



October 12, 2013

Mr. David Corliss  
City Manager  
The City of Lawrence  
6 E 6<sup>th</sup> St.  
PO Box 708  
Lawrence, KS 66044

Re: Response to AT&T

Dear Mr. Corliss,

Wicked Broadband is writing in responses to Mr. Mike Scott's letter of June 17, 2013 which was written on behalf of AT&T. Wicked appreciates AT&T's interest in our local broadband initiative and their commitment to Kansas, we would love to have AT&T as a partner in our pilot project and in our eventual city-wide expansion.

As you know, we are proposing the installation of infrastructure that will be available to other retailers to provide competitive services. Should AT&T wish to upgrade their customers in the pilot neighborhood to Gigabit (1,000 Megabits per second) or even ten gigabit (10,000 Mbps) they will be able to use the proposed infrastructure to do so.

Upon reviewing Mr. Scott's letter, there appear to be some errors and omissions that have the effect of muddying the water through which we are swimming. Wicked would like to take the opportunity to clarify:

1. Mr. Scott indicates that AT&T believes that the marketplace should be free from "preferential or unique support for one competitor over another", but just this past August in Oklahoma City AT&T sought \$350,000 in public incentives<sup>1</sup> AT&T also received \$1.3 Billion in federal subsidies from 2007 to 2010 to build out its network infrastructure.<sup>2</sup> Perhaps what Mr. Scott meant was that AT&T opposes preferential treatment for any company that isn't named AT&T.
2. By AT&T CEO Randall Stephenson's own admission the DSL broadband technology that AT&T uses is now "obsolete"<sup>3</sup>.
3. **Wireless** data will never be capable of providing the type of ultra-high-speed broadband that Wicked has proposed and residents are demanding. This is due to limitations of physics and spectrum allocation. According to Susan Crawford, President Obama's former Special Assistant for Science, Technology and Innovation Policy "wireless access cannot be a direct substitute for high-speed wired services (other than the legacy DSL services, which have already become irrelevant)."<sup>4</sup>
4. The wireless data market is a separate market from the terrestrial broadband market. Services are priced differently, marketed differently and managed differently. The most important of these differences is that

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<sup>1</sup> Bailey, Brianna, "AT&T negotiates with Oklahoma City for job creation incentives," NewsOK, August 20, 2013, <http://newsok.com/att-negotiates-with-oklahoma-city-for-job-creation-incentives/article/3874063>

<sup>2</sup> Cecelia Kang, "AT&T, Verizon get most federal aid for phone service", The Washington Post, July 8, 2010, [http://voices.washingtonpost.com/posttech/2010/07/att\\_verizon\\_get\\_most\\_federal\\_a.html](http://voices.washingtonpost.com/posttech/2010/07/att_verizon_get_most_federal_a.html)

<sup>3</sup> Stacey Higginbotham, "Oh No He Didn't: AT&T's CEO Calls DSL Obsolete," GigaOM, July 19, 2011, <http://gigaom.com/broadband/oh-no-he-didnt-atts-ceo-calls-dsl-obsolete/>

<sup>4</sup> Crawford, Susan P. (2013-01-08). Captive Audience (Kindle Locations 4698-4699). Yale University Press. Kindle Edition.



wireless data providers are exempt from network neutrality rules. This gives carriers like AT&T carte blanche to discriminate against companies and technologies that the carrier doesn't approve of.

To illustrate these differences, let's take AT&T Wireless's public pricing for their "DataPro 3GB for Smartphone 4G LTE" plan<sup>5</sup> and look at what it would cost to use it like a terrestrial broadband connection. A Netflix Super HD 3D video stream consumes 12 Mbps of bandwidth. A 90 minute movie would consume approximately 11 GB (Giga Bytes) of data. AT&T's published pricing indicates that each GB of data cost \$10, so your first 90 minutes of video would cost \$110.

If your kids watched 1 ½ hour of Netflix at this resolution every day in October, your monthly bill would be **\$3,410**. By comparison, this same amount of data would cost **\$49.98** using Wicked's "TinMan" service.

5. AT&T does not have a broadband franchise in Lawrence. AT&T does not pay a single penny (0\$) in broadband franchise fees or sales tax on broadband service. AT&T's franchise agreements are for voice and video only. Wicked does not provide voice or video services and does not compete with AT&T in any voice or video market, therefore any incentive cannot be construed as preferential.
6. When discussing industry investment in broadband Mr. Scott is careful to include BOTH "wireless and wired". For example he states "the broadband industry has invested nearly \$1.2 trillion dollars in wired and wireless broadband networks". Mr. Scott fails to clarify that a vast majority of these recent investments have been in wireless services and wireless infrastructure.

Mr. Scott also fails to show that these investments have resulted in better and/or faster service for Lawrence. It is great that AT&T is investing in gigabit service in Austin, TX<sup>6</sup>, but what have its investments netted Lawrence, KS? Looking at the netindex.com report for Lawrence, one can plainly see that the only company in our community that has a continuously improved service over the past 12 months is our company, Community Wireless Communications Co. DBA Wicked Broadband.

