STATE OF VERMONT
DEPARTMENT OF PUBLIC SERVICE
PUBLIC COMMENTS HEARING

REGARDING:
THE 2014 VERMONT TELECOMMUNICATIONS PLAN
Pursuant to 30 V.S.A.§ 202d

HELD:
Thursday, September 18, 2014
6:00 p.m.
Barrett Memorial Hall
Vermont Route 132
South Strafford, Vermont

BEFORE:
Jim Porter, DPS, Moderator
Clay Purvis, DPS

REPORTED BY: MARILEE JAYE YOUNG, CSR
O'BRIEN REPORTING SERVICES, INC.
25 Washington Street
Rutland, VT 05702
1-800-559-5775
THE MODERATOR: All right. I guess we'll go ahead and get started.

First off, thank you for coming tonight.

This is Public Hearing on the 2014 Telecommunications Plan Draft, Comments edition.

What we'd like to do, I'd also like to thank Senator Mark MacDonald. He always takes a great interest in all things telecom and broadband at the legislature, and he reminded us that this might be a good place to have some hearings. And we've -- this is our second one today, so I appreciate that one, Mark.

And, as I couldn't call Clay, tell him I was being late, I think this is a really good place to come and discuss the Telecommunications Plan.

My name is Jim Porter. I am with the Department of Public Service. Clay Purvis also works with me. We would like to take any comments you have about the Plan and then, once we're done with that, we're happy to take any questions or have any discussions about anything telecom related that you might be interested in. And looks like we've got a court reporter so, when you talk, if you could just come up, I guess have a seat in this chair, and just say your name.

And, with that, we'll get started. Does
anybody like to go first?

CHUCK SHERMAN: Well, you've heard me before.

THE MODERATOR: I've heard some of you before, but that's okay, we still like to hear it.

CHUCK SHERMAN: I spoke up in Barre. My name's Chuck Sherman, S-h-e-r-m-a-n. I learned that. And I've already watched a video of my comments on video, so I don't have much more to add. I'm here more to hear what my neighbors and others have to say. But it's good to see you again.

THE COURT: Good to see you. Thank you.

THE MODERATOR: Okay, neighbors and friends.

Senator, do you think maybe, if you talked, other people would talk, or do you want to talk?

MARK MacDONALD: I spoke at the last two, but I'm Mark MacDonald. First, I'd like to thank the Department for coming down to this part of Orange County and northern Windsor County, which are just about the most difficult area of the state to serve, which is why it's been so frustrating for those who live here.

Broadband is much like electricity was a
century ago. There are places to build out that companies find profitable and there are places to build out that companies will not come to without some sort of subsidy. The 2009 stimulus package that passed the U.S. Congress subsidized the easy stuff and has sort of left the difficult areas unaddressed. This is a departure in how government has tried to level the playing field to provide services to all its citizens. With electricity, the federal government came in and helped to serve the places that the companies would not serve. And it's been suggested that the companies won't come in to Orange County because they can't recoup their investments quickly enough. What we are getting are often FairPoint and then some of the other -- other -- in other areas of the state where a telephone or companies provide cheap almost-already-obsolete connections and then exercise a monopoly-like authority over them and charge prices that would not be chargeable if there had been real competition. I didn't think anybody in this room would -- would argue that, without a world-class broadband, this county is watching its citizens leave, whether it's so that students can do their school work or whether professionals can operate in
One of the comments that we had this afternoon and that many have echoed is there seems to be a bias for sending information down from -- to the -- to homes and a handicap in sending it up from homes to the rest of the world. I think there's an old expression about give a man a fish and he eats one day, teach him how to fish and they can feed themselves. Well, having the higher speeds to receive information tends to be movies and feel-good stuff but, if you try to make a living and you have to upload onto the Internet with the current numbers, you can't make a living. It's great for getting fish but not very good for fishing. Our -- one of the -- from the recent newspaper articles and discussions this afternoon, one of the hopeful things that has come across, I think, from Mr. Porter is that the Department appears to be ready to recommend that the public dollars only be spent to -- to be spent to be focused on the areas where no one else will spend private dollars and to stop the practice of subsidizing companies to build out where it's reasonably expected that they would have built out anyway. Now, I may be exaggerating that, but this has been a great disappointment to
many of us to see that public dollars are being used to subsidize the profitable areas and then the owners are permitted to exercise monopolies and drive up prices.

So thank you. I hope we have some citizens from nearby who can add to that, embellish it, contradict it, or other.

