

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Highland Communication Services)
)
Application for State-Issued Authorization to Provide) **Docket No. _____**
Cable Service Pursuant to Section 401 of the Cable)
and Video Competition Law of 2007)

**APPLICATION FOR STATE-ISSUED
AUTHORIZATION TO PROVIDE CABLE SERVICE**

Pursuant to Section 401 of the Cable and Video Competition Law of 2007 (the “Law”) (220 ILCS 5/21-100, et seq.), Highland Communication Services (“HCS” or “Applicant”) hereby applies for state-issued authority to use, occupy, and construct facilities in the public right-of-way for the delivery of cable service and for State issued authority to provide cable services, in the service area identified in Exhibit 1 (the “service area footprint”).

In support of this Application, HCS submits the attached Affidavit of Mr. Mark Latham, City Manager of the City of Highland and General Manager of HCS (“Affidavit”). Mr. Latham’s Affidavit contains the affirmations and information required by subsection 401(b) of the Law (220 ILCS 5/21-401(b)).

I. ELIGIBILITY

1. Applicant seeks to provide cable service, as defined in Section 201(e) of the Law (220 ILCS 5/21-201(e)), in Illinois, in the service area footprint, as defined in Section 201(j) of the Law (220 ILCS 5/21-201(j)), and as identified in this application,

and seeks to obtain State-issued authority pursuant to Section 401 of the Law (220ILCS 5/21-401).

2. The Law authorizing this Application was enacted by the Illinois General Assembly to foster competition because, as it has stated, it believes “[c]ompetitive cable service and video service providers are capable of providing new video programming services and competition to Illinois consumers and of decreasing the prices for video programming services paid by Illinois consumers.”

Further, the Illinois General Assembly has stated:

“The State authorization process and uniform standards and procedures in this Article are intended to enable rapid and widespread entry by competitive providers which will bring to Illinois consumers the benefits of video competition including providing consumers with more choice, lower prices, higher speed and more advanced Internet access, more diverse and varied news, public information, education, and entertainment programming, and will bring to this State and its local units of government the benefits of new infrastructure investment, job growth, and innovation in broadband and Internet protocol technologies and deployment.”

3. Additionally, the Federal Communications Commission (“FCC”) noted in a 2006 cable prices report that “[c]able prices decreased substantially *when a second wire line cable operator enters the Market,*” whereas the presence of DBS competition does not appear to constrain cable prices. *In the Matter of Implementation of Section 3 of the Cable Television Consumer Protection and competition Act of 1992, Statistical Report on the Average Rates for Basic Services, Cable Programming Service, and Equipment*, MM Docket No. 92-666 (Released December 27, 2006), ¶ 14 (emphasis added). The FCC

found *In the Matter of Annual Assessment of the Status of Competition in the Market for Delivery of Video Programming*, Ninth Annual Report, MB Docket No. 02-145 (Released December 31, 2002), ¶ 9, that “available evidence indicates that when an incumbent operator faces “effective competition,” as defined by the Communications Act, it responds in a variety of ways, including lowering prices or adding channels without changing the monthly rate, as well as improving customer service and adding new services such as interactive programming.”

4. Applicant was formed under Resolution No. 09-04-1779 and Ordinances 2332 and 2333. Applicant is a sub-department of the Electric Department for the City of Highland, Illinois. The City of Highland is a Non-Home Rule unit of municipal government that operates under a managerial form of government. Under this format the elected City Council is legislative, except that it is empowered to approve all expenses and liabilities, and the manager is the administrative head of government. Applicant will own and operate a video headend located in Highland, Illinois and own and operate facilities for a data network and video network. Applicant will compete directly with the incumbent provider, Comcast.

5. For purposes of this Application, applicant is not an “incumbent cable operator,” within the meaning of Section 21-201(m) of the Law (220 ILCS 5/21-201(m)) with respect to the service area footprint (as Applicant does not provide cable services in the service area footprint under a franchise agreement with the local government unit), and is eligible to seek this state-issued authority pursuant to Section 301(a) of the Law (220 ILCS 5/21-301(a)).

6. The Commission is the franchising authority for State-issued authorizations and is subject to the State authorization process detailed in Section 401 of the Law.

7. As shown in Section II and in the attached Affidavit, Applicant satisfies the requirements of Section 401(b) of the Law (220 ILCS 5/21-401(b)) and, therefore, is eligible to obtain a State-issued authorization consistent with the terms and scope of this Application, to be issued by the Commission within thirty (30) days of this submission. If the Commission does not notify the Applicant regarding completeness of this Application and the attached Affidavit or issue service authorization within the time periods required under Section 401(d), the service authorization requested in this Application shall be issued by operation of law upon the expiration of the thirtieth (30th) day of this submission as provided in Section 401(d)(2) of the Law (220 ILCS 5/21-401(d)(2)).

