

ConnectME Authority  
Taxation Committee, Room 127, State House, Augusta

October 18, 2006 – Minutes

**Introductions of Authority Members and Staff**

Members: Dan Breton, Jean Wilson, Mitch Davis, Dick Thompson, Kurt Adams

Staff: Kelly Arata (Governor's Office)

Staffing Assistance: Phil Lindley and Amy Spelke (PUC)  
(Rule Only)

**Review of Minutes of Meeting of September 21, 2006**

The Authority Members unanimously voted to approve the September 21<sup>st</sup> minutes as drafted.

**Presentations**

Dick Curry of Anthem (MTUG Treasurer and long-time MTUG Board Member)

The Maine Telecommunications Users Group has 700 members. Their goal is to advance understanding for members of regulatory and technology issues. One of his members was fishing and was out of touch via cell phone for two weeks. They would like to have a competitive environment and a level playing field. If there is no competitive environment, then they support subsidy and/or economic stimulus. It would be good for students to have a fair advantage in their educational pursuits. The .25% figure is what has been done in other places. There should be a sunset provision. The Authority must have measurable objectives that are immediate and permanent. Measurements should be taken so that corrective action can be taken. The Authority members need to make sure that what they adopt fits within federal guidelines. Wireless broadband is the obvious solution in the more rural areas.

Q. Davis – Are you suggesting an entrepreneurial program?

A. Curry – I think that it should not be a bottomless pit. Appropriate areas should be measured so that you get a bang for your buck.

Q. Thompson – Is this an approach more for wireless than any other?

A. Curry – Wireless is the second choice but we need to do this. There seems to be more objections over what is put in.

Michael Griggs from VVD Networks

VVD Networks is a new company. They have solutions for underserved areas of Maine and for disaster relief areas. They provide network infrastructure that can support VOIP, video, data, data networks and other uses. His company is willing to work in a joint effort, if desired.

Q. Davis – What are your coverage areas?

A. Griggs – We started a month ago. The service area includes northwest and south west of Bangor.

Q. Davis – How are you funded?

A. Griggs – We are funded by private investment.

Q. Adams – What technology do you use?

A. Griggs – We have a wireless-based system. It is a mesh system.

Q. Breton – Give us an example of what you can do for one community.

A. Griggs – Using Orland as an example, we can install an antenna.

Q. Breton – At what speed and at what cost?

A. Griggs – The cost to residential customers would be \$29.00 per month at a speed of 768K (and up to 10 Mbps).

Q. Davis – What is guaranteed?

A. Griggs – Two-thirds of that is guaranteed.

Q. Davis – You have a shared wireless mesh infrastructure?

A. Griggs – Yes.

Glen Allen, Maine Satellite Services (WildBlue local dealer, Winslow)

WildBlue provides high-speed Internet via satellite all over the United States. They have no illusions about offering their service in high density areas – they can't compete with DSL and cable. Their product is made for those who don't have the other services available.

Q. Breton – Satellite comes with some misnomers. How does it compare with DSL or cable modems? What is a typical customer?

A. Allen – It is DSL-like, at 500Kbps down range and 125 Kbps up range. Satellite gives you the same. The cost is \$45 per month with \$300 installation fee. The signal has to travel 25,000 miles up to the satellite and back. There is a latency issue [2-5 seconds] but it is 10 times faster than dialup. Consumers may need assistance to afford this technology.

- Q. Thompson – What internet services are supported?
- A. Allen – Satellite can usually support VOIP and video but it is very expensive. The average customer can't afford this service.
- Q. Davis – What is the highest bandwidth and its cost?
- A. Allen – 10 Mbps is about the highest available but there is an extremely high cost. The highest product Wild Blue offers is at 1.5 Mbps, the rate is offered at \$75 per month.
- Q. Thompson – What about commercial applications? Can they develop an ISP service?
- A. Allen – Individual and small businesses are Wild Blue's focus, but there are satellite companies who provide backbone ISP-type service
- Q. Breton – You stated that it costs \$75 for your product at 1.5 Mbps. Who is buying?
- A. Allen – Small businesses with small terminals are buying the product. DSL and cable only goes at their convenience. Satellite fills in the gaps.
- Q. Davis – Do you provide service to disaster relief areas?
- A. Allen – Yes. They provided disaster relief service in areas that Hurricane Katrina hit.

