

## ConnectME Authority

May 7, 2010 – Meeting Notes

### I. Introductions

Authority Members: Jean Wilson, Dick Thompson, Mitch Davis,  
PUC Chair Sharon Reishus

Staff: Phil Lindley, Lisa Leahy, Kelly Arata

### II. Grant Review Team Recommendations

Phil Lindley summarized the recommendations of the Grant Review Team. The Team unanimously recommended all applications for funding with suggested changes and parameters for one of the applications. The summary of the presented recommendations is listed below:

- Town of Baldwin - \$88,672
- Town of Blue Hill - \$73,293
- Town of Dresden - \$68,150
- Town of Northport - \$40,900
- Town of Richmond - \$66,010
- Town of Waldoboro - \$113,889
- Axiom Technologies - \$630,516
- Pioneer Broadband - \$441,310
- Axiom Technologies - \$50,000

#### Town of Blue Hill - \$73,293

The Town of Blue Hill filed a grant application for \$73,293. This grant project is to provide broadband service to East Blue Hill. The Town of Blue Hill worked with Time Warner Cable (TWC) to provide service to this area. The Grant Review Team recommended funding this grant application. However, Premium Choice Broadband (PCB) objected to this application because PCB has a fixed wireless tower in the East Blue Hill Area. Fairpoint Communication also objected to this grant application.

RoJean Tulk from Fairpoint Communications stated that they can deploy in East Blue Hill and will cover what is in the Town of Blue Hill's application. Fairpoint will be providing expanded service to the library and can build out from there. Ms. Tulk will provide information required for verification.

Phil Lindley recommended tabling this grant application for 45 days to review information from Fairpoint. Dick Thompson asked what the Authority's process is to get this done. He knows that the Authority has streamlined their processes and was surprised that there are two entities who object to this grant application. Phil Lindley stated that the grant review process is

working as intended – to issue a grant or not based on feedback. There are two weeks to submit certification that a project will start in 45 days.

Dick Thompson asked when the Applicant offered the proposal if they knew that there would be opposition. Phil Lindley stated that this was no surprise to the Applicant. Mitch Davis asked if the money Fairpoint was using for the library project was state money. Phil Lindley stated that this was a private and public collaboration with the Maine School and Library Network. RoJean Tulk stated that Fairpoint is proposing to building out in East Blue Hill. Rep. Schatz stated that he had worked with TWC to give service to East Blue Hill. We are happy if TWC or Fairpoint gives them broadband. Phil Lindley asked if Rep. Schatz was okay with tabling the grant application for 45 days. Rep. Schatz was comfortable with this idea.

George Royle, attorney from Drummond Woodsum on behalf of PCB stated that they object to the Town of Blue Hill's Application for a grant for the East Blue Hill area and object to the recommendation for the 45-day delay. PCB already provides broadband service in this area and has made investment in towers. PCB has seen no data from TWC on unserved or underserved areas. Mr. Royle provided a map of where PCB provides service in this area. In addition, PCB provided a radio frequency engineering report from Brian Webster Consulting. PCB believes that TWC cannot show that installation of adequate advance communications technology would not occur without grant funding.

Rep. Schatz knows that the areas not served is extreme and knows that the one tower was to reach just that one area because of the terrain. TWC is willing to work with PCB. He had also talked with the Town of Greenville regarding the terrain issue.

Mr. Varney, a PCB principal, stated they paid \$6,000 for the report by a reliable engineering consulting firm. They have checked some of the "no-goes" and have been able to hit them with a signal. In regards to the Town of Greenville, the PCB tower has been up over a year.

George Royle requested that PCB's handout on their objection become part of the Authority's record as it contains a report from a respected engineering company.

Tom Federle on behalf of TWC noted that this is a Town of Blue Hill application and not a TWC application. The town had approached TWC to work with them on this issue. He has also made the same arguments for TWC on the overlap issue in the past but noted that he has not seen PCB's handout. In addition, TWC thinks that tabling the matter for 45 days is sensible. Fairpoint has 14 days from when the Authority sends out a notice to be certified. They have a burden and have to make a certain showing. If that happens, Blue Hill would then withdraw its application. If not, then TWC will become engaged in this project.

Phil Lindley informed the Authority of the language in the rule regarding notice and other issues relating to this matter.

Dick Thompson asked if the PCB tower was installed three weeks ago. Mr. Varney from PCB said that it was. Dick Thompson further stated that this grant process started in February and believes that a permit is required for what PCB installed. Mr. Varney's answer was yes; PCB

had a hearing, received a permit, and has been marketing it. Mr. Thompson recommends that the Authority table the appeal of the award and Fairpoint's certification as well.

Dick Thompson made a motion to table the matter for 45 days. All members present voted in favor.

#### Towns of Baldwin – Dresden – Northport – Richmond – Waldoboro

Phil Lindley stated that each of these towns separately submitted a grant application, as follows:

- Town of Baldwin - \$88,672
- Town of Dresden - \$68,150
- Town of Northport - \$40,900
- Town of Richmond - \$66,010
- Town of Waldoboro - \$113,889

There were no challenges at this point and overlap avoidance agreements may be necessary if requested. The Grant Review Team recommended approving all these grant applications.

