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ConnectME Authority Meeting Notes - January 8, 2009

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ConnectME Authority

Minutes of Meeting - January 8, 2009

1. Introduction

Authority Members: Sharon Reishus, Jean Wilson, Dick Thompson, Mitch Davis
Staff: Phil Lindley, Amy Spelke, Kelly Arata

2. Remaining 2nd Round Grant Award Challenges

Axiom-Washington County Broadband Project:

Pioneer Wireless

Susan Corbett from Axiom discussed how Axiom has addressed Pioneer's issues. Pioneer does have coverage in some of the areas – Musquash and Cooper Mountains, but that Axiom does not intend to employ a 900 megahertz network. They want to put access points in the neighborhoods. Axiom has produced a list of 1200 potential subscribers for their service. Axiom has reduced their grant request by approximately \$27,000 for corresponding changes in the proposal to avoid excessive overlap with Pioneer.

Mitch Davis asked if Axiom was using point-to-point wireless and not conflicting technology. Ms. Corbett stated that this was correct; Axiom's network will not conflict with Pioneer's.

Dick Thompson asked Susan Corbett to explain how Axiom calculated the reduction amount. Ms. Corbett said that Axiom originally designed for 90% coverage not realizing where Pioneer had coverage. Dick Thompson said this was confusing because Axiom's email refers to 80% coverage in Pioneer's service area. Ms. Corbett stated that Axiom reduced their end-user radio budget by 10% when they realized that Pioneer has customers in some of the areas. Axiom will not put radios in those areas. Dick Thompson asked if they were trying to reach less than 20% or zero overlap. Ms. Corbett's answer was zero.

Phil Lindley asked if the reduction of their budget of 10% relates to the area that Pioneer is covering. Susan Corbett stated that Pioneer provided figures and Axiom used those figures. Axiom should cover 80% of that area.

Mitch Davis asked if Axiom needed to fly over that area to give coverage to unserved customers. Susan Corbett stated that was correct.

Phil Lindley stated that Axiom has agreed not to provide end-user radios in those covered areas. Mr. Lindley wondered what Authority's response should be if other providers come to us saying that Axiom is in their area. Susan Corbett stated that there

are 1,200 potential customers that have contacted the company who can not get broadband service. Axiom can see if the best service would be Pioneer and send that potential customer back to them. Ms. Corbett stated that after the first 1,200 have exhausted all avenues and have not been served, Axiom would provide service. Axiom's frequency is a different standard than Pioneer's. Mitch Davis stated that Axiom should be able to verify that a customer can not get any other service.

Dick Thompson asked about the degree of specificity in Axiom's plan. He is not sure that has been provided. All we have is that there won't be radios in certain areas. Phil Lindley stated that the short answer is no. We will be asking for better street level data in future grant rounds. The Authority did not ask for engineering study and only asked for information that the area was unserved. Mitch Davis stated that Axiom can specify people and service. You can't engineer out the service. There may be blockages and would have to move poles. Axiom should be able to show this and can provide service. Susan Corbett stated that Mr. Davis is right. Axiom has 40 access points in Washington County and will have 100 access points when the project is done. Dick Thompson stated that while we can say we did not ask for specific engineering, the Authority could have restrictions in a contract or grant award to protect the 20% rule. Phil Lindley stated that this was correct and it could be part of a stipulation

Mitch Davis stated that the Authority should request a list of technologies with future applications.

Motion: Dick Thompson made a motion to approve the grant request with conditions:

- Reduce grant request by \$27,787.50
- Do not put access points in 21 towns in Pioneer territory
- Do not put end-user access points on Musquash and Cooper Mountains

Phil Lindley stated that the access point is not an end-user radio. We do not want end-user equipment installed where there is other broadband service available. Mitch Davis stated that it goes back to focusing on unserved areas.

Motion: Dick Thompson restated his motion to approve the grant request with conditions:

- The grant request will reduced by \$27,787.50 in the radio budget.
- End-user access points will not be put in 21 towns in Pioneer territory
- User access points will not be put on Musquash and Cooper Mountains.

Vote: All members present voted in favor

Cornerstone Communications-Moosehead Region Broadband Project:

Premium Choice Broadband

Andy Vamvakias from Premium Choice Broadband (PCB) stated that he had reviewed the statute and believes that his company would provide comparable access in the Greenville area covered by the Cornerstone grant project. They have a dozen or so customers right now and will have permanent power in the next couple of weeks. Mr. Vamvakias recommends not giving money to Cornerstone.