II. COMPLIANCE WITH REQUIREMENTS OF SECTION 401(b) OF THE LAW

8. HCS has filed with the FCC all required forms including registration statements and frequency notifications and agrees to comply with all applicable federal and State statutes and regulations. (220 ILCS 5/21-401(b)(2)). See Affidavit ¶ 4.

9. HCS agrees to comply with all applicable local units of government regulations. (220 ILCS 5/21-401(b)(3)). See Affidavit ¶ 6.

10. HCS will offer cable service in the area identified in Exhibit 1 (the cable service area footprint) (220 ILCS 5/21-401(b)(4)).

11. The United States Census Bureau's most recent estimate of the number of low income households, as defined in Section 201(p) of the Law (220 ILCS 5/21-201(p)),

located within the cable service area identified in Exhibit 1 is 80 families and 559 individuals, or approximately 3.6% of families and 6.8% of the population within the video service area. (220 ILCS 5/21-401(b)(4)).

12. The location of HCS's principal place of business within the State is 1115 Broadway, Highland, IL 62249. The telephone number for HCS's principal place of business is 618-654-9891. HCS's General Manager who is responsible for communications concerning this Application and the services to be offered pursuant to this Application is Mark Latham, City Manager and General Manager of HCS. Applicant's legal name is Highland Communication Services and it will do business under the name of Highland Communication Services. (220 ILCS 5/21-401(b)(5)). See Affidavit ¶ 11.

13. As indicated by the attached Certificate of Service, HCS has concurrent with the filing of this Application, delivered a copy of the Application to the local unit of government included in the cable service area. See Affidavit ¶ 12.

14. The date HCS anticipates launching cable service in the service area footprint is March 2011. (220 ILCS 5/21-401(b)(7)). See Affidavit ¶ 13. Pursuant to Section 801(a) of the Law (220 ILCS 5/21-801(a)), HCS will give notice to the local unit of government included in the cable service area at least ten (10) days before HCS begins to offer service within the boundaries of that local unit of government. In the event that HCS does not initially offer cable service in at least one location within the cable service area within three (3) months after March 1, 2010, HCS will amend its application, update the expected date that cable service will be initially offered and explain the delay.

15. HCS possesses and has access to the financial, managerial, technical and legal qualifications necessary to construct and operate the proposed system for providing cable service, and to promptly repair any damages to the public right-of-way caused by Applicant, and to pay for removal of its facilities. (220 ILCS 5/21-401(b)(8)). See Affidavit ¶ 14. Exhibit 2 and Exhibit 3 are provided as evidence of HCS's managerial, and technical qualifications in the form of key personnel resumes and in the form of an organizational chart, respectively. See Affidavit ¶ 14. Exhibit 4 is provided as evidence of HCS's financial qualifications in the form of the Fiscal Year 2010 Financial Audit. See Affidavit ¶ 14. Exhibit 5 is provided as evidence of HCS's legal qualifications in the form of Highland City Ordinance No. 2332 and 2333, dated 2009 and Resolution No. 09-04-1779. See Affidavit ¶ 14.

16. This application includes the general standards related to customer service that HCS will adhere to, as required by 220 ILCS 5/70-501. (220 ILCS 5/22-501). See Affidavit ¶ 15 and Exhibit 6, which includes a statement of HCS's customer service standard policies. As part of its customer service standards, HCS agrees to comply with these provisions of 220 ILCS 5/22-501:

(a) To the extent consistent with federal law, HCS shall offer the lowest-cost basic cable or video service as a stand-alone service to residential customers at reasonable rates. HCS shall not require the subscription to any service other than the lowest-cost basic service or to any telecommunications or information service, as a condition of access to cable or video service, including programming offered on a per channel or per program basis. HCS shall not discriminate between subscribers to the lowest-cost basic service, subscribers to other cable services or video services, and other subscribers with

regard to the rates charged for cable or video programming offered on a per channel or per program basis.

(b) To the extent consistent with federal law, HCS shall ensure that charges for changes in the subscriber's selection of services or equipment shall be based on the cost of such change and shall not exceed nominal amounts when the system's configuration permits changes in service tier selection to be effected solely by coded entry on a computer terminal or by other similar simple method.

