

Shutesbury Broadband Committee

Meeting

Thursday, January 28st, 2016

6:00 PM- 8:00 PM

Shutesbury Town Hall

posted sm

1/25/16

3:30 pm



POSTED IN ACCORDANCE WITH THE PROVISIONS OF MGL 30A §§18-25

AGENDA

1. Take Attendance
2. Approval of Meeting Minutes
3. Deliberate: QuabbinSide Plan and HG&E/Crocker
4. Unanticipated Business
5. Adjourn

Attendees: Asha Strazzero-Wild, Gayle Huntress, Craig Martin, Steve Schmidt, Eric Stocker, Graeme Sephton, Visitors: Select Board – Michael De Chiara, Becky Torres

Approval of Minutes: On hold for this week

Update

- Gayle in touch with Montague (partial cable town/not eligible for WiredWest). Having a difficult time with MBI – lack of communication and forward movement. Michael De Chiara shared that he went to a legislative breakfast; had a convo with Steve Kulik. Thought he'd be saying thanks for being a backstop- wasn't his message. He thinks a regional solution could be anything. Steve may have a different definition of regional. Just another piece of information. FYI: Steve's wife worked with Nakajima's wife at the Donahue Institute so there may be personal influence at play.
- Becky Torres spoke with Ellen Cummins regional Verizon liaison working with MBI who has helped set up software to do pole surveys and make ready work to dramatically speed up their work on large numbers of surveys. She said she's going back to retrain- waiting for towns to commit. No MOU signed.

Review financials of the QuabbinSide Plan and HG&E/Crocker- “Go it Alone” option

Presentation from Craig Martin

Cost Calculation for Subscriber Rates

Leverett

ISP-Crocker ISP (bits) + billing
internet is 1 gig non-delimited

internet only monthly \$24.95

phone only \$29.95

phone/internet \$ 44.95

MLP cost estimate changes month by month or QTR/QTR

	Annual	Per Customer	
replacement/fiber plant	90,000.00	13.97	Proportional to Fiber Miles
replacement/electronics	52,000.00	8.07	Proportional to Number of Prem
routine maintenance	32,000.00	4.97	Proportional to Number of Prem
insurance	19,000.00	2.95	Proportional to Fiber Miles*
bond fee for poles	4,200.00	0.65	Proportional to Number of Poles
pole rental	18,000.00	2.79	Proportional to Number of Poles
POP electricity	5,000.00	0.78	Proportional to Number of Huts
PURMA dues	1,200.00	0.19	
accountant	3,000.00	0.47	Fixed per town
bookkeeper, manager, town treasurer	5,000.00	0.78	
legal	10,000.00	1.55	
network operator HG&E - Monitor network 24/7 (includes 1 gig at \$1600/mo, \$19,200)	64,800.00	10.06	Fixed + Proportional to Subscrib
Allowed Return	17,600.00	0.00	
total MLP	321,800.00	49.95	

- Review Leverett costs, as stated Spring 2015, and updated Dec 2015
- Insurance is “per event”
- MLP absorbs all the risk
- Steve mentioned a conversation he had with Rob Brooks roughly a year ago relating to Leverett's separating the roles of Network Operator (HG&E) and ISP (Crocker). Rob said Crocker could probably do both jobs, but they (Leverett BB Committee) thought it beneficial to have both organizations involved - each could keep an eye on the other. He estimated it was costing Leverett customers approximately \$5/month additional to have HG&E as Network Operator.
- **TO BE CLEAR: Crocker and HG&E assume no risk; Leverett assumes all risk**
- Leverett experienced some “repair” costs- one was about \$12,000 → \$10K cost to the town (deductible for event). This means that if there are three “events” in a year, it is \$30,000 that the MLP is paying—note \$32K budget. Expect insurance to go up in the following years (or without charging against insurance, would face \$36K expense).