THE MODERATOR: Well, while you're trying to decide if you're going to talk, Senator MacDonald brings up a really good point that I'll talk about just a minute. Several years back Vermont got more federal money per capita than any other state in the country, and, as Senator MacDonald rightly points out, we're still sitting in an area that really isn't served. And one of the things that the legislature's done and that we've been working on the last couple years is I think we probably are to the point where we are going to have to direct some public dollars into these projects, and one thing that's happened this past year is we've had the Department of Public Service, and we're regulators, and there are certainly things that regulators can do that no one else can do but, when it's a service that's not a regulated service, it's a little bit difficult at times. We've had a
Vermont telecommunications authority that would --
that was created some years back that had bonding
authority, and they were never able to use the
bonding authority because you couldn't make a
business case for the projects that they were trying
to do. And so the -- what the legislature did this
year is the VTA will become -- since I think we're
going to have less certainly state dollars and I
think we're going to want to be very targeted with
how we spend it, is that we're trying to sort of
consolidate all of the telecommunications efforts.
And Senator MacDonald -- there's something that came
up certainly earlier, but at the time, several years
ago, ECFiber had a project they were trying to fund
with the VTA, the Department had a project we were
trying to do with the Public Service Board and
FairPoint and, because we didn't know about the
VTA/ECFiber project, we gave money to an area that
we wouldn't have otherwise, and it created some
problems, and I think there was a work-around. But
I think to have it all centralized, and we
ultimately work for the Governor, and the new
division, what the VTA's going to become, will work
for the Secretary of Administration, so I think it
will be more centralized, which will be helpful for
what we're doing now. And, as we talked about
earlier, and this is one of the thing we're revising
the plan to be more specific about, is what we look
at, in Vermont, in E911 addresses, we do broadband
mapping. We're very lucky in Vermont; a lot of
states can't use their E911 addresses. We update
that information every six months, but we know that
there's about 22 percent of the E911 addresses in
Vermont, and we're sitting kind of in the middle of
one of the big areas, where you really have very,
very poor broadband speeds. Many people have
768/200 at best. And so what we're hoping to do is
take that segment, that 22 percent, and, through the
connectivity fund, which was put into place by the
legislature this past session, be able to target
areas like the ones we're sitting in and, as we
talked about, we hope that for once the people who
have had the worst service for a long time will
maybe be in the forefront and be able to get vastly
better service than in other areas. So we hope that
the plan, once we've revised it to make it a little
more clear, we'll show that, and that's where we
think we should target. And we'll be working with
the legislature as we always do, because funding's
going to be an issue, and that's the other thing
that we're in the process of having done now, which is try to come up with some idea of what this might cost. And it's -- to me it's a staggering expense, and we're basically using three cost models that we know about in Vermont, and we'll have recommendations as to what the cost would be to provide various services to areas in the state.

Irv?

IRV THOMAE: Um, Irv Thomae from Norwich, chairman of ECFiber. It seems I keep thinking of more things to say, so I'm glad you're having a series of hearings.

On the subject of the cost to do a major buildup -- buildout, I would like to draw the connection, the line between the dots, between the make-ready issue and the build-out cost.

THE MODERATOR: Okay.

IRV THOMAE As I've told you folks, correspondence with Clay, ECFiber presently estimates our cost to build a mile of cable and connect six customers at $30,000. Let's take the customer connections out of that. The cost of building the cable infrastructure and the network infrastructure that it connects to is averaging out to 24,000 per mile. When we first started we were
saying 5,000 less than that, and a major reason we've had to increase it is that we find that make-
ready, that's this process of getting the poles ready to -- to add our cable to the pole what was already there, make-ready is being delayed way beyond the standard time frame. And, if we've borrowed money and we're waiting to -- we can't get revenue to start paying that money back until we have connections to those cables on those poles, this dead time just spent waiting is time with no revenue, time with borrowing expense but without revenue. I would -- I would hazard a guess that the cost per mile, if we had efficient make-ready, if it always went by the standard PSB times of 60 days from application to quote and then 120 days from payment to completion, I would guess that we would be able to tell you that you could build that mile for 20 or 21 thousand per mile, not 26, 25, 24. That's -- you know, that mounts up when you're talking about hundreds and hundreds, a few thousands of miles.

THE MODERATOR: Right. Let me respond, really because I think you've got two things in there and just, if you all don't mind, I'm happy to do question and answer since earlier we had
more people who wanted to speak, but anywhere you
see distribution lines, in Vermont anyone who's
defined as a detaching entity, which would be a
provider of sorts, they have a right to attach on
those poles. And there's two things. One is the
price that you pay, and there's a rather-complicated
Public Service Board rule that imputes an amount of
space based upon the type of attachee, we won't bore
anybody with that, but then there's a tariffed rate
for what the companies can charge people or entities
to -- per pole to be there. And then the other
piece of that is -- and it's like Irv was saying,
ECFiber wants to do a project. let's say it involves
a hundred poles, so they have to notify the pole
owner that, you know, here's -- we need you to get
the work done for us, this make-ready work. And the
Board, the Public Service Board, has timelines in
which the company has to do the make-ready work, and
there's various -- there's other things --

IRV THOMAE: And if I may, let me give
an example why this is necessary.

THE MODERATOR: Sure.

IRV THOMAE: For safety reasons, it
has to be a little more than a yard, actually about
a meter of space between the lowest power-carrying
line and the highest telecom line, because the
telecom crews don't have the equipment to work
safely next to the high voltage. And then the other
cables on the pole are as high as they can be and
have as much clearance as possible underneath when
you've got a drive under, passing on a driveway or
whatever.

CHARLES LARKIN: There's statutes on
that, too.

IRV THOMAE: There are, indeed. So
they typically put the cables up as high as they
can. The newcomer, let's say it's ECFiber, comes
along, we want to move our cable, the phone company
wants to move their cable down to make room for us,
and that's the make-ready work, moving the cable
down. But sometimes the pole -- the pole wasn't
tall enough to leave any more room to come down and
still have the clearance underneath.

Is that an accurate --

THE MODERATOR: Yeah.

IRV THOMAE: Yeah. And then we have
to pay for a new pole.

CHARLES LARKIN: Didn't that get
modified? They used to have those so-called --
well, first of all, the power company one went here,
one here and one here and the ground down below was about a three-foot span. When they were in trouble, they would put those little condensing unit -- devices, condensing devices where they would hang onto the ground line and put the 3 A, B, and C phase below it and put the space. And the Board --

THE MODERATOR: The hinderance configuration.

