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Portland plans to amend Google Fiber's franchise to operate in the city, replacing a requirement that the company offer low-cost Internet service with a new fee that would fund "digital equity" in Portland.

The changes extend Google's 10-year franchise, initially approved in 2014, until 2026. And the new franchise agreement calls on Google Fiber to offer free Internet service to some residents, but it does not specifically require the company to do so.

The new franchise, pending city council approval on June 29, requires Google to pay 3 percent of its gross revenues for a new "digital equity support fee" to be administered by the city.

Google remains exempt from a 3 percent fee for public-access, educational and government (PEG) programming that Comcast pays. And it would no longer have to set up free Wi-Fi networks in parts of the city or to offer free service to some nonprofits.

Two years after Google Fiber first expressed interest in bringing its hyperfast Internet service to Portland, the company has still not committed to do so. A state Supreme Court ruling late in 2014 made Google subject to an unusual Oregon tax, holding up the project until legislators and state regulators created an exemption.

A formal announcement now appears in the offing; Google Fiber has begun hiring Portland employees, talking with neighborhoods about network locations and just this month won approval for its first "fiber hut" to support the project.

Changes to the franchise agreement unveiled Tuesday are designed to conform with the "Digital Equity Action Plan" the Portland City Council adopted in April, according to Mary Beth Henry, Portland's director of community technology. With schoolwork, job applications and senior services moving to the internet, Henry said it's imperative that people have broadband access regardless of their financial circumstances or neighborhood.

"Everything's online so addressing digital equity is really the issue of the future that needs to be addressed now," Henry said.

Google Fiber's flagship service offers internet connections at 1 gigabit per second – 40 times faster than the federal broadband standard – for \$70 a month. Initially, in its first markets, it also offered several years of service at 5 megabits per second for a one-time fee of \$300, and Portland required similar service in its 2014 franchise.

In April, though, Google began replacing that service with a 25 Mbps connection for \$15 a month in neighborhoods with especially low rates of online connectivity.

Google's new franchise doesn't require the 5 Mbps service. Henry said that reflected revised thinking on the best way to expand online access to low-income households.

"Two years is a long time in this business and things change," she said.

Google's amended franchise authorizes Portland to use revenues from the digital equity fee to build fiber to connect schools, libraries, public agencies and nonprofits to the internet, or for other projects to expand online access.

Inquirer
Prosecutor:
'In Fattah
World, none
of the rules
apply'

Portland has no estimate of how much Google's new fee will generate, Henry said, because it's difficult to anticipate how many people will use its service. Google will still be subject to a 5 percent fee on its cable TV service, money that goes to the city's general fund.

Other companies pass along such fees to their customers; Google Fiber has given no indication whether it plans to do so in Portland.

Portland does not plan to amend its franchise agreement with its two other residential broadband providers, CenturyLink and Comcast, according to Henry. But she said the city has asked Comcast to extend its low-cost internet service for families to seniors and others.

And Henry said she expects Google Fiber's rivals will take steps on their own to match the company's public efforts to improve broadband's reach.

"In a competitive marketplace," she said, "I expect there will be a response." – ***The Oregonian***



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