- Note that before they were up and running Leverett says they couldn't get insurance; was very hard to get it. Insurance companies wary and the terms are unknown.
- Crocker Spreadsheets- did not list their change (suggests they don't want to commit to anything)
- Now compare Crocker's projection for Shutesbury against Leverett's numbers, noting that we are very similar towns.

	Leverett	Shutesbury
Fiber miles	43	43
Poles	1419	1481
Premises	829	881

- Most line items transfer very directly.

MLP cost estimate changes month by month or QTR/QTR	At 75%		
	Leverett	Shutesbury	
replacement/fiber plant	90,000.00	60,000.00	Proportional to Fiber Miles
replacement/electronics	52,000.00	55,265.00	Proportional to Number of Premises
routine maintenance	32,000.00	34,006.00	Proportional to Number of Premises
insurance	19,000.00	19,000.00	Proportional to Fiber Miles*
bond fee for poles	4,200.00	4,383.76	Proportional to Number of Poles
pole rental	18,000.00	18,779.00	Proportional to Number of Poles
POP electricity	5,000.00	2,500.00	Proportional to Number of Poles
PURMA dues	1,200.00	1,200.00	Proportional to Number of Huts
accountant	3,000.00	3,000.00	Fixed per town
bookkeeper, manager, town treasurer	5,000.00	5,000.00	
legal	10,000.00	10,000.00	
network operator HG&E - Monitor network 24/7 (includes 1 gig at \$1600/mo, \$19,200)	64,800.00	40,587.00	Fixed + Proportional to Subscribers
Allowed Return	17,600.00	17,600.00	Proportional to Fiber Miles*
total MLP	321,800.00	271,320.76	

- Why is fiber plant CapEx \$30K lower? Perhaps because they're proposing a GPON build, rather than active Ethernet? Graeme thinks this could explain the difference.
- Why is Network Operator \$24K less for Shutesbury? This is very much an unknown.
 - We should ask Crocker

Crocker's Extrapolation of MLP Charges for all Towns

75 % Take rate

Town	Annual Cost (\$K)										Mnthly Subscr Rate	Premises	Poles	Route Miles
	Replacement fiber plant	Bond elec	Pole rental	Round Maint	Insur	Net Op	POP elect	Allowed Return	Total	PURMA 19 + other fixed				
Town											41	934	1,743	72
Ashfield	100	59	5	22	36	32	42	3	29	347	34	1,862	3,560	107
Becket	149	117	11	45	72	47	67	3	44	574	46	612	1,385	50
Blandford	70	38	4	18	24	22	33	3	20	251	46	671	1,783	55
Charlemont	77	42	5	23	26	24	35	3	23	276	44	618	1,320	48
Chesterfield	67	39	4	17	24	21	33	3	20	246	44	618	1,320	48
Cummington	70	33	4	16	21	22	31	3	20	239	50	533	1,275	50
Goshen	56	40	4	17	25	18	34	3	16	231	40	636	1,324	40
Heath	71	25	5	20	16	23	28	3	21	229	63	403	1,563	51
Hinsdale	57	79	4	15	49	18	51	3	17	311	27	1,259	1,202	41
New Ashford	14	7	1	3	4	4	20	3	4	79	77	114	228	10
New Marlborough	135	70	8	36	43	43	47	3	40	444	44	1,116	2,818	97
New Salem	57	30	4	16	18	18	30	3	17	211	50	472	1,289	41
Peru	47	27	3	12	17	15	28	3	14	186	48	433	971	34
Rainfield	54	23	3	12	14	17	27	3	16	188	58	361	979	39
Sandisfield	99	48	5	22	30	31	37	3	29	324	47	766	1,762	71
Shutesbury	60	55	4	19	34	19	41	3	18	271	34	881	1,481	43
Washington	33	17	2	7	10	11	24	3	10	136	56	269	562	24
West Stockbridge	67	60	5	20	37	21	42	3	20	292	34	949	1,541	48
Monthly for this set											39	47		

