

ConnectME Authority
Grant Review Team Recommendations
Summary of Fourth Round Grant Applications
April 23, 2010

Below are summaries and recommendations from the Review Team regarding applications submitted for the fourth round of ConnectME Authority grants. The team unanimously recommends all applications for funding, with suggested changes and parameters for one, Axiom's "No Subscriber Left Behind" proposal. Total grant awards, if all are funded as recommended is \$1,572,740, which is within the Authority's available funds for this grant round.

Premium Choice Broadband (PCB), a fixed-wireless provider, has submitted objections to eight fourth round grant applications, stating that PCB has or will have fixed-wireless towers in the project areas that cover a substantial area of the proposed grant projects (noted with *).

We recommend that the six "independent" applications be considered separately, seven of the eight Axiom applications be considered as a group, the seventeen Pioneer applications be considered as a group, and the Axiom "No Subscriber Left Behind" proposal be considered separately. See the accompanying spreadsheet for details.

1. Town of Baldwin – \$88,672, 80 points.

The Town of Baldwin has a very active broadband expansion committee that worked hard to document a high level of interest in broadband for the unserved areas of the town. The committee conducted surveys that indicate a high number of residents would subscribe if broadband service was available (93%). The chosen provider is Time Warner (TW) since TW provides service in other parts of the town and that accessibility to the existing infrastructure will allow for easy expansion in the grant project area. The committee revised its grant request due to a change in TW's financial involvement. The application did not receive full marks because of the high grant amount per household served and lower percentage of unserved area affected.

2. Town of Blue Hill – \$73,293, 80 points *.

The grant project is to provide broadband service to East Blue Hill (EBH), an unserved community located between greater Blue Hill and Surry. The application states that 97% of the community is unserved. There is a high level of community and town support for the application, with local funding providing nearly 10% of the project costs. Because of the proximity of TW infrastructure TW agreed to partner with the applicant and would provide over 40% of the project costs. Premium Choice Broadband (PCB) has submitted an objection to this application, stating that PCB has a fixed-wireless tower in the EBH area that covers a substantial area of the proposed grant project. As PCB had not reached out to potential served communities, its coverage was not clear to the applicant. The EBH application does state that the EBH Broadband Expansion

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Task Force attempted to obtain information from PCB regarding its project or the number of households that a potential PCB tower would serve in the EBH area. The application did not receive full marks because of the high grant amount per household served.

3. Town of Dresden – \$68,150, 100 points.

The Town of Dresden, through its First Selectman, spent the last two years attempting to obtain broadband service for its residents. Attached to the application are lists of over 75 people who are extremely interested in broadband. The town has partnered with Midcoast Internet Solutions (MIS) to provide fixed-wireless service to over 150 unserved households. This project builds on existing MIS infrastructure, some of which was funded from a previous Authority grant. This grant would provide 43% of the needed funds, with MIS providing the balance. The town will likely need to execute an Overlap Avoidance Agreement with TW and/or FairPoint.

4. Town of Northport, \$40,900, 100 points.

Midcoast Internet Solutions (MIS) proposes to serve the south and west areas of Northport, much of which is entirely unserved. The application states that the town has encouraged MIS to apply for Authority funding. This project builds on existing MIS infrastructure, some of which was funded from a previous Authority grant. This grant would provide 48% of the needed funds, with MIS providing the balance. MIS will likely need to execute an Overlap Avoidance Agreement with TW and/or FairPoint.

5. Town of Richmond – \$66,010, 80 points.

The Town of Richmond applied for funds to provide broadband to a small, targeted unserved area of the town. The chosen provider is Time Warner (TW) since TW provides service in other parts of the town and that accessibility to the existing infrastructure will allow for easy expansion in the grant project area. The application did not receive full marks because of the high grant amount per household served and low number of unserved households affected.

6. Town of Waldoboro – \$113,889, 100 points.

The Town of Waldoboro applied for this grant to serve over 350 households, many of which are connected using dial-up service. Attached to the application are numerous messages from residents who are extremely interested in broadband indicating a high level of community support. The town has partnered with Midcoast Internet Solutions (MIS) to provide fixed-wireless service. This project builds on existing MIS infrastructure. This grant would provide 41% of the needed funds, with the town and MIS providing the balance. The town will likely need to execute an Overlap Avoidance Agreement with TW and/or FairPoint.

