — $84 per year.

The investigation found that CenturyLink did not adequately disclose additional taxes and fees for its cable, internet and telephone services.
One Seattle customer was assured by a sales representative that only state and local taxes would be added to their bill, no additional fees. “She was quite clear about this. I remember because I thought it was great,” the customer recounted to the Attorney General’s Office. “Then I got my CenturyLink bill and there were more non-tax fees than there were on my (previous internet provider) bill.”

CenturyLink sales agents would offer “closer discounts” ranging from $5 to $10 per month, with an average yearly discount of $55. However, between 2013 and 2016, about 16,000 Washingtonians never received the discount they were promised. As part of today’s resolution, CenturyLink has or will refund a total of $887,530 to those consumers directly. The refunds must be completed by March 31, 2020.

In addition to the refunds and paying the remaining $5.2 million to Washington, CenturyLink is required to:

- Disclose the actual price of its services, including charges and fees, in sales materials
- Disclose the actual price of its services, including charges and fees, in its advertising
- Provide an order confirmation with a complete bill summary within three days after consumers order services from CenturyLink
- Honor any and all incentives and discounts promised to consumers
- Stop charging its Internet Cost Recovery Fee

CenturyLink is also required to submit compliance reports to the Attorney General’s Office over the next three years, and must retain all sales call recordings and correspondence related to the sales for two years.

Assistant Attorneys General Dan Davies and Seann Colgan handled the case for Washington.

-30-

The Office of the Attorney General is the chief legal office for the state of Washington with attorneys and staff in 27 divisions across the state providing legal services to roughly 200 state agencies, boards and commissions. Visit www.atg.wa.gov to learn more.


Contacts:

Brionna Aho, Communications Director, (360) 753-2727; Brionna.aho@atg.wa.gov
AG FERGUSON: JUDGE FINDS COMCAST VIOLATED THE CONSUMER PROTECTION ACT NEARLY HALF A MILLION TIMES

FOR IMMEDIATE RELEASE:
Jun 6 2019

Represents the largest trial award in a consumer protection case ever brought by the Washington State Attorney General

OLYMPIA — A King County Superior Court judge today ruled that multi-billion dollar telecommunications conglomerate Comcast violated the Consumer Protection Act more than 445,000 times when it charged tens of thousands of Washingtonians for its Service Protection Plan without their consent. Judge Timothy Bradshaw ordered Comcast to pay nearly $9.1 million in penalties, in addition to providing restitution to tens of thousands of Washington Service Protection Plan customers.

“Comcast refused to accept responsibility for its egregious conduct that resulted in Washingtonians losing money every month for a product they did not want or request,” Ferguson said. “Instead of making things right for Washingtonians, Comcast sent an army of corporate lawyers into court to try to avoid accountability. My legal team demonstrated that we’re capable of meeting the world’s largest corporations in court – and winning. Part of my job is keeping giant corporations honest. Big or small, every business must play by the rules.”

The nearly $9.1 million penalty represents the highest trial award in a state Consumer Protection case, even before including restitution.

While the Consumer Protection Division has recovered larger awards from multistate settlements and pre-trial judgments, a smaller number of cases are decided after a full trial. Previous to today’s judgment against Comcast, the largest consumer protection award to the state as a result of a trial is $4.3 million, that was awarded to the state after a 2016 trial in Ferguson’s case against Living Essentials and Innovation Ventures over the company’s misrepresentations about 5-hour Energy.

The court found that Comcast added the SPP to the accounts of 30,946 Washingtonians without their knowledge, and did not tell an additional 18,660 Washingtonians the true cost of the plan. The court ordered Comcast to refund affected consumers, and pay 12 percent interest on the restitution. The amount of restitution is unknown at this time, but is expected to be significant. The court ordered Comcast to issue the refunds within 60 days and report to the state on the specific details and amounts.

“Despite Comcast’s systemic guidelines and policies, the practice of subscribing (Washington) customers without meaningful consent was widespread,” Judge Bradshaw wrote in his ruling.
Customer call recordings and internal documents show that not only were Comcast agents adding the Service Protection Plan (SPP) to accounts without customer consent, the company knew its agents were doing it. Although it knew about the practice, known as “slamming,” Comcast made no changes to subscription practices until mid-2017, after Ferguson filed his lawsuit against the cable and internet giant.

