

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the matter of	)	
	)	GN Docket No. 17-142
	)	
Improving Competitive Broadband Access	)	
to Multiple Tenant Environments	)	

**Consolidated Smart System's COMMENTS IN REPLY TO NOTICE OF INQUIRY**

**1. INTRODUCTION.**

Consolidated hereby submits its replies in response to the Federal Communications Commission ("FCC" or "Commission") in response to its June 22, 2017 Notice of Inquiry.

**2. BACKGROUND**

Consolidated Smart Systems has been serving the MDU market for over fifty years. For the last nineteen years, we have been delivering satellite video service to our MDU accounts via DIRECTV. We currently offer video, internet and VoIP to our customers. We are a private broadband provider that operates in California and Arizona. We compete against all of the largest Telcos and cable companies in the business. We raise capital for our growth from private investors and our local bank. I am Dan Terheggen, the CEO of Consolidated and the president of the Multifamily Broadband Council (MBC).

**3. COMMENTS**

Consolidated's comments are from the perspective of a small private broadband operator. As president of the MBC, I speak to other small operators all over the country. Many of them do not have the information or resources to provide comments on this NOI. It seems that many of the comments for this NOI are from very large companies. I think it is important to get the perspective from the small private operator's viewpoint.

**4. COMPETITION**

We compete against Spectrum, Cox, Charter, Time Warner, Verizon AT&T and Verizon/Frontier. We are able to get financing from our investors and lenders because we can predict what our subscriber penetration will be in any particular property. This predictability is

based on two contractual components namely exclusive marketing arrangements and bulk contracts.

## **5. EXCLUSIVE MARKETING AGREEMENTS**

Exclusive marketing agreements give us the ability to compete with the billion dollar companies on a particular property. They have unlimited advertising budgets and can outspend us on any location. The exclusive marketing provision gives us some predictability for penetration and subscriber growth. Without this provision, we would not be able to get investors or financing. It is our opinion that if exclusive marketing agreements were not available for the smaller operator it would soon put most of the providers out of business and eliminate the only competition in many markets for the large Telcos and cable companies.

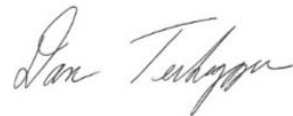
## **6. BULK BILLING AGREEMENTS**

We have a number of bulk billing agreements. Our bulk properties fall into two distinct categories. These are luxury buildings or low income buildings. The luxury buildings use bulk as an amenity to the building and it is a convenience for their resident. Low income buildings use bulk to get video and internet service at a substantial discount and pass this discount on to their low-income residents. It is our view that no new regulations are required for bulk agreements. Clearly such agreements benefit residents and owners alike. Service providers are free to compete by offering a better deal to owners and owners are free to make their decision based on their own criteria and the demographic of their customer.

## **7. CONCLUSION**

In conclusion, we feel that both exclusive marketing agreements and bulk billing agreements are necessary to keep the small private operator viable and healthy. I have attached our previously submitted comments to the FCC regarding the San Francisco ordinance Article 52 (MB 17-91), which dealt with similar issues, and request that they be added into the formal record for the NOI as well.

Respectfully,

A handwritten signature in dark ink, appearing to read "Dan Terheggen", is written in a cursive style.

Dan Terheggen

Consolidated Smart Systems

August 22, 2017