

Spotsylvania County Government

Cable Television and Telecommunications Commission (CTTC)

2007 ANNUAL REPORT

The last annual report was submitted to the Board of Supervisors in March of 2007.

Cable Commission

March of 2007 - A motion was passed to retain the same officers on the Commission, where Herbert Pritchett will remain as Chairman and Joseph McBride as Vice Chair.

April - the Commission welcomed Annie Lindner as the new Livingston District representative.

Also, in April, 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.

The Commission had sent a Resolution to the Board of Supervisors, which was approved and forwarded to our state legislators informing them that Spotsylvania believes 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.

September - Doug Edenton was appointed the new Commission representative for the Berkeley District.

In addition, the issue was raised about the statistics on the Customer Service Reports developed by the cable franchisees and supplied to the Commission each month. 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, but that the statistics would be specific to Spotsylvania County to the best of their ability. The three franchises got together and agreed that the monthly report should mirror each other. They would show the floating quarters, to include the previous and current quarters.

PEG Fee Allocation

May 2007 - Status of PEG Channels - The 180 day time limit was up on April 29, 2007. Verizon had the education channel from Riverside up and was broadcasting color bars. The education department

was working on putting content on it. They put in the fiber and had the jumpers run to the AV room in the government building and were waiting on an install date from the County.

As an interim solution for the Classic Arts channel for the public access, Verizon is broadcasting a secondary feed on Channel 25 and have 90 days to provide a permanent solution.

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

Franchise Fees

The public hearing to raise the Franchise Fees took place in December 2006 and the Board of Supervisors accepted the proposal to increase the fees from 3% to 5%, which will take effect December 31, 2006. An approximate \$420,000 of additional revenue over the year was expected to be brought in. These fees will be reflected on the January 7, 2007 Comcast bills. Comcast sent an extensive notice to their customers which included verbiage referring to the Virginia State statute change, and that the charge 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. 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.

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 of 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 seconds, they are looking at hiring more personnel to handle the call volume, and the possibility of putting a call center somewhere in this area. In March, Cox advised that progress is being made in bringing in all of the call centers to Cox franchises. Hampton Roads will be handling most of the overflow calls.

Cox also 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.

May - Cox advised that they are trying to provide its customers as much telecommunication services as possible. They doubled their download speed, along with the high speed Internet side of their lowest tier, to 1.5 megabytes per second. Cox launched the new "Economy" tier and the "International" programming tier for their digital subscribers. They also announced that they would be doing digital simulcasting by the end of the month.

July - Cox 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 July, Cox launched telephone service in their service area within the County, and advised that they should be launching cell phone service that next month. In addition, they advised that their Hallmark channel is also in their digital lineup due to programming costs.

August - Cox lost On-Demand High Definition (HD) and they launched digital phone service. They planned to add cellular phone service in the fall. Cox also advised that when the opportunity arises, they would build out to a new area in the County. Presently, they extend out as far as 4-Mile Fork and toward the Tidewater Trail area. They service approximately 1,500 homes at this time in Spotsylvania County.

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

Cox also advised that they have launched public service and wireless cell phone service in this area. Matt Drewery, the Cox representative, announced that he has been promoted and will be moving to the Chantilly office and he will be replaced.

Comcast

January - Comcast was looking to bring some new programming in different mediums to the customer, i.e., 5-minute interviews which will be put on the news, issues that highlight the area, sports, traffic, etc.

In reference to the rate increase complaints from customers, Ms. Schuler confirmed that the first increase was due to the Virginia telecommunications tax increase from 3% to 5%. Then, in February, the customer received notice of a rate increase and in March the rate increase was reflected in their bill.

March - Comcast advised they plan on adding some HD channels by the end of the 2nd quarter, or in the beginning of the 3rd quarter (i.e., National Geographic, Discovery and a couple of in-demand channels). If you subscribe to premium services, it will include HBO, Cinemax, Showtime, and Starz. If you subscribe to HD, these will include Universal, TNT, Comcast Sports Net, ESPN, ESPN2 and the Golf channel. Spotsylvania is now receiving the same HD lineup as other areas.

July - Comcast noted that they have crews cleaning up the system and re-powering it for better standby capacity. Comcast was getting ready to do a channel realignment and notices went out to all customers. Comcast added some HD channels, (i.e., A&E, National Geographic, Comcast Sports Network, etc.) and will be moving Channel 2 to a digital channel.