CHARLES LARKIN: Hinderance, right. And the Board -- I had one, somebody stole it from me.

THE COURT: We're going to have to stop, because we're going to bore everybody.

CHARLES LARKIN: The Board made a rule they with weren't going to tell you how to build your pole on your company. You want to configure it, go ahead, but you were going to be assumed imputed to have built make-ready as cheap as possible for him. If they wanted to not -- if they wanted a bigger pole, go ahead, but he didn't pay for it, because they could have put the heaviest pole holder in and put in more.

THE MODERATOR: Right.

CHARLES LARKIN: So he no longer has to put a new pole in all the time.
THE MODERATOR: Right.

CHARLES LARKIN: Is that rule still in?

THE MODERATOR: I believe it is. When you talked about having to put in a new pole; that's a whole -- and that happens sometimes, but I think -- there's two things he's talking about. One is that the pole owner has sixty days to get it ready, and they don't.

IRV THOMAE: A hundred twenty.

THE MODERATOR: Or a hundred twenty?

IRV THOMAE: We pay them to have 120 days.

THE MODERATOR: And it's different per how many poles are involved. Aren't there two or three categories right now?

IRV THOMAE: I don't -- I'm aware of that.

THE MODERATOR: Okay.

IRV THOMAE: But I know that 120 days -- last year we had some when they should have gotten the work done in October and they didn't get it done until this April.

THE MODERATOR: Right. And the remedy for Irv or whoever else is to file a petition with
the Public Service Board and say, You know, the pole
owners aren't doing right, fix it. And I think what
we've been trying to do, just simply because it's
greater, is I think, and since you all have contacted
the Department, and we've contacted the pole owner
and said, We're going to have a board proceeding,
which nobody wants, get this fixed. There's a
couple things. At one time Sovernet had a massive
project.

IRV THOMAE: Yeah.

THE MODERATOR: And that sort of
backed up some of it, and then we've had some storms
that have been problematic. And, quite frankly, and
Charlie will appreciate this, I think one of the --
the largest pole owner, just quite simply, doesn't
have enough staff.

CHARLES LARKIN: What's that?

THE MODERATOR: I think the largest
pole owner doesn't have enough staff.

CHARLES LARKIN: Fire him.

THE MODERATOR: And that's something
that we could revisit, I think we would have to do
it in the context of a board rule. It's something
we've been talking about the for the last year is
trying to address the rate.
IRV THOMAE: Wasn't the board supposed to have convened a meeting of interested parties a couple years ago and never did?

THE MODERATOR: Well, what they were supposed -- what was supposed to have been done is, if there's a large project, a very large project, as the Sovernet project was, the legislature mandated -- those projects are not covered by the board rule, it's between a contract with the company and the pole owner, and if it's more than 7 percent of the poles or something. And there was no -- there were no time frames involved, and so the legislature mandated that the Board come up with what they call -- I think we called it a rapid response program, and it was for big projects. To the best of my knowledge, it never got put into place. We did have one complaint that came under the big project, rapid response, and we initiated an action, and the Board treated it as though it were in place, and it was resolved. But, no, you're correct, that never happened. And that large project is now built out, but it was -- what you're talking about was applicable to the large projects.

IRV THOMAE: Right, right, yeah.

Well, I just wanted to add that.
THE MODERATOR: No, and I think that's help-- I think another thing we would need to look at is what we call, you know, some people it's imputed that you pay if you're using 2 feet of space and some people it's 1 foot, and we would like to go to a lower, unified rate where everyone pays at the same rate, and that's another piece.

MARK MacDONALD: In the case that Irv outlined where work was supposed to be done by a certain date, and it was six months late, it being completed, ECFiber borrowed money expecting to go up on the pole a certain date, and now who pays the interest on the borrowed money for the six months that -- who picks -- who is obliged to pick up the tab for that?

THE MODERATOR: Well, that's the problem, nobody, and that's -- and that's kind of the problem --

IRV THOMAE: ECFiber does.

THE MODERATOR: ECFiber does, right.

MARK MacDONALD: But the agreement was it would be up in 120 days. When ECFiber gets that agreement, they go out and borrow money, and then their competitor is permitted to go six months longer, while ECFiber is -- has obliged to pay the
interest on the money they borrowed. Isn't that sort of like putting your thumb on the scale when you're selling meat or something?

THE MODERATOR: Well, sure it is, and -- to some extent. And the built-in problem is, if you go to the Public Service Board, it's essentially like suing somebody or going to court, and that is not a speedy process, and so that's why we tried to deal with it, as we said earlier, more informally, but it's something that, I think, warrants looking at the current rules and how they work, along with the rates, and I think that's a good --

IRV THOMAE: There are no incentive --

THE MODERATOR: Correct.

IRV THOMAE: There are disincentives to cooperation on the part of the people on the poles already.

THE MODERATOR: Correct. Correct. I wouldn't disagree with you.

IRV THOMAE: And it's probably only a coincidence, it's probably nothing deliberate, that during those many months the company that hadn't gotten around to moving its cable announced DSL service in several of these areas that ECFiber was
being delayed in getting to. Yes, purely a

coincidence. But I did want to bring that up.

THE MODERATOR: No, it's a point well
taken, and it is something that I think we need to
do.

IRV THOMAE: But my broader point is,
if that problem is addressed, then the cost for an
ambitious build-out of a large area goes down, and
that's a significant saving to everybody.

THE MODERATOR: I gotcha, I gotcha.

That's a good point.

