



CenturyLink Cable Television Franchise

Department of Information Technology

June 3, 2015



Franchise Application and Negotiations

- ▶ On April 28, 2015, Qwest Broadband Services Inc., doing business as CenturyLink, submitted an application for a cable television franchise.
- ▶ A team from DoIT, Law, and our outside counsel negotiated with CenturyLink and reached a tentative franchise agreement for Council consideration.
- ▶ CenturyLink has built out the equipment necessary to provide cable television service and has more than 60,000 households able to receive service as soon as their franchise becomes effective.
- ▶ We have observed CenturyLink building in a diverse set of neighborhoods including: Ballard, Beacon Hill, Central District, Delridge, Green Lake, International District, Rainier Valley and West Seattle.
- ▶ CenturyLink has communicated its intention to continue building out their network in 2015. The company states Capitol Hill, University District, Lake City, Ravenna, Montlake and Leschi will be the next neighborhoods to receive service.
- ▶ As required by the Cable Code, the City will meet with CenturyLink on a twice annual basis to validate their ongoing build-out results in an equitable distribution of service across the city.



Franchise benefits

- ▶ Cable television competition to many Seattle households.
- ▶ Maintains franchise fee and PEG fee revenue.
- ▶ Other Important benefits to City and the public:
 - ▶ HD Channels for PEG
 - ▶ Complimentary service to City buildings and schools
 - ▶ Discounted pricing for low-income households
 - ▶ Support of projects that increase digital equity. CenturyLink will provide a computer lab and public Wi-Fi at the Jefferson Community Center to increase access to the internet.



Regulatory and Competitive Issues

- ▶ CenturyLink has separate authority to construct facilities in ROW and provide telephone and internet services but requires franchise to provide cable services.
- ▶ Effects of 2007 FCC 621 Order
- ▶ Over-the-top television services such as Netflix, Amazon Instant Video, Hulu, Sling, and others are delivering video to consumer televisions over broadband internet connections. These services are beginning compete with traditional cable providers and are increasingly leading consumers to discontinue cable television service.



Franchise Benefits

Topic	CenturyLink
TERM	10 year term
NETWORK	Fiber to the home (FTTH) in some areas and fiber to the node (FTTN) with copper to the home in some areas Delivery system: switched digital
AVAILABILITY OF TV SERVICE	Cable TV available in many areas
FINANCIAL SUPPORT FOR PEG	Matching current PEG Fee (\$0.12/per subscriber PEG Fee) and will increase to keep parity with any Comcast PEG Fee increase
FRANCHISE FEES	4.4% on cable TV services
PUBLIC, EDUCATION & GOVERNMENT ACCESS (PEG) CHANNELS	12 PEG Channels which can all be HD or a combination of SD and HD PEG signal quality comparable to commercial channels



Franchise Benefits (cont.)

Topic	CenturyLink
PRIVACY	Per federal/state statute and Seattle Cable Code
INDEMNIFICATION AND INSURANCE	Comparable to other providers
CONSUMER PROTECTION	Adhere to federal, state and local laws, including Seattle Cable Customer Bill of Rights
REPORTS	Monthly statement of gross revenues with franchise fee and PEG payment Quarterly customer service and call answering summary reports Annual report including system structural and operating information, services offered, subscriber numbers, compliant procedures, financial statements



Franchise Benefits (cont.)

Topic	CenturyLink
NO-COST CABLE CONNECTIONS AND TV SERVICE TO ALL CITY BUILDINGS AND SCHOOLS	Will provide these services to City buildings and schools that request it Will provide two new fiber connections for Seattle Channel live programming from remote locations
PROMOTIONAL ASSISTANCE FOR SEATTLE CHANNEL	Provides advertising credit
INDIVIDUAL PEG PROGRAM LISTINGS ON THE ELECTRONIC PROGRAM GUIDE (EPG)	Will provide EPG for all PEG stations
SEATTLE CHANNEL CONTENT ON VIDEO ON DEMAND	Will provide up to 25 hours per PEG Channel
LOW-INCOME SUBSCRIBER DISCOUNT	Will provide 30% discount on basic cable, eligibility tied to existing CenturyLink telephone and internet discount structure (e.g., WTAP, federal low income assistance programs)



Proposed Franchise Schedule

- ▶ **June 17, 2 p.m.** - Public Safety, Civil Rights, and Technology Committee Meeting: Public hearing
- ▶ **July 1, 2 p.m.** - Public Safety, Civil Rights, and Technology Committee discussion and possible vote; could include second briefing
- ▶ **July 6, 2 p.m.** - Full Council Vote
- ▶ **August 10** - Franchise effective