



PUBLIC UTILITY BOARD POLICY

<p>Category: Strategic Directive</p> <p>Date of Adoption: June 24, 2020</p> <p>Resolution No.: U-11169</p> <p>Revision Date:</p>	<p>Title: Telecom</p> <p>Policy Number: SD - 8</p>
---	--

Purpose

Tacoma Public Utilities (TPU) owns a hybrid fiber coaxial (HFC) network, portions of which it uses for its own operational needs and leases out the excess capacity to generate incremental economic value for the electric utility. The Telecom Strategic Directive directs the full utilization of the capability and capacity of the HFC network to ensure maximize return on investment, continued public ownership of the HFC network, and value creation for the public and communities served.

TPU is changing the scope of the past Click! public – private partnership, so the private partner can provide the retail video services in a quickly evolving technology and business environment. The industry standard for this model consists of the network owner, Tacoma Power, granting an Indefeasible Right to Use the network’s capacity that is not required for power system needs. Tacoma Power will retain network maintenance responsibilities locating, splicing, repair and relocation on the portion of the network that includes power system functions.

Policy Goals

1. Continuing public ownership of the telecommunications assets, especially those assets necessary for Tacoma Power operations;
2. Ensuring geographically, economically, and technologically equitable access;
3. Creating affordable access for low-income customers to telecommunication services;
4. Enforcing net neutrality principles for all customers;
5. Allowing open access to telecommunication assets by other telecommunication providers, to the extent such access benefits customers;
6. Preserving competition among telecommunication providers that benefits customers (such as high-quality, technologically up-to-date, and reasonably

priced telecommunication services), including restricting transfer of ownership or operations that reduce competition;

7. Safeguarding the use of telecommunications services by Tacoma Power, the City, and other local governments;
8. Maintaining financial stability of the business operations utilizing TPU telecommunications infrastructure;
9. Promoting economic development and educational opportunities;
10. Protecting customer privacy; and
11. Preserving market-leading customer service for telecommunications customers.

Outcomes

1. Set guidelines for preserving the structural integrity of TPU assets and safeguarding the use of telecommunications services by TPU, the City of Tacoma, and other local governments.
2. Preservation of the City's critical communications network for the Utility's needs.
3. Turn the HFC network into a positive cash flow situation for the Utility ratepayers.
4. Achieving the 12 Policy Goals through a locally owned and locally based private partner.
5. Identify and report key performance indicators on the status of the public-private partnership.
6. Advancement and growth in video and data services for both residential and business consumers.
7. Excellent customer sales and service, local presence, and transparent billing practices for telecommunications services.

Measurement

1. Establish Rainier Connect North, LLC as the lessee of the HFC network for the next 20-years upon the full execution of the Click! Business Transaction Agreement.
2. Positive cash flow from rent revenue associated with the agreement for operation of City owned commercial network.
3. Gigabit Internet services for 100% of properties by April 2023. The milestones for this measurement are to complete the engineering and design by March 31, 2021, and have Gigabit internet service available to 40% of properties by March 31, 2022.

4. Free internet access (wired or Wi-Fi) to at least 30 locations that provide services to low-income members of the community, with published availability.
5. Continued investments into the HFC network, by lessee, of at least \$1,500,000, adjusted for inflation. Capital expenditures will include expenditures on upgrades to successive generations of DOCSIS (Data Over Cable Service Interface Specifications), expenditures on upgrades to fiber-to-the-premises, and network equipment.
6. Fulfilment of customer service commitments outlined in the agreement for operational control of TPU's commercial network system "Exhibit I."

Reporting

Monitor compliance of reporting requirements outlined in the agreement for operational control of TPU's commercial network system "Exhibit R".