MARK MacDONALD: If we were to say,
Well, that's too bad, ECFiber, you've got to pay the
money if you want to play; but, if Irv is correct,
the public who was expecting to get some service
that might end up being in dark fiber has now got
broadband, so not only has ECFiber is loss but the
public has gotten a more obsolete --

IRV THOMAE: Has a lesser grade.

MARK MacDONALD: -- less-worthy

service.

THE MODERATOR: I'll tell you an

interesting phenomenon that's happened. In the
instance of the telephone company, who's the large
pole owner, we've recently had a huge number of
complaints, and we have threatened to go have an
investigation with the Public Service Board because
it's unacceptable. And so they come in, and I'm
making these numbers up, but they have three
thousand complaints about telephone service and
three thousand complaints about broadband service.
I can regulate their response time for the telephone
service, and I can't for the broadband. And so, you
know, one of the things they were saying for a long
time is, We're first dealing with the telephone
service issues, but -- when we had these massive
calls in, because you're charging us, you know,
fines and stuff. Well, we sort of relieved them of
the fines, but it's a problem, and it's my belief,
and I guess we'll see over the next few months, that
a lot of the problem is just staffing, but they do
not have the appropriate number of people to do the
work they have to do sometimes.

IRV THOMAE: Does federal law force
Vermont to refrain from regulating; could Vermont
attempt to regulate information services even though
the FCC doesn't?

THE MODERATOR: I think -- when you
say reg--

IRV THOMAE: I think we all need to
understand that, the public, we all need to understand the constraints that you operate within.

THE MODERATOR: Let's talk about that a little bit. With telecom regulation, it's always been the states get to regulate what the federal government says they can regulate. And telephone service, as we know, they're no longer monopolies; the largest company is financially struggling, to put it politely. And at this point, even though I say that you're receiving the same service, although it may be over broadband, but it's what I call a telephone service, it's been deemed an information service, and so the State doesn't have jurisdiction over that like it does telephone service. So twenty years ago, if we were talking about phone service or if we were talking about service quality, you'd just go to the Public Service Board and you order the company to do it; and what they did was, you know, they had a monopoly and, when they invested in infrastructure, they were recovered it in rates. We no longer rate regulate the telephone companies, and we just don't have -- I can't tell you to go build out fiber or and I can't tell FairPoint to build out fiber, but we can tell them to do something with their phone service. So it's a -- it's a -- and
there's a proceeding at the FCC now, you've heard about neutrality, I'm sure, and this is part of it, but the FCC is looking at how to classify broadband Internet service, and we've actually filed comments within the last week, us and the Public Service Board, asking the FCC be classified as a Title II or telecommunication service. Not positive that's going to happen, but we'll see.

IRV THOMAE: But it's good to hear that you and the PSB for Vermont have weighed in on that question with the FCC.

THE MODERATOR: Well, we did, and we're a part of the National Regulatory Association, so three times a year all of the regulators in the country get together. Those are exciting meetings, you can manage. But at all these meetings we meet with FCC staff; and, particularly for a rural state, it's really kind of scary, that that's regulator speak, I guess, but it's a very difficult environment, and we're going to have to have some federal guidance, I think, one way or the other.

IRV THOMAE: Are you in a small minority among the states when you ask the FCC to consider regulating information services?

THE MODERATOR: There are a lot of
people who would like to see it be a Title II
service.

IRV THOMAE:  Good.

THE MODERATOR:  There are also very
big and powerful companies who would not like to see
it be a Title II service.

IRV THOMAE:  Right.  I don't mean to
take up so much time.

GUS SPETH:  My name is Gus Speth,
S-p-e-t-h, and I live at 89 Jordan Road in
Strafford, at the end of Jordan Road, the very end
of Jordan Road.

As I understand it, I'm supposed to have
4/1 service now; is that right?

THE MODERATOR:  I don't know.  I would
have to look at your address.

GUS SPETH:  Really?  I thought it was
everybody, ubiquitous.

THE MODERATOR:  No, no, no, no, no.
Ubiquitous, let me talk about that.

GUS SPETH:  Well, tell me when I'm
going to have at least 4/1 service.

THE MODERATOR:  Okay.  Under the
federal grants that were funded several years ago,
all of which have not been built out, they were all
funded at a stage of 768/200. Now, currently every
address in Vermont either has that minimum speed or
they have a funded solution in place. Now, in all
fairness, the vast majority of the people that have
the funded solution in place is to come from a VTel
wireless broadband project. That project, which is
terribly behind --

GUS SPETH: It is coming to Strafford?

THE MODERATOR: You know, I -- our
map -- we have a map, GIS map. I honestly don't
know. Our mapping person's not with us tonight.
I'm sorry.

CLAY PURVIS: I do believe it is,

but --

THE MODERATOR: Okay. It's covering
44,000 addresses, 97 percent. It's -- if you don't
have it, it's likely, and we can look at your
address tomorrow and tell you.

GUS SPETH: Only service we have
access to is a wave pump at 2 vps.

THE MODERATOR: I'm going to guess
you're in the VTel Wilder territory, depending on
where you are, once it gets built. I believe it's
providing very high speeds, but --

GUS SPETH: Any guarantees?
CHARLES LARKIN: No.

THE MODERATOR: Well, the problem with that, here we get with federal and state again. That's a federally-funded project that, unfortunately, we have no oversight over. We actually talk with the federal agencies that funded that project every two weeks to try to check on progress, but that's really just being loud.

GUS SPETH: What's your best guess as to when VTel is going to be able to provide me service?

