

# Been There. Done That.

*“That Congress should state in clear and unequivocal language that it supports the ability of local governments, including public power utilities, to provide advanced communications services that meet essential community needs and promote economic development and regional and global competitiveness.”*

Resolution passed June 17, 2014 by American Public Power Association



# Click Network Timeline

- 1997 – Launch of Click! Network
- 2010 – Draft CCG Report issued
- 2012-- Recommendation of all in model
- 2012 – Direction to pursue Plan B
- 2015 – Wave Proposal
- 2016 – All in model for consideration

# What is the All-In model?

- It is a product that customers want
- Triple-play retail model of TV/Internet/Voice
- Competes on quality of product and customer service
- Makes capital investments as needed to meet industry trends, evolving technology, customer needs and expectations

# Citizens Engagement Committee

- ❑ **Formed in December 2015**
- ❑ **Spent five months studying Click's history, market, and options to develop a business plan**

Committee members include:

- Andrea Cobb, Tacoma School Board member, educator
- Terry Dillon, retired Click employee
- Janine Terrano, CEO, Topia Technology
- Mayor Strickland
- Councilmember Campbell
- Board Member Larkin
- Board Member Patterson

## No consensus, but agreement on key issues:

- ☐ Current business model is not financially feasible.
- ☐ Our market is fiercely competitive.
- ☐ Need to focus on community goals.
- ☐ Increased access and use of Internet in under-served communities is an important outcome.
- ☐ Opportunity to leverage significant advantages and improve marketing.
- ☐ Customer acquisition must include institutional and business opportunities.
- ☐ Must consider future relationship with ISPs.
- ☐ Governance structure must be agile and empowered to respond to a dynamic market and business needs.

# Policy Considerations

- Must Click Network operate in the black to justify its existence?
- Is a publicly operated broadband system the best way to meet community goals?
- Does a publicly operated broadband system benefit Tacoma Power and its rate payers?
- What are future trends in public broadband?
- What financial model makes the most sense?

## All-In Financial Model #1

PARTNER	BENEFITS	INVESTMENT
<b>Click Customers</b>	Faster speed at affordable rates, market competition resulting in better product offerings, rate discipline, high quality customer service.	\$35M-\$51M annual revenue from residential and commercial customers.
<b>Tacoma Power Customers</b>	Substation interconnectivity, power network management, fast and reliable connectivity for present and future operations. Customer connectivity and development of enhanced products and services.	Continue \$3.00 monthly surcharge per account which is currently factored into monthly power rates. \$6.3M per year x CPI.
<b>Tacoma Residents</b>	Supports economic growth, job creation, education, financial stability, digital literacy, healthcare and civic engagement. Supports goals of Tacoma 2025. I-Net. Improved access for low income and underserved communities.	Additional \$1.7M per year x CPI from the City of Tacoma General Fund.
<b>Labor</b>	Industry expertise and experienced local customer service. Increased market share over time will add family-wage jobs in community.	\$1.5M in annual cost savings to be negotiated.

## All-In Financial Model #2 – No General Government contribution

PARTNER	BENEFITS	INVESTMENT
Click Customers	Faster speed at affordable rates, market competition resulting in better product offerings, rate discipline, high quality customer service.	\$35M-\$51M annual revenue from residential and commercial customers.
Tacoma Power Customers	<p>Substation interconnectivity, power network management, fast and reliable connectivity for present and future operations. Customer connectivity and development of enhanced products and services.</p> <p>Supports regional economic growth, job creation, education, financial stability, digital literacy, healthcare and civic engagement. Supports goals of Tacoma 2025. I-Net. Improved access for low income and underserved communities.</p>	<p>Continue \$3.00 monthly surcharge per account which is currently factored into monthly power rates.</p> <p>\$6.3M per year x CPI.</p> <p>Additional \$0.83 monthly surcharge per account. \$1.7M per year x CPI.</p> <p><b>Total monthly surcharge \$3.83 per account.</b></p>
Labor	Industry expertise and experienced local customer service. Increased market share over time will add family-wage jobs in community.	\$1.5M in annual cost savings to be negotiated.



“As was the case when America was electrifying a century ago, many unserved or underserved communities are ready, willing and able to take matters into their own hands, if necessary, to deploy the sophisticated broadband communications networks that will enable their communities and America to continue to be a leader in the global economy. Many have already done so.”

Nick Braden, spokesman for the American Public Power Association.  
“Who Should Control Broadband?” Governing Magazine, April 2013.

## Next Steps

Utility Board to evaluate all-in financial model and make recommendation to City Council by late September.

Two public hearings to be held.