Evidence also shows that when agents did tell customers about the SPP, they often misrepresented the cost of the plan.

Between 2011 and mid-2016, Comcast took in more than $85 million in gross revenue from Washington alone in monthly charges for the SPP.

Ferguson originally filed his lawsuit against Comcast in King County Superior Court in August of 2016.

In December of 2017, Ferguson amended his lawsuit to include new evidence revealing even more deceptive conduct than previously alleged.

At trial, members of the Attorney General’s Consumer Protection Division detailed Comcast’s illegal practices, and presented call recordings and internal communications that showed Comcast knew deceptive practices were occurring.

Adding the Service Protection Plan without consent

Judge Bradshaw agreed with Ferguson asserted that Comcast subscribed thousands of Washington consumers to the SPP without their consent.

Comcast was forced to provide more than 1,400 customer call recordings to the Attorney General’s Office. In at least 34 percent of customer accounts connected to the calls, Comcast added the SPP without their consent, sometimes after the customer had actively declined the plan.

In his ruling, Judge Bradshaw found that “34.4% of SPP telephone enrollees in Washington between July 1, 2014, and June 30, 2016, were enrolled without consent.”

Internal documents also show Comcast knew its call agents were slamming customers, and employees testified that they received customer complaints about the practice and reported them to the company.

One testified that he received so many complaints about the SPP being added without consent that he eventually stopped notifying management.

Misrepresenting the SPP’s cost

Call recordings and internal documents also confirm that, when customers did consent, Comcast agents often either failed to disclose or misrepresented the recurring monthly cost of the SPP.

For more than 20 percent of the customers in the call data, Comcast agents failed to disclose the SPP’s recurring charges. Most were told they were receiving the SPP for free, or free for a month.
Shortly before Ferguson filed his lawsuit, Comcast increased the monthly price of the SPP from $4.99 to $5.99. Comcast stopped selling the Service Protection Plan to new customers in May of 2018, before Ferguson’s lawsuit went to trial.

**CPA Violations**

In his ruling, Judge Bradshaw found the following number of violations of the CPA for these practices:

- 240,588 violations for signing up SPP customers without their consent
- 205,260 violations for failing to disclose or misrepresenting the recurring cost of the SPP

Assistant Attorneys General Daniel Davies, Seann Colgan, Beth Howe and Matthew Geyman, and Senior Counsel Peter Helmberger handled the case for Washington.

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Scratch the theory that cord cutting might be decelerating.

Cable and satellite TV providers lost about 1.1 million subscribers during the July to September period, the largest quarterly loss ever – and the first time the industry lost more than 1 million subscribers in a quarter, according to media and telecommunications research firm MoffettNathanson.

After Dish Network reported its third-quarter earnings Wednesday, the New York-headquartered research firm tallied up the publicly reported subscriber losses to arrive at the finding.

Dish lost 341,000 subscribers in the third quarter, compared to adding 16,000 in the same period a year ago. Overall, Dish lost 367,000 satellite subscribers but added 26,000 Sling TV subscribers, the company said.

Rich Greenfield, a media and technology analyst with financial services firm BTIG in New York, arrived at a similar conclusion and called it "the third-worst quarter in industry history and worst since Q2 2016."
Q3 2018 #goodluckbundle

1st time legacy cable/satellite companies lost >1 million subscribers in a single quarter based on company reports

adding in vMVPDs, sub losses were ~500K, the third worst quarter in industry history and worst since Q2 2016
That continues a worsening trend line for satellite TV providers. Two weeks ago, AT&T said DirecTV lost a net 297,000 subscribers during the quarter – 359,600 satellite subscribers departed, while it added 49,000 new subscribers to its streaming TV service DirecTV Now. Overall, AT&T has 25.15 million pay-TV customers; DirecTV, 19.6 million; U-Verse, 3.7 million; and DirecTV Now, 1.86 million.