THE MODERATOR: Well, as of I think last week, they tell us they still believe the project will be completed by June 2015. As you may know, what happened is, originally, under their federal grant, they had to finish it by the end of 2013, and then the people who gave them the money said, No, you don't have to do it by 2013, and they bumped it out to 2015, so that is the -- that is what they tell us and what their current terms of their grants say.

GUS SPETH: Thank you.

STEVE WHITAKER: I'd like to speak for a few minutes.

CHARLES LARKIN: I have something to
STEVE WHITAKER: Oh, you want to go first?

CHARLES Larkin, citizen of Vermont, former telecom engineer for the Department of Public Service for thirty-plus years.

Thinking about all the talking you've done and all the meetings you've had so far, I think that cell towers, to a degree, have not been struck too often at these hearings. And I remember some of the language, it was and along the roads, the phraseology in there. I wonder if you have an evaluation or you would consider evaluating and putting into your revision of this plan something about those mini towers, mini cell towers. I use the word "towers" that aren't, really units that hook up on the telephone pole.

THE MODERATOR: Small cell.

CHARLES LARKIN: I would like to strongly suggest that some kind of looking at what they could do and what roads could be serviced and how far they could spread the word out without trying to build these big towers, because of your NIMBY problem, even if you were to bless things. As you attested, you've got the experience in saying
go, go, go and the next day a phone call said, no, we don't want it. You could avoid some of those fights by putting some of these on the poles, I think.

THE MODERATOR: To that question, the VTA has funded -- I'm not sure they call it a pilot, but they have funded the use of the small-cell technology in along some corridors, and I believe that we were the first place in the country to actually try that type of technology. There might have been an Indian reservation out west that did it. It's not tested, and there are some technological issues with it now. I can tell you that the bigger companies are now starting to install the small cell, but they will not use them as a -- they're very low powered, and they -- they have to be within line of sight of the next pole, and they have a very little ability to -- they have a very, you know, narrow margin where they can provide service.

CHARLES LARKIN: They're down the road.

THE MODERATOR: Right. The larger companies are starting to use them, and we'll see, I think the reason it's not mentioned more is I don't
think it's a substitute for what we think of as cell
towers, although I have to say, in Vermont we have
more cell towers on silos and inside church steeples
than I think anybody else in the country, so that's
a lot of cell towers, too, but I don't think right
now they're a substitute for the larger cell towers.
Although the bigger companies are starting to us
them in Vermont.

CHARLES LARKIN: Builder companies

meaning?

THE MODERATOR: AT&T and Verizon.

LEE VORMELKER: Lee Vormelker, I live
at 12 Tyson Road here in Strafford.

I just wanted to comment on the mini cell
towers. I believe that technology only provides
voice service, so at the moment it would provide no
capability for broadband. Is that right?

IRV THOMAE: I've heard people say

nice things about its voice support.

LEE VORMELKER: The voice does work.

THE MODERATOR: I've tried to do the
broadband, because I had one broadband provider who
would not provide this company backhaul because they
thought they were going to try to compete with them
for a broadband -- wireless broadband product.
And the problem with the voice, even, is, to date, if you go put up a hundred of them and call yourself a rural carrier, they cannot seamlessly interact with your telephone provider. In other words, if you were driving and you had your Verizon phone, you're going to lose the call or you'll lose the signal, it will pick it back up, and you'll have these during the period of time that you're there, and then the -- and the big companies are hesitant to use it when it's someone else providing it, because they don't want their customers calling them and saying, Why do I always get dropped -- you know what I'm saying, why do I -- and they are starting to use them a little bit now.

LEE VORMELKER: It's an interim technology --

THE MODERATOR: Right.

LEE VORMELKER: And in locations in Vermont where there is no cell coverage, Strafford being one of them, it's -- it allows us to come from the 19th century to somewhere into the 20th century.

THE MODERATOR: Right.

LEE VORMELKER: But it does not get us to the 21st century.

THE MODERATOR: No, I agree with you.
The ones we're using, I think it's -- is it Sprint?
Sprint's -- it's Sprint's Technology, and Sprint's roaming with them. The problem is we're putting these things out in Orange County that run with Sprint, but all the Sprint customers are in Burlington, so -- or New York.

CLAY PURVIS: Not even Burlington. I think Boston's probably the closest Sprint.

THE MODERATOR: Which is one of the reasons we haven't written extensively about them, I because I don't know that we'll see them. At this point I want to -- we'd like to see how the VTA project shakes out and see how successful that is.

LEE VORMELKER: It appears to be a technology that does help for motorists who have 9-1-1 kind of calls.

THE MODERATOR: Right, right, right.

LEE VORMELKER: That will work very well, but today's world of trying to yelp or do mapping or anything where you want to use your smartphone doesn't happen.

THE MODERATOR: Right. That's a good point.

MARK MacDONALD: Have you developed an opinion on citizens of this county on the following
question: Given a choice between the Department going full bore on broadband or full bore on cell phone service, what do you think that the citizens of this county would prefer that you do?

THE MODERATOR: What was -- would you say the last part one more time.

MARK MacDONALD: If you were to ask the citizens of this county, from what you've learned so far, If you had to choose between putting resources behind broadband to all homes or telephone cell service on all highways, what is the message that you will receive from the citizens of this county?

THE MODERATOR: Certainly from the hearings, broadband, but with some previous experiences, um, I came to Vershire one day, and I think some of you may have been there and --

(unidentified speaker): Vershire.

THE MODERATOR: I have a southern Vermont accent, and I don't say some things like I'm supposed to. And I believe I was yelled at by -- was it 150? How many people were there, Senator?