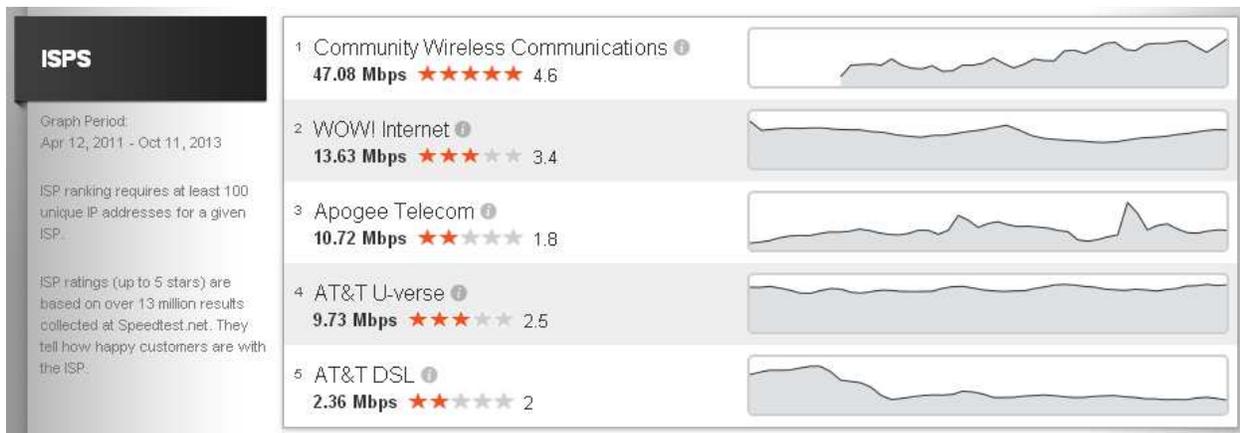


Figure 1: Netindex.com Results Retrieved October 12, 2013 1:05 PM <http://netindex.com/download/4,2292/Lawrence/>

<sup>5</sup> "DataPro 3GB for Smartphone 4G LTE" plan pricing retrieved October 12, 2013 11:48 AM CDT,

<sup>6</sup> Albanesi, Chloe, "AT&T to Roll Out Gigabit Internet in Austin, Texas, pcmag.com, October 1, 2013, <http://www.pcmag.com/article2/0,2817,2425075,00.asp>



Mr. Scott also implies that the proposed public incentives are some kind of handout. We'd like to clarify that the City of Lawrence is purchasing substantial benefits with its participation.

1. **Competitive Access** - The network will be operated as a wholesale common carrier network. This allows any company that wants to provide Internet services to use the fiber-optic infrastructure to reach customers. The result will be a competitive retail marketplace where citizens of Lawrence have a choice of broadband providers.
2. **Government & Community Fiber Access** – We have already had several non-profit organizations in the neighborhood request free Gigabit service. All of these organizations and any other qualifying not-for-profit will be granted free installation and free gigabit service. This includes government entities such as Douglas County, USD497 and the City of Lawrence.
3. **Government & Community Wireless Access** – Our unique approach to providing Gigabit Internet service includes the construction of comprehensive WiFi coverage in the neighborhood. With the City of Lawrence's participation, we plan to use this system to facilitate access to government network resources such as the City of Lawrence website, the Douglas County website, USD497 network resources and potentially even KU resources. This will allow residents who might not have money or interest in a broadband subscription to access public records and educational materials.

Citizens of Lawrence have already reaped substantial benefits from our proposed project. In response to our Wicked Fiber announcement, the incumbent cable provider removed its bandwidth caps and announced that it was upgrading its infrastructure in Lawrence.<sup>7</sup> Imagine what benefits the community will see once Lawrence has a truly competitive market? In Provo, UT, where Google received a \$40,000,000 incentive to provide Google Fiber, the incumbent provider responded by launching a 250 Mbps service for only \$70/month.<sup>8</sup>

We encourage the City of Lawrence to look at our proposed project holistically. City leaders should ask themselves:

- Is it the roll of government to participate in infrastructure investment?
- Will a competitive common carrier fiber network give our citizens more choices?
- Does competition lower prices and improve service?
- Is Lawrence positioned for a future where Gigabit and even 10 Gigabit services are the norm?
- Will the overall cost of broadband to our community be reduced as a result of this effort?
- If our citizens save money on broadband, does it make more funds available for retail, recreation and other Lawrence business?
- What would it cost to build the network ourselves? \$60,000,000? Are we getting a good value for our \$500,000 investment?

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<sup>7</sup> Lawhorn, Chad, "WOW to begin work later this month on upgrade to boost Internet speeds in city", LJWorld.com, June 5, 2013, <http://www2.ljworld.com/news/2013/jun/05/wow-begin-work-later-month-upgrade-boost-internet/>

<sup>8</sup> Buckley, Susan, "Google Fiber now faces Comcast's 250 Mbps offering in Provo, August 29, 2013, <http://www.fiercetelecom.com/story/google-fiber-now-faces-comcasts-250-mbps-offering-provo/2013-08-29>



If you ask yourself these questions and determine that the benefits to Lawrence outweigh the cost, we'd encourage you to participate in the project. The opportunity is unlikely to come a second time.

Sincerely,

A handwritten signature in black ink that reads "Joshua Montgomery". The signature is written in a cursive style with a large, sweeping flourish at the end.

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