Looking just at satellite TV departures, the industry lost 726,000 subscribers during the period. Telecom TV services, which includes AT&T's U-Verse and Verizon FiOS, lost 104,000 customers combined.

Cable TV providers lost about 293,000 for the quarter, but its trends "are getting marginally better," MoffettNathanson suggests, as the industry lost 322,000 in the same period a year ago.

While Comcast lost the most video subscribers (106,000), it also added 363,000 broadband subscribers.

Slowing growth for DirecTV Now and Sling TV could suggest "price sensitivity" of broadband-delivered TV services may be "turning out to be greater than expected," after several of the services increased prices, the analysts said.

MoffettNathanson did not list firm numbers for services such as fuboTV, but said there were "anecdotal reports of strong growth of smaller players" that could suggest a "shift in leadership" in broadband-delivered services. FuboTV last month said its subscriber base had doubled from a year ago to 250,000. The Motley Fool has estimated YouTube TV has more than 800,000 subscribers and PlayStation Vue, more than 500,000. Hulu two months ago said it surpassed 1 million subscribers.

Overall, about 78 percent of U.S. TV households subscribe to some form of pay-TV service, down from 86 percent in 2013, according to Leichtman Research Group.

During the April to June period, the top pay-TV providers lost about 415,000 subscribers, the fewest net losses in four years in what is traditionally a weak quarter, the firm said.

Some pointed to that as a sign that cord cutting was slowing. Not so, MoffettNathanson says. An increase in new households – many of which will show up as new pay-TV subscribers – hid defections of longtime customers, the analysts say.

With new homes running "a full 249K households per quarter faster than a year ago," you should expect to see "about 200K more subscribers per quarter, on average" than a year ago.

Since that is not the case, the verdict is: "Cord cutting does not appear to be slowing at all," they said.
Cable and satellite TV providers lost about 1.1 million subscribers during the July to September period, the largest quarterly loss ever — and the first time the industry lost more than 1 million subscribers in a quarter, according to media and telecommunications research firm MoffettNathanson. Nov 7, 2018
Washington will create a statewide broadband office to expand internet access

BY MONICA NICKELSBUG on May 14, 2019 at 9:58 am

Washington will soon have a dedicated broadband office tasked with expanding internet access to underserved parts of the state. Gov. Jay Inslee signed a bill that creates the broadband office into law this week.

The office will manage the state’s broadband budget and work to bring in federal funds. The new law also creates a competitive grant and loan program to fund projects that expand broadband to communities that don’t currently have reliable internet.
High-speed broadband internet access is one of the most important economic development tools we have. Today, I signed legislation to provide more people in every corner of Washington access to broadband, which connects us to commerce, education, jobs and each other. #waleg

The broadband office’s initial budget is $21 million and the governor’s office hopes to grow it to $100 million in the next four years, according to John Flanagan, policy advisor to Inslee.

“The main thing that we’re pushing here, in almost every case, is public-private partnerships, being really creative with modeling, making sure that an entire community is behind a project, and trying to pool as many resources as possible,” Flanagan said.

The broadband office will take a novel approach to tracking internet service throughout the state. Officials are soliciting applications from residents for internet projects and assuming, by default, that those areas are unserved.

“That’s the reverse of what the FCC does,” Flanagan said. “They say, ‘private providers, where do you deliver service?’ And they collect it at the census tract level, which grossly overestimates the areas that actually have service.”

The law establishes a goal of providing high-speed broadband access to all Washington residents and businesses by 2024.

“The digital divide should not limit any Washingtonian’s ability to learn, innovate or connect through robust internet access, whether it is students researching ideas at home, first responders handling an emergency or entrepreneurs launching a business,” Inslee said in a blog post. “This proposal will help bring broadband access to all Washingtonians.”

Monica Nickelsburg is GeekWire’s Civic Editor, covering technology-driven solutions to urban challenges and the intersection of tech and politics. Before joining GeekWire, she worked for The Week, Forbes, and NBC. Monica holds a BA in journalism and history from New York University. Follow her @mnickelsburg
EPB gets biggest growth, profits from telecom

Gig City service aids local power utility July 27th, 2018 | by Dave Flessner

EPB CEO David Wade speaks at the event. The Electric Power Board of Chattanooga unveiled its new 100 kilowatt, 4-hour, vanadium redox flow battery made by UniEnergy Technologies of Mukilteo, Washington on September 22, 2017.


