

April 8, 2014

Dear Mayor McMillan,

With the two large scale failures of the city's internet/telecommunications service and several other localized outages, citizens and customers from all over the city are asking me questions about CDE Lightband and looking for answers.

These outages have had an incalculable cost to city government, business operations and residential users alike. Thus, I believe it is important to address the citizens' concerns and examine the ability of CDE Lightband to operate and maintain a commercially competitive telecommunication function that, in today's world, is an infrastructure item every bit as important as electricity, water or roads.

I am further concerned about the near-term and potential long-term negative effect on CDE Lightband's credibility and the resulting financial effect that lack of public credibility could create. After all, the financial health of CDE Lightband and their financial relationship to Clarksville Department of Electricity has a direct impact on the City and its citizens.

My concerns are not unfounded based on documented information that is available, and based upon discussions that have been going on within our community in recent weeks and months. As a matter of fact, recent CDE monthly financial reports (which were provided to the city's Finance Committee) show that new customer growth continually fails to meet projections - in many categories actually decreasing - and that financial reserves may be questionable.

There are "discussions" in the community that CDE Lightband needs to restructure its debt payments and its debt repayment schedule due to the current financial situation. This is worrisome due to the fact that telecommunications division of CDE borrowed so much money from the electrical division. It is also reported that the projected number of customers are being drastically reduced again. This downward trend will certainly have large impact on CDE Lightband's financial health.

By no means am I trying to cast a picture of doom and gloom, nor am I looking to assign blame toward any person or persons. I simply believe that the information I am requesting below would enable the citizens of Clarksville and the City Council to better understand the operational issues and the economic situation of CDE Lightband.

Thus, I am requesting that CDE provide the City Council a presentation of CDE Telecommunication/Broadband Division with the following questions answered/explained:

1. When the Telecommunication/Broadband Division was being initially discussed and setup in the mid to late 2000s, I attended a presentation where capabilities of the system were addressed. One matter that was deemed critical for potential businesses, industries and residential users was redundancy. This was a significant requirement in order to be competitive in the marketplace. It was at least inferred that there was a redundancy in the system/broadband line that would have covered any overall failure in the primary connections. That backup system may not have the full capacity of the primary, but it would provide service in an emergency. It seems evident in the recent failure episodes that no backup system now exists.

Did a backup system/line ever exist? If so, why was it no longer available for the recent failures? If no backup system/line was ever provided, why not? Given that no backup line was available for the recent system failures and one will not be available until after

May 2014, when did CDE recognize that a backup system was now needed and why not before?

2. Recent CDE Lightband Subscriber Analysis data shows that new subscriber projections are not being met. I attended a presentation several years ago where the business plan for Lightband underwent a substantial revision. As I recall that revision considerably lowered subscriber growth due to a number of factors to include installation capability. Data shows that subscriber numbers are not at projections and have actually been falling. I understand that new reduced projections are being considered.

Please provide a comparison of subscriber projections (by service and by year) as listed under the revised business plan from several years ago to any new/revised business projections (by service and by year) being considered. Please provide a comparison to actual subscriber numbers (by service and by year).

3. If subscriber projections are not being met and are actually falling, this will reduce revenues further. If there is an exodus of customers after the recent system failures, even more revenue pressure will result.

There have been discussions that Lightband needs to restructure its debt payments. If so, what is the nature of this restructuring in terms of payments required versus the current repayment plan?

4. CDE Lightband offers a list of services to include video (with different levels/packages), internet and phone.

Since the city has signed an agreement with Charter Communications to operate in Clarksville, please provide a rate comparison for comparable service or product packages. Please include the CDE margin of profit (percentage) for each service provided and how does this compare to any published industry standards? What has been CDE Lightband's gross margin of profit for the telecom division for the last four full years (2010, 2011, 2012, and 2013)?

5. When customers leave CDE Lightband telecommunications services is an interview or survey done to record the rationale for the departure?

If so, please provide a list, by percentage of rationale and per year for the last four full years.

6. During the first telecommunications failure there were homes that also lost electric services and were not able to contact CDE due to the communications failure.

Will a permanent alternate telephone line for such emergencies or failures be installed? If so, when?

Thank you in advance for your assistance and information.

Bill Summers  
Councilman – Ward 10