

## MINUTES

### BROADBAND COMMITTEE

Tuesday, March 9, 2021

6:30 p.m.

Online Interactive

Committee members present: Adam Fuller, John Gibbons, Kimberly Grindle, Holly Savage, and Michael Ross

Others present: Jay Feyler, Renee Flanders, Bill Lombardi, Alan Hinsey, Randal Manning, and others unidentified

Acting Chairman Adam Fuller called the meeting to order as a Zoom session at 6:30 p.m. The meeting was organized as an interactive discussion with LCI/Tidewater to explore the potential for building out LCI's fiber network in Union to cover the entire town. LCI's representatives were Alan Hinsey, Director of Marketing and Sales, and Randal Manning, Vice President of Engineering and Operations.

#### **1. Experiences with Other Towns**

Adam asked about LCI's experiences working with other towns to build out their fiber networks. Alan Hinsey responded that LCI has worked cooperatively with 18 other municipalities in Maine to expand fiber networks in the towns, largely under grants from the ConnectME Authority. ConnectME generally requires a local match as a condition of the grant. LCI often contributes to the local match. For a recent grant in Bremen, for example, LCI provided all of the required match.

LCI is in the process of completing fiber extensions in Hope, Appleton, and Lincolnville under Cares Act grants from ConnectME. The new installations in Hope and Appleton emanate from the LCI Central Office in Union (where the electronic equipment that delivers services over the fiber is located), resulting in substantial increases on the extent of fiber runs in Union. He presented a map (attached) that showed fiber runs in Union, Hope, and Appleton. Color code: purple represents fiber in place in Union prior to the Cares Act extensions. Red represents extensions under the Cares Act. Blue indicates fiber on the poles, not yet spliced or otherwise ready for connections to specific premises.

As a result of the Cares Act extensions, addresses in Hope and Appleton are now 95 percent accessible via fiber. Total fiber runs in Union amount to only a fraction of this, but the new fiber runs will reduce the cost of reaching other regions that are remote from the Central Office.

## **2. Union Fiber Network**

We asked how many road-miles of fiber have been installed in Union, how many addresses are passed by fiber, and how many fiber subscribers have signed up at this point. Alan did not have the figures readily at hand but said he would provide them within two weeks.

## **3. Connection Charges**

We asked about typical connection fees from the pole to the premises, and the range of such fees. There are three cost elements: the pass, the drop, and the electronics on the premises. The pass cost is the cost of running the fiber on poles past the premises. It is typically born by LCI. The electronics cost is the cost of the optical network terminal (ONT) and its connection to the drop. This cost is borne by LCI.

The drop cost is the cost of running fiber from the pole to the premises and splicing it to the fiber on the poles. The drop cost is typically around \$1200 and is borne mostly by LCI. LCI does charge a fee of \$100 for the drop, as long as it is less than 250 ft. Additional drop charges apply if the drop is longer than 250 ft (long driveways, private roads), or needs to be run through buried conduit to reach the premises. Additional cost beyond the 250 ft mark is \$1/ft for aerial pole-mounted fiber run to the house, and \$2/ft for a buried fiber run to the house where fiber will be pulled through a conduit. Homeowner is responsible for the conduit placement, and for ensuring that a pull-string is available in the conduit.

Other homeowner costs can also be encountered. Buried conduit can be broken, or frozen. Trees may need to be trimmed near the pole. On long runs, additional poles may need to be installed.

## **4. Grant Opportunities**

There is an opportunity for grants through ConnectME coming up, funded by the \$15M bond issue approved in 2020. It will be in two segments, with the first closing soon and the second opening in July. LCI is too busy to support an application in the first window but could probably support the second.

Jay reported that he heard “through the grapevine” that the USDA at federal level and the Maine Community Development Block Grant (CDBG) program at state level will have funds for planning grants available for awards to municipalities this year.

LCI normally does the planning (network design, cost estimation) as part of the grant application, for grants that it applies for.

Adam asked about required town contributions. Alan said that it varies. ConnectME requires a local match. Alna contributed \$18K. In Bremen, LCI put up the local match. If a town contributes, it scores points with ConnectME in the application evaluation process, because it demonstrates commitment. Similarly, if a town has a lot of advance sign-ups for the service, this also demonstrates commitment.

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Alan commented that LCI is a small company (50 employees, plus contractors), and is one of only a few in Maine that are seeking to build fiber networks in the state. “We do what we can.” Grants are a big help.

Alan said that another factor that is considered by ConnectME in the application award process is “cost per house passed.” If the average cost per house passed is \$2500 or less, that usually results in points awarded. The fiber installations that LCI recently completed in Union in order to support the installations in Hope and Appleton under the Cares Act grant will greatly reduce the cost of reaching some of the more remote areas in Union, and that will lower the cost per house passed.

### **5. LCI Support Model**

Kimberly asked about LCI’s support model: how long does it take to respond to a service request, etc. Alan said that problems with an existing service are resolved quickly. But installation requests (connections to the pole) are more of a problem. Installation technicians are in short supply statewide. Installation takes about four hours on average, so a single technician can connect homes to fiber on the poles at the rate of two per day. Installation requests are backed up.

