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Mr. David Corliss  
City Manager  
City of Lawrence  
P.O. Box 708  
Lawrence, KS 66044

Dear Mr. Corliss:

It's been reported recently in the media that Community Wireless Communications Co. d/b/a Wicked Broadband of Lawrence has filed an application with the City of Lawrence asking for incentives to facilitate the deployment of Gigabit Internet service to a yet-to-be-announced area of the city. This application requests a grant of \$500,000, fee waivers, and access to city-owned infrastructure, that if granted would result in incentives that exceed \$600,000. While AT&T applauds Lawrence's support for innovative technologies, we respectfully request that the City reject Wicked Broadband's economic development grant application for a number of reasons.

First and foremost, AT&T believes that the appropriate role of government is to ensure that regulatory burdens do not impede private investment and innovation. Be it Google Fiber, AT&T's U-verse or 4G LTE mobile Internet service, or any other technology, we believe that in an open marketplace, free from unnecessary and outdated regulatory interference, including preferential or unique support for one competitor over another, private companies will innovate, invest and compete to meet consumers' demands.

In fact, since 1996, the broadband industry has invested nearly \$1.2 trillion dollars in wired and wireless broadband networks<sup>1</sup> fueling economic growth, spurring job creation, and driving innovation in communities throughout the country. According to the United States Telecommunications Association, 99 percent of the U.S. population had access to at least one wireless broadband provider at the end of 2011.<sup>2</sup> In Lawrence, some residents have the choice of as many as eight wireless or wireline broadband providers.<sup>3</sup>

As a member of the Lawrence community for more than 100 years, AT&T is proud to provide the advanced telecommunications networks that Kansans use to stay connected in today's digital world. In fact, from 2009 to 2012, AT&T invested more than \$725 million in our wireline and wireless networks throughout Kansas to help bring consumers and businesses the advanced services they want and need.

AT&T's investment efforts have focused on expanding broadband coverage, and enhancing speeds, reliability and performance for customers. In 2012 alone, we made more than 250 wireless network upgrades in Kansas, and we're continuing to aggressively update our service throughout 2013. In fact, earlier this year, AT&T

<sup>1</sup> <http://www.ustelecom.org/news/press-release/broadband-investment-continues-hold-steady-2011>

<sup>2</sup> <http://www.ustelecom.org/broadband-industry/broadband-industry-stats/availability>

<sup>3</sup> NTIA, National Broadband Map, <http://www.broadbandmap.gov/summarize/state/kansas/county/douglas>

opened a new retail store and launched 4G LTE service in Lawrence, which has been recognized as the fastest LTE network.

AT&T plans to build on this investment and bring broadband to even more consumers and businesses. Recently, and without seeking any special consideration from the communities that will benefit, AT&T announced a three-year investment plan, Project Velocity IP (VIP) to grow our wireless and wireline IP broadband networks. All told, AT&T expects to invest in the \$21 billion range for 2013 and in the \$20 billion dollar range for each of 2014 and 2015 in private capital expenditures.

Yet, while companies like Wide Open West ("WOW"), AT&T and others are investing hundreds of millions of dollars in private capital to expand broadband service and enhance competition, Wicked Broadband is essentially asking Lawrence taxpayers to foot them more than half a million dollars to provide high-speed broadband service for potentially only one neighborhood.

Currently, AT&T does not receive any subsidies from the city. In fact, our current franchise and video agreements call for us to pay the city for the right of doing business within the city limits. Since 2008, our franchise payments have exceeded \$1,000,000 while our video payments have been over \$370,000. Moreover, a grant of \$500,000 to a competitor like Wicked Broadband plus additional incentives is in direct contrast with AT&T's financial agreements with the city and runs counter to the competitive neutrality provision in the current agreements and requirements of Kansas law.<sup>4</sup>

For all of these reasons and more, while AT&T welcomes competition, AT&T opposes the application of Wicked Broadband for an economic development grant from the city. The broadband market in Lawrence is competitive and companies will continue to invest private capital to bring customers the services they want.<sup>5</sup> It is inappropriate to give taxpayer dollars to a company in an area where multiple competitors have and continue to invest private capital.

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<sup>4</sup> Section 9 of Lawrence City Ordinance No. 8081, which is the current franchise agreement between the city and AT&T, says "***...this contract franchise ordinance must be competitively neutral and may not be unreasonable or discriminatory to any telecommunications local exchange service provider operating in the City. In entering into this contract franchise ordinance, the City specifically recognizes it must ensure all other telecommunications local exchange service providers operating in the City are subject to a substantially similar contract franchise ordinance...***"

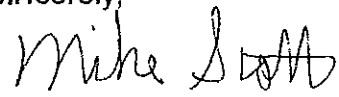
K.S.A. 17-1902(d) concerning rights-of-way provides that:

**d) The authority of a provider to use and occupy the public right-of-way shall always be subject and subordinate to the reasonable public health, safety and welfare requirements and regulations of the city. A city may exercise its home rule powers in its administration and regulation related to the management of the public right-of-way provided that *any such exercise must be competitively neutral* and may not be unreasonable or discriminatory. Nothing herein shall be construed to limit the authority of cities to require a competitive infrastructure provider to enter into a contract franchise ordinance. (Emphasis added).**

<sup>5</sup> WOW has announced a major upgrade to provide more reliable Internet speeds for its customers in the city. WOW officials also noted their opposition to the provision of subsidies or incentives in the competitive broadband market. *WOW to begin work later this month on upgrade to boost Internet speeds in city*, <http://www2.ljworld.com/news/2013/jun/05/wow-begin-work-later-month-upgrade-boost-internet/>.

AT&T appreciates the opportunity to weigh in and requests it be kept informed as the city proceeds on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Mike Scott". The signature is written in a cursive, slightly slanted style.

Mike Scott