In regards to the Town of Baldwin's grant application, RoJean Tulk from Fairpoint stated that 26 homes in Baldwin can get broadband service from Fairpoint now and believes that an overlap avoidance agreement would be okay.

Denise Hoegen from the Town of Baldwin believes that they can actually get the number down from 26 home-overlaps to a 10 home-overlap potential. Mike Edgecomb from TWC stated that it will depend on where the houses are in regards to the reduction in the grant. Ms. Hoegen believes that the grant could be reduced down to \$73,863. Tom Federle from TWC stated that this reduction in the grant makes sense. However, the Town of Baldwin and TWC need to make an agreement. Ms. Hoegen wanted TWC to stay at the same amount. Mitch Davis stated that the Town of Baldwin needs to have discussions with TWC. Ms. Hoegen knows that Fairport had a problem with the overlap issue so they are trying to adjust. Tom Federle asked if they could do this so that we can all agree as opposed to deferring until the next meeting. He believes that the 20% overlap issue goes away with the proposed reduction. Dick Thompson stated that the reduction of households increases the cost per household. Jean Wilson recommended approving the grant with contingencies. Mitch Davis knows that TWC is working on these houses and that this is what the Authority wants. Tom Federle stated that TWC is contributing funds to get there and the Town of Baldwin is the applicant.

Dick Thompson recommended putting a cap on the Town of Baldwin grant award at \$73,864 or less. Denise Hoegen asked about keeping the grant award at the original amount. Dick Thompson withdrew his motion. Mitch Davis disagrees with the reduction in the grant award. Mike Edgecomb stated that the costs may not necessarily go down. Jean Wilson stated that capping would be unrealistic. Mitch Davis thinks that this grant award would have been approved without Fairpoint challenge. Sharon Reishus noted that this is a revised proposal. Denise Hoegen stated that Fairpoint could sign an overlap agreement for the 10 houses.

RoJean Tulk stated that they could work on this over the next month. Mitch Davis recommended adjusting the grant award down to \$75,000 with them coming back in 45 days.

Dick Thompson withdrew his tabling motion, made a motion to accept the Grant Review Team's recommendations for the Town of Baldwin, Town of Dresden, Town of Northport, Town of Richmond, and the Town of Waldoboro with the amendment to the Town of Baldwin's grant award not to exceed \$75,000, pending revised information. All members present voted in favor. The list as amended:

- Town of Baldwin - \$75,000 (as amended)
- Town of Dresden - \$68,150
- Town of Northport - \$40,900
- Town of Richmond - \$66,010
- Town of Waldoboro - \$113,889

#### Pioneer Broadband – 17 Applications

Phil Lindley stated that Pioneer Broadband submitted seventeen applications to deploy broadband DSL service in parts of ten communities in Aroostook County for a total grant application of \$441,310. The Grant Review Team recommended funding all 17 applications. There were no known challenges. Dick Thompson made a motion to approve all the grant applications. All members present voted in favor.

#### Axiom Technologies – “No Subscriber Left Behind”

Phil Lindley stated that Axiom Technologies has submitted a good model for a pilot project in their application to fund “No Subscriber Left Behind” for \$100,000, to assist the installation of service to 375 identified locations (\$267 average for each). However, the Grant Review Team recommended funding this pilot program at \$50,000, which will address a recurring problem for delivering broadband service – the higher than normal cost of doing some installations in very remote areas. The cost to install the necessary equipment is much higher than the normal installation fee (\$99). The Grant Review Team recommended that the individual support amounts be limited to no more than 200% of a normal, non-promotional, published installation fee or an alternative would be a flat amount of \$200-\$250. The potential customer has to be in a current service territory.

Sharon Reishus wanted to know why the installation cost would vary. Susan Corbett, CEO, Axiom stated that there are some households that are difficult to reach and hard to get a line of sight. Axiom is trying to think outside the box. It will also take more engineering. Phil Lindley noted that the Grant Review Team also recommended that the grant funds previously disbursed for Axiom's cancelled Eastbrook grant (\$23,000) could be applied to this program, providing over \$73,000 for the high cost installation proposal. Dick Thompson likes the idea of a flat amount of \$200 to \$250. Phil Lindley noted that a flat amount would be easier to monitor and regulate.

Dick Thompson made a motion to award a maximum grant amount of \$73,000 (\$50,000 plus \$23,000) as cited above plus allow a maximum individual support amount of \$200. All members present were in favor.

Mitch Davis asked if other wireless companies can do this same thing. Phil Lindley stated that the Authority can use this program as a pilot project that could eventually become a regular program. Susan Corbett stated that she hopes that other companies will use this program as a model.