MARK MacDONALD: A healthy number for Vershire.

THE MODERATOR: It went on so long --
this was on a Saturday. My wife believed that it
couldn't have taken this long, so she knew I was
dead because I wasn't answering my cell phone. And,
when I got to Montpelier, I said, Well, the problem
is, once you got past Barre, there was no cell
service, you know, for those hours. And so what our
opinion is, and what's in the plan, is that we need
both. But, let me say this, the broadband, I think,
is -- and if my 18-year-old daughter were sitting
here, she might disagree with me because she's never
without her iPhone, I think the broadband is the
first and most-important component, and it's
something I actually think we can do something
about. Within the last two months -- once or twice
a year we get the Verizon and AT&T high-up people to
come to meet with us, and, you know, we talk to them
every year, and we say, You know, what if we put in
a tax and we gave you the money to build cell
towers? And they said, We wouldn't take it. And so
the broadband, I think, is something we can actually
do something about. I do think with the cell
towers, with the 248a, which is a relaxed permitting
statute, particularly for the small cell facilities.
You know, we've had over 300, I think, applications
for permits in the last couple of years, so that's
been very successful.

MARK MacDONALD: Well, I would suggest that the national companies are eager to have cell towers, because that's in their interests, and it's the citizens of this county who have become accustomed to the phone services they have.

THE MODERATOR: Right.

MARK MacDONALD: Many of us, you know, didn't get phones until -- well, anyway, the citizens of this county feel that their economic interests and the county's future is much more dependent on broadband service than the -- than the cell phones which seem to be a priority of the -- the for-profit companies that want to do that.

THE MODERATOR: Right.

MARK MacDONALD: That's my opinion.

THE MODERATOR: No, it's broadband.

MARK MacDONALD: If you could verify that but dispute and act accordingly after you verify.

THE MODERATOR: Oh, no, you're exactly right, and it's all broadband, broadband, broadband. What we call the cell phones, they're moving toward your making -- your telephone calls are going to be made over the Internet anyways, so it's a little bit
of a misnomer to call them cell phones at some point. It's all about profit.

MARK MacDONALD: Will you take that message back that, if you had to focus on one, focus on broadband and --

THE MODERATOR: Oh, absolutely, absolutely.

MARK MacDONALD: Okay.

THOMAS ESSEX: So, excuse me, yes.

Tom Essex, South Strafford, 165 Mine Road, two and a half miles from here, up the hill. I passed you coming down, stopping at the store, looking bewildered because

THE MODERATOR: I was bewildered.

THOMAS ESSEX: -- you didn't know where you were.

THE MODERATOR: Because my GPS wouldn't work. I couldn't get here.

THOMAS ESSEX: Okay. That's okay. That's okay. I have had FairPoint, previously Verizon DSL since 2009. Very slow, it was recently upgraded to I believe it's 3 megs, which I'm told is pretty good for around here.

I haven't read the full report. I've heard a lot of stuff. Two things concern me is (1) the
cost, very expensive. I heard billion dollars quoted for the entire state, a lot of money. Other thing is the economic imperative that seems to be driving it, and the expected business benefits and the commercial benefits and the infrastructure improvements and the job improvements and all the economic stuff that comes with it. I've heard the senator, I've heard a lot of people talk about, Oh, we're going to improve our education, it'll lower our property taxes because we're going to be able to have broadband classes, we're going to have children, we could have one student here, one student here, we can all have the same teacher, and they can all do this because now we have fast fiber optic connections. I've heard other people say that, Well, we can have lot's of people work in their houses and they can work at home, they could get this fast upgrade, and they're going to make lots of money and improve our economic situation. But I'm going to come back to that billion dollars again. I have a daughter here in school. They do have fast connections at the new school, actually she's not here anymore. She's moved on. She was going to take an advanced algebra class. She did not pass it. She did not do it, because she had to
sit in front of a computer with no help, nobody
talking to her, nobody giving her any assistance
other than she could do something on a computer with
somebody, who she didn't know, she didn't even know
where she was. So, you know, it's a good idea, but
it's not going to work for everybody, and it's not
really going to be the save all.

The economic incentive, my wife is a CPA.
She works in an office 25 miles from here. She
could work from home; they have the capability on
her computer, and she does occasionally do whatever
the SSLo sign-in crazy stuff is, which means nobody
else in our house can work because, if anybody else
tries to do anything on the computer, she gets mad
because it doesn't work anymore. But she probably
wouldn't work from home very much anyway, because it
takes a very, very -- I don't know what the word is,
but the individual who will sit in front of their
computer at their home by themself, not seeing other
people, all day long, it takes a very strong
individual to do that, and I reckon that the number
of people that can do that is very small. So the
economic benefits are not all their cracked up to
be, in my mind.

THE MODERATOR: Well, and let's talk
THOMAS ESSEX: Not that I don't want them to happen, not that I don't want them to happen, because, you know, I'd like to see fast Internet, but, you know, I'm told that I've got to pony up half a dozen people to come up with twelve hundred or whatever the current buy-in rate is for ECFiber to build a line to get ten people on our road, maybe we'll get a line up there. But, for the moment, I think what we've got is sufficient.

THE MODERATOR: Well, and I think that's a lot of the balance. When we talk about this billion dollars, let me just let you know, we're in the process of having a company do some modeling for us and, when we talk about doing all the addresses in the state, one model's going to show about a billion, one's probably going to -- Irv may dispute me -- it's going to be somewhat less than that. But today in the state we've got about seventy percent of the addresses outside, not population, who have either fiber to the home or they have broadband available through cable service, which has very high speeds. So what we're -- what I'm looking at, I think, as a first priority in this is for the places that really -- you said you got
bumped up to the three service with FairPoint?

