

Rural Broadband Taskforce Meeting
Monday, November 20, 2017, 10am – 2pm,
Southern Maryland Electrical Cooperative
15035 Burnt Store Road, Hughesville, MD
Meeting Notes

Participants:

Taskforce Appointees:

Charlotte Davis, Chair
Bob Behlke
Theresa Bethune
Robert Branson
Tom Dennison
Senator Adelaide Eckardt
Hugh Grunden
John Hartline
Delegate Sally Jameson
Delegate Carol Krimm
Delegate Johnny Mautz
Lisa McCabe
Senator Wayne Norman
Steve Pennington
Robert Scott Randall
Brian Roche
Andrew Roscoe
Scott Warner
Guy Winterberg (Online)

Other Participants:

John J. Allen (online)
Amanda Clevenger
Cheryl DeBerry (Online)
Meredith Donaho
Bryan Goldberg
Mitzi Herrera
Brian Jones (Online)
Mike Kiko
John Lyons
James McCormick
Brian Miller (Online)
Andi Morony
Michelle Painter
Debbie Pfeil
Steve Ross
Cassie Shirk
Christen Sullivan
Mike Venezia
John Woodfield

Presenters:

Cheslea Fallon, Federal
Communications Commission;
Hugh Grunden, Easton Utilities;
Joe Slater, President, Southern
Maryland Electrical Cooperative

The meeting began at 10:05am. Mr. Joe Slater, President, Southern Maryland Electrical Cooperative (SMECO), welcomed the group and provided an overview of SMECO and its services. Charlotte Davis, Chair of the Rural Broadband Taskforce, welcomed the group and called for introductions.

October 26, 2017 Meeting Minutes

The Taskforce reviewed the minutes from the October 26, 2017 meeting at Winchester Hall, Frederick, MD. A motion was made by Robert Branson to accept the minutes. The motion was seconded by Theresa Bethune, and all were in favor. The minutes from the October 26, 2017 Taskforce Meeting were accepted unanimously.

Presenters

Hugh Grunden, President & CEO, Easton Utilities

Mr. Grunden shared an overview of Easton Utilities' services and a financial model that has been used to expand broadband services to unserved areas in Talbot County. Easton Utilities is Maryland's first municipal utility, established in 1914. Easton Utilities serves the Town of Easton and 60 square miles within Talbot County, and has 7 business units. Easton Utilities identifies unserved areas via mapping, determines feasibility by conducting market research to solicit interest levels, and develops a marketing strategy through community meetings, direct mail campaigns, and personal customer contact. Easton Utilities uses a Customer Aid in Construction (CAIC) financial model, which takes into account number of anticipated customers, build miles, standard customer drop distance and installation included, and socialized costs over community. Model variables include a 5-year payback period, estimate 50% penetration costs, and a specific CAIC amount. The model involves the end-user in the capitol costs to spread the costs around. Lessons learned from the financial model have included that execution is key, the need to set clear expectations with customers, be proactive in customer communication, and great public relations happens when neighbors talk.

Chelsea Fallon, Rural Broadband Auction Task Force, Federal Communications Commission (FCC)

Ms. Fallon shared information regarding the Connect America Fund Phase Two auction and the Mobility Fund Phase Two auction. The Rural Broadband Auction Task Force is overseeing the implementation of both the Connect America Phase Two and Mobility Fund Phase Two auctions. The Connect America Fund (CAF) auction will be conducted in 2018 and will be the first auction to award on-going costs for universal service support through competitive bidding in a multiple-round reverse auction. The CAF will focus on fixed services, the Mobility Fund will focus on mobile services.

CAF rules and procedures have been proposed for the auctions and were advertised for comment in September 2017. Some of the key decisions that have already been determined include that the auction will award up to \$1.98 million in support for over 10 years to service providers who commit to providing broadband and voice services to fixed locations in unserved, high-cost areas that are eligible for the auction. The auction will be a multiple-round reverse auction. There will be a two-stage application process, a short form application must be filed in advance of the auction, and a long form application will be filed by winning bidders. Eligible areas will be census blocks where price cap carriers turned down support through the Connect America cost-level. Additional preliminary eligible areas are illustrated online at fcc.gov/maps, this mapping will be updated with finalized eligible areas soon. Entire census

blocks will be included or not in the auction, census blocks will not be broken into eligible areas. The FCC has proposed grouping eligible census blocks together. Every census block that is included as eligible will have a set reserve price, the reserve prices have already been published on the FCC website. Reserve prices will not change. The reserve price will be the maximum support that can be awarded to a census block. Auction winners are subject to deployment obligations, including they are required to offer both voice and broadband services to residential and small business locations within their census blocks, and achieve specific build-out milestones including deploying build-out to 40% to locations within their census block within 3 years of receiving support, and 100% deployment within 5 years. Auction winners who win multiple census blocks can aggregate the number of locations they will serve at the state level for increased flexibility.

The rates that broadband service producers set for users must be reasonably priced and comparable to prices set for urban areas. Comparability rates for urban settings are published on the FCC's website. The minimum broadband speeds would be determined by a particular performance tier that is associated with a winning bid in an auction. Bid winners are required to submit information each year on their deployment, filed with the Universal Service Administrative Company (USAC), and includes annual reports and information on the locations where the service has been deployed, including latitude, longitude, and address. Bidders can bid to receive support to offer broadband at different performance tiers, these tiers are based on the upload and download speeds and the usage levels associated with service, and latency. There are 4 speed and usage tiers and two latency tiers. The lowest tier is a minimum of 10:1 service, or a usage allowance of 150 gigabytes.

Additional information regarding the auctions for prospective bidders is available on the FCC's website. The auction will take place sometime in 2018.

The Task Force took a lunch break at 12:30pm, the meeting resumed at 1:55pm.

Review of Task Force Draft Report

Opening remarks for the review of the draft were made by Delegate Jameson, Delegate Mautz, and Senator Eckardt.

The Task Force reviewed hard copies of the draft Task Force report. Chair Davis requested comments, suggestions and revisions. One of the comments mentioned was that the report, in its current draft, does not provide a roadmap for solving the broadband in un/underserved areas issue, and there needs to be a funding mechanism identified within the report.

Additional Suggestions:

- Move meeting minutes to appendix section
- Include a timeline/deadline for surveying state/local assets and mapping
- Include a recommendation to create a program for mapping/inventorying county assets
- A specific plan is needed for inventory of assets, increasing access to permits, and for certain uses of assets
- Creation of a five-year strategy for mapping assets, the mapping should be dynamic, include a fast-baseline, and updated at intervals
- Create submeetings for individual counties and localities for gauging issues
- Additional recommendation to look at current municipal/state bonds

Additional questions that were discussed that were not in the draft report included how to solve the broadband issue, how to finance the issues, and the role of the state, county and local levels.

Chair Davis shared that an update draft report will be made available at the Task Force for Rural Broadband breakout session scheduled during the 2017 Rural Summit on Friday, December 1st. The Task Force will review and further discuss, and approve, the report.

With no other suggestions for input, the meeting concluded at 2:17pm.

Next Meeting: Friday, December 1, 2017, 11am -11:45am, located at 2017 Rural Summit, DoubleTree Hilton Hotel, 210 Holiday Court, Annapolis, MD.