Despite its name and birthright, Chattanooga's Electric Power Board earned most of its net income in the past year from its telecommunications business, not its power division. EPB, the name the former Electric Power Board has adopted as it expanded its utility offerings, enjoyed its biggest growth in customers and net income last year from its fiber optics division rather than its electricity operations.
In the fiscal year ended June 30, EPB had a net income in its power division of $12.7 million on electricity sales of $582.7 million. Power sales were virtually unchanged from the previous year, although profits rose by more than 70 percent from the previous year.

**EPB's telecommunications division, which offers internet, video and phone services via the utility's fiber-optic network, reported even higher net income of $31.1 million on revenues of $163.1 million.**

EPB's telecom revenues grew nearly 9 percent despite a drop in the number of persons subscribing to EPB's video offerings as a growing number of households "cut the cord" on cable TV. EPB continues to add more internet customers, however, and projects it will top $169 million in telecom revenues this year even while the telecom division sends $38 million to the electric-side of the business to lease fiber optic space on EPB's smart electric grid.

"We're right at about 98,000 customers today in our fiber optics division and getting close to having 100,000 by this fall," EPB President David Wade told the EPB board Friday. "That's a big milestone and one we are going to celebrate."

When EPB launched its fiber optic services in 2009, the city-owned utility projected it would get about 35,000 users. EPB secured a $111.6 million federal stimulus grant the next year — the biggest for a smart grid in the country in the Great Recession stimulus plan — and telecom usage has exceeded projections every year since for EPB.

EPB pioneered the first citywide gigabyte-per-second internet service in the Western Hemisphere in 2010 and began billing Chattanooga as "Gig City." In 2015, EPB upgraded the internet service to 10G service, the fastest of any community-wide network in the country. "What a blessing that fiber optics has been for us and the community," EPB Chairman Joe Ferguson said.

EPB issued more than $220 million in bonds to build its fiber optic network, but the telecom portion of that debt has since been repaid. EPB's debt coverage ratio for its electric service far exceeds its bond covenant requirements and is projected to improve even more this year, EBP Chief Financial Officer Greg Eaves said.
Although its telecom business has grown, **EPB's total electricity sales peaked in 2001.**

EPB brags that its smart grid installed with its fiber optic network has helped reduce outages. The improved reliability and the utility's culture as a publicly owned and public service utility has helped EPB earn the top ranking for customer service of all mid-sized utilities in the South by J.D. Power and Associates in each of the past three years, Ferguson said.

"We're very fortunate to have a culture and a staff with a deep passion for getting the job done and serving our customers as these J.D. Power rankings show," he said.

Contact Dave Flessner at dflessner@timesfreepress.com or at 757-6340.

**Chattanooga Rates**
Indefeasible rights of use

From Wikipedia, the free encyclopedia (some portions from the WSJ)

Indefeasible right of use (IRU) is a permanent contractual agreement, that cannot be undone, between the owners of a communications system and a customer of that system.

The word "indefeasible" means "not capable of being annulled, or voided, or undone."

Since IRU's are technically rights to a physical part of a cable, they can be considered an asset, which means their cost isn't part of the company's operating results, but shows up under tangible assets.

In plainer English, the purchase of an IRU gives the purchaser the right to use some capacity on a telecommunications cable system, including the right to lease that capacity to someone else.

An IRU owner can unconditionally and exclusively use the relevant capacity of the IRU grantor's network for the specified time period.

The IRU is counted as though it is a part of the physical plant of the business buying the IRU.

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THE IRU IS NOT A LEASE. IN REALITY IT IS A SALE.
You cannot just assume that because the name of the agreement is an IRU agreement, that you automatically have protections.

What the courts will look at is the written wording of the agreement – the plain language of the agreement.