7. Axiom Technologies – \$630,516 (seven applications), 100 points *

Axiom submitted eight grant applications, seven for infrastructure and one for a high-cost installation program, discussed separately below. The details of each

individual application are shown on the spreadsheet. Axiom has had four previous grants from the Authority, although one was withdrawn and cancelled. Funds disbursed for the cancelled grant (for the Eastbrook area) will be applied to any future grant Axiom may receive. They finished the first round grant project and one of the two projects from round two. Axiom, in collaboration with the towns involved will provide high speed fixed-wireless internet service to 70% to 95% of the unserved households in each community or town. There is a high level of community support for each application, including letters, petitions, and support from the local government officials. Axiom has strong financials and a good track record with the Authority. Axiom will likely need to execute Overlap Avoidance Agreements with other providers such as TW and FairPoint. Axiom has stated that if a potential subscriber can be served by an existing ISP, that they would not use Authority funds to provide service.

* Premium Choice Broadband (PCB) has submitted an objection to all Axiom infrastructure applications, stating that PCB has or will have a fixed-wireless tower in the area that covers a substantial portion of the proposed grant projects. As PCB had not reached out to potential served communities, its coverage was not clear prior to the applications being submitted. Axiom states in its applications that if a potential subscriber can be better served by a pre-existing access point on PCB's network, that they would inform PCB and not install an end-user radio at that subscriber's location.

8. Pioneer Broadband – \$441,310 (seventeen applications), 100 points.

Pioneer Broadband submitted seventeen applications to deploy broadband DSL service in parts of ten communities in Aroostook County. Pioneer provided documentation of a high level of community support. The review team was particularly impressed with these applications as they seek to fund the installation of DSL Access Modules (DSLAM) in telephone company remote terminals that are not so equipped. This will provide high quality, wired, broadband service, fairly quickly and that is relatively cost efficient. While the grant dollars per served household is sometimes above average because of the small pockets of unserved, the amount of the individual grant requests is lower. The areas served appear to be completely unserved, although Pioneer may need to execute an Overlap Avoidance Agreement with FairPoint for the Houlton area. The average percent grant to total project cost for all seventeen projects is 53%, many are below 50% with a few above 50%.

9. Axiom Technologies – “No Subscriber Left Behind,” \$50,000.

The review team believes that this proposal is very interesting as it addresses a recurring problem for delivering broadband service – the higher than normal cost of doing some installations in very remote areas, where service is “available.” Axiom states that 10 to 30% of homes in its present service territory are not able to afford the installation of service because the cost to install the necessary equipment is much higher than the normal installation fee (\$99).

Axiom is proposing a \$100,000 grant to assist the installation of service to 375 identified locations (\$267 average for each). We believe that the program has merit and could be a very informative pilot project, but that specific parameters should be indicated. This could be a model for a state “high-cost installation program.” We recommend that the Authority fund Axiom’s proposal at \$50,000 and that the individual support amounts be limited to no more than 200% of a normal, non-promotional, published installation fee. An alternative would be a flat amount (\$200 - \$250). This would provide substantial subsidy for a documented high-cost installation and could eventually be applied to other providers. A brief review of other service provider installation fees shows a wide spread: zero for most wired providers (DSL and cable modem); and from \$50 to \$249 for the fixed-wireless companies.

The grant funds previously disbursed for Axiom’s cancelled Eastbrook grant could be applied to this program, providing over \$73,000 for the high cost installation proposal.