THOMAS ESSEX: Yeah.

THE MODERATOR: There's a lot of people, I know because they're the other group we hear from at some of the other public hearings we've had, who are in the other areas and they really have very slow service, 768/200, which doesn't allow you to do some things. I mean, you can't apply for a job with the State of Vermont; you'd have to do it on-line. And I agree with you, I think there's a balancing as to what we're going to -- you know, when a company pays for it when they have customers, great, but I do think we have to look at what we're willing to pay for, and I think that's important, and I think that's why we've targeted the people who really would love to have what you have today.

THOMAS ESSEX: Okay. Well, I don't feel -- I don't feel blessed, but I appreciate it. The other thing that I would just like to point out about all this commercial stuff is Vermont is already a high-expense business climate, and spending more state money to improve the services, it's like putting in the sewer and saying you're going to put in the big dairy plant out at end of the sewer line because now the sewer is there but
the rest of the economy is crumbling, the cows have all moved off, you know, and now there's no dairy industry to put in there so you don't need the sewer, so, you know, let's integrate that with everything else and not get lost just because it's the latest, greatest new stuff that we should be spending our money for that, and let's certainly not raise the taxes. I don't want to pay any more taxes, because they're way too high.

THE MODERATOR: Well, I think I've been criticized a little for the past month for maybe not being a little more aggressive and wanting to spend money, so.

THOMAS ESSEX: Well, that's my concern.

THE MODERATOR: Thank you.

MARK MacDONALD: Somewhat reminiscent of the argument of why Vermonters couldn't get electricity, because it was a poor state, it was too expensive.

THE MODERATOR: Poor state, and when you've got -- well, and when you talk about rural electrification and all that, I told you this earlier and I'll tell you. We used to -- there's something called a Universal Service Fund. We've
all paid into it for the last thirty years, and it's a federal tax. I'm probably supposed to say "user fee" but it's a user tax, but what it's been used for is for the companies to provide telephone service in the rural areas. So what the FCC has done is they're redirecting that money away from voice service and they're putting it to broadband, and one of the purposes of all this was so the rural areas would have parity with the urban areas with regard to their broadband speeds, and what they currently set it at is a speed of 4/1. And so, you know, we've got some -- whereas with rural electrification you've got electricity, and what we're talking about now is a service but there's various speeds within that service and what's actually the appropriate service that should be funded.

IRV THOMAE: You know, I'd like to point out that rural electrification did not tell the farmers, Oh, yeah, you're going to get electricity, but we're only going to give you 37 volts.

THE MODERATOR: Well, right, right.

IRV THOMAE: And so far the nation, I'm not saying the state, I'm saying the nation has
shrunk from giving anything like true parity to rural areas.

THE MODERATOR: You've said exactly -- and what I would tell you is that the FCC today has said we're going to give you 37 volts, Irv.

IRV THOMAE: Right.

THE MODERATOR: I agree with you.

CHUCK SHERMAN: We were talking about 4 megabits per second broadband. FCC chairman Tom Wheeler today said 4 megabits is too slow to be considered broadband --

THE MODERATOR: Yup.

CHUCK SHERMAN: -- and that Internet service providers who accept government subsidies should offer at least 10 megabits per second. So the only service around here that offers that, provides, is fiber to the home. Spending any resources on anything else in the meantime, to me, seems like a waste of money.

My name is Chuck Sherman. I testified earlier.

CLAY PURVIS: Correct me if I'm wrong, but I believe his comments was 10/1, and I believe the cell can do 10/1

IRV THOMAE: It can do 10/1 if you
I have the good luck to be right next to the remote terminal in your neighborhood.

THE MODERATOR: And there's -- and there's some -- there's a fund, a federal fund called the "Connect America Fund 2," and it's going to be available the end of this year and the rules will be written, and the FCC has made some noise that they will change the speed, the minimum speed, for funding, from 4/1 to 10/1 of that speed, and, you know, I'm not sure, if you're going to spend a state dollar, that that's what you would necessarily want to fund. The problem is that's what the feds are funding in certain areas and, as I said, earlier, once this -- when the FCC order came out in November of 2011, there were so many lawsuits they had to consolidate them into different federal courts, and both we and the Public Service Board provided various comments saying that it was under-funded and would not bring the rural areas to speed, these parity speeds. Virtually every challenge to the -- what we call the transformation order is lost. And Tom Wheeler also said -- I read this week -- that he's really going to look at whether Internet service should be a Title 2 service, and so I hope that's true.
THOMAS ESSEX: I hope Tom Wheeler will get a grandchild, because you may recall from my previous testimony the benefit of the broadband symmetry is that, when you're doing communications with someone, like your grandchild, it's both directions you need that speed, for video, for Facetime. So maybe when Tom Wheeler gets a grandkid, you know, he'll up it.

THE MODERATOR: Well, he's got that speed in Washington anyways. So right.

THOMAS ESSEX: We could Skype from ours, very easily.

THE MODERATOR: With your 3?

THOMAS ESSEX: Yes. Not very fast, but yes.

THE MODERATOR: It's funny, the other guy who works with us, he sits there watching Netflix of 768/200.

CLAY PURVIS: He is.

