

Spotsylvania County Government

Cable Television and Telecommunications Commission (CTTC)

2006 ANNUAL REPORT

The last annual report was given to the Board of Supervisors in April of 2005.

Cable Commission

In January of 2006, a motion was passed to retain the same officers on the Commission. In addition, Brad Cobb was appointed as the new Lee Hill District representative on the Commission.

The Commission had sent a Resolution to the Board of Supervisors, which was approved and forwarded to our state legislators informing them that we believe in competition and we want to be sure that it is fair for the County residents. This resolution was passed unanimously.

The "al la Carte" issue, where customers are able to choose the channels they would like, in place of having to select from packages as they do now, is in the FCC hands and are reviewing it for a second time in the Senate. It was confirmed that although there is nothing today that prevents the cable companies from offering 'a la carte' right now, it is still at the early stages of debate.

In April, the Commission welcomed Annie Lindner as the new Livingston District representative. Also, new legislation had been interpreted that cable companies are obligated to have a local phone number and a local office for customers to call or go to with questions or put in a trouble ticket, but they are not obligated to have a local call center.

In September, the issue was raised about the statistics on the Customer Service Reports supplied to the Commission from the cable franchisees. The County was advised that the current numbers provided might be of a competitive nature of the business, where some may be confidential and proprietary (i.e., subscriber numbers). However, Comcast noted that when they furnish the Treasurer with the County franchise fees, the number of subscribers is noted on that report to validate that the County is receiving the correct fees. Verizon advised that they would only provide a report based on the terms of the Franchise Agreement.

After discussion, it was agreed that Verizon would bring back a definition of what they are looking at for the FTTP network, along with what they are looking at when pulling statistics for the video transporter. That will better show what the Commission is actually looking at. It was also agreed that the statistics would be specific to Spotsylvania County to the best of Verizon's ability. It was ultimately agreed to by all that the three providers would meet to form a common customer service report.

PEG FEE ALLOCATION

In November, it was announced that the County would now receive a PEG allocation fee from Verizon, which is based on a per-subscriber basis of \$.50. We estimate a receipt of approximately

\$30,000 per year. A motion was approved by the Board to have these fees allocated to the County for their AV System (Channel 16)/PEG System/Network Infrastructure for the County.

In addition, it was noted that since there already is fiber in the County building, Verizon will be connecting PEG service from there, in addition to running it to the School Board office.

Franchise Fees

It was noted that House Bill #568 was signed by the Governor for the restructuring of the communication tax, which will now tax items that were not previously taxed, (i.e., satellite TV, telephone-over-internet, etc.). In addition, the 9-1-1 fees were reduced to \$.75. They flat lined cable fees to 5%, or lower, and are trying to equalize taxes, so that everyone will pay basically the same.

The public hearing took place in December to raise the franchise fees to 5%. This fee increase was effective December 31st, in coordination with the state taking over the collection starting January 1, 2007. Comcast will include verbiage on their bills referring to the Virginia State statute change, and it will be listed as a sales tax. Virginia had one of the highest taxation rates in the Country before legislation changed it. However, some taxes on customers' bills will be going away and all will be rolled into this 5% flat rate. This will be a positive impact on the consumer and it will be more of a level playing field for all providers.

Cox Communications

Cox worked on call center problems over a few months in the beginning of the year due to losing personnel. They have been trying to connect all the Cox companies across the country where all calls will then be answered by only Cox call centers, and not outside contractors. Along with their goal to reduce the speed of answer down to 30, they are looking at hiring more personnel to handle the call volume, and at the possibility of putting a call center somewhere in this area.

In March, Cox announced that they dropped the TV Guide channel from their analog lineup because of their plans to eventually move to digital. In addition, some new channels will be coming out, i.e., MASN, to provide a better product to the customer.

In April, Cox started splitting some of their nodes out to alleviate some congestion. Instead of 500, they now have approximately 250 customers on a node and will continue this procedure through the summer to provide better service. In addition, they have seen a slight increase in service calls in Spotsylvania.

In May, Cox announced that they would be doing digital simulcasting by the end of the month.

In July, Cox advised that their new General Manager is Janet Bernard and that they switched their modem service from 64 QAM to 256 QAM. In addition, they are looking at mid-August to switch from analog to digital. They plan to continue analog, as well as the digital service, noting that a digital signal will give you a better picture on the analog side. Cox also added some channels to their On-Demand product, (i.e., Showtime On-Demand, Cartoon Network, Adult Swim, C-Net TV, and some studio networks).

In September, Cox made known that they would be carrying exclusive Washington Redskin programming on demand, along with special programming specifically towards the Redskins.

