

Spotsylvania County Government

Cable Television and Telecommunications Commission (CTTC)

2005 ANNUAL REPORT

The last annual report was given to the Board of Supervisors in April of 2004.

Cable Commission

In June 2005 a public hearing took place and the Board approved the request to change the quorum section of the By-Laws. This change is to enable the Commission to hold its regular monthly meetings even though there are vacant positions.

Mr. Bernard White stepped down from representing the Livingston District in May and Annie Linder filled this position in April 2006.

The Commission had a tour of the head-end facility at Adelphia in September. Mr. Hartwig stepped down from the Commission due to a potential conflict of interest and Brad Cobb filled this position in January 2006.

Franchise Fees

In July the Commission passed a motion to request that the Cable Franchise fees be increased to 5%. The additional monies are to go to future cable and telecommunication needs/requirements.

In August the Board of Supervisors approved the request for a public hearing on Franchise Fees. The two issues were: (1) to raise the fees from 3% to 5% and to give notice to do it; and (2) how the funds will be spent (i.e., updating the County AV system, hiring a person to reviewing contracting, inspections, etc.).

In addition, Senator John McCain introduced a bill to Congress to eliminate the franchise authority for local government. Texas passed a bill to reinforce this. In 2006, the General Assembly passed new cable franchising rules that replaced the County's current procedures.

Cox Communications

Kathryn Falk introduced Matt Drewery as the new Operations Manager for Cox in this area. Cox launched four new channels in the month of May 2005: PBS, HD and two other WETA channels. In addition, Cox is prepared to offer fire wire connectivity to their customers.

In June Cox was in negotiations with the corporate office to launch Mid-Atlantic Sports Network (MASN), but did not have a timeline at that time.

In November, Cox increased their speeds for their high speed Internet product upload speed to 256 and will be launching "On Demand" in this market by the end of the month.

In December, Cox was looking at outsourcing to other Cox call centers, which are located in Texas and Georgia, to help bring down the "average speed of answer" time.

Adelphia Communications

Adelphia announced that Paul Spacek is the new General Manager of Northern Virginia, who works out of the Fredericksburg office, replacing Lisa Cash. The Spotsylvania area is now handled out of the Cleveland call center, along with other areas. Adelphia will be providing the statistic matrix quarterly for all of these areas in their report, which will also include some additional items, i.e., IVR and wait times.

Adelphia made the decision to go with Star and added Showtime. Customers are now able to pay an additional \$5 for ESPN HD. The subscription video on demand services (SVOD and VOD) has a cost of \$3.95 to \$4.95 per month.

Adelphia's numbers show they have lost 1300 basic subscribers and have only gained roughly 40 digital subscribers. Adelphia also advised that Verizon is trying to do fiber to every home in the Lees Park Subdivision and is trying to work with Tricord Homes so that they can do the same in the Breckenridge Subdivision on Route 208, Courthouse Road.

In March, Adelphia announced that construction has started for the Southwoods Subdivision and that cable rates rose slower in 2004 than they did in the past, only about 5%. The classic high-speed data went from 3 MB to 4 MB at no increase cost.

Channel changes were effective the 1st of April. Certain stations have been moved to new channels, and Channel 9 will be shutting down its high definition for repairs. As of July 1st, all new manufactured converters have to have a DVI port open.

Adelphia updated their VOD, which now contains the following eight channels: Channel 900 – Movie On Demand; Channel 901 – Stars; Channel 903 – Showtime On Demand; Channel 904 – Movie Channel; Channel 906 – HBO; Channel 907 – Cinemax On Demand; Channel 910 – Free On Demand Movies; Channel 912 – Adult On Demand.

In June, Adelphia had been approached to carry MASN and an additional 4 HD channels were to be available by the end of the summer. However, they were limited to go forward at that time because of the pending sale, and did not foresee anything happening in the immediate future. Adelphia did add a couple of miles in construction between May and June.

In July, Adelphia announced that their new Acting General Manager is Eileen McConnell, from the Regional office. Adelphia also advised that they now have an affiliate program where new customers can call into their power company to order service, and order cable and telephone at the same time via a number that is routed into Adelphia. Marketing came up with this to make it more convenient for their customers.