STEVE WHITAKER: I think that much of this discussion is passé in that this statute now has a goal of symmetric, 100 megabit by 2024, and there is also a requirement that we not waste money on short-lived technology that will soon become obsolete. So much of this discussion about 4/1 and
10/1 does not belong in the plan. I mean, it's --

MARK MacDONALD: Right.

STEVE WHITAKER: -- it's really a
distraction.

Now, I would like to correct a few of the
comments I heard earlier about that pole attachment
proceeding, and that was Act 53 of 2011, which
actually required the Public Service Board, by rule,
to conduct a proceeding and effectuate a revised
rule to implement an accelerated pole attachment
dispute resolution process, no matter whether it's
small companies or big companies. It was
across-the-board rule making. And the Board didn't
do it and the Department didn't lean on them to do
it. Okay, those are two serious failings of a
legislated mandate, and that's what we count on the
Department to do, is to advocate for the public and
indirectly for the ECFibers, and it didn't happen,
and y'all had the bully pulpit as the Department to
insist the Board do that. They had the mandate to
do it. So I want the record to be clear on that.
The fact that it sunset this last July and that
testimony before the committee did not ask that to
be extended and renewed such that that proceeding,
by rule, would happen is another oversight or
negligent, in my opinion. One of many.

Secondly, the -- the -- there was much
discussion at the earlier hearing today about how
valuable the Orange County fiber connect project and
some of the others are. Now, I want to extend that
concept further, because, even though the Public
Service Department and Board cannot regulate
information services, we clearly have the authority
in state law to regulate our right-of-way. And
these companies are using our public right-of-way,
and many of the fibers are dark; Comcast has dark
fiber right across the state, FairPoint has dark
fiber across the state, many, many miles of dark
fiber, which can be regulated if we have an
aggressive public advocate petitioning the Board for
investigation and examining where that is.

Now, I received a response last night from
your -- from Clay, to my public records request for
all records and responses from the utilities,
pursued under the 202.d authority you have, to
require infrastructure information from the
utilities. You've admitted in prior settings that
you don't know where the fiber is. You have the
statutory authority to demand to know where that
fiber is, and you didn't do it. So this whole
process is somewhat of a waste because we still
don't know where the fiber is, so we can't put an
accurate number on how many miles of fiber need to
be built. We need to establish clear open access,
again a 202.c goal, set by the legislature, to the
dark fiber. There's no way that Comcast can claim
that they're unregulatable when they're -- that
fiber's not even lit. There's no information
services running over it. It's a piece of
infrastructure sitting in the public right-of-way,
and it's accessible for open access, and it can be a
condition of their CPG. So I'm imploring upon you
to get serious and -- about advocating for what we
already have the authority to do. I'm hearing so
many reasons why we can't do it, and I've grown
weary of it, if you can hear that in my tone.
Yeah, the fact that I learned yesterday
that you'd never even asked the companies where
their infrastructure is, in the course of preparing
the plan, basically makes this process premature.
That until you've done your assessment of state
networks, of state infrastructure, and where the
fiber is and where the DSL is, you don't have the
preliminaries in place to draft a plan upon which we
can provide meaningful comment.
So thank you for your time. Sorry it's not sweeter.

THE MODERATOR: Thank you. Anybody else? Questions?

THOMAS ESSEX: I have one question, about the -- is it VANU, is that the micro cell?

THE MODERATOR: Um-hum.

THOMAS ESSEX: Do they -- they're on poles, but they have to have a backhaul to their systems, so --

THE MODERATOR: Yeah.

THOMAS ESSEX: Do they work on poles that have copper or poles that have fiber?

THE MODERATOR: They prefer to have fiber if they can get it. I believe they're using a good bit of DSL.

THOMAS ESSEX: So as you build out the county connectors, you're helping them expand cell service?

IRV THOMAE: I believe that the mini antennas, for example on Route 113 in Vershire and North Fairlee, I believe they are being fed from OCFC fiber, and I'm certain that the CoverageCo projects in south central Vermont, that the VTA has brought on-line, some of which are active, some
which are about to become active, I know that those are fed from wherever possible, dark fiber, and VTA is planning a major extension of dark fiber to support tourist corridors.

THOMAS ESSEX: I hope they work more than tourist corridors, that they work for anyone that connectors are coming through Strafford. We're not really a tourist corridor.

IRV THOMAE: Well, I don't know if CoverageCo plans to put those antennae along Route 132 following the OCFC. You could ask the VTA about that. And that's the beauty of the dark fiber trunks 144 fibers in there, and different entities can lease subsets of that fiber, long-term leases.

THOMAS ESSEX: That's still investment in Orange County -- other county connectors has a dual payoff.

THE MODERATOR: If the CoverageCo project does what it should do, perhaps.

CLAY PURVIS: Would anybody else like to speak?

THE MODERATOR: Thank you all for coming. Good to see you.

(The comment portion of the hearing adjourned at 7:10 p.m.)
CERTIFICATE

I, Marilee J. Young, Court Reporter and Notary Public, hereby certify that the foregoing pages numbered 2 through 48, inclusive, are a true and accurate transcription of my stenographic notes of the Comments heard regarding: THE 2014 VERMONT TELECOMMUNICATIONS PLAN pursuant to 30 V.S.A. §202d held on Thursday, September 18, 2014 6:00 p.m., at Barrett Memorial Hall, Vermont Route 132, South Strafford, Vermont, Before: Jim Porter, DPS, Moderator, and Clay Purvis, DPS, and transcribed by me with use of computer-aided transcription and produced under my supervision for use.

My commission expires February 10, 2015

October 1, 2014
mjy