In November, Cox noted that they have started digitally simulcasting all of their channels, except the off-air channels from Richmond. For the most part, customers are seeing a better picture.

Adelphia Communications/Comcast

In January, Adelphia utilized their fibering around the state to bring in some channels from northern Virginia. As for the status of Adelphia Audit, it was noted that it could take six to eight months to get through all of the material and it was in the hands of the Commission of Revenue's office.

In February, Adelphia had asked to upgrade 100% of their power supplies. In March, Adelphia noted that their trouble calls were on a decline and improving daily, and the technicians are going out with fewer calls than before due to the upgrade of their system. They also introduced Eileen McConnell as their new General Manager of the Northern Virginia District and advised that the Adelphia sale should be complete during the 2nd quarter, around the end of June. Due to the hearings, the Bankruptcy Court has been set back.

Adelphia also noted that they would now be charging for DVR boxes, effective July 1st. In addition, Cablevision is leaning towards doing away with DVR boxes.

Ms. Lindner of the Livingston District noted how the Lake Anna area has grown and that there are now approximately 29-30 homes near Lake Anna State Park - 24 homes on Dovey Road, 24 homes on Woolfolk Road, approximately 19 real estate companies are moving down, and another 20-home subdivision is coming soon. After her request of Adelphia to look into whether they are planning on expanding out to that area, Adelphia and Ms. Lindner did tour the area. The Commission is waiting for Adelphia to get back to the County after reviewing the specs with their construction department to find out the engineering aspects.

In May, Adelphia announced that the Cleveland call center would stay in place after the sale.

Over the month of June, Adelphia announced that they had done quite a bit of routine and preventative maintenance, replacing main line cables and drop lines.

Effective August 1, 2006, Adelphia officially became Comcast. It will probably be a couple of months before the full turnover from Adelphia will take place. They noted that it is too early to tell if Comcast will continue to carry Channel 3 and they are just maintaining service at this point. Their main concern right now is customer service and the plant related issues.

Comcast advised that they would like to reach out aggressively to places that would like cable and they would like to move their call center and dispatch to Manassas, which is better equipped and has a better monitoring system than Adelphia. Comcast also announced that when outages are reported, they now respond to 3 homes on a node, instead of 3 homes on a street. They are also back to offering next-day service on installs or trouble calls after finishing repairs from storms.

In September, Comcast announced Marie Schuler as their new representative and liaison to the County and the Commission for Comcast.

Comcast advised that although they are still in the transition stage, they are gearing to hire more customer service representatives that will be in their Manassas call center. In addition, they are looking at the possibility of opening another call center within the state down the line. They noted that Comcast does have internal standards that they adhere to, whether video or Internet service, and customers should see a great improvement on these items. Comcast plans to update the high definition channels and advised that high definition is very high on the company's priority list.

In November, Comcast announced that they would be taking HD Net and HD movies off the air until the corporate office finishes working on a new contract to replace the previous Adelphia contract, effective December 14, 2006. They are also taking off an In-Demand HD channel and instead, they will have Discovery HD, TNT HD and ESPN2 HD in December, along with premium channels in HD.

Also in November, the re-branding of the company took place, where the trucks, bills, signs, uniforms, etc. were changed. The billing system was migrated over to Comcast and any complaints should be addressed more efficiently. On November 20th, Comcast started pulling some of the sale and retention calls into the Manassas call center to help deal with the volume. Based on that success, they will then move over the repair calls. They also noted that the next billing cycle should reflect the new county phone number and the new Comcast name.

Verizon

A House Bill was presented in February to the state legislature where there will no longer be franchise agreements at the local level. In addition, a letter was sent out from multi-channel news regarding the House of Representatives who approved a national franchise. The Commission agreed that a letter should be sent to the Board of Supervisors to adopt a resolution to keep the franchise agreement within the local jurisdiction, rather than on the state level, as the local level is more responsive.

In March, the Commission agreed to make the recommendation that counsel proceed in developing a new cable ordinance, in preparation for the new cable law. The new ordinance should be reviewed by the Commission, and then passed up to the County Attorney's Offices and the Board of Supervisors. In April, the Board of Supervisors approved moving forward with attorneys, Miller Van Eaton, to develop the ordinance.

In July, the County received a letter from Verizon requesting a Franchise Agreement, where our County is the first in the State after the new state legislation, and a negotiating team had been formed.