Thus, if you see any ambiguity in the agreement around the type of ownership you have, ensure that the agreement is updated so it is not ambiguous. And ensure that the form of ownership is such that you keep the assets, even if the provider that sold you the fiber goes into bankruptcy.
RESOLUTION NO. 40468

A RESOLUTION relating to Click! Network; authorizing execution of the Click! Business Transaction Agreement by and between Tacoma Power and Mashell, Inc., d/b/a Rainier Connect and Rainier Connect North LLC.

WHEREAS, in 1998, Click! Network, a trade name used by Tacoma Power, began operating as a cable service provider over excess capacity of the HFC Network, providing primarily cable television and wholesale cable modem (internet access) services, and

WHEREAS, since that time, technology and consumer demands have changed, with consumers shifting from predominantly consuming cable programming services to predominantly consuming internet access services, and

WHEREAS operational costs for the Click! Network have significantly increased since 1998 while the Click! Network business model has become outdated and unable to respond quickly or efficiently to changes in the market place or provide the capacity to make capital investments necessary to upgrade the network and compete with the private sector, and

WHEREAS, in response to these challenges, the Public Utility Board ("PUB") began to study alternative Click! Network business models and, after many years of study, the PUB, in collaboration with the City Council, retained the services of CTC Technology & Energy ("CTC") to assist in this analysis, and

WHEREAS, at the January 23, 2018, Joint Study Session of the PUB and City Council, CTC presented its report examining which of the following five alternative business models would best meet 12 Click! Network policy goals later adopted by the PUB and City Council:
• Continue finding ways to reduce costs and streamline operations;
• Become a retail internet service provider ("ISP") and potentially eliminate cable TV operations;
• Upgrade the Click! Network to fiber-to-the-premises in an effort to better compete with incumbents in the market;
• Cease internet and cable operations and abandon the related parts of the network;
• Seek a partner willing to take on operating and other obligations and costs while agreeing to conditions that would preserve Click!'s significant policy achievements, and

WHEREAS CTC reported that the 12 policy goals could best be met through a business model in which the City retained ownership of the entire HFC Network, including the Click! Network, with a third party providing Cable TV and/or internet access services and covering the capital and operating costs associated with providing those services, and

WHEREAS, under this model, Tacoma Power would no longer provide cable television or wholesale internet access services, and the third party would provide cable television, video, and internet access services directly to the public, and

WHEREAS the PUB, pursuant to its prior Resolution No. U-10988, expressed its determination that while the 1997 business plan achieved many of the functions envisioned for the HFC Network, the Excess Capacity of the HFC Network and the inventory, equipment, and vehicles allocated to Click! Network are not needed now or in the future by Tacoma Power for utility purposes, and thus, will not be updated or improved or utilized for utility purposes, and are excess to the needs of Tacoma Power, and that the current Click! Network business plan and

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the proposed all-in retail service business model will not generate sufficient revenues to fully fund operational expenses and the costs of capital improvements needed to maintain the Excess Capacity of the HFC Network as a state-of-the-art Network, and

WHEREAS, through PUB Resolution No. U-10988 and City Council Resolution No. 39930, the PUB and the City Council rescinded their approval of the all-in retail service business model; adopted 12 policy goals to be maximized through the use and preservation of the Excess Capacity of the HFC Network; and directed the Public Utilities Director and City Manager to work collaboratively to develop a plan to seek information, proposals, or qualifications from interested parties to determine whether the 12 policy goals could be achieved through a collaboration and/or restructuring of Click! Network, and

WHEREAS, at the August 21, 2018, Joint Study Session of the PUB and City Council, CTC recommended that the PUB and City Council authorize negotiation of term sheets with Rainier Connect and Wave Broadband, and

WHEREAS the City Council and PUB, after a presentation by CTC and review of proposals from third parties at the March 5, 2019, Joint Study Session of the PUB and City Council, directed the Public Utilities Director to execute a letter agreement with Rainier Connect to enter into good faith negotiation of agreements through which: (1) the City, through Tacoma Power, would retain ownership of all of the existing HFC Network; (2) the capital and operating costs of the Excess Capacity of the HFC Network would be borne by a third party; (3) Tacoma Power would no longer provide cable television or wholesale internet access or data
transport services; and (4) Rainier Connect would use the Excess Capacity of the HFC Network to provide cable, video, and internet access services consistent with the 12 policy goals adopted by the City Council and PUB, and

