

East Blue Hill Broadband Project
Grant Application for ConnectME Funding

March 22, 2010

East Blue Hill (EBH) Broadband Project
Submitted by the Town of Blue Hill, Maine

Grant Request: \$73,293

Project Cost: \$146,586

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Executive Summary

East Blue Hill (EBH) is an unserved community located between greater Blue Hill and Surry. Broadband service is available outside the borders of EBH in both directions, with both Time Warner Cable and FairPoint providing service to greater Blue Hill and to Surry. Neither of these services extends through East Blue Hill, and approximately 97% of the community is unserved.

Many EBH residents are self-employed, serve in a leadership capacity on the boards of regional organizations, and/or have children at home. Their attached testimonials attest to the growing impact that lack of broadband access has on their professional lives and board service capacities, as well as on their children's school careers.

Over the past several months, Time Warner Cable (TWC) has emerged as the provider most likely to be able to extend service throughout the unserved area. While the area initially did not meet TWC's density requirement, TWC has agreed to a partnership with the Town of Blue Hill to help bring widespread, reliable service to the community. To this end, the Town of Blue Hill is seeking ConnectME grant money to help fill the funding gap between the project cost and the Time Warner Cable and local contribution amounts.

Description of the area and evidence that it is unserved

The proposed Time Warner Cable build-out includes the three major East Blue Hill roads (Morgan Bay Rd, Curtis Cove Rd and Jay Carter Rd), beginning at the Surry/East Blue Hill town line on Morgan Bay Rd and running south along Morgan Bay Rd into East Blue Hill village. At the end of Morgan Bay Rd, the build-out extends both east through the village along Curtis Cove Rd and northwest along Jay Carter Rd. The attached map provided by TWC shows the defined geographical area and details of the proposed build-out.

The build-out was custom designed by TWC to provide access to a sizeable geographical area that has no other available broadband service, except for an estimated three homes at the edge of the service area available through Premium Choice (wireless broadband). These few homes are located partway down Morgan Bay Rd, where the topography offers a line of sight to Blue Hill Mountain.

At a meeting organized last summer by the Town of Blue Hill to ascertain the potential expansion of FairPoint services throughout the Blue Hill Peninsula, representatives affirmed that FairPoint had no near-term plans to extend service into East Blue Hill. In fact, there were two issues noted at the meeting that make FairPoint an unlikely provider for the area. First, the existing telephone infrastructure is copper and is not fiber-ready. Second, FairPoint is legally required to expand service from within a town exchange, which would mean expanding into East Blue Hill from the direction of Blue Hill (from the west). There are several miles of dense woods in that direction, which makes it unappealing to run cable there. A huge advantage of the Time Warner partnership is their ability to expand across town lines from their existing node on Morgan Bay Rd in Surry.

Last month during the ConnectME pre-application review, the Town of Blue Hill was made aware that Premium Choice had contested this application, stating that it had plans to provide service within the East Blue Hill area. Following up on this challenge, residents on the EBH Broadband Task Force called Premium Choice to ask about the scope and timing of the potential project, but they have not succeeded in obtaining any clear information about an imminent project or about the number of households a potential Premium Choice tower would serve.

Project Description

The TWC proposed build-out will cover 6.16 miles and offer broadband access to an estimated 119 homes. Approximately 116 of these homes (97%) are unserved. Households with long driveways not included in the build-out plan will have the ability to get service if they pay for the cost of extending the cable up their roads. In sum, this plan offers cable-ready access to over 90% of EBH homes, with access potentially available to all 100% of households in the area if the remaining households with long driveways are willing to pay the additional costs involved.

The estimated project cost is \$146,586. The project cost divided by the number of potential customers indicates a \$1,232 estimated price per potential customer. Based on the high

demand for access, the current unavailability of service in the area, and the individual testimonials and responses in support of this project, it is predicted that a high percentage of households will become customers.

The technology will consist of a hybrid fiber co-ax infrastructure, consistent with TWC's cable plant throughout the State. The build includes fiber connection from existing fiber termination to a distribution node location. Distribution includes Co-ax Hard-line along pole lines to distribution tap locations. Distribution tap location is the take-off point to the home from the roadway. Rg-6, Rg-7, Rg-11 Co-ax drop cable will be used to connect the home to the distribution tap.

TWC will apply for all applicable pole permits and applications no later than thirty (30) days from the day notice is received regarding grant award and will complete the project within six (6) months of receipt of required approvals and completion of make-ready. It is anticipated that make-ready by pole owners will take approximately seven (7) months.

