

Request for Proposal for Renewal Cable License

I. REQUEST FOR RENEWAL PROPOSAL.

Cox asked the City to commence the formal renewal process as required by federal law. As also required by federal law, the City conducted a proceeding to assess cable-related needs and interests, and to review Cox' past performance. It provided Cox the opportunity to submit information regarding needs and interests and past performance.

Based on the record before it, the City Council adopted findings regarding the City's cable-related needs and interests, and Cox' past performance. As contemplated by federal law, the City now requests that Cox submit a proposal for renewal of its license. The deadline for submitting a proposal is 5 p.m. February 16, 2007. The proposal, along with five copies and a copy of the submission in electronic form, must be received by the City by that time or it may be rejected summarily. This material should be delivered to:

Ann Strine
Director, Information Technology/CIO
City of Tucson
481 West Paseo Redondo
Tucson, AZ 85701
520-791-4747

Cox should review the findings of the Council and the needs assessment record, and keep in mind the following:

1. The City will assess the adequacy of the proposal submitted, as clarified through any questions that the City may ask. Therefore, it is important for the proposal to be as complete as possible in describing what the company will provide, how it will provide it, and by what date any promise will be satisfied. For example, if the company enters into a contract with a higher educational institution, and believes that this satisfies needs that would be satisfied through a PEG channel, it should say so, and describe the contract.
2. The review of any proposal will be conducted in accordance with the federal renewal process activated by Cox, as required by federal law and the license.

As permitted by Section 7A-15, this request for proposals is not subject to Sections 7A-15(1)-(10) of the City Code. The application fee established by the Code does apply.

II. ORGANIZATION OF PROPOSAL

In order to facilitate the review of the proposal, the proposal should be organized as follows. If Cox proposes nothing with in a particular area, it can say so. Where it does make a proposal, the company should provide language it would include in a license with respect to that matter, if any, so that the City can clearly evaluate the company's

proposal. If there are proposals that do not fit within the categories below, place them in a “Miscellaneous” Category.

1. License Term.
2. System Design and Capabilities – first three years of license term.
3. System Design and Capabilities – proposal with respect to future upgrades of system.
4. Line Extension Policies for Residential Subscribers, MDUs, Commercial Subscribers, and New Subdivisions.
5. Proposal with Respect to Categories of Services to be Provided.
6. Customer Service Standards.
7. Proposal with Respect to Public, Educational and Government Use of the System, Including Institutional Networks.
8. Rate Guarantees.
9. License Fee.
10. Remedies for past performance deficiencies identified by the City.
11. Support for Proposal/Mandatory Questions.

III. SUPPORT FOR PROPOSAL/MANDATORY QUESTIONS

As part of the proposal, please provide answers to the following.

1. Does the company believe the proposal reasonably meets the cable-related needs and interests of the community identified in the needs assessment?
2. If the answer to the foregoing is yes, please explain why, with respect to each element of the proposal. If the answer is no, please explain why the company nonetheless believes its license should be renewed. Any statements should be supported by a person who would be competent to testify if this matter were to proceed to a formal administrative hearing.
3. If Cox contends that it cannot satisfy needs and interests in light of the “cost thereof” as referenced at 47 U.S.C. § 546(c), Cox should explain the basis for that contention, and provide the financial analysis on which it relies for the contention. Any statements should be supported by a person who would be competent to testify if this matter were to proceed to a formal administrative hearing. Cox should also provide:
 - a. A complete and detailed statement of sources and uses of funds for operation within the City of Tucson for the last five years, and a complete and detailed statement of sources and uses of funds projected for the next ten years. Major assumptions should be identified. Where sources and uses of funds cannot be specifically provided for the City of Tucson (because records maintained are not Tucson specific), the company should provide the information for the lowest corporate level for which the records are maintained; identify the level; and allocate the funds to City of

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Tucson operation, explaining the basis for the allocation. Where funds are used in a way that is used or useful in the provision of non-cable services, please (1) explain how expenses were allocated among cable services and non-cable services and (2) identify all non-cable services.

- b. A balance sheet for the City of Tucson system as of year end for the last five years, and a pro forma balance sheet projected for the next ten years. Where the balance sheet is based upon an allocation, the company should provide the allocation information. Identify the value of the franchise included in the balance sheets.
 - c. Monthly revenue for the City of Tucson system detail identifying cable service revenue by type, the rate for the specific service and the number of subscribers taking the service for the last five years consistent with the dates of information provided in a. and b. above.
 - d. A listing of all debt associated with the City of Tucson system and the repayment schedule for the last five years and projected financing needs for the next ten years consistent with the response to a. above.
4. If Cox is proposing to limit the number of PEG channels as compared to those being provided now, please state whether Cox is promising to increase the number of HDTV channels that it offers, and if so, by what date that would occur.
 5. If Cox is proposing to limit the support provided for PEG, or the rental fee it is paying for use of the rights of way as compared to current obligations, please state identify any guarantees that Cox is willing to provide with respect to limitations on its own rate increases.
 6. If Cox is proposing to move some PEG channels to the digital tier, identify what the financial impact would be on a subscriber who wishes to continue to receive those channels where the subscriber is:
 - a. a basic service only subscriber;
 - b. a basic/expanded basic only subscriber;
 - c. a basic/expanded/premium service only subscriber
 - d. a subscriber to any of the above plus Cox' digital gateway;
 - e. a subscriber to any of Cox' digital tiers
 7. Please identify the number of total subscribers in Tucson, and the number of subscribers in each of the categories in question 6.
 8. Please state whether and how Cox' proposal would limit any financial impact on subscribers falling into any of the categories above.

9. Please identify the entity that will hold the license.
10. Please identify any changes that the company would require be made to either its existing license or to the City's cable ordinance as a condition of its proposal.
11. Please show that Cox is financially, technically and legally qualified to perform as promised in its proposal.
12. Please explain (a) why Cox has not upgraded its system to 860 MHz before the date of this RFP; and (b) why Cox has not installed all the facilities and equipment required to provide cable service "on-demand" prior to the date of this RFP.
13. Under Cox' proposal, please explain what would happen if federal law were to change to permit the City to charge a higher license fee, require more PEG channel capacity, or obtain greater PEG support than Cox proposes.