WHEREAS negotiations with Rainier Connect commenced in April 2019, and the Click! Business Transaction Agreement is now complete, and

WHEREAS, on October 30, 2019, the PUB adopted Resolution No. U-11116, declaring the Click! Assets and the Excess Capacity of the HFC Network surplus to the needs of Tacoma Power and Tacoma Public Utilities and not required for continued public utility services, recommending that the City Council declare the above-referenced property surplus to the needs of the City, and approving the Click! Business Transaction Agreement conditioned upon approval by the City Council and

WHEREAS the City Council, pursuant to Resolution No. 40467, declared the Excess Capacity of the HFC Network and the Click Assets, as those terms are defined therein, surplus to the needs of Tacoma Power, Tacoma Public Utilities, and the City, and no longer required for continued public utility service, and

WHEREAS, pursuant to TMC 1.06.273, the Tacoma Public Utilities Director has recommended that the City Council find that disposal of the Click! Assets and the Excess Capacity in the HFC Network as defined Resolution No. 40467 be conveyed and leased through a negotiated process with Rainier Connect pursuant to agreements in substantially the form of the Click! Business Transaction Agreement on file with the City Clerk, and
WHEREAS approval of the Click! Business Transaction Agreement will allow use of the excess capacity of the HFC Network and ownership of related inventory, equipment, and vehicles to be transferred to Rainier Connect and will, among other things, continue use of the Click! Network to provide cable, video, and broadband internet access to families and businesses in Tacoma; maintain ownership of the Click! Network; require private capital to be used to operate, maintain, and upgrade the network to one gigabit speeds in competition with other providers; ensure that such services are provided in an equitable manner with like services and prices throughout the City; and, provide for reduced-cost internet access under the federal lifeline subsidy and to households eligible for TPU's electric service low-income program, and

WHEREAS the Click! Business Transaction Agreement further provides that Rainier Connect will make annual payments to Tacoma Power of $2,500,000 for year one, $2,625,000 for year two, $2,750,000 for year three, $2,875,000 for year four, and $3,000,000 for year five, and for each year after year five, the annual payment will increase to reflect the Consumer Price Index Increase, and further provides that Rainier Connect will invest a minimum of $1.5 million annually in the network, adjusted annually to reflect the Consumer Price Index Increase, and

WHEREAS the City Council, having considered the foregoing, the public comments received during the public hearing of October 29, 2019, and prior public meetings of the City Council and PUB, and the City records and files related to the construction, installation, and operation of the Click! Network, and having been in
all matters fully advised, finds that it is in the best interest of the public to approve the Click! Business Transaction Agreement; Now, Therefore,

BE IT RESOLVED BY COUNCIL OF THE CITY OF TACOMA:

Section 1. That the City Council does hereby find and concur with the Tacoma Public Utility Board's determination and recommendation that the conveyance of the Click! Assets and the grant of an indefeasible right of use of the Excess Capacity of the HFC Network to Rainier Connect through a negotiated disposition pursuant to the terms and conditions of the Click! Business Transaction Agreement, in substantially the form on file on the office of the City Clerk, is in the best interests of Tacoma Power, Tacoma Public Utilities, and the City, and all applicable competitive bidding and selection requirements are hereby waived.

Section 2. That the appropriate City officials are authorized to execute the Click! Business Transaction Agreement, in substantially the form on file in the office of the City Clerk, and that upon a joint determination by the City Manager and Public Utilities Director that the conditions precedent to transfer of operational control of the Tacoma Power Commercial Network to Rainier Connect have been
met, or waived, the Mayor of the City of Tacoma, together with all other appropriate
City officials, are authorized to execute the Indefeasible Right of Use Agreement, in
substantially the form on file in the office of the City Clerk.

Adopted ____________________________

______________________________
Mayor

Attest:

______________________________
City Clerk

Approved as to form:

______________________________
Chief Deputy City Attorney