Broadband services and speeds that will be available are listed below:

RoadRunner Lite - Download 765 kbps/ Upload 128KBPS

Road Runner Basic - 1.5Mb Download, 256kbps Upload

Road Runner Standard - 8Mb Download/ 512k Upload (speeds will be increasing to 10Mb X 1 MB in 2010)

Road Runner Turbo - 15Mb Download/ 1Mb Upload

Time Warner Cable has provided a letter (attached) affirming their partnership with the Town for this project. As a private company providing broadband, TWC is eligible to receive funding from the Authority for infrastructure projects such as the project proposed here. The Town and TWC have been working together to discuss and plan the EBH broadband project since Summer 2009. To-date the Town has been pleased with TWC's commitment and responsiveness to the development of this project, specifically with regard to TWC's investment in a detailed survey of the proposed area (see attached map) and TWC's reasonable financial contribution to the project.

Project Cost and Funding Request

The \$146,586 project cost covers the hardware, materials, supplies and labor necessary to build the project infrastructure. A detailed cost estimate provided by TWC is attached as an Excel Workbook (note that the workbook includes two separate cost worksheets, one detailing costs for expansion from the existing node and another for building a new node).

TWC has committed to contributing \$59,500 of the total project cost. Our grant request from ConnectME is for \$73,293, which represents 50% of the project cost. The remaining \$13,793 will come from local sources to complete the funding for the project.

The cost breakdown by funding source is shown below in table format:

EBH Broadband Project Cost by funding source

Funding Source	Amount
Time Warner Cable (service provider)	\$59,500
Local funding sources	\$13,793
ConnectME grant request	\$73,293
Total Project Cost	\$146,586

Note: See attached Excel Workbook for worksheets that provide a breakdown of TWC's project cost by expense category.

Community benefit and support

In this community of approximately 119 homes, an estimated three homes have access to broadband and approximately 116 have no such access. This project will immediately benefit about 90% of the estimated 116 unserved households by providing cable-ready broadband internet access. The remaining estimated 10% of unserved households are located on long driveways and may also directly benefit from the project if they are willing to pay additional costs to bring the cable over a distance to their homes.

Indeed two of the attached testimonials indicate the willingness of residents to consider paying the additional costs of bringing cable down their roads. One of these is from a seasonal resident who still needs to work when she is in EBH. The other is from one of the few Premium Choice customers in the area; despite being one of just a few EBH households with broadband access, he considers his household to be under-served because his and his wife's jobs depend upon overseas communication and require extremely reliable internet service.

The EBH Broadband Task Force informally contacted about half of the area residents (via email, telephone and word-of-mouth) and found a strong show of support for the Time Warner Cable partnership and the ConnectME grant application. Of those contacted, approximately 95% indicated their support. Those who did not express support indicated that they don't use the internet much; in one of these cases, the person has broadband access at work and doesn't require it at home at this time. The vast majority of responses, however, have been very enthusiastic.

The following pages include evidence of community support demonstrated in three ways. The first piece is a list of residents agreeing to list their names in support of this project. The second piece is a compilation of eight sample short responses of support from residents

asking to be added to the above-mentioned list. The third set of evidence is a set of longer testimonials attesting to the impact broadband internet access will have on various residents.

These testimonials include statements from: professionals who work from home; Board members who serve in leadership roles at the Blue Hill Hospital and the Blue Hill Public Library; a mother whose eldest child had to complete college research and applications without high-speed access from home and whose younger children are expected to use the internet for school; and a couple whose tenant broke a lease on their rental house because she could not get reliable internet access even after setting up two satellites in the yard. Despite the diversity of people writing the testimonials, a common thread among several of their accounts relates an experience that is familiar to most EBH residents: the need to plan regular trips to the library for effective use of the internet.

Funding through the ConnectME program will allow the Town of Blue Hill to take advantage of this unique opportunity to partner with Time Warner Cable in order to provide high-quality, reliable and affordable broadband internet access to the unserved East Blue Hill area.

NOTE: Community support evidence has been marked as confidential to indicate that the privacy of these personal names, addresses and comments should be respected, and that these items should be used only for the Authority's grant review process. In no way should they be shared with others or made public on the Authority's website.

- Attachments: 1/ GRID OVERLAY (TWC map of proposed project area)
2/ BH Letter (TWC partnership letter)
3/ E Blue Hill Costs (TWC detailed project cost breakdowns)
4/ **CONFIDENTIAL** Community Support Part I (list of names)
5/ **CONFIDENTIAL** Community Support Part II (sample short responses of support)
6/ **CONFIDENTIAL** Community Support Part III (testimonials)