(c) To the extent consistent with federal law, HCS shall have a rate structure for the provision of cable or video service that is uniform throughout the area within the boundaries of the local government unit. This subsection is not intended to prohibit bulk discounts to multiple dwelling units or to prohibit reasonable discounts to senior citizens or other economically disadvantaged group.

(d) To the extent consistent with federal law, HCS shall not charge a subscriber for any service or equipment that the subscriber has not affirmatively requested by name. For purposes of this subsection, a subscriber's failure to refuse HCS's proposal to provide service or equipment shall not be deemed to be an affirmative request for such service or equipment.

WHEREFORE, HCS respectfully requests that a State-issued authorization be issued, pursuant to and consistent with Sections 401(d) through (h) of the Law that authorizes HCS to use, occupy, and construct facilities in the public rights-of-way for the delivery of cable service, and to provide cable service, in the cable service area footprint, and that such State-issued authorization include all of the following:

- (1) A grant of authority to provide cable service in the service area footprint as requested in this Application, subject to the laws of this State and the ordinances, rules and regulations of the local government unit.
- (2) A grant of authority to use, occupy, and construct facilities in the public rights-of-way for the delivery of cable service in the service area footprint, subject to the laws of this State and the ordinances, rules and regulations of the local government unit.
- (3) A statement that the grant of authority is subject to lawful operation of the cable service by the Applicant, its affiliated entities or its successors-in-interest.

Respectfully submitted,
Highland Communication Services

SEE ATTACHMENT 1 SIGNATURE PAGE

Terri K. Firestein
Sr. Director
CCG Consulting, LLC

Mark Latham
City Manager
Highland Communication Services
1115 Broadway, PO Box 218
Highland, IL 62249

Terri K. Firestein
Sr. Director
CCG Consulting, LLC
10806 Garrison Hollow Rd.
Clear Spring, MD 21722
301-842-1437
tfireccg@myactv.net

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the public version of the Application has concurrently been delivered by first class mail to the local unit of government identified within the Application as the cable service area footprint.

SEE ATTACHMENT 2 SIGNATURE PAGE

Terri K. Firestein

Subscribed and sworn to before me

this 6th day of January, 2011

NOTARY PUBLIC: _____
(print)

My Commission Expires: _____

County of Washington, State of Maryland

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Highland Communication Services)
)
Application for State-Issued Authorization to Provide) **Docket No.** _____
Cable Service Pursuant to Section 401 of the Cable)
and Cable Competition Law of 2007)

AFFIDAVIT OF MARK LATHAM

STATE OF ILLINOIS)
)
COUNTY OF MADISON)

I, Mark Latham, being placed under affirmation, solemnly, sincerely, and truly declare and affirm the following:

I. INTRODUCTION

1. I am currently City Manager of the City of Highland, Illinois. As City Manager I oversee Highland Communications Services (“Applicant” or “HCS”). In that capacity, I am responsible for all regulatory, government and external affairs, as well as community and industry relations throughout our proposed service footprint. I have been the Highland City Manager since 2005. As City Manager my scope of responsibility includes daily operation of the \$48M municipal government including 5 utilities, management of 9 senior municipal leaders, and short and long term capital improvements including infrastructure, strategic planning, budget and cost control activities. I have been highly involved in the restoration and maintenance of historical downtown and

education. I have spearheaded strong area growth and improvement projects including a master plan for zoning, infrastructure, parks and major streets and constructed long-term infrastructure plans increasing City reserves 300% while reducing taxes. I graduated from John Brown University with a Bachelor of Science in Education in 1977 and received a Masters in Leadership and Ethics in 2004.

2. The purpose of my Affidavit is to provide support for HCS's Application for State-issued authorization to provide cable services pursuant to Section 401 of the Cable and Video Competition Law of 2007 (the "Law") (220 ILCS 5/21-401)(the "Application"). For purposes of its Application, HCS is not an "incumbent cable operator," within the meaning of Section 201(m) of the Law (220 ILCS 5/21-201(m)) and is eligible to seek State-issued authorization pursuant to Section 301(a) of the Law (220 ILCS 5/21-301(a)). This Affidavit and supporting Exhibits 1 through 6 provide the affirmations and information required by Section 401(b) of the Law (220 ILCS 5/21-401(b)).

3. I have knowledge of the facts stated in this Affidavit and accompanying supporting Exhibits 1 through 6, I am competent to testify to them and I have authority to make this Affidavit on behalf of and to bind HCS.