The Commission noted that in July of this year the law went into effect where customers are allowed to purchase their own cable boxes. Comcast advised that although they are complying with this decision, they are also appealing it so that they can deploy inexpensive set-top boxes for limited use for those customers who do not wish to purchase their own. The law is driving customers toward a retail environment to obtain a converter box and customers may not want to take that option. If they would rather stay with the company's box, then Comcast would like to give them a low-cost alternative versus the separable security box, which is about \$80/box more than the old ones. It was

noted that by the year 2012, customers would have to have a box for every television in the house, or possibly a television with a cable card built in.

August – Comcast made major channel changes, effective August 25, 2007, and received many complaints. Their reasoning for some of the recent realignment of the channels was due to several factors. They also advised that the Richmond channels are not a requirement in this area, but Comcast elected to keep them since the County notified them that these stations were widely viewed in this area. As far as notifying the public of the recent channel changes, Comcast advised that they ran two separate ads in the newspaper, and broadcasted cross-channel 30-second PSA's on the cable channels (ESPN, CNN, etc.) explaining the changeover. (They are not allowed to insert on the primary broadcast channels [ABC, CBS, and NBC].)

Mr. Scott responded as to the authority of the County and the County's perspective on some of the issues brought forward. The FCC does not give the County authority to regulate any cable channels or channel content. The County can only regulate the 30-second answering rule and the pricing of their basic tier channels. He also noted that the Board of Supervisors has done a very good job bringing three cable companies into the County, i.e., Verizon, Cox, and Comcast, and a fourth company may be on the way. It is all basically based on economics and the County has encouraged Comcast and Cox to cross over on each other's lines to create more competition.

The Commission noted that the citizens also have the choice of satellite companies to obtain service. They reiterated to the cable companies that more and more people are going over to satellite since the service is better. They also advised that the results of the survey sent out to the citizens in the past expressed their dislike of the shopping channels, yet now there are more of them. The Commission noted that, unfortunately, its hands are tied as to what authority it has, but it can hold the companies to "quality of service" as best that it can in accordance with the Franchise Agreement. The Commission reiterated that most of the complaints generated from the channel changes were regarding the loss of the Hallmark channel.

August - Ms. Schuler introduced Tami Watkins as their new Government Affairs Manager. Ms. Watkins will assist with the cable complaints and government affairs issues and should be representing Comcast at future meetings along with Ms. Schuler.

September - Comcast advised that they now have equipment in the field to monitor the nodes so they can see where an outage is. They also noted that they brought a good amount of calls back into their call centers, by hiring an additional 135 representatives. They are talking about building another call center in Virginia to handle all the calls. This will help keep the calls from going outside the state.

In addition, Comcast clarified that the new "check fee" of \$4.95 **only** refers to when a customer chooses to utilize a "live agent" to pay a bill by check or credit card. The current 4 options a customer has to pay a bill stay in effect and will **NOT** cause an additional fee. These options are (1) by mail; (2) via the automated system; (3) via the Internet; or (4) bring their payment into the local office or use the drive-thru.

Comcast also advised that over the summer, after looking at the usage, Comcast has been splitting nodes and opening up the pipe to allow more bandwidth. This project has been completed.

October - Comcast has been replacing damaged cable out in the field and believes that this may have contributed to some of the outage problems. At that time, they were about 50% complete with that process and they have replaced about 44 miles.

Comcast is investigating the possibility of servicing the Lake Anna area. However, Verizon will not be bringing FIOS TV there before the initial service area is complete, which they have up to 4 years to do under the Agreement.

Comcast also confirmed that the Hallmark channel would NOT be moved back to the basic lineup. The move of that channel to digital was partly due to the changeover from Adelphia to the Comcast channels. They cannot broadcast Hallmark on both analog and digital because of a bandwidth issue. Comcast would be going to Analog/Digital Simulcasting (ADS) by the end of the year.

Comcast had added some HD channels with the recent channel changes and they are planning to add more. In addition, Comcast appeared in front of the Spotsylvania County Board of Supervisors to discuss the excessive outages, the construction-related property damages, and the misunderstanding of the \$4.95 fee for customers paying their bills via a live agent.

November - Mr. Helmandollar noted that he did not have the statistics to hand out at this time. He did note that they are continuing with the plant hardening, which should be completed within the next 4-5 weeks. All of the power supplies have been changed out and upgraded. He also advised that although some of the nodes have been split and cable has been replaced, he does not believe that any of the nodes in Spotsylvania have been released for digital voice yet. In addition, Comcast added a few channels last week, i.e., HD NFL, NHL package. He also confirmed that the Guide does require the customer to have a box now, however, the Richmond channels are still on the basic tier package.