	A	B	C	D	E	F	G	H	I	J
1	ConnectME Authority: Fourth Round Grant Applications									
2	March 22, 2010									
3										
4	Applicant	Community Partner or Eligible Partner	Community(s) Served	Est. Unserved Households	Project	Grant Requested	Percent Grant	Grant\$/Hshld	Grant Review Team Score	Notes
5	Axiom	Blue Hill & Sedgewick	Blue Hill & Sedgewick	863	\$202,948	\$101,474	50%	\$118	100*	Premium Choice Broadband objection
6	Axiom	Brooklin	Brooklin	279	\$76,142	\$38,071	50%	\$137	100*	Premium Choice Broadband objection
7	Axiom	Brooksville & Castine	Brooksville & Castine	576	\$138,269	\$69,135	50%	\$120	100*	Premium Choice Broadband objection
8	Axiom	Gouldsboro	Gouldsboro	797	\$257,376	\$128,688	50%	\$161	100*	Premium Choice Broadband objection
9	Axiom	Hancock & Lamoine	Hancock & Lamoine	1,202	\$326,078	\$163,039	50%	\$136	100*	Premium Choice Broadband objection
10	Axiom	Sullivan	Sullivan	425	\$164,065	\$82,033	50%	\$193	100*	Premium Choice Broadband objection
11	Axiom	Surry	Surry	365	\$96,154	\$48,077	50%	\$132	100*	Premium Choice Broadband objection
12	Axiom		Washington Cnty	375	\$200,000	\$100,000	50%	\$267	na	High cost installations.
13	Baldwin, Town of	Time Warner Cable	West Baldwin	77	\$118,750	\$88,672	75%	\$1,152	80	
14	Blue Hill, Town of	Time Warner Cable	East Blue Hill	116	\$146,586	\$73,293	50%	\$632	80*	Premium Choice Broadband objection
15	Dresden, Town of	Midcoast Internet	Dresden	150	\$157,450	\$68,150	43%	\$454	100	
16	Midcoast Internet	Northport	So. & West Northport	150	\$84,700	\$40,900	48%	\$273	100	
17	Pioneer Broadband	Amity	Amity	60	\$43,980	\$26,450	60%	\$441	100	Amity Rt1 RT
18	Pioneer Broadband	Cary Plantation	Cary Plantation	50	\$43,920	\$27,570	63%	\$551	100	Skedgell Road RT
19	Pioneer Broadband	Cary Plantation	Cary Plantation	70	\$32,080	\$15,970	50%	\$228	100	Wilcox Road RT
20	Pioneer Broadband	Hodgdon	Hodgdon	100	\$32,260	\$16,060	50%	\$161	100	Williams Road RT
21	Pioneer Broadband	Houlton	Houlton	100	\$43,200	\$21,100	49%	\$211	100	White Settlement Rd RT
22	Pioneer Broadband	Linneus	Linneus	250	\$63,520	\$31,420	49%	\$126	100	Burton Rd RT
23	Pioneer Broadband	Ludlow	Ludlow	200	\$52,180	\$25,950	50%	\$130	100	Ludlow1 Mooers RT
24	Pioneer Broadband	Ludlow	Ludlow	100	\$41,460	\$19,960	48%	\$200	100	Ludlow2 MooseBrook RT
25	Pioneer Broadband	Ludlow	Ludlow	100	\$43,300	\$21,100	49%	\$211	100	Ludlow3 Hemore RT
26	Pioneer Broadband	Houlton	Houlton	60	\$47,280	\$20,530	43%	\$342	100	B Road 1 Cogan RT
27	Pioneer Broadband	Hammond & Ludlow	Hammond & Ludlow	70	\$45,880	\$22,470	49%	\$321	100	B Road 2 Laskey RT
28	Pioneer Broadband	New Limerick	New Limerick	300	\$60,140	\$27,040	45%	\$90	100	Cameron's Market RT
29	Pioneer Broadband	New Limerick & Linneus	New Limerick & Linneus	150	\$42,680	\$21,130	50%	\$141	100	Free Will Baptist RT
30	Pioneer Broadband	New Limerick	New Limerick	100	\$45,260	\$21,810	48%	\$218	100	Lake Road / Deerfield RT
31	Pioneer Broadband	New Limerick	New Limerick	150	\$44,520	\$21,770	49%	\$145	100	Drews Lake/N Shore RT
32	Pioneer Broadband	Orient	Orient	70	\$102,920	\$78,520	76%	\$1,122	100	Orient 1 TownOffice RT
33	Pioneer Broadband	Orient	Orient	70	\$47,720	\$22,460	47%	\$321	100	Orient 2 Deering RT
34	Richmond, Town of	Time Warner Cable	Richmond	43	\$87,260	\$66,010	76%	\$1,535	80	
35	Waldoboro, Town of	Midcoast Internet	Waldoboro	350	\$275,000	\$113,889	41%	\$325	100	
36										
37	Totals									
38										
39	RT = Remote Terminal									