In August, Adelphia noted that their broadcast and satellite subscribers and digital modem numbers had gone down, yet there was a slight improvement on the percentage for the calls within the 30 seconds. They noted the decrease in subscribers every week, as compared to the increase in population, and do realize that there is strict competition out there with the dish companies.

Adelphia advised of their goal to repair cable service to any customers within 24 hours. Because they were exceeding that time frame, they implemented mandatory overtime, with 17 employees working 10-hour days to bring the number of calls down and worked with their new dispatch center to set priorities. In addition, Adelphia hired an additional 20-30 operators in the Cleveland Office to assist with the increase in service calls and added a couple of miles in construction over the months of September and October.

In December, Adelphia's "trouble calls" percentage had gone down, and their other numbers have also improved over the past few months. The additional contractors brought in to help fix some complaints made a big improvement on the amount of customers experiencing problems.

The County Attorney granted permission to take the inquiry that an audit be conducted, to verify that the data the County receives from Adelphia and Cox is filed correctly, to the new auditor in the Commissioner of Revenue's office

Verizon

County officials met with Verizon to discuss a possible Franchise Agreement, to bring video and fiber to the premises (FTTP) to Spotsylvania County. To help minimize disruption at a site, they would go underground where facilities are underground, and aerial where they are already aerial.

The Lee Hill Central Office will be the first place in the County where they will be providing service. They are upgrading their cable plant to provide significantly higher speeds on high-speed data. The Franchise Agreement is needed to provide TV service to the County.

Verizon supplied the draft Contract to the County as a starting point. They believe these services would be a great asset to the County in attracting and retaining business. This would also create greater competition to improve the current providers, as well as Verizon, thereby providing better service to all the residences.

The Commission was also informed that Loudoun County had issued a cease and desist to Verizon because they were tearing up some of their areas. There had also been Verizon complaints in the Fairfax County area. The Commission agreed that Spotsylvania County would need to build something into their contract with Verizon that they will take care of these types of problems.

The Commission agreed to present Verizon with a copy of the County's current Franchise Agreements with Adelphia and Cox. The County is trying to make the agreement with Verizon as fair as possible and the attorney is trying to balance it between Comcast (Adelphia), Cox and Verizon. In addition, the Commission was informed that Verizon has a deal with Direct TV to provide content.

The Virginia Associations of Counties (VACO) has agreed to an amendment of the new language at the State legislature, which gives Verizon permission to provide cable TV. They already have permission on phone cable and are putting in fiber.

Adelphia/VACO Bankruptcy and Transfer Update

Time-Warner and Comcast, along with other companies, had turned in their bids to possibly purchase Adelphia. There were approximately 50 companies who were interested. Accordingly, in April 2005, the County received word from Adelphia that it had accepted a buy-out offer from Time-Warner and Comcast. As part of the arrangement, Comcast would get the Virginia properties.

A motion was made in March to hire outside counsel to give the Commission advice on potential future business matters. The Commission received approval from the Board to hire the law firm of Miller & Van Eaton, P.L.L.C. to assist with the process for a new franchise agreement with the Verizon and Adelphia/Time-Warner Holding/Comcast transfer. The County will be able to make an informed decision, have equal footing, and optimistically not lose anything. This law firm has previously worked with Loudon, Leesburg, and Prince William on their County franchise agreements.

In June, Adelphia/Comcast delivered an FCC Form 394 to the County. The Bankruptcy ran concurrently with the transfer to Comcast. In addition, the founders of Adelphia were sentenced in June, with the older son being tried this fall. As of November, they were waiting for the FCC, FTC and the Bankruptcy Courts for the Time-Warner/Comcast deal approval, along with the transfers throughout the country. They planned to have the transfers done by the end of 2005 and to have the sale completed by the first quarter of 2006.

County staff went to the Board of Supervisors in December with the proposed transfer contract and a Public Hearing was conducted. The Board of Supervisors voted 6 – 1 in favor of the transfer.

Regional Wireless Information

The jurisdictions of the Rappahannock Regional Jail each received \$75,000, totaling \$300,000 to do a regional wireless pilot program.

The Jail planned to issue a Request For Purchase (RFP) in February 2006.