### Axiom Technologies

Axiom Technologies submitted seven grant applications for infrastructure for a total of \$630,516, as follows:

- Blue Hill & Sedgewick - \$101,474
- Brooklin - \$38,071
- Brooksville & Castine - \$69,135
- Gouldsboro - \$128,688
- Hancock & Lamoine - \$163,039
- Sullivan - \$82,033
- Surry - \$48,077

Phil Lindley noted that PCB has submitted an objection to all these grant applications. PCB has or will have a fixed-wireless tower in the area that covers a substantial portion of the proposal grant projects. PCB's coverage was not clear prior to the grant application process because they had not yet reached out to the affected communities. Axiom had noted that if a potential subscriber can be served by an existing ISP, then they would not use Authority funds to provide service. Phil Lindley further noted that Axiom would reduce the Brooksville and Castine application grant request of \$69,135 to take out the Castine portion of \$48,837.

George Royle on behalf of PCB stated that they have an investment in Hancock County and believes that PCB can reach those areas. PCB has an engineering report to show where they provide service.

Dick Thompson questioned Mr. Royle about PCB's maps. Mr. Royle stated that the maps show tower coverage. Mr. Varney from PCB noted that they did provide their coverage map to Axiom and the Authority. Phil Lindley asked how you get DSL and cable coverage information. Mr. Varney stated that the Census Bureau has DSL and cable coverage. Mr. Royle also stated that PCB will build towers in Gouldsboro and Sullivan areas soon. Phil Lindley stated that there is no permit on record at Gouldsboro. Mr. Varney stated that PCB has leases already to be signed once he finds out what happens here. Sharon Reishus asked if their definition of broadband coverage is geographic coverage. Mr. Royle's answer was yes. In addition, PCB has determined that the area is economically worthwhile and is concerned with Axiom going door to door to determine coverage. Mr. Royle requested that PCB's handout be put in the record.

Rep. Schatz believes that connectivity is not a reality in his district. There is a disconnect between what is being presented and what is the reality. Susan Corbett stated that Axiom is a big collaborator and is willing to sign an overlap agreement. They have no desire to impede the process. Ms. Corbett believes that maps do not tell everything. Axiom has similar maps.

Mitch Davis believes that there seems to be more than 20% overlap. Jean Wilson also believes that there is a strong overlap and does not believe that there is an agreement to work together. Dick Thompson believes that Axiom has been straight with the Authority but does not recognize challenges with wireless and that the rules are straightforward on the 20% overlap. He had asked Mr. Varney if he would put in writing that PCB would give them service. Mr. Varney did not give an answer. Rep. Schatz thinks it is unfair that his kids cannot connect from their homes. He is looking for a compromise. Jean Wilson stated that she is looking for actual proof that there are huge blocks that do not have signals. Mr. Varney believes that some people do not know that they can get service from PCB as they do not know that they are in the area.

Dick Thompson made a motion to not fund all seven infrastructure grant application requests, but not make the final grant decision for two projects, pending receipt of certification of "to be constructed" facilities within 45 days for the Sullivan and Gouldsboro areas. All members present voted in favor of the motion.

### **III. Premium Choice Broadband - Grant Extension Requests**

Phil Lindley stated that PCB is looking for extensions for Rockwood for 10 months, South Rangeley for 9 months and Hammond Ridge for six months.

Andy Hinckley stated that Cornerstone was given a grant in Rounds 1 and 2. He believes that the Rockwood area would have been better served by Cornerstone. Mr. Hinckley would like to see the PCB's grant for Rockwood be opened up again because PCB is asking for an extension. Cornerstone would then reapply. Dick Thompson asked if PCB has expended any funds. Mr. Varney's answer was no and that they are still working on process. Dick Thompson asked if we had been given extensions at this length. Mr. Lindley stated that an extension was given to Franklin Community Health Network.

Mr. Varney amended PCB's request down to a six-month extension. Mitch Davis made a motion to grant a six-month extension on all three requests. Sharon Reishus stated that Mr. Hinckley made a good point. All members present voted in favor of the motion.

### **IV. Executive Director's Report**

Phil Lindley provided the Authority with a summary of the three previous grant rounds; the ConnectME Fund cash flow and fund balance; ConnectME expenses; and Sewall Company's Status Report on the Maine Broadband Inventory & Mapping Project as of April 30, 2010.

Phil Lindley further stated that the NTIA mapping grant deadline is contingent on getting more information. He has asked Lisa Leahy to manage all the reporting requirements for this project.

Mitch Davis stated that it is hard to evaluate empirical data and would like to get firm data when deciding. Rep. Schatz asked if they can confirm the data as they did not have the data at the time of the application. He would like to know if they have to have rebuttal. Mitch Davis stated that more information is needed in contested areas. Dick Thompson understands how hard it is and understands that there will be contested areas. Andy Hinckley stated that Cornerstone will never have an engineer's stamp on something. Dick Thompson stated that they can still participate without an engineer's report. In addition, Mr. Thompson believes that the Authority still needs to look at their process. Tim McAfee from Pioneer Broadband was upset that it took four years for the Authority to look at data and coverage specificity.

Phil Lindley added that Lisa Leahy has been a big help in the short time she has been with the Authority.

## **V. Public Comment**

Ben Sanborn from the Telephone Association of Maine (TAM) believes that it is really good that they have contested issues as it shows there is a lot of private investment. If there is a threat, then there would be an investment. TAM believes that it is better to use private investment as opposed to the public's money.