

**3/9/2017**

### **Cable Provider Plan Information**

The biggest problem with Charter's plan is that it does not cover all households. Up to four percent (about 35 households) will be left out with no coverage. In Shutesbury, we really do see Broadband not as a luxury but as a necessity in the 21<sup>st</sup> Century. Thus, we believe it should be available to ALL households as a utility just like all our houses have access to electricity, plowed roads, curbside trash pickup and police and fire service regardless of their location within the town's borders.

That said, the most attractive part of the Charter offer is that it would include traditional television service and would *not require a tax increase*. Instead of building and owning our own network, we would allow Charter to use our broadband grant to provide cable for us. This looks very appealing and we gathered more information from Charter to see if there was a way that we could make this work for Shutesbury. However, we concluded that the Charter proposal is not a good long-term solution to bring broadband to our town. Town leadership still believes that building and owning our own network is preferable.

We did explore the possibility of getting to 100% coverage with Charter and this is what we learned from them:

- We may or may not be able to get 100% coverage even if we pay additional money Charter to do it. Charter could not commit to full coverage because in addition to the build costs, maintaining access to outlier homes adds maintenance costs for them.
- Until Charter does a design and engineering study they will not be able to tell us which homes will be left out or how much it will cost to bring service to those homes.
- Charter will NOT pay for full coverage themselves. They have stated that the only reason they are interested in our area at all is because of the state grant monies that subsidize their build costs. So to pay for the additional coverage (if they would agree to do it) means using taxpayer money to pay Charter to reach all houses OR working with the MBI for another 1-3 years trying to get more money from them to reach all houses.

Here's a scenario of how it might play out:

- § We agree to pursue a cable solution.
- § The MBI promises our grant money to Charter who starts vetting the project.
- § We go into cable licensing agreement negotiations with Charter. The town pays for all legal obligations for the cable negotiations.

- § We try to get the additional 4% coverage. How much will it cost the town? Charter said reaching the additional homes could cost the town up to 20% of the build costs; or \$400,000.
- § Now, we're stuck. We can't go *back* to a municipally-owned build because MBI will have promised our grant money to Charter who has already spent part of the grant money working up a design.
- § The project then may get held up in negotiations and we may or may not get all houses covered in the end. Charter won't know until well into the design process how much the additional coverage will cost the town and they won't start the design process until we commit. We can't get the information we need to make an informed decision and would need to commit without having guarantees.

Other considerations that make the cable proposal less appealing than building our own network is that the cable deal lacks:

- All fiber build. The proposed hybrid fiber cable (HFC) has limited capacity and is not future-proof and is inferior technology to what was built in Leverett. Other towns in Massachusetts are currently exploring building fiber networks who **already** have cable because it is outdated technology. Here are two recent articles about this:
  - <https://theberkshireedge.com/great-barrington-economy-at-risk-for-lack-of-fiber-optic-broadband-network/>
  - <http://www.iberkshires.com/story/53951/Williamstown-to-Propose-Engineering-Study-to-Look-at-Broadband.html>
- Severability – our choice is linked to other towns. The towns named in Charter's proposal (such as New Salem) must agree to accept the plan or no town can proceed. Even if we agree to the Charter solution it could be months before they move forward as they wait for other town(s).
- Public and permanent commitment to net neutrality.
- Node technology appropriate to the terrain. A hybrid fiber cable (HFC) uses nodes throughout the system that require power to run. With frequent power outages and each node requiring independent power, HFC has less reliability than all-fiber.
- Redundancy. Shutesbury would be served by a single line going through New Salem. If any part of the mainline goes down in New Salem we will lose service. With a fiber network we could connect to Leverett, New Salem, and Wendell for redundancy.
- Acceptable timing. The contingencies of the proposal along with the necessity of a Cable Licensing Agreement process means we can't get any guarantee on delivery time.
- Control – we have an opportunity to invest in our own telecommunications future and maintain control in such a way to act in our townspeople's best interest long into the future. We cannot depend on that from any private company.

- Cost control: Remember...cable is highly regulated with regards to how much they can charge and how they go about making licensing agreements with towns for television. Broadband and VOIP (phone delivered over the internet) are NOT regulated. There is no consumer protection cost controls. Charter can charge whatever they want for these services as we will have no control over costs in the future.
- Assurance of technology upgrades. The current speeds offered by Charter might seem adequate today, but as more and more devices require internet connections in homes and technology keeps developing, their service may not meet our needs. Remember that just ten years ago the cutting edge technology of Verizon DSL service was enough. Now we are customers of a company that has no interest in investing in technology upgrades because of our low population density. We don't want to be this same position again in five or ten years of having outdated technology with a provider who has no interest in investing in our town.