II. COMPLIANCE WITH REQUIREMENTS OF SECTION 401(b) OF THE LAW

A. SECTION 401(b)(1)

4. HCS has timely filed with the Federal Communications Commission

(“FCC”) all forms required by that agency in advance of offering cable service within the service area footprint (220 ILCS 5/21-401(b)(1)), including applicable registration statement and frequency notification.

B. SECTION 401(b)(2)

5. HCS agrees to comply with all applicable federal and state statutes and regulations. (220 ILCS 5/21-401(b)(2)).

C. SECTION 401(b)(3)

6. HCS agrees to comply with all applicable local units of government regulations. (220 ILCS 5/21-401(b)(3)).

D. SECTION 401(b)(4)

7. An exact description of the cable service area where cable service will be offered by HCS during the term of this requested State-issued authorization, identified by local unit of government, is included in Exhibit 1.

8. The United States Census Bureau’s most recent estimate of the number of low income households, as defined in Section 201(p) of the Law (220 ILCS 5/21-201(p)), located within the cable service area identified in Exhibit 1 is 6.8% of the population within the cable service area. (220 ILCS 5/21-401(b)(4)).

E. SECTION 401(b)(5)

9. The location of HCS’s principal place of business within the State of Illinois is 1115 Broadway, Highland, Illinois 62249. The telephone number for HCS’s principal place of business is 618-654-9891. (220 ILCS 5/21-401(b)(5)).

10. HCS’s principal executive officer responsible for communications

concerning this Application and the services to be offered pursuant to this Application is Mark Latham. (220 ILCS 5/21-401(b)(5)).

11. Applicant's legal name is Highland Communication Services. Applicant will not use an assumed name and will provide cable services in Illinois as Highland Communication Services or HCS. (220 ILCS 5/21-401(b)(5)).

F. SECTION 401(b)(6)

12. As indicated by the attached Certificate of Service, HCS has, concurrent with the filing of this application, delivered a copy of this Application to the local unit of government identified in Exhibit 1. (220 ILCS 5/21-401(b)(6)).

G. SECTION 401(b)(7)

13. The expected date that cable service will be initially offered by HCS in at least one location within the area identified in Exhibit 1 is March 1, 2011. (220 ILCS 5/21-401(b)(7)). Pursuant to Section 801(a) of the Law (220 ILCS 5/21-801(a)), HCS will give notice to each local unit of government at least ten (10) days before HCS begins to offer service within the boundaries of that local unit of government. In the event that HCS does not initially offer cable service in at least one location within the cable service area identified in Exhibit 1 within three months after March 1, 2011, HCS will amend its application, update the expected date that cable service will be initially offered and explain the delay.

H. SECTION 401(b)(the next –to-last unnumbered paragraph in subsection (b))

14. HCS possesses and has access to the financial, managerial, legal and technical qualifications necessary to construct and operate the proposed system for providing cable service, and to promptly repair any damages to the public right-of-way caused by Applicant, and to pay for removal of its facilities. (220 ILCS 5/21-401(b)(the next-to-last unnumbered paragraph in subsection b)). At the time HCS seeks to use the public rights-of-way to construct, operate, repair or remove its facilities in the right-of-way under the jurisdiction of either the state of Illinois and/or a local unit of government, HCS will post the bonds identified in its Application, and will produce a certificate of insurance or a certificate of self-insurance or otherwise demonstrate to the requesting entity HCS's financial responsibility to use such public right-of-way. As further evidence of HCS's management and technical qualifications, I have attached, as Exhibit 2, biographical information for key personnel responsible for managing HCS, its operations and network. As further evidence of HCS's financial qualifications, I have attached as Exhibit 4 the Fiscal Year 2010 Financial Audit. As evidence that HCS has legal authority to transact business in Illinois I have attached Exhibit 5, composed of City Ordinance No. 2332 and 2333 and Resolution No. 09-04-1779.

I. SECTION 401(b)(the last unnumbered paragraph in subsection (b))

15. HCS will adhere to the standards related to customer service, as required by 220 ILCS 5/22-501, as are attached hereto as Exhibit 6. (220 ILCS 5/21-401(b)(the last unnumbered paragraph in subsection (b)).

III. AFFIRMATION

I solemnly, sincerely, and truly declare and affirm that all of the foregoing statements and representations made in this Affidavit and accompanying Exhibits 1 through 6 are true and correct.

SEE ATTACHMENT 3 SIGNATURE PAGE

Mark Latham

STATE OF ILLINOIS

COUNTY OF MADISON

Signed and affirmed to before me

on _____ by Mark Latham.

Notary Public, State of Illinois

My Commission expires: _____