

January 24, 2001

Seattle City Council
City of Seattle

The members of the Citizens Telecommunications and Technology Advisory Board have had the opportunity to review Western Integrated Networks' (WIN) application for a cable franchise in Seattle. After meeting and discussing this among ourselves and with members of the City's cable office we would like to offer our feedback and input during the public comment period.

WIN is proposing to overwire the city of Seattle, offering cable television, local and long distance phone service, and high-speed internet access. The business model has them competing with the existing cable franchises in the city as well as other local and long distance and internet access providers. During this period of corporate mergers and consolidation, we welcome additional service providers in the local market to provide consumers with alternatives, both in terms of content, service, and price. New entrants will act as a counterbalance to potential monopolistic practices by larger players.

The two cable franchisees currently offering service in Seattle until recently didn't really compete because their coverage areas in general don't overlap. WIN as a second source will be a true competitor citywide. This is a good thing. Nothing in the application itself or our discussions with the City's cable office leads us to believe that there is an obvious downside to having two companies in the same market or additional wiring installed throughout the city. The bonds and insurance that WIN is obligated to provide gives CTTAB confidence that they will be motivated to install cabling and other infrastructure responsibly and with minimal disruption.

CTTAB supports WIN's application to become a cable franchise for the city of Seattle. CTTAB's concerns focus on the parts of the franchise application that deal with the economic viability of WIN's business model and technology, and Public, Educational, and Government Access (PEG) issues. The former because to some degree the City and its citizens are directly impacted by WIN's success or failure to provide the services promised. We all share in the risk and inversely stand to profit from their success. Any public discussion and evaluation must take the economic and financial concerns to heart. Likewise the

core technology WI is proposing must be considered as well. If it doesn't work as promised or doesn't meet the needs and expectations of its customers, its value to the City is diminished. And as a group charged with promoting the Citizen's best interests regarding technology, CTTAB is very concerned about public access, consumer issues, and exactly how any new franchisee's offerings match the City's goals and aspirations regarding citizen input and not-for-profit offerings.

It is our understanding that the Cable Office engaged an outside business consultant to review WIN's financials and its ability to deliver what is being promised. The advisor's report and the input of the Cable Office staff was that WIN was founded and managed by a strong management team, with years of experience in the industry. This is reassuring in that CTTAB doesn't want the City of Seattle to be a test case for an inexperienced provider trying to offer services outside of their ability. It is CTTAB's understanding that WIN is an established company and is obtaining the necessary financing for their stated expansion plans. We're assuming they are strongly motivated to provide good service and achieve profitability. This will act as a check and balance to make them roll out services as quickly as possible, at price points that work within the market, and maintain good ongoing customer service as a key to customer retention. Because they are the late comer into the local market, they will have to compete competitively and do even better than the existing franchisees in order to gain market share.

WIN's application differs from the existing franchises in that the technology WIN is proposing is new. The upside is that it promises to deliver analog and digital channels, with local and long distance, and high-speed internet access. The additional features that digital channels promises and the amazingly fast speeds for internet access WIN envisions are strong steps in the right direction. Given that the franchise is being awarded for 10 years, Council needs to keep its eye on the future as well as the present. An application to provide existing technology into the future is of limited value. Our vision is to provide Seattle's citizens with the tools necessary to meet life head-on today and into the future. Wiring a city is an involved, complex, and expensive proposition. To do it wrong is a mistake that will be near-impossible to correct.

The risk is that some of the technology WIN is proposing to use is not yet commercially available. If this last link can not be brought to market, WIN's ability to deliver the services promised will be compromised. None of us has a crystal ball but the City should be aware

of this potential risk and work closely with WIN to assure that all of the necessary technology will be available and that no last minute problems will impede WIN's stated goals and objectives.

There are three sections of the application that cover PEG that CTTAB would like to see amended. Specifically Section 6.1 A, 6.4 A, 6.7, 6.9, and 10 B 2:

Section 6.1 A:

...At the City's request, one of the Public Access channels shall be cablecast throughout King County provided and to the extent Grantee is serving that area. Individual jurisdictions can elect to opt out of such coverage if they so desire.

We amended the last sentence to encourage other jurisdictions to offer any of the PEG channels instead of requiring them to carry only Government ones.

Section 6.4 A

We would like to see Public Access channels offer interactive capabilities as well. As the application is written now, WIN is not encourage or required to offer advanced features to Public Access producers and viewers. This unnecessary penalty will deprive Seattle's citizens of a much needed set of tools. CTTAB feels very strongly that any new technology should be made available to the Public Access community as well as the governmental and educational users.

Section 6.7

Grantee shall install for the City's use and at no cost to the City, bidirectional video feeds from no more than fifteen (15) locations designated by the City, provided such locations are within Grantee's service area and located within 150 feet of Grantee's Cable System, to either Grantee's headend or other connection point capable of transmitting a video signal to any PEG channel master control ("Video Feeds").

CTTAB would like to see bidirectional capabilities stipulated so that true interactivity can be provided. This will allow a much richer experience when city and community meetings are broadcast throughout the City. Citizen participation will be possible with bidirectional capabilities. By specifying any PEG channel, the new technology can be integrated into

present and future offerings by all Public Access, Educational, and Government facilities. This is important because it decentralizes the technology, moves it out into the community and leverages the existing production and broadcast facilities, integrating WIN's technology into our own infrastructure.

Section 6.9

We'd like to see Public Access designated instead of PEG.

Section 10 B 2

...In the event that the annual Subscriber ascertainment indicates fifty percent (50%) of Subscriber have complained about privacy, Grantee shall make such adjustments to its procedures within three (3) months as are reasonably necessary to accommodate the cable-related community needs relating to privacy.

We feel that a 50% dissatisfaction rate is unacceptable. No reasonable business model is predicated on fully half of ones customers complaining, especially about privacy issues. We'd like to see a more reasonable threshold defined.

Other concerns voiced by members of CTTAB include the inclusion of PEG showtimes and channel listings wherever other cable offerings are listed. This will give added visibility to the noncommercial offerings on cable.

CTTAB is very supportive of WIN's entry into the Seattle market. The range of cable, local and long distance, and high-speed internet services they are proposing is impressive, the entry of a competitor into the market is a good thing for consumers, and the range of potential new services and tools will insure that Seattle and its citizens and students will have access to the best that telecommunications has to offer, today and into the future.

Respectfully submitted,

Jerry Whiting, Chair CTTAB