Central Rappahannock Regional Library (CRRL) Information Technology

During the first couple of weeks of December 2004, the CRRL installed wireless access at the Salem Church Library and at the headquarters' building, taking it live in January 2005. This provides open access points for people to bring their laptops in to use. During the second quarter of 2006, they also added wireless to the Snow library.

Telecommunications/Cell Towers

In 2005 Nextel and Sprint merged and are trying to pick sites that they can work together on, however, their technology is probably a year and one-half out before they can fully integrate. Nextel is looking at putting a tower at Loriella Park, replacing one of the light poles, so that they can have

the lights and cell tower together. Their goal is to obtain cell coverage in the Leavells/Courthouse Road intersection.

Our County is one of the many localities that have to move its 800 MHz radio frequencies due to FCC ruling. Under the terms of their \$3 billion deal with the FCC, Nextel will have to pay to replace approximately 400 radios in the County, to include moving our frequency to another band, and upgrading our equipment in our main facility. The County is working with a firm under state contract to do the transfer. Virginia Beach and Roanoke Counties have already started.

Previously, the Spotsylvania County requested 5 additional towers from Sprint and it appears that 4 of the 5 requests were approved. However, the number 1 choice, Livingston Tower, which seems to be the easiest one to do, was not on the list.

Sprint appeared before the Commission to discuss their coverage objective for the following two sites, to include the site selection process and the recent community outreach program that they have done with the communities and with the coordination/cooperation of the Planning Department. A motion was made in March 2005 to approve these two (2) sites.

1. 9737 Jefferson Davis Hwy (Rt1) – Cosner Corner - on property owned by the Silver-Honaker land development company.
2. 410 Mine Road - on property owned by the County.

In addition, the Cable TV and Telecommunications Commission was approved to continue for another year to review and approve the applications for cell towers. Towers that came up for review are as follows:

- Wilderness Tower - A balloon test at Wilderness Community Church on Rte. 3 was held in May 2005, along with a public hearing in July, for a new tower site. However, the Park Service notified us that they cannot support either of the locations, although we advised that the County is trying to build a tower tall enough to be the only tower in that area to provide service for all cell vendors and the County. Another meeting was held on August 29th at the Wilderness Community Church for the 300 ft. public safety tower, however, no one showed up from the Park Service or the Preservation group. The meeting was rescheduled so that they can come and voice their opinion.
- Battlefield Tower (Leavells Road) - In August, it was announced that Nextel is looking at placing a monopole tower by the Battlefield water tank on Leavells Road. In September, the Commission reviewed those plans and the balloon test had been conducted. The Community meeting for the Battlefield tower was held on October 6th. The existing water tower at Battlefield Elementary School will be coming down and they will be taking the existing antennas from that tower and put them on a monopole with Nextel. This site will cover solid in-car coverage on Leavells, Harrison and Courthouse Road. It will off-load an existing site on Courthouse Rd and Rt. 1, and will expand the coverage in Fredericksburg, west of I95 and south of Rt. 3, and off-load the existing site on Rt. 1, north of Harrison Road. The schools have their radio antennae on the current tower but the County made the agreement with Nextel to get at least one physical location on the monopole.

- Nextel Tower – 11812 Main Street (Bowman Center) – In September, the Commission reviewed those plans. This 80-foot site is now up and running.
- Nextel Tower – 3900 Plank Road (behind Beverly Rehab Health Center near Maple Grove Subdivision) The balloon test and the Community Meeting were conducted in November. The Parks have no problem with the site for any historic purposes. The Commission voted in favor of the Tower. However, in December, the County discovered that Nextel had gone ahead and put up a 70-foot micro tower at this site, without administration approval and not to code. They had it up and functioning immediately. The Maple Grove subdivision is very unhappy and had contacted their Board member. The originally proposed monopole was to be located 79 feet from the Health Center on their property, and they planned to file for the site in early December. To date, this micro-tower is gone and we have not heard from the vendor.

In addition, the State is looking to put a tower up in the Thornburg area for their STARS system. The County sent a letter to the State advising that we would like to co-locate on the Thornburg tower for public safety purposes. However, there has been no word back from the State.