Phil Lindley asked if Mr. Vamvakias has had conversations with Cornerstone yet. Mr. Vamvakias stated that he has only seen a listing of the towns and their coverage. Mr. Lindley hoped that the two companies would share information to develop a complementary project for the grant. Mr. Vamvakias stated that he has not seen any maps from Cornerstone. Mitch Davis asked if they had a list of people requesting service. Mr. Vamvakias has not seen any additional information and has met with them a few times. PCB had completed two to three months of planning when they heard about the grant. PCB would not object to Cornerstone spending private money, but that public money is not necessary.

Phil Lindley stated that public money would be unnecessary if it is being served by PCB. Mr. Vamvakias stated that PCB will find the holes and provide service. Mitch Davis asked if they had a business model to show there was growth potential. Mr. Vamvakias said there was and that PCB was committed to the Greenville market. Mitch Davis asked about PCB's relationship with the Greenville market. Mr. Vamvakias stated that it is not antagonistic. PCB has installed a tower on Blair Hill with no problems and is working to get permanent power to this point.

Cornerstone Communications

Andy Hinckley from Cornerstone Communications stated that they have some of the same issues as was raised with the Axiom/Pioneer challenge and what constitutes coverage. He has heard that their maps may have holes. Cornerstone differs from a strictly wireless proposal. They will have 100% DSL coverage with their remote terminals. Their application is distinctive. It is true that Andy Vamvakias has only seen a list. He did not realize that they had to square Cornerstone's proposal with PCB's. They have not reached any accommodation as to what to do. There are areas within their grant application that they can fully cover with a DSL remote terminal and others that will be covered with wireless. You are left with where are the customers when you use wireless. It would be subject to limitations. There are large areas where Cornerstone cannot serve and that they would stipulate there is some overlap. Part of Cornerstone's plan is that some customers can be served on a wireless basis and some by DSL.

Phil Lindley stated that there appears to be more than 20% overlap, and even in their DSL area there are areas served by PCB, making PCB's challenge valid. Andy Hinckley stated that they were struggling with the word "substantial." Mr. Lindley wondered if there was more than 20% overlap in their project. Mr. Hinckley couldn't say that. Mitch Davis thought that it seemed like they were competing for the same area, helping one company and disadvantaging the other. Dick Thompson wondered if they

were just wireless, if they could just point to non-DSL areas. Andy Hinckley asked if they would coincide with populated dense areas. If not, then they would use the technology areas. Remote terminals would be used in telephone network areas that are actually in really rural areas.

Jean Wilson stated that it seems as though the challenge is valid.

Town of Greenville

John Simko from the Town of Greenville stated that they advocated working with Cornerstone because of the need for public-private partnership. The Town does not favor one over the other. There are varied topographical areas and significant technological issues to get coverage. They have a concern that if one company sets up with one technology. The Town wants to get to all the unserved pockets.

Jean Wilson stated the challenge is valid according to the Authority's rules. Dick Thompson stated that he could not see how they could do a subset of the grant project area. Phil Lindley stated that the Authority has future rounds coming for other applications. Mitch Davis stated that the two companies are competing for a similar market. The Authority could ask the Town to come up with a plan with both companies. Mr. Lindley stated that they could come up with an idea of a partnership with two technologies.

Motion: Dick Thompson made a motion to affirm the challenge, sustain the objection to the award, rescind the award, and recommend that parties work together for a joint project.

Vote: All members present voted in favor.

RedZone Wireless-Island Wide Wireless:

Time Warner Cable Co. (TWC)

Tom Federle on behalf of Time Warner congratulated Axiom on their grant. Time Warner believes that there should not be an exemption from the eligibility provision. Axiom had contacted Mr. Federle and provided information which alleviated TWC's concerns and TWC subsequently withdrew their challenge.

Mr. Federle further stated that TWC has not received anything from RedZone. Mr. McKenna had agreed to work with him and TWC. TWC was not interested in having a business partnership but wanted to see his amended application to bring it into compliance. TWC's street level mapping shows an overlap of 70%-80%. The Eligibility criteria, includes the 20% overlap provision, was established in the Authority's rules. He believes that the Authority did not want to spend money on overlap. The solution in the Axiom case would not work in this case. Where there is agreement amongst the parties, then focus on those customers not served. We are not in agreement and would

be changing the standard on an ad hoc basis. The Rules would have to be changed and would have to have dialogue among the parties.

The burden is on the incumbent provider to come forward to show overlap. There is no definition as to where RedZone can hang equipment. It is not clear on the number of people that would be served with public money. There is no monitoring or auditing function, no complaint process if they are serving customers in TWC's service territory. Tom Federle would be happy to sit down to discuss this matter further.