Fletcher Kittredge (Maine Internet Service Providers & GWI CEO)

Mr. Kittredge has spent a good many years working in this business inside and outside of Maine. He believes that we are only one-third of the way along the demand curve for broadband. This process is baby steps in potential regulation of this industry. Traditionally, the Internet has never been regulated. It was not seen as a utility. Demand will continue to grow until it is vital. If consumers don't get access, then they will turn to regulation. Broadband has not been defined yet. The Authority needs to keep three things in mind:

- Bandwidth symmetry: In an asymmetric mode, they can consume data. In a symmetric mode, they can consume data and create data.
- Latency issue: Latency is a killer. This does bother some applications and not others.
- Attenuation issue: All these technologies suffer from this. The Authority will have a hub and spoke issue. You will need very big bandwidth to the hub before you can get to the spokes.

Mr. Kittredge believes that we are on the way to nowhere. Maine is at the end of the bandwidth "pipe." People are not paying enough attention to this. In order to get to Maine with access, you need to go through Massachusetts. The only people who pay for bandwidth in Maine is Maine. It is not the same with New Hampshire and

Massachusetts. In New Hampshire, New Hampshire and Maine pay. In Massachusetts, New Hampshire, Maine, and Massachusetts pay for the pipe.

In regards to the Canadian and Europe bandwidth issue, it is an artifact of regulation and politics.

The Maine ISP Association consists of 20 ISP providers. There is a real insurgence. Time Warner, Verizon and Comcast are serving broadband now. They have a large amount of customers. Verizon is taking the lead. Maine, New Hampshire, Vermont and part of Illinois are not three places to get the biggest bang for your buck. If there was a level playing field, it would be attractive to small ISPs.

- Q. Adams - What do you mean in regards to regulation and the Europe and Canada issue?
- A. Kittredge – Regulation changes at the border between U.S. and Canada and even Europe. Regulation looks at the actual boundaries of the state.
- Q. Adams – ISPs live and die on FCC regulations. The FCC has pretty much said that we are done with UNE-based competition. Where does ConnectME Authority fit in?
- A. Kittredge – The question is whether we are the last mile. The FCC may have said that but it didn't work that way. A lot of CLECs are moving in and investing. They did do away with UNE-P. He didn't like it anyway. ConnectME should watch, study, and publicize information. Similar to BLS reporting. Wireless projects are important to complete, but they will never have enough bandwidth. Someone will have to deal with the big pipes. Chris Johnson was on the BAIB (Broadband Access Infrastructure Board), and is from Somerville. There are 500 people served off a single remote terminal. The problem is getting to Somerville. There is a lot of fiber out there. You just can't use it. If there is something like the Vermont model, you would pull a lot of fiber to reach all the rural areas.
- Q. Adams – Why doesn't the dark fiber rule work?
- A. Kittredge – CLEC/ISPs are not able to splice into the fiber on the poles, there is only access to the fiber at the CO (central office).
- Q. Adams – There is no CO in the area to tap into?
- A. Kittredge – The fiber goes by and not to it. Private entities will probably build fiber but not to the places you want.
- Q. Davis – Some other states have built fiber for education purposes. This was a lot of money.
- A. Kittredge – If you build like that, it should be open to private people too.
- Q. Adams – Is there an E-Rate restriction?
- A. Thompson – Yes.
- Q. Adams – Could we split and not interfere with federal regulation?
- Q. Breton – Why wouldn't we help somebody?
- A. Kittredge – The money you generate will probably only help one or two communities. Wireless is a good first step, an interim solution.

## **Hearing on ConnectME Authority Rule**

Ben Sanborn (External Affairs, Telephone Association of Maine)

The Telephone Association of Maine (TAM) is a trade organization comprised of all 22 independent incumbent local exchange carriers in the State. TAM worked extensively with other parties and the Governor's Office to help draft the ConnectME legislation that was enacted as P.L. 2005, Chapter 665.

TAM does provide broadband service within their regions. They see this new law as promoting broadband and, at a lesser extent, wireless. This rulemaking came out as a result of the new law. The legislative committee was concerned with how funds would be used. They were looking for a cost-benefit analysis and a “business plan.”

TAM has a number of issues with the proposed rule. They are listed below.