Mr. Helmandollar stated that the plans for Comcast to build-out to the Lake Anna area have been mapped out and the construction department has sent the plans to their CAD department for design. By this time next month, we should know more on whether it will be built.

Mr. Cobb inquired on the design for the Rts. 2 & 17 area (within 1 ½ miles of Ruffin's Pond). Mr. Helmandollar advised he was not aware of anything in that area, but will look into it and report back to the Commission.

Mr. Helmandollar confirmed that Comcast has started mailing their new price schedule, which will be effective January 2008, but was not sure of the overall percentage increase. It is believed that there is a 30-day lead-time to advise customers of any increases.

Verizon

January - Verizon confirmed that there is a plan for the fiber build for 2007 and the wire centers that will be upgraded to serve video in this area. The next wire center coming in this area will be Fredericksburg, mainly the City, with a small sliver in Spotsylvania County that is served out of the Fredericksburg wire center. This is already live for data and voice and will be going live video early next month.

Verizon referenced their website, www.Verizon.com/Virginia. At the beginning of each month, under the "FTTP Build" section, Verizon notifies the public where the fiber builds will be for that month (FIOS Voice Over IP one-phone service).

March - Verizon confirmed that the Build-Out in the Battlefield Area for FIOS was almost finished in the Kingswood subdivision, and they expect that customers will be able to order FIOS TV sometime in the beginning of June.

May - Regarding the Richmond local channels, Verizon advised that their marketing area has no plans to bring local programming from the Richmond area and broadcast it to Spotsylvania or any of the other franchises.

As for Verizon's plans for local programming out of DC and what will be supplied to Spotsylvania County, they advised that FIOS 1, coming out of DC, will be distributed to all subscribers in the Washington DMA, which includes the Lee Hill district. This will include weather and news.

As for Verizon's plans for build-outs, they are still working on the eastern part of the County. Although there are no new dates for the western part (Lake Anna/Monrovia Road/Lewiston Road), they do have a commitment for the southwest part of the County on Lake Anna.

September – Verizon advised that at the end of the last quarter they replaced the interactive program guide with an interactive media guide as a technological improvement. This did cause a large amount of calls into customer service at first.

Verizon Copper Infrastructure – Verizon stated that there is some unclear information going out about copper. However, they verified that Verizon always leaves the copper feeder running down the streets and it is not pulled back. If the drop from the feeder to the house is aerial, they will pull back the drop line from the house back to the feeder. If the copper to the house is underground, they cut it back to ground level and leave a coil. If a customer decides to drop Verizon fiber service, and requires service from an alternate carrier that requires copper, then Verizon will restring the copper from the pole to the house at no charge.

October – Verizon noted that they do have a Franchise Agreement with the City of Fredericksburg, but they did not have a franchise agreement with Stafford County at that time. They advised that they can run cable to provide Internet and Voice to Stafford, but cannot provide FIOS TV.

Verizon postponed the launch of the "all-in-one" telephone for twelve months. However, there are plans to introduce more HD channels, where Verizon had just recently introduced three of them.

November - Verizon added a few HD channels, i.e., Discovery HD and Comcast Sports Net for the Mid-Atlantic region.

Cavalier Telephone

May – In November 2006, Cavalier had requested to begin negotiations for a franchise agreement with Spotsylvania County and they met with the County to start discussions. However, by May of 2007, they had still not received anything else back from them. The County sent a certified letter to Cavalier asking about the status. The County then met with the Commission's attorney, Matt Ames, and they had been in discussions with Cavalier. Cavalier is proposing one site at the Lee Hill C.O., which would have an approximate 10,000-foot radius. They would only be able to provide service to an area where there is fiber and only provide 70-80 channels for approximately \$20 to \$30 per month. Their service area is roughly 12,000 feet from the Chancellor and Lee Hill areas. This should be a very basic coverage.

It was agreed by the Commission that they would prefer a negotiated agreement with Cavalier to keep a level playing field. The Commission advised that the County needs to get the best service it can from them. The County should not limit the number of cable companies if they are all playing by the same rules. Competition is encouraged and they do not want to put an undue burden on one company that others do not have.

