

## PALO ALTO FTTH STUDY- Quantitative Data Summary

Based on approximately a 20% response to a survey of 5,000 randomly selected CPA Utilities customers. Staff deemed the following quantitative information key to the formulation of the business case.

As a part of the business case study, this survey focused on three proven revenue generating services. There was no attempt to quantify community enhancement, utility efficiency or other non revenue generating value additions that a FTTH system would likely provide.

### Currently Available and Proven Broadband Services:

#### 1. Voice (Telephone service)

- 77% said they would switch telephone service at the same price *so that the City would get the revenue.*
- 60% of local telephone customers were only *fairly satisfied* to *extremely dissatisfied* with their service.

The above data suggests that many Palo Altans would consider switching local phone providers. This was a surprise, as conventional wisdom holds that local phone service is a proven, stable service. It suggests that the ability to chose is very important.

#### 2. Video (TV service)

- 53% are very interested in subscribing to a City-provided cable TV service.
- There is an under served market in the areas of cost, support, quality and reliability.

**Gap analysis:** respondents stressed the importance of TV reliability, picture quality, programming variety, cost and customer support. Conversely, they gave poor grades to their current providers on all of these points. For example: customer support is considered important or very important to 71%, while only 23% said they are satisfied, to very satisfied with their current level of support.

#### 3. Data (Internet and other On-line services)

- 75% are very interested in subscribing to City-provided High-speed Internet service.
- Only 41% say their current internet service meets their expectations.

**Gap analysis:** respondents stressed the importance of Internet reliability, speed, customer support and cost. Conversely, their expectations have not been met on all of these points by their current providers. For example: connection reliability is considered the most important attribute to 86%, while only 58% said they are satisfied, or very satisfied with their current level of support.

Reliability and speed will be greatly enhanced by fiber giving CPAU a true advantage vis-à-vis these attributes.

**Community/ CPAU specific responses:**

- 90% believe that CPAU performs current utility services very well.
- Only 21% were not confident that CPAU would manage the services well (Note: text responses showed that many thought Cable Co-op was a CPA company).
- 30% said they would not hesitate to subscribe
- 63% believe that connecting residential fiber optic services is a high priority.
- 66% favor the City owning and operating its own system to provide Internet and TV whereas only 7% are against it. 27% have not made a conclusion one way or the other (22% believe there are pros and cons to it, and 5% have no opinion).
- 62% believe that CPAU, ideally, should coordinate all utility services to the home, including phone, TV, and Internet.
- The ability to choose among different TV and Internet providers was **less** important as a compelling benefit to switch to FTTH services than the four others listed in priority:
  - 1) dramatic improvement in speed and reliability of Internet access;
  - 2) The stability that the City of Palo Alto ownership brings to the service;
  - 3) Wider selection of TV channels and enhanced picture quality; and
  - 4) Convenience of Internet, TV, and Phone charges on one monthly account.

**Conclusion:** The above data indicates a large underserved market for voice, video and data services in Palo Alto. Staff believes this market demand could be served via a Fiber To The Home deployment. This survey data plus other market information was integrated into the formation of the business case. Should a business plan be commissioned, this data will be central to determining appropriate product packages and deployment strategies.