1. Statute vs. Rule: The rule does not match the law. TAM does not believe there was ambiguity. They will provide details later in written comments.
2. Technology Neutral Basis: Eliminating satellite as a receiver is a problem for them. They have a concern about eliminating a specific technology at the get-go. The Authority should not single out satellite because of latency but should be done on a technology neutral basis.
3. Penalties: If a provider does not complete the project in one year, will there be penalties? This runs counter to private investment. There should not be penalties or disincentives.
4. Confidentiality: Wireless information remains confidential. In the case of non-wireless information, some of the information remains confidential. All information should remain confidential.
5. Section 6, ConnectME Support: The question deals with value standards. The proposed Section 6 does not have the cost-benefit analysis that the Legislature requested nor a discussion of how the money will be awarded. This section does not allow for a business plan to come forward, such as how applications will be scored and who can participate. It appears currently that the Authority will collect money and spend it all. [Note: An amendment was provided with the written comments.] If a provider commits to serve and does not within one year, they should lose the right of first refusal for the next community. There should be two tracks: (1) 150% of cost and ConnectME will pay a small portion for one year; or (2) a targeted project that is offered to everyone along with matching grants.

TAM will provide written comments.

- Q. Davis – Are you asking for a study to see who is interested?
- A. Sanborn – The Authority should outline the application process and wait for communities to come forward. The purpose of the Rule should try to address communities. TAM proposes a Bona Fide Request process similar to a program in Pennsylvania.

- Q. Davis – We would need more information than that the community needs broadband.
- A. Sanborn – The Authority needs a business plan. Underserved and unserved is what the Authority should be focusing on. This is the first important criteria.
- Q. Thompson – What areas in the Rule do not comply with the statute? Do you think the statutory framework would disqualify if not built within one year?
- A. Sanborn – Yes. The requirement should not inhibit investment. Right of First Refusal will provide incentive with no money from the Authority.
- Q. Thompson – They can bid again?
- A. Sanborn – Yes, but the record will show that they did not complete in one year.

Martin Rothfelder (T-Mobile)

Martin Rothfelder provided an excerpt from the Federal Communications Commission entitled “In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993 and Annual Report and Analysis of Competitive Market Condition is with Respect to Commercial Mobile Services,” WT Docket No. 06-17 (Terminated), Eleventh Report, adopted on September 26, 2006 and released on September 29, 2006 along with maps that are provided.

T-Mobile has invested over \$17 million in Maine. This was not a function of regulation. The legislation’s goal is to work with the industry. Wireless has grown without regulation or subsidy.

Specific coverage maps are costly and burdensome. These are highly confidential. It is unnecessary to file maps with the Authority. The FCC has developed data on this by county. The Authority can contact the FCC to get the data behind these maps. The Authority could require applicants to provide additional wireless information for a specific geographic area.

The Rule has a broad definition of broadband and mobile service providers. T-Mobile has a concern that they will have to comply with each requirement under both definitions. The Authority should narrow the broadband definition to specifically exclude wireless carriers.

- Q. Davis – Can you give us a clarification on maps?
- A. Rothfelder – The Authority needs to look at what is at the FCC first before they ask for statewide data.
- Q. Thompson – This would indicate coverage if a carrier touched a county?
- A. Rothfelder – Yes. Basic data on the coverage is also on T-Mobile’s website.
- Q. Thompson – Does it have decibel rating information?
- A. Rothfelder – T-Mobile would be willing to provide a key to the maps already available on their website.
- Q. Thompson – Do you think that the other carriers have the same key?

- A. Rothfelder – Yes, I think that the other carriers do have mapping on their website. You can ask them.
- Q. Wilson – Is the information on the website confidential?
- A. Rothfelder – The level of specificity requested is more than what is on the Internet.

Jim Cohen (representing Verizon Wireless)

Verizon Wireless's (VW) testimony is similar to Mr. Rothfelder's testimony for T-Mobile. Verizon Wireless has just added new towers. More towers are coming at the end of the year and the next year. Fifty cell sites went on line this year. New tower sites coming on line every day. Verizon Wireless is trying to lead by example.

The wireless carriers should be covered under the wireless definition, not the broadband definition. Verizon Wireless's broadband product "EVDO" is not in Maine yet, but is "coming". Confidentiality is a serious consideration. Wireless is very competitive. Tax benefits or a grant would be a better alternative. In regards to the maps, it would be like chasing your tail. What is happening in February won't be what is happening in November. As an alternative, Verizon and others have test vans to get an accurate look at what is there for coverage and what is not there. The information can then be put into a map at that time for that particular area. Verizon also has a website.

- Q. Davis – What is Verizon Wireless' broadband commitment?
- A. Cohen – (He couldn't get into specific details). The level of service is high.
- Q. Davis – What can you tell us about Verizon selling off rural parts?
- A. Cohen – Verizon Wireless is affiliated with Verizon Communications but is a separate company.
- A. Breton – None of that information came from a Verizon representative. No one has said anything at Verizon about abandoning broadband in rural Maine.