December – Noah Bason appeared for Cavalier Telephone, which is a telephone and DSL company, headquartered in Richmond, with approximately 2,000 employees. Cavalier has over 11,000 miles of fiber, which they own, and they lease the last mile from the local company, which is, in this case, Verizon. Their TV product of 150 channels is available in Richmond and the Virginia Beach/Tidewater area. Cavalier is rolling out into other areas as quickly as possible, with 100% digital signal, and no analog. Their service is run over copper wiring, so they do not have to tear up any neighborhoods. They offer over 250 video and digital audio channels, along with video-on-demand.

As far as dealing with customers, (i.e., a disgruntled customer or someone needing to return or change out a piece of equipment), Cavalier advised that they have technicians in the area who do repairs and can either pick up or change out equipment if need be. When a service call is needed and it turns out to be fiber coming to the house, they would handle that. If it is determined that it is the line itself, they would contract with Verizon to have that work done. Cavalier has good response times on repairs, which is regulated by the FCC.

Cavalier confirmed that they would not be able to serve many customers in the Lake Anna area because of the distance limitation from the wiring centers. Unfortunately, the location of the wiring center down there is in Orange County. They would need fiber from their CO to that area. Cavalier also confirmed that an increase of people on the service would not degrade the service.

The motion was approved 5-0 in favor of accepting the Franchise Agreement with Cavalier. The Commission believes it is prudent to bring on as many vendors as possible and have them aggressively compete within our County, giving the citizens the most options possible. The Commission also advised Cavalier that a representative should plan to attend the Commission's monthly meetings.

Fred Tech Wireless Hotspot

May - A wireless presentation was given to the Board in May 2007. FredTech is the Fredericksburg regional technology council. The County is looking at providing wireless service to the rural areas (i.e., Monrovia Road, etc.). They are also looking to provide global wireless coverage for County and school employees to perform their duties on the road (i.e., building inspectors, assessors, Sheriff, Fire & Rescue). The last item is where FredTech is trying to provide a hotspot for Tourism and Economic Development. This will provide access to travelers coming into the County off of the interstate to be able to look up hotels, restaurants, events, sites, etc.

October - The County had been working with the Spotsylvania Towne Centre, who has been very cooperative in having us add wireless service in front of their parking lot. They would also like us to expand it to their food court area. The company will be down the week of October 16th to survey the area to see where we can connect the service.

December – The Chamber has received a proposal for a cost of approximately \$40,000 for a wireless hotspot. However, the Chamber's grant money is only in the amount of \$15,000. The Chamber plans on talking with another vendor, Virginia Broadband, and are looking at just putting it at the Spotsylvania Towne Centre Mall in the courtyard for now.

School Board Information Technology

May - The County schools currently have a wireless and fiber Request For Purchase (RFP) on the street to upgrade some of the schools to our existing network. They are looking to request the use of some towers (i.e., Livingston and Harrison Road). The RFP will be delayed due to questions coming. Mr. Scott advised that the County Cell Tower Committee would be the ones to review tower requests to try and save money.

September – They are connecting the schools with fiber. The schools are in contract with a vendor to connect the approximate 12 schools that do not have fiber at this time to those schools that are currently on fiber. They are partnering with the County in running fiber to other locations, i.e., Holbert Building, Marshall Center, Livingston Firehouse, Utilities Department, Towers, etc. Mr. Scott suggested that the schools offer the contract rates to the Libraries and Germanna Community College, as well.

Mr. Hinzeman also noted that they are under contract with another vendor for the installation of wireless LANS at all of the high schools and middle schools. Currently, they are working at Courtland and Riverbend High Schools

Central Rappahannock Regional Library (CRRL) Information Technology

January - The Library is replacing all of their public access machines throughout the system and the wireless service at the branch is taking off. There is a Request For Purchase (RFP) out to increase the bandwidth to the Salem Church Branch from a DS-1 to DS-3. In addition, they are working on the design for the Salem Church Library expansion, which will accommodate more computers.

September – The Library had four new data circuits installed at the Salem Church Library Branch to receive four times the bandwidth, and two circuits at the Snow Library Branch for two times the bandwidth. These should be coming on line during the next month. During this construction phase, the Libraries will be running a scaled-down branch out of the meeting rooms and trailers of the Salem Church Library, so they will not be completely closed. In addition, the Snow Branch will be open every night, instead of just the two current evenings.

The Library also started an afternoon program for teenagers at their Salem Church Library Branch. Space is set aside for use of laptops and computers and the teenagers can also receive mentoring during that time. In addition, he noted that they have seen recent changes in how people are using broadband materials.