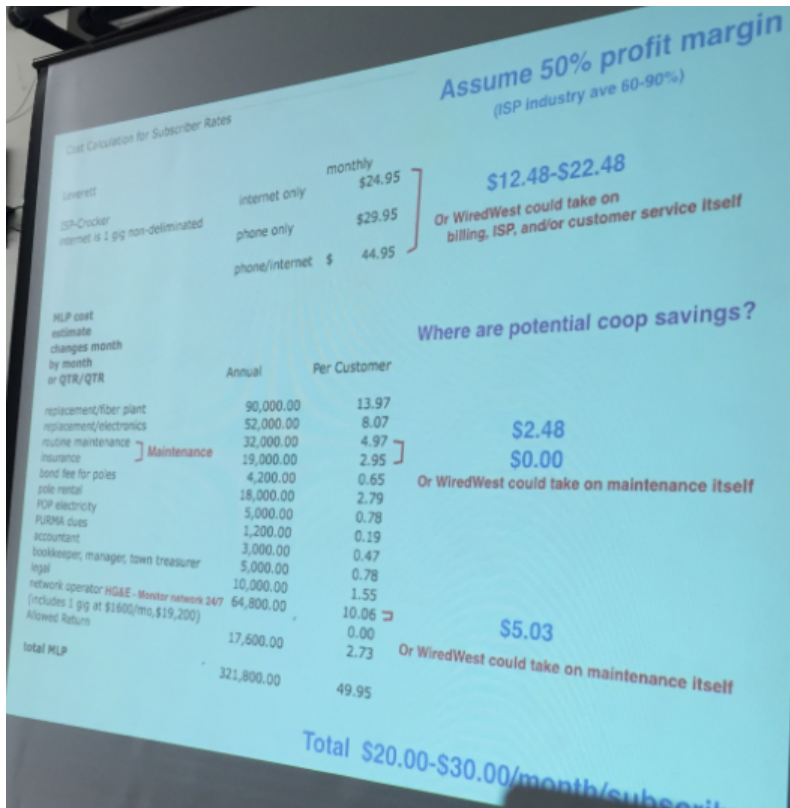
- This is MLP charges ONLY. Leverett is currently \$49.95. For Shutesbury, see above- go alone projected to be \$34 a month, with combined, current WiredWest supporters, we pay \$39 (in this model, which assumes no cost savings from combining operations). In other words, if all towns go in we end up paying an extra \$5 a month. We are subsidizing towns with rates higher than us and getting subsidized by other towns that are lower than us.

Crocker's Extrapolation of MLP Charges for all Towns

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West Stockbridge	67	60	5	20	37	21	42	3	20	292	34	949	1,541	48
Monthly for this set											39	47		
Weighted Averaged											38			
Shutesbury, Wendell, and New Salem only											37			
											40			

- If we cut out expensive towns, the costs come down only a little. BUT if we do only Shutesbury, Wendell and New Salem then it's MORE expensive \$40.



- Where are potential coop savings?
 - Spread the risk
 - Could take on maintenance itself
 - Providers interact with 1 entity rather than 20
 - Coop could take on billing
 - Competitive outsourcing can take on more bids – where the market is competitive.
 - Also savings with roles such as legal etc. (not hugely significant)
- Could apply those savings to the maintenance category (which needs an increase!)
- Applying a 30% profit margin to the outsourced services, yields \$12-18/month/subscriber
 - Of course, we don't know the appropriate profit margin. Nationally, ISP margins are much higher.

Next steps:

- Check with the DPU to get additional information on frequency of outages (downed lines)

<http://www.mass.gov/eea/grants-and-tech-assistance/guidance-technical-assistance/agencies-and-divisions/dpu/public-record-information.html>

- Gayle to take a crack at the grid to discuss in our next meeting
- Invite HG&E and/or Crocker to a future meeting- Gayle to follow up with them
- Next meeting: Monday, Feb 8 at 6:00 PM