Dan Riley (representing Sprint Nextel)

Dan Riley provided testimony today to ensure the Authority is aware of Sprint Nextel's position and wants to be on record against the data request regarding maps. As Sprint Nextel's representative, he sat through the Utilities and Energy Committee hearings and work sessions on this newly enacted legislation creating the Authority. The legislative committee spent a great deal of time on this legislation. They wanted the industry to have incentives for a better investment and climate. Some of the initiatives being discussed have been undertaken already. Sprint Nextel has invested \$10 million in Maine in 2005. There is a great deal of information out there. Initiatives and investments have been undertaken. In regards to Sprint Nextel's website using the "power network coverage tool," all you have to do is click on "coverage maps" then enter your zip code to view street level coverage to see if you have coverage.

- Q. Breton – The Authority will only see an application from a wireless provider if the provider is actually participating in the assessment.

- A. Riley – Who was to be assessed and who wasn't was a hotly debated issue before the legislative committee. The committee was careful who was to be assessed. It is not clear who will be assessed.

Kim Kenway (U.S. Cellular)

U.S. Cellular is the only company here today who is eligible for the Federal Universal Service Fund. They are taking \$7.5 million per year to expand to underserved and unserved areas. U.S. Cellular has filed a build-out plan at the Public Utilities Commission. The Federal Universal Service Fund is always under attack in D.C. Mr. Kenway noted that he also represents Unicef who has received \$6.5 million from the Federal Universal Service Fund. They would like to work with the Authority to continue its funding from the Federal Universal Service Fund.

Mr. Kenway did not raise the mapping issue with his client but will have it in their written comments. The company did provide data for the Wireless Infrastructure Telecommunications Board. This information should remain extremely confidential.

David Hill (Chebeague Island)

An updated report was provided about where Chebeague Island is in regards to their roll out of the wireless broadband system on the island. They have had 23-24 installations and others have signed up (50 more requests waiting for service). Chebeague Island will be working with Cumberland to put a repeater on the island. Mr. Hill has not had a chance to thoroughly read the rule. In response to Mr. Sanborn, he wanted to know which projects were Stage I and which projects were Stage II. He wants to make sure that the rule is broad enough to include emerging companies.

Dan Breton stated that the Authority will need to review how all this will work.

Peter Petersen (Mainely Wired)

Peter Petersen stated that if the Authority is looking for a model, then they can look at Mainely Wired as a model. Various other islands have accepted their model.

- Q. Breton – How would we best understand your model? Could we have Phil Lindley or Amy Spelke contact you?
- A. Peterson – They can contact us. We have a website. As a side note, Verizon is actually in partnership with us providing the backhaul connection to the Internet.

Nelson Geel (Axiom Technologies)

Nelson Geel from Axiom Technologies stated that there are some tried and true models already out there for serving rural unserved areas. The Authority does not have to reinvent the wheel. They are concerned with one set of rules in the State. There are differences between Southern Maine and Washington County. Axiom Technologies deploys to communities that are not served and has provided service to 13 communities in 13 months for under \$200,000. He did not want the Authority to lose sight of getting more bang for its buck. The Authority should look at how many households are reached per dollar. Axiom uses a combination of wireless and wired solutions. Geel suggests that if there is a bias, then the Authority should have a bias toward a company already doing what the Authority wants.

Q. Breton – What speeds do you offer and at what cost?

A. Geel – The top speed is 7 megabit (and could look at 10 megabit) with the average of 1 megabit.

Q. Breton – The Authority wants to be cautious. It is helpful to receive comments on the bandwidth requirements.

A. Geel – The limitation on the speed is the backhaul. Axiom has a specific idea for Washington County. We do have a redundancy issue.

Q. Davis – It looks like you need more funding.

A. Geel – Yes. It is a financial challenge.

Fletcher Kittredge (GWI)

Fletcher Kittredge is generally in favor of rules regarding broadband. He has some grammatical changes for the rule and will provide written comments. The Advisory Committee's role is not in this rule. Mr. Kittredge was part of the original broadband task force. There are patches of communities not covered and 50 people or households is too high since there are pockets in communities that are unserved or underserved with fewer.

**Future Meetings**

Advisory Council

Phil Lindley stated that the Advisory Council could meet and provide written comments to the Authority on its rule. Phil Lindley and Kelly Arata will communicate with the Advisory Council members for an initial meeting time and place.

Next Meeting

The ConnectME Authority will deliberate the draft Rule on December 6 at 1:00 p.m. in the Transportation Committee, Room 126, State House, Augusta.