



Bradley

NWSCCC

CenturyLink Franchise

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CenturyLink Franchise Process

- Notice of Intent to Franchise
- CenturyLink Cable Franchise Application
- Application Analysis
- Public Hearing
- NWSCCC Receives and Files Analysis and Directs Negotiating Committee to Negotiate Cable Franchise with CenturyLink



CenturyLink Franchise Process

- Cable Franchise Considerations
 - Reasonable Build-Out of Each Member City
 - Prohibiting Cherry Picking
 - Level Playing Field
 - Franchise Fees
 - PEG Requirements
 - Area Served
 - Comcast Franchise



Significant Issues

- Federal Preemption of Minnesota's 5-Year Build Statute
 - Good Faith Basis
 - Indemnification
- Reasonable Build-Out of Each Member City
 - Required by the Federal Cable Act



Reasonable Build-Out of the City

➤ Complete Equitable Build-Out

- Goal is to Build-Out each entire Member City over 5-year term
- Based on market success
- Significant investment targeted to areas below the median income in each Member City.



Reasonable Build-Out

➤ Initial Minimum Build-Out Commitment

➤ 15% of Each Member City over 2 years.

- CenturyLink must make its best effort to complete the initial deployment in a shorter period of time.
- Equitable deployment to households in each Member City.
- Must include a significant number of households below the medium income of each Member City.
- CenturyLink permitted to serve more households.



Reasonable Build-Out

➤ Quarterly Meetings

- Starting January 1, 2017, CenturyLink must meet with the NWSCCC and show to the NWSCCC's satisfaction:
- Number of households capable of being served and actually served.
- Compliance with anti-redlining requirements.
- Maps and documentation "showing the number of Living Units that Grantee presently capable of serving and the number of Living Units that Grantee is actually serving with Cable Service."



Reasonable Build-Out

➤ Accelerated Build-Out Based on Market Success.

- Starting January 1, 2017, CenturyLink Build-Out Commitment will increase if its penetration rate is at least 27.5% in the areas that it is offering service.
 - Example: If offering service to 60% of a Member City and CenturyLink has penetration of 30% in that area, then the Build-Out commitment will increase 15% to 75% of that Member City.
- Additional Build-Out commitment continues until all households are served.



Reasonable Build-Out

➤ Line Extension

- No initial mandatory line extension, unless CenturyLink becomes the dominant cable provider in a Member City.
- CenturyLink's build-out schedule, including a density requirement will be exactly the same as the Comcast requirement if CenturyLink obtains a 50% penetration level in the Member City.



Economic Redlining or “Cherry Picking” Prohibited

- Cherry Picking is prohibited by the Federal Cable Act. See 47 U.S.C. § 541(a)(3).
- Franchise prohibits Cherry Picking.
- CenturyLink has additional \$500 per day penalty/liquidated damage for violating Build-Out and Economic Redlining provisions.



Level Playing Field

➤ Franchise Fees

- CenturyLink required to pay a franchise fee of 5% of its Gross Revenues.
 - Same Percentage as Comcast Franchise.

➤ Area Served

- The Franchise Area is the entire jurisdictional boundaries of the Member Cities including any areas annexed during the term of the Franchise.
 - Comparable to Comcast Franchise.



Level Playing Field

➤ PEG Access Requirements

- Number of Access Channels. CenturyLink will provide **13 Access Channels.**
 - Greater actual number of Access Channels than Comcast.
- Format of Access Channels. CenturyLink will provide **all 13 Access Channels in HD** if the City sends them in HD format.
 - Comcast will provide up to two Access Channel in HD.
- Electronic Programming Guide. CenturyLink will provide EPG capability. NWSCCC to pay for detailed information.
 - Comcast pays the cost of detailed programming on EPG.
- Channel Placement. CenturyLink will make all Access Channels accessible at **Channel 49** through the “**Northwest Mosaic.**” The Access Channels will be physically located in the 8000s.
 - Comcast has no mosaic and the Access programming is not available metro-wide.