Jay added that LCI provides complimentary fiber service at the town office, and that he has had very fast service on the few occasions when he requested support in response to a problem.

### **6. Other Potential Teaming Arrangements**

LCI typically works with the towns only on grant applications. LCI is the applicant and owns the resulting infrastructure.

LCI was asked about towns it has teamed with in arrangements where the town provides funding to LCI as a supplement to LCI’s capital, in order to build out the network to cover the entire town. Alan responded that LCI has never worked with a town in that arrangement. But LCI is in initial discussions with several communities about that possibility.

### **7. Why LCI?**

Adam said that we are considering a range of options for bringing fiber to all parts of the town, and he invited LCI to state the reasons that we should work with LCI vs seeking another approach.

Alan responded that LCI has a major investment in Union, and with its central office located in the town, Union is a major local hub. Randal said that LCI places high priority in taking care of its customers. Alan added that when customers complain of slow network performance the problem could very well be inside the home. Routers and other components need to be periodically replaced to maintain currency with the latest technology. Regarding fiber connection request backlogs, there is a shortage of fiber technicians industry wide.

## **8. Low-Cost Option?**

Adam asked if LCI had ever worked with a town to provide a low-cost option for Internet access via fiber, for lower-income residents.

LCI is working with Bremen on that issue. The Bremen BBC is considering a lower-cost model involving a cap on access speeds. There is no decision yet; LCI is concentrating on getting the fiber network built out first. Also, there are federal programs to assist low-income households with Internet access costs, especially low-income households with kids.

## **9. Competition from other providers**

Kim asked if LCI's fiber runs will end up locking out other providers. LCI responded that Spectrum is there now, and anybody can get on the poles. Other prospective providers just need to build their own infrastructure.

Adam asked if LCI ever leases its fiber network. Alan responded that they do not run an open network, and they do not want other providers on a network that LCI has built. Others can cause damage. The only exception is that LCI leases certain fiber runs to large customers, like hospitals and possibly banks.

## **10. Number of fiber subscribers**

John said that based on the fiber map provided by LCI in December, it looks like LCI will have about 25 miles of fiber along roads in Union after the currently-in-process fiber runs are completed, with some of those miles available for connections to the premises now. But the recent survey of Union residents resulted in only a handful of respondents who reported having a fiber connection. Why so few?

Randal said that LCI hasn't really marketed the fiber availability to Union residents yet, out of concern that they would be overwhelmed with requests for drops to the premises. "Our fiber is our best-kept secret."

Alan said again that LCI is a small company, and that it has five installation technicians, only three of whom work on fiber. The other two work on copper lines (phone and DSL.) There are additional contractor technicians who work on fiber, and altogether they have been averaging 15 customer installations per week until recently. With the recent Cares Act extensions, they are now averaging 25 per week. There is a backlog of four to six weeks.

Randal added that when LCI first started laying fiber 14 years ago, the cost of fiber was high compared to competing technologies, and only recently has it come down in cost to where it can be offered at attractive rates. For example, fiber offers users high bandwidth, and many fiber users can place a high requirement on the bandwidth of the backhaul that LCI has to purchase. *(JEG note: LCI fiber subscribers connect to the LCI Central Office, where the electronic equipment resides. The backhaul is the super-high-bandwidth connection outward from the Central Office to the Global Internet.)* Fourteen years ago, LCI was paying AT&T \$13K per

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month for a 350 mbps backhaul connection. Now, LCI pays twice as much per month for more than 100 times as much bandwidth.

### **11. Town-wide buildout options**

John asked again if any town had ever approached LCI about building out its fiber network to reach the entire town, with some form of town subsidy to supplement LCI's capital in areas of lower population density.

Randal and Alan replied that no town has ever come to them with funding in hand and a request to build out to every corner of the town. Bristol has brought up the possibility, and Bristol and LCI are in the early stages of a dialog; it's too early to know what the resolution will be. Jefferson has brought up the possibility, but there have been no real discussions yet.

Consolidated did something like that in the town of Chesterfield in New Hampshire. The town contributed some funding, Consolidated contributed more, and the network was extended to reach all residences and businesses in the town, including the connections (drops); i.e., true "fiber to the home" (FTTH.) A small surcharge, beyond Consolidated's monthly rate, is collected from actual subscribers to pay back the town's contribution. At the end of 20 years, Consolidated owns the network.

Alan suggested that with grants available through ConnectME, this concept of supplemental town funding might not be needed. The Cares Act grant in Lincolnville "moved us ahead five years."

### **12. Wrap-up**

Adam stated that the Committee's near-term goal is to make a recommendation to the Board of Selectmen on which way to proceed. He thanked Alan and Randal on behalf of the Committee for a valuable and informative meeting and advised them that we might be requesting a follow-up meeting with at least the Committee, and possibly also with the Selectmen.

Respectfully submitted,

John Gibbons  
Secretary

Union Area LCI Fiber Map, 3/24/21

Color code:

- Purple** Fiber runs predating the Cares Act extensions
- Red** Cares Act extensions
- Blue** Additional Cares Act extensions not yet complete

