Broadband Task Force
(Established by Act 2, Session Laws of Hawai`i 2007)
State of Hawai`i
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Minutes of Meeting

The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Section 92-7(b), Hawai`i Revised Statutes.

Date:	Thursday, November 29, 2007
Time:	1:30 p.m.
Place:	State Capitol 415 South Beretania Street Conference Room 309 Honolulu, Hawai`i
Present:	Chair David Lassner, University of Hawai`i Vice Chair Nam Vu, ShakaNet, Inc. Gordon Bruce, City & County of Honolulu Senator Will Espero, The Senate Jennifer Goto Sabas, Office of Senator Daniel K. Inouye Senator David Ige, The Senate Joel Matsunaga, Hawaiian Telcom Representative Marcus Oshiro, House of Representatives Clyde Sonobe, Department of Commerce & Consumer Affairs Representative Gene Ward, House of Representatives Representative Kyle Yamashita, House of Representatives Marion M. Higa, State Auditor, Office of the Auditor Sterling Yee, Assistant Auditor, Office of the Auditor Jayna Oshiro, Special Projects Coordinator, Office of the Auditor Pat Mukai, Secretary, Office of the Auditor Robert Doeringer, RHD Consultants, LLC Burt Lum, Hawaiian Telcom Karian Flyer, Capital Consultants John Nichols, Henkels & Mc Coy, Inc. Marlon Wedemeyer, HENC
Excused/ Absent:	Gary Caulfield, First Hawaiian Bank Senator Carol Fukunaga, The Senate Henk Rogers, BluePlanet Wireless Nate Smith, Oceanic Time Warner
Call to Order:	Chair Lassner called the meeting to order at 1:38 p.m. at which time quorum was established.
Chair's Report:	<u>Announcements, introductions, correspondence, and additional distribution</u> Chair Lassner reported that the broadband website is continually being enhanced. He also introduced Marlon Wedemeyer, who is at the University of Hawai`i and helping with the broadband task force website. Sections were created on the website for each working group. Chair Lassner informed the working group chairs to forward any documents that they want posted to the website to Mr. Wedemeyer at <marlon@hawaii.edu>. Chair

Lassner also thanked the Senate Communications staff for the press release on the broadband task force website.

Minutes of Previous Meetings
Member Bruce moved to approve the minutes of the November 1, 2007 meeting, seconded by Member Matsunaga. The motion was unanimously carried.

Note: After the November 1, 2007 presentation by Clearwire, there has been a split between Sprint and Clearwire who were partners in building a new network to provide wireless Internet service known as WiMax.

Senator Espero moved to approve the minutes of the November 14, 2007 meeting, seconded by Member Matsunaga. The motion was unanimously carried.

Auditor's Report:
Mr. Yee introduced Bob Doeringer of RHD Consultants, LLC who was selected as the consultant to assist the task force. Mr. Yee also stated that he received two other proposals from Susan Baker of Aedilis Corporation and KMH LLP.

Working Groups:
The working groups provided a report of the work they have done so far.

Why Broadband Matters
A summary of the working group teleconferences held on November 12 and 21, 2007 was distributed to the task force members.

Senator Ige reported that part of the objective of their working group was to identify applications in several different areas that would provide compelling reasons as to why we should be encouraging broadband. The five areas covered were: 1) economic development; 2) social services; 3) education; 4) health care; and 5) public safety. Their working group focused on reaching out and identifying people in these specific areas who may be either working in an area that would benefit from additional broadband or may have an application where broadband might serve as a demonstration or a model. The working group also spoke with Mr. Stan Saiki regarding federal telehealth applications and Mark Loughridge regarding community and educational broadband.

Vice Chair Vu shared his thoughts from the private sector regarding economic benefits. He stated that there seems to be more beneficial use in broadband and the economic impact will drive the usage. Senator Ige stated that this is a combination of a few things. The telecommunications policy in the U.S has always tried to balance economic interest with policy interest. There is a basic assumption that driving broadband policy purely on economics will end up with everyone in urban and large areas getting services whereas the rural communities will probably have less service. Part of the focus is looking at what are the compelling reasons that everyone should have access. For example in the area of health and telehealth, access to services in rural communities is a problem along with a lack of doctors. When looking at the telehealth application part of the question, if broadband was more readily available throughout the state, especially in rural communities, what are the benefits? The working group is trying to become aware of what opportunities are available.

Chair Lassner mentioned another perspective is neither the state nor this country has a broadband policy. Today's conditions are basically driven by economics within the regulatory structure. His personal perspective would be that what is not working and is why the U.S. has the services at the prices we have relative to other places that have made policy decisions, whether it is public funding or regulatory policy, or rights of way. In general, the government is not so much investing in this as it is exercising the role of government to say, this is really important so we have to do something. Otherwise economic benefits alone are not going to result in the outcomes of public policy and the desire for our communities. The Chair views this as a wake up call to public policy makers

in Hawai`i by saying, if we leave it alone, these are the things that some of us will get to eventually because it will make business sense under the current regulatory structure. Vice Chair Vu indicated his comment was more regulatory and governmental. There are studies that show direct correlation to investments that add to economic development.

Senator Ige asked the task force members for their assistance if they could refer people to their working group that could help provide them information in the following five areas: 1) economic development; 2) social services; 3) education; 4) health care; and 5) public safety.

Data Collection
Member Matsunaga reported that their group did not meet since the last meeting. However, the working group circulated a handout to the Economic Development Boards (EDB) on the neighbor islands and asked for their inputs. Member Matsunaga stated that the Big Island EDB suggested the group focus on specialized uses of broadband, such as astronomy facilities that are much different applications than the typical consumer broadband access to the Internet. The Maui EDB is trying to determine particular industries of interest such as tourism. Member Matsunaga explained that the reason for the responses being brought up is because the working group has already developed the kinds of data that they will be acquiring and did not focus on the responses from the EDB on the Big Island and Maui. The working group has interpreted this task force to be looking for availability and affordability of general consumer broadband, certainly not looking at the higher broadband usage such as astronomy because that would be a whole different source of data. The working group would like to know if their task is to meet the needs of specific industries such as tourism. If the focus is on specific industries, the working group would need to survey the different types of industries as opposed to the consumers. Their understanding of the information being obtained is meant to apply to residential and small businesses and not to capture data for particular industries and large businesses. Member Matsunaga wanted to know if this is the right direction for their working group or if the task force has thoughts that they should be expanding. Chair Lassner said he thinks they are on the right track.

Representative Ward mentioned one constraint they looked at and if we can get some tourism focus to be sure when the big rollers come in to make sure we get broadband. If we can get data on that, it is a great idea. Member