



January 21, 2014

Public Incentive Review Committee

Shannon Kimball
Mike Gaughan
Mayor Mike Dever
Vice-Mayor Mike Amyx
Bradley Burnside
Cindy Yulich
Linda Jalenak
Dennis Highberger

RE: Wicked Broadband application for economic development support funding

I am writing on behalf of WOW! Internet, Cable and Phone concerning the Wicked Broadband economic development grant application for funding and incentives. It is our understanding that the committee will be looking at the application in whole, or in part, in order to make a recommendation to the City Commission. It is also our understanding that the city staff has studied the application and did not recommend pursuing the Wicked Broadband proposal.

Prior to submitting brief comments in this letter, I would like to clarify a statement in WOW!'s May 21, 2013 letter addressed to David Corliss, City Manager. The background data in the letter stated that WOW! has 30,000 customers in Lawrence. Clarification must be made that this data included the surrounding areas of WOW!'s service footprint and not only the city of Lawrence. The service footprint includes Eudora, Tonganoxie, Basehor and parts of Leavenworth, Douglas and Wyandotte counties. Although WOW! has built out the Lawrence system per franchise requirements, it does not serve 85% of Lawrence households as stated in Wicked Broadband's response to the May 21, 2013 letter.. In reality it is significantly less than 50%.

The study and analysis provided by KU Small Business Development Center attempted to provide an economic impact analysis in regard to the Wicked Broadband application for funding. We respect the authors' credentials and knowledge and the analysis provided in the document. However, by the authors' own admissions, the type of analysis requested is outside of their area of expertise. (Section 1.4 Statement of Limitations) While the analysis provides important data, even after over 160 hours of research there is much more involved than the document was able to provide in order for the PRIC to reach a complete recommendation.

Despite Wicked Broadband's objections and comments to WOW!'s original letter, our position has not changed. We do believe that discussions and decisions related to the economic development of the Lawrence community where 105 of WOW!'s local employees have a vested



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interest are important. However, granting favorable treatment to a competitor over another by subsidizing investment is bad public policy and an inefficient use of taxpayer money.

There are competitive options in Lawrence for broadband service and we would reject Wicked Broadband's assertions that Lawrence is a monopoly market. Further, there is no concrete evidence that granting all or part of Wicked Broadband's application would create the economic growth in new business or expansion desired by our city leaders.

WOW! employs over 100 local residents and is committed to providing services in the community for a long term commitment. Infrastructure changes and upgrades have already occurred and studies are underway for the introduction of appropriate market based services as they become available and are required by consumer demand. WOW! is undertaking planning and technology upgrades **without** the request or expectation of public tax payer dollars.

Finally, it is important that before the PRIC makes any recommendations regarding this grant, consideration be given to the qualifications of the grant recipient. A thorough review of the applicant's history should be completed to make a determination if prior concessions and investments have produced the expected results. The qualifications of a grant recipient are just as important as the impact to the overall competitive environment for broadband and communications services.

Thank you for the opportunity to submit this letter.

Sincerely,

Debra R. Schmidt
System Manager
WOW! Lawrence Division