Mitch Davis stated that he would like to see TWC's growth plans in these areas and wondered if RedZone just provided wireless in that area. Tom Federle stated that TWC does have plans for expansion in this area. TWC has nothing to react to today. Mr. Federle recommends that the Authority withdraw the grant award and affirm the challenge, and allow RedZone to come back with a revised application.

Mitch Davis wondered if it would be okay for RedZone to provide service in areas that TWC doesn't have coverage. Tom Federle stated that that would be okay if delineated that way.

Phil Lindley stated that Section 6(A)(1) definition specifies households as the unit of service. An access solution would work anywhere not just within municipality boundaries.

Dick Thompson asked what recourse would there be for a violation. Tom Federle stated that the Authority can condition anyway they want. However, it still does not give the incumbent a process. It was suggested that the Authority create a process for complaints. Mr. Federle thinks the Authority can put conditions on grants but the Authority can't redefine benchmarks.

Mitch Davis asked if there would be a challenge if there is a possibility of it not succeeding. Tom Federle stated that it happened with the Mainely Wired grant. Mainely Wired put in a different tower to keep it down so that there is not much overlap. TWC understands the goal to reach the unserved in the nooks and crannies.

Mitch Davis stated that there is a problem with not having a RedZone map.

RedZone

Jim McKenna RedZone has made multiple attempts to meet with TWC and Tom Federle refused to meet with him. He has asked Phil Lindley to help mediate but that scheduling and timing precluded a meeting before today's meeting. RedZone has provided letters of recommendation to the Authority and also a letter from the Town of Bar Harbor about TWC's refusal to extend service. In regards to maps, RedZone has 20% coverage in Bar Harbor and 50% coverage in Tremont. RedZone has taken into account the unserved and underserved areas. It is RedZone's intent not to serve TWC customers. RedZone will abide by the Authority's law and the 20% rule. RedZone has

revised its application to reduce the households in Trenton from 50% to 30% and added 300 households in neighboring communities for an additional \$45,918 cost but will absorb the net increase.

. RedZone thinks that TWC should offer a solution. If not, then who will? TWC has not presented a plan. Mr. McKenna recommends that the Authority affirm RedZone's grant.

Phil Lindley stated that Axiom's position is on the record. They won't provide end-user radios where other service is available. Jim McKenna stated that he can't sign something that will come back to haunt them. Mitch Davis stated that Axiom had a defined group of potential customers. RedZone does not. RedZone does have hundreds of requests for service. Would RedZone take customers from TWC? Jim McKenna stated that RedZone would take TWC customers only with private funds.

Mitch Davis asked why RedZone and TWC did not meet and expressed disappointment in the obvious animosity between RZ and TWC. Tom Federle stated that Jim McKenna at RedZone wanted to set the maps aside and discuss a business solution.

Dick Thompson stated that there are letters of support for an island-wide coverage available to students but how do we reconcile the 20% overlap? Jim McKenna stated that private funds would be used if can be served by other means. RedZone put their signals to overlook the unserved.

Dick Thompson asked if there was a way to condition the grant if the Authority provides money.

Norm Hill from School Union 98 stated that they would like free broadband accounts for students to use at home. He did not think that TWC would object to that. MLTI provides laptops from the 5th grade to 12th grade. There are haves and have-nots for home service. Jim McKenna was trying to help remedy this situation. Mr. Hill wants to help the under-advantaged in his school district.

Jim McKenna stated that RedZone can't generate maps with wireless. Mitch Davis wondered if they could drive down the street and find out who has and who does not have service. Mr. McKenna stated that it is not that simple. Mr. Davis stated that RedZone needs to know its client base and that a defined map could be done. Mr. McKenna agrees that a defined map could be done.

Mitch Davis recommended that Mr. McKenna and Mr. Federle get together to work out issues.

Motion: Dick Thompson made a motion to table this matter and bring it back to the next Authority meeting. Mr. Thompson suggested that he work with the two parties.

Vote: All members present voted in favor.

3. Executive Director's Report

Phil Lindley recommended that the Authority grant an extension to June 30th on the Cornerstone/Highland Project and authorize the Executive Director to sign. Mr. Lindley noted that it is difficult to do construction within the first 90 days of the calendar year. The company had originally asked for a six month extension.

Motion: Dick Thompson made a motion to grant the request for extension and to authorize Mr. Lindley as Executive Director to sign.

Vote: All members present voted in favor.