Level Playing Field

➤ PEG Access Requirements

- Public Service Announcements. CenturyLink will allow the City to air PSA on non-Access channels during periods of unsold/unused air time.
 - Comcast does not provide.
- Video On-Demand. CenturyLink will provide 25 hours of VOD per Member City for a total of 225 VOD hours.
 - Exceeds Comcast's PEG commitment.
- PEG Support. CenturyLink will pay a PEG Fee in support of the Access Channels of \$1.43.
 - Equal to amount of Comcast pass-through.



Local Origination Programming

- Local Origination Channel will be located metro wide on **Channel 241** as part of CenturyLink's news grouping of channels and will also be available to be viewed on the Northwest Mosaic.
- Can be watched by CenturyLink Subscribers throughout the metro wide area.
- **Detailed programming information will be placed on the Electronic Programming Guide at no cost to the NWSCCC.**



Twin Cities Metro PEG Interconnect

- CenturyLink will construct an Interconnection Network.
- Network will allow PEG Centers throughout the Twin Cities to share live programming.
 - E.g. Local Sports programming
- Other Cities Must Have Agreement with CenturyLink to Access to Network
 - Minneapolis and Roseville areas are included.



- Unique to the Twin Cities
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Complimentary Broadband

- CenturyLink will provide complimentary broadband to one location within each Member City
 - Preferably a Community Center
 - Each City has Choice of Location
 - In consultation with CenturyLink
 - Commercial Grade Internet
 - Wi-Fi Enabled
 - Equipment provided by CenturyLink
 - Highest Available Speed at Designated Location
 - Possibly 1 GIG
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Comparison to Comcast Franchise

- Substantially Similar. Overall, the CenturyLink Franchise and Comcast Franchise are substantially similar in most respects.
- Term. CenturyLink's Franchise term is 5 years with a unilateral renewal option for the NWSCCC. Comcast's term is 10 years and set to expire in 2024.
- Customer Service. Similar to Comcast Franchise.
- Indemnification of the City. CenturyLink has an additional indemnification commitment that Comcast does not have.



Comparison to Comcast Franchise

➤ Access Channel Commitments.

- Will provide all PEG Channels in HD
 - Provided NWSCCC sends it in HD
- CenturyLink will Provide 225 hours of VOD programming, Comcast is currently providing 5 hours of SD VOD.
- PEG support may be used for capital and operational support under the CenturyLink Franchise. PEG support may only be used for capital support under the Comcast Franchise.

➤ Cable Service to Public Buildings.

- CenturyLink will provide service and equipment to all government buildings.
 - Basic and Expanded Basic – Prism Essentials
 - If within service territory
 - Includes all City Halls



Comparison to Comcast Franchise

➤ Penalties/Liquidated Damages.

- Additional damages for violating the Build-Out and Economic Redlining provisions of the Franchise
- Not in the Comcast Franchise.

➤ Build-Out.

- CenturyLink Franchise has a reasonable build-out commitment based on market success.
- Comcast does not have a build-out provision,
 - It built-out the City many years ago.



Comparison to Comcast Franchise

➤ Line Extension.

- No immediate line extension requirement.
- CenturyLink's build-out schedule, including a density requirement will be exactly the same as the Comcast requirement if CenturyLink obtains a 50% penetration level in the Member City.
- Comcast does have a line extension requirement.

➤ Twin Cities PEG Interconnect.

- Unique to Twin Cities Market
- Allows program sharing throughout the Twin Cities
- Other Cities must reach agreement with CTL

➤ Complimentary Broadband



Next Steps

- Hold Public Hearing on Cable Franchise Ordinance
- Act on Cable Franchise Ordinance
 - Must be approved by a unanimous vote of the Commission Members present and voting.
 - If the Cable Franchise is Adopted:
 - Adopt written Findings of Fact
 - Approve summary of the ordinance to be published in each of the Member Cities' newspapers within 15 days after adoption of the Cable Franchise by the Commission.