In August, Verizon gave a presentation to the Commission on the build of the FTTP network and has built out in the Mine Road central office first. They are taking fiber to the doorstep in the Lees Parke area, where they have access to fiber optic service, instead of just to large businesses. Construction was already underway at that time and it is an upgrade to the telecommunication network. It is a fiber network where the backbone to the home is fiber and then run traditional copper in the home. They are putting in fiber at the beginning of a build, so that those homeowners will have fiber capability. They have supplied a website [<http://www.Verizon.com/Virginia>] that will tell citizens 30

days in advance of which streets will be constructed, however, some may be modified due to unexpected repairs. The site will be updated once or twice a month on where they are laying fiber in the State and the County. The next "greenfield" area build out with FTTP will be in the Chancellor and Fredericksburg area. In addition, Verizon rolled out the FIOS Internet product. They offer cable TV products as well with different competitive packages.

In September, the Commission accepted the Verizon Franchise Agreement and passed the motion, with the stipulation that the negotiating team continue to work on the following issues: connection to Germanna Community College in Spotsylvania County; a resolution of the Lake Anna area; and enforcement procedures. Although Verizon now has a Franchise Agreement with the County, the County has less flexibility due to the new laws. The law notes that if a company comes along with an interest in the business, they have a 3-year out. If the company determines that it is not economically feasible, they can pull their business out and stop service. They do not have to remove their equipment and it still belongs to them. However, although they would not be able to offer service for 15 years, they could come back after that time period and begin franchise services after 75 days.

Verizon advised that they offer about 26 high definition channels over the country and it is growing every day. They also noted that there would not be, in the immediate future, a need to construct towers in the County. The County will be served off of the 2 regional head-ends, Washington and Richmond. Brokenburg and Unionville wire centers serve the Lake Anna area. Unionville also serves a good amount of Orange County. In addition, Verizon would try to work with the County on the Lake Anna area.

Verizon is now offering Internet in all of the Lees Hill area and are ready to run. In addition, the fiber is lit and is operational in the Fawn Lake area and out of the Fredericksburg closet that services parts of the County and King George.

In November, Paul Miller was introduced as the new Franchise Service Manager, who will be the Verizon representative at the Commission meetings and who will be monitoring the Franchise Agreement and their compliance. In addition, Verizon had their first customer installation in November in the Lee Hill district and their schedule was laid out in the Franchise Agreement.

Cavalier Telephone

In May, it was announced that Cavalier is looking at a possible wireless project in the Lake Anna area, which would provide broadband Internet access, but they will not be offering IP TV. However, in July, it was noted that Cavalier had begun to offer IPTV in Richmond. It is understood that they did not get a Franchise Agreement because it is using the Internet.

In November, Cavalier had requested to begin negotiations for a franchise agreement with Spotsylvania County and they met with the County to start discussions. Their service area is roughly 12,000 feet from Chancellor and Lee Hill.

Adelphia/VACO Bankruptcy and Transfer Update

In February, the Federal Trade Commission (FTC) gave their approval of the transfer. The transfer was then complete on the County side. It was approved in December and we have received our final invoice from the attorneys. In addition, Adelphia had revised their organizational plan for the shareholders.

The FCC approved the sale effective July 13, 2006. As of August 1, 2006, Adelphia officially became Comcast. The County was advised that they did not anticipate any major changes right away, and with the sale, local calls would possibly be going through Manassas, instead of Cleveland.

Regional Wireless Information

In 2005, the jurisdictions of the Rappahannock Regional Jail each received \$75,000, totaling \$300,000 to do a regional wireless pilot program. In January of 2006, the regional jail sent the County a list of questions on savings for the entire region. In March they submitted a copy of the Request for Proposal (RFP) to the County for review. The RFP was out on the street by April and came back by June 1st. On June 18th, a source development team was developed.

In July they announced that they only received one proposal from a Pennsylvania company on their Request for Proposal (RFP) with a proposal for \$6.5 million to go regional wireless for the whole area. In addition, they are looking at doing a wireless hotspot in the Courthouse area. Due to only receiving one submission on the RFP, the Source Selection Committee has recommended that they reject it and send out another proposal. In November, the jail announced that they would be returning the \$300,000 wireless grant, because of the total cost of the project. The project had then expired since they were not able to get a proposal to rebuild the system under \$6M.

It was announced that Sprint is interested in putting Wi-MAX throughout the Country, which is a wireless network system with a 30-mile radius, 54 MB bandwidth, and the County may approach them to come down as a pilot site.

In August, there was a wire-cutting ceremony by the Board announcing to the area that the Courthouse wireless green space, running from the Judicial Center to the Tourism office, was up and running.

