

Leyden Broadband Committee Meeting
Informational Meeting with Crocker Communications
June 1, 2016 at 4:00 PM

Minutes

Attendees: Bob Ryan, Tom Luck, David Curtis, Al Woodhull, Sheila Hourihan, Bob Anson and Bill Stathis of Crocker Communications.

Today's meeting is with a representative from Crocker Communications (Crocker), Bill Stathis, to hear a proposal concerning said company working with the Town of Leyden on our to-be-built Broadband Network.

Bob Ryan stated that we are still waiting to hear from the Massachusetts Broadband Institute (MBI) as to a specific date for our meeting with them where MBI will give us guidance as to how to move forward on our network build-out so as to be eligible for state funding of approximately \$680,000. Crocker's Bill Stathis had attended the prior night's meeting in Wendell between MBI and the town and said that he wanted to correct a statement that appeared in The Recorder concerning "fast tracked" towns. That term doesn't represent what is actually happening with those towns. There is actually a "beta" process going on where there is a testing of the process and procedures to be used by MBI and the Towns going forward. This beta process is simply a sampling of six towns (2 in Worcester County, 2 in Franklin County and 2 in Berkshire County) that will act to inform the implementation process. Stathis said that MBI made a point at the Wendell meeting of saying that the selection of the six towns involved to be beta sites doesn't mean that one town is going to be ahead of another or that anyone "is jumping ahead of anyone else."

When our Broadband Committee meets with MBI we will be asked to decide among six choices on how we wish to proceed in a general design for administration. The six towns that have met so far with MBI have all chosen the

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option to create a standalone system. MBI emphasizes that it is acceptable for a town to change course and choose a different option in the future.

Bill Stathis said that it is Crocker's hope to be our internet service provider and/or our network operator. Bob Ryan spoke of how we have talked to Greenfield about acting in both of those categories. He also pointed out that MBI's current policy is that they will build out the infrastructure and then get another entity to be both the internet service provider and network operator.

Bill Stathis of Crocker Communications went on to give the committee a bit of the history of the company. Crocker began many years ago as a telephone answering service. "We were 911 before there was 911," Bill said. Local emergency services used Crocker as an answering service and dispatcher. In 1994 they created a spin-off as an internet service provider of dial-up connections. Later they began offering DSL speed internet. In 2003 a subsidiary company was formed called Celex that offered telephone service. Crocker maintains a well established network and uses six separate 14 gigabit connections to the broadband backbone. Internet backbones are the main, core routes that exchange internet traffic. Crocker's system can survive the loss of any one of those connections in an emergency and still be functional. At this point Crocker is the only company taking advantage of the backbone that routes through Greenfield.

Crocker was the company chosen by Leverett to be their Internet Service Provider (ISP). Through monitoring of their network in Leverett, Crocker has learned that Netflix streaming makes up 40% of the download traffic over the fiber! Knowing this, Crocker has established a peer to peer relationship with Netflix. This allows Netflix to use a direct wire to Crocker which bypasses the internet entirely. As a result, none of the Netflix traffic slows down the internet speeds for the Leverett subscribers and the downloads themselves are faster. In addition to maintaining promised speeds, these so called peer to peer relationships cost nothing because vendors consider it good business to speed things up for their subscribers. It is good for both parties. Other kinds of companies, such as cell phone companies, are peered for those very same reasons. Crocker is currently seeking a peer to peer relationship with Amazon.com.

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Crocker has offices and facilities in both Greenfield and Springfield. The electrical, networking and repair divisions are located in Greenfield.

Crocker representatives were in Leverett many, many times as their system was in its early stages assisting the Broadband Committee with signups and meeting with many residents who posed many questions. Crocker paid for many of the startup costs incurred by Leverett. Crocker and Leverett initially had a take rate of 75% of the residents becoming customers of Crocker. That figure currently stands at 85%. Everyone in town has the capability of having a 1 gigabit speed in their home or business. Crocker does not throttle down speeds for high users as other companies do. If that ever needs to be done, it is up to the town to make that decision. Bill claims that Crocker focuses on the user experience. Leverett is operating at a 33% capacity at any given time, and is far from maxing out its system's capacity.

Leverett contractually required Crocker to make sure that all internet and telephone technology in place before broadband would work after broadband connections were in place (security systems, phone answering machines, etc.) . As a result Crocker spent much time and effort beforehand preparing for this requirement. The contract had been created with a buffer of \$5 per month added to each bill, on the chance that these preparations did not completely insure a seamless rollout. There were no issues with this and the \$5 per month has been removed from the residents monthly billing. Crocker still regularly works with the town's Municipal Lighting Plant (MLP) to confer and take suggestions.

Crocker's cost to Leverett is the same as it would be to Leyden or any other town. The cost for basic unlimited internet service to a home or business is \$24.95 per month. Adding phone service brings the combined cost to \$39.90. Phone service includes unlimited local and national calling within the 48 contiguous states, voicemail and all other available features. Crocker does not charge the customer for bringing their old number with them when they drop their old telephone service. If a customer wants a second phone line there is a charge of \$24.95 for that second line. One other option that Crocker offers is distinctive ringing cadence for \$8.95. There are no installation fees for anyone at the startup of the

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system's operation. Seventy five percent of Crocker's customers in Leverett take the "double play" package of phone and internet. The rest do internet only. Taxes on the average bill for a double play customer amount to \$6.00. An internet only customer would pay about \$3.00 in taxes.

The above paragraph represents charges paid by residents for the ISP portion of their bill. There are also costs called Network Operating Costs.

Bill Stathis stated that his company would be perfectly happy operating with Holyoke Gas and Electric (HG&E) as our network operator but that HG&E has indicated that they don't want to take on any more towns at this point in time. That said, Crocker is now willing, and able, to handle the role of the Network Operator (NO) for the Leyden MLP.

Crocker estimated that the various cost the Leyden MLP would incur annually would be approximately \$203,000. In addition to ISP and NO cost for Crocker, other cost would also include replacement reserves for the fiber and electronics involved, insurance, bond fees for poles, pole rental fees, routine maintenance, electricity, and dues to the Public Utilities Risk Management Association or PURMA (a trade association for MLP's – located in Westborough, MA). Also included in the annual cost of \$203,000 would be administrative expenses for accounting, bookkeeping and legal fees.

All Massachusetts Municipal Lighting Plants are required by Chapter 164 of the Massachusetts General Laws to annually set monies aside in reserves to replace the actual fiber and electronics when they wear out They are also allowed to build a contingency fund for any unforeseen expenses. Electronics replacements are reserved on a 4 to 8 year life basis, with seven years as the norm, while fiber cable and mounting hardware are reserved/depreciated over a 33 year expected life basis. The allowed return for a set aside into a contingency fund is variable but cannot exceed 8% of revenue.

Crocker contracts with Phoenix, a company with up to 125 bucket trucks and has them on a retainer in case repairs to the broadband infrastructure in Leverett need to be made. Crocker is thinking of putting an additional company on retainer

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if they get five to ten towns wanting to establish relationships with them as Leverett has.

Total monthly costs to residents of Leyden (assuming a 75% subscription rate of all households) would Per Crocker's calculations be about \$110/month for broadband and telephone service. (This consist of internet & phone \$39.90, MLP absorption cost of \$64.11 and, taxes of approx \$6.)

At the request of the Committee Bill Stathis also brought along estimates of what Colrain's MLP cost would be (based on publicly available information obtained from MBI) as well as an extrapolation of what the they estimated the annual cost would be should Leyden and Colrain be able to combine their MLPs.