Germanna Community College (GCC)

January – The College noted that Germanna has a new College president. Also, the Governor was going out to the Culpeper site that month to give an announcement.

May - The College has updated their email system and all campuses will be completely wireless by next week.

September – The College has upgraded their data lines to MPLS and implemented wireless. The students are working on the wireless very well even, even without instruction. Germanna Community College has also been working on Virginia Tech emergency response modeling, where all students can join and receive text messaging and notices on their desktops in cases of emergencies.

Wireless Service Authority

The County is trying to come up with ways to attract vendors here by providing incentives. One thing would be to create a wireless service authority, much like a utility authority. They would have the authority to put up towers without having to obtain all of the permits and it was recommended that the Board consider adopting that. Suggestions would be to recommend the wireless authority, or alternatively, giving it to the Cable Commission. A next step would be to send out an RFP trying to provide the incentives for the vendors. One goal is to get service in those areas of the County where we have people who are interested. This would be a paid service and some of the questions are "How do we go about doing this?"; "Does the Board want to do it?"; and "What are the interest levels?"

November - The public hearing was to be held on November 13 to move forward with the wireless authority. However, there were technical glitches in the advertising, so it will have to be re-advertised and they are looking at a possible public hearing in January.

December - This should be going to the Board of Supervisors in February 2008.

Wireless Master Plan RFP from Planning Department

September - An RFP was put out on the street for a company to review the County area and help build a wireless ordinance to determine where we want wireless facilities to go. This will be for cell phone service and for companies to provide Internet wireless services to the rural areas.

October - The County has received proposals from about 7 to 8 companies and will be meeting with vendors to discuss a possible presentation to the Commission. Mr. Scott advised the Commission that the vendors probably do not want to present until the agreement is signed. However, he will inform the vendors that the Commission would like their presentation to them around January, 2008.

November - The County has a proposal from several companies that do the reviews of cell sites that come into the County. The 6 companies have been ranked, and we will be meeting with the first three in the near future.

December – The County has not met with the three companies that were ranked, as of yet. He noted that the money for this process is held over in the rollovers due to the current County budget situation. However, Mr. Scott will suggest that the County move forward on this so that a master plan can be developed for the entire County. This plan will help design how we would like the County to look for wireless service (to include cell phone and broadband wireless service).

Virginia Broadband (VABB) Plan

We have been asked by County Administration to work with VABB to come into the County. However, we found that it is not the best thing for the County, and it could cause more problems. It is best to stay with Verizon at this point. We did suggest to VABB the areas in the County where we do not currently have broadband service, and they took that information back with them.

July - A tower application for a 60-foot wooden pole has been submitted for administrative approval near the Wyndemere subdivision in the Livingston District, where they will try to provide Internet service to that area. After approval is obtained, it may take approximately a month or so to get the service in.

September – The County advised VABB about what their plans were in moving forward with the Wyndemere subdivision. However, right now, VABB is searching for places which would be most lucrative for them. They are looking at other localities first, prior to Spotsylvania County, since they do not have to file anything with other localities.

Telecommunications/Cell Towers

January - The joint work session of the Board of Supervisors, regarding how to facilitate wireless telecommunication capabilities throughout the County in a manner that minimizes its visual impact, was scheduled for January 23, 2007.

Some of the issues of concern are camouflaging the towers, and the height in relation to property lines. The County may be leaning toward putting up shorter 80-foot towers in urban areas and a less amount of 200-foot towers in the rural areas. In addition, they are looking at the primary settlement areas and ensuring there will be no loopholes.

- Courtland High School - Since February of 2005, the County has been trying to get the Courtland tower going. They previously had a proposal from T-Mobile but then never heard anything from them again, until after the County started working with Sprint. Both companies put in their bids and since then, the County started working with Sprint.

It was noted that they already have letters of intent from NEMO, Verizon and Clearwater Broadband Wireless, who would like to locate on the Courtland tower. The Commission approved the tower 5-0, in favor.

May - Originally, the consultant preferred another spot for the tower, but then decided that the location at the school would work based on the extra engineering work that was done. The tower will not affect any County utilities, but they are currently trying to mitigate the concerns of the Utility Director.

July - The Courtland Tower issue went to the Board and concern was mentioned about who would receive the payments. The Board of Supervisors tabled the request for a month.

August - The Courtland tower issue was submitted for approval. The tower will be going behind the Courtland water tank, between Courthouse Road Elementary and Courtland High School.

- Mine Road Convenience Site – In October, the tower application for this site was in the hands of the County Attorney.