Virginia Broadband announced a proposal to run wireless in Orange or Shenandoah to Westmoreland County, with two paths crossing Spotsylvania County. The County has had discussions with Virginia Area Broadband (VABB), who has put up a wireless cite in the Paytes area. They have also put up a cite on the Route 208 bridge with the Rappahannock Cooperative Substation to try to provide wireless Internet service to the "corn field" area. The County had a meeting in October regarding the service level agreements. In addition, they have talked to a consulting firm about wireless and this matter is progressing. It was noted that King George is looking at moving forward with wireless also.

School Board Information Technology

In May, the County schools hired William Flaherty from Hanover County as their new Superintendent of Technology. At that time they were still waiting on the bond money to filter through for their wireless and fiber installation projects.

Central Rappahannock Regional Library (CRRL) Information Technology

In mid-February, CRRL launched wireless service at all seven of their branches and they are now live. There are open access points, but it is basically a separate network inside of their structure on one of their firewalls. They can control exactly what comes out of it, allowing web access only.

Germanna Community College (GCC)

GCC advised that they are working on their third building for the Fredericksburg campus and the fiber connection will come in handy for that. Along with working on the new building, they are also working on MTLs connectivity for all campuses, where they will be using the DS-3 lines, giving them full control of their bandwidth. In addition, they are putting wireless in the new building using the Cisco server on the outside of their firewall. In addition, GCC announced that they are beginning the procedures for a Stafford location

In July, Germanna announced that they have a new college president, where they are discussing a strategic focus to come up with guidelines.

On August 4th, Germanna opened its new Culpeper facility and in September, they had their grand opening, which was very successful. GCC will also be playing a big part in the new medical center coming to the County with their nursing program. In addition, they hope to have a training facility within this building. GCC plans to offer their first video production classes, and already offers interactive video and recorded classes.

Telecommunications/Cell Towers

1. Mine Road Convenience Site – this tower was approved.
2. Lake Wilderness Tower – This tower will be located at Fire Company 7 on Orange Plank Road. In March, they worked on obtaining engineers to do the site plans and develop it. It was then brought to the Planning Commission and the Board of Supervisors. In April, a representative of the Spotsylvania Coalition for 24/7 Fire and Emergency Services spoke to the Commission in support of the tower. They stated that a tragedy is waiting to happen, while fire and emergency responders are frequently experiencing interruptions in communication and school busses losing communication ability. In August, the Board approved this cell tower in the Lake Wilderness area at Company 7 near Fawn Lake and Lake Wilderness.
3. Maple Grove/Nextel – As of January, the temporary tower that was put up is still up without permission.

4. 12101 Orange Plank Road (Miller Farm) – Sprint Tower- This is a proposed 180-foot tower, with a 5-foot lightning rod. This monopole will accommodate co-locators and will have the typical 10-foot separation.
5. Partlow Road – Sprint Tower – This tower will be a 195-foot pole with a lightning rod, built for co-locators, with no other structures that are of sufficient vertical height to meet the objectives in that area.
6. Stubbs Bridge Road (near Lake Anna) - This tower will be built by National Tower, having Cingular, Sprint and possibly other vendors on there. They are planning for six vendors to be placed on the tower, but only expect four at this time. There were no public present at the Community meeting in March. National Communication Towers (NCT) is a private company who builds towers for Sprint. This is one of the towers that were recommended by the County to improve the service for the mobile data terminals in the Sheriff's vehicles and rescue squads. Co-locating would be allowed on this tower and Cingular is the only company which has expressed an interest as of July. One of the requirements of the County is that the applicant is to provide a binding commitment from a tenant for this tower, per Article 7A, Wireless Telecommunication Facilities, of the Spotsylvania County Zoning Ordinance.
7. Battlefield School (Leavells Road) Tower – The Schools turned this original tower application down because they found that the particular area at the school slighted for the tower is needed for parking spaces. Instead, they have offered space either in the back of the Battlefield school or in the back of the Freedom Middle School.
8. Courtland Water Tower (Courthouse Rd) – Sprint and T-Mobile are both applying for space on this tower and the Commission may receive two proposals to review.
9. Monrovia Road Tower - The Board approved this tower in August. However, newly found discrepancies have to be resolved. As of November, the application was in the hands of the Planning Department, who are addressing the issues found with the Board. The Consultants did advise that what was originally given to the Commission to review was accurate. Once the propagation study is complete, they will notify the Commission on whether the issue of the Route 522 tower will make a difference. At that point, the Commission would advise the Board that they do not support their original recommendation and would like to review it again. In November, Sprint conducted a third balloon test and photos were taken.

In July, it was noted that the Rappahannock Electric Company (REC) was looking at putting broadband antennas on their towers.

The County will be contacting Virginia Broadband regarding towers being placed on one of the largest farms in the County, where there is currently a commercial broadband Internet service provider.