

CLICK! BUSINESS TRANSACTION AGREEMENT

POLICY GOAL CONTRACT TERMS

The following summarizes and references the proposed contract terms found within the Click! Business Transaction Agreement that implement the 12 policy goals adopted by the Tacoma Public Utility Board and City Council.

POLICY GOALS

1. Public Ownership of Assets

- 20-year IRU term, two 10-year renewal terms possible (IRU Sec. 4(a)-(b))
- DOCSIS 3.1 upgrade and Gigabit Service to 100% of passings within 3 years (Ex. E, Sec. 2(a))
- OPERATOR to keep technological pace and parity with other fiber/coaxial networks operated by cable broadband providers in the Seattle- Tacoma metropolitan area (Ex. E, Sec. 4(a))
- New assets constructed, replaced, or upgraded by OPERATOR become property of TACOMA POWER within IRU term (IRU Sec. 3)

2. Equitable Access

- Offer like services at like prices to residential customers (Ex. G, Sec. 1(a))
- Undertake system upgrades on a ubiquitous basis (Ex. G, Sec. 1(b))
- Not refuse service to any customer in good standing, and provide services on an equitable basis (Ex. G, Sec. 2(a))
- Actively work to eliminate racial and socioeconomic disparities as it upgrades the System (Ex. G, Sec 3(a))
- Purposeful citizen outreach and engagement with diverse community partners (Ex. G, Sec 3(b))
- Work with community partners and businesses to promote and track equity and inclusion of services within Tacoma (Ex. G, Sec 3(c))
- Provide guidance, education, and assistance to any subscriber requesting such assistance to help achieve equitable service outcomes (Ex. G, Sec 3(d))

3. Low-Income Affordability

- Provide federal Lifeline subsidy to customers who qualify, and publish availability (Ex. H, Sec. 1)
- Offer reduced-cost internet access to households eligible for TACOMA POWER's electric service low-income program with initial program 30Mbps/10 service, and publish availability (Ex. H, Sec. 2)
- Provide free internet access (wired or Wi-Fi) to at least 30 locations that provide services to low-income members of the community, and publish availability (Ex. H, Sec. 3)

4. Net Neutrality

- Transparency: fully and publicly disclose accurate information about its services (Ex. K, Sec. 1(a)(i))
- No throttling: not impair or degrade lawful Internet traffic on the basis of Internet content (Ex. K, Sec. 1(a)(ii))
- No blocking: not block lawful content, websites, resources, applications, services, or non-harmful devices (Ex. K, Sec. 1(a)(iii))
- No discrimination: all lawful traffic will receive similar treatment (Ex. K, Sec. 1(a)(iv))
- No paid prioritization: not favor traffic in exchange for consideration (Ex. K, Sec. 1(a)(v))
- TACOMA POWER may periodically test the System for compliance (Ex. K, Sec. 2(b))

5. Open Access

- Establish Open Access Program to provide wholesale services to other providers consistent with Operator's practices and policies in other areas, and publish availability (Ex. L)

6. Competition

- TACOMA POWER prior consent required for OPERATOR to transfer any of any of its rights/obligations under the IRU (including changes in control and working control) (Ex. N, Sec. 1(b))
- May not transfer rights/obligations under the IRU to any facilities-based residential service provider with more than 25% market share in the Tacoma Power Commercial Service Area (Ex. N, Sec. 1(c))
- TACOMA POWER may withhold consent to a transfer if it determines the transfer would violate any of the 12 policy goals, or if it deems transferee incapable of performing IRU obligations (Ex. N, Sec. 3(b))

7. Safeguard City and TPU Use

- TACOMA POWER remains responsible for all fiber maintenance on Critical Routes, unless it ceases using fiber for its own operations on a particular route (Ex. B, Sec. 2(b)-(c) and Ex. C)
- OPERATOR will not access splice panels or fiber access points on Critical Routes. Instead TACOMA POWER will provide qualified staff for splicing and removal or replacement of fiber/coax cable in conduit (Ex. B, Sec. 3(a))
- Only Tacoma Power staff may access splice cases within energized vaults (Ex. B, Sec. 4(a))
- OPERATOR will be responsible for all maintenance and costs of System except fiber on Critical Routes (Ex. D, Sec. 1 and 2)
- OPERATOR will not overlash or delash fiber or attach new fiber optic plant to TACOMA POWER poles without TACOMA POWER consent (Ex. D, Sec. 3)
- OPERATOR will provide as-built drawings, on a monthly basis, for any new construction, upgrades, or other efforts on both Critical Routes and Non-Critical Routes (Ex. D, Sec. 1(f))
- OPERATOR will have independent, 24-hour access to each of the 6 Hub Site locations and buildings (Ex. A3) and cable headend (Ex. A6)

8. Financial Stability

- Annual IRU Fee (IRU Sec. 5)
\$2,500,000 in First Year of Term, growing annually to \$3,000,000 in Fifth Year of Term
After fifth year, IRU Fee adjusted for inflation
- OPERATOR to make annual capital expenditures of at least \$1.5 million, adjusted for inflation (Ex. F, Sec. 1)
- Capital expenditures will include expenditures on upgrades to successive generations of DOCSIS, expenditures on upgrades to fiber-to-the-premises, and network equipment (Ex. F, Sec. 2(a))
- TACOMA POWER right to audit capital expenditures every three years (Ex. F, Sec. 4)

9. Economic Development & Educational Opportunities

- Internship program for students and residents of Tacoma (Ex. M, Sec. 1)
- OPERATOR to work directly with TACOMA POWER to support efforts to attract businesses to Tacoma (Ex. M, Sec. 2)

10. Job Options for Click! Staff & Protection of Intellectual Property

- OPERATOR to make good faith commitment to consider existing Click! employees when filling vacancies (CBTA Sec. 5.4(b))
- Click! trademarks to be licensed to OPERATOR for use within guidelines (Ex. P)

11. Consumer Privacy

- Comply with City Council Resolution No. 39702 and implement it into its own broadband data service (Ex. J, Sec. 1(a)(b))
- Implement compliance with Resolution No. 39702 into any agreements entered into with ISPs (Ex. J, Sec. 1(c))
- Privacy policy to be published on Operator's website (Ex. J, Sec 2(a))

12. Consumer Goodwill

- Maintain a local or toll-free telephone line for taking customer calls (Ex. I, Sec. 1(a))
- Calls and other forms of customer contacts will be answered within 30 seconds (Ex. I, Sec. 1(b))
- Schedule appointments during a four-hour time block during normal business hours (Ex. I, Sec. 2(a))
- Standard installations up to 125 feet from the existing distribution system will be performed within 7 days (Ex. I, Sec. 2(b))
- Begin working on service interruptions no later than 24 hours after being notified (Ex. I, Sec. 2(c))
- 30 days' advance notice given to subscribers of any changes in rates or services (Ex. I, Sec. 3)
- Maintain a physical presence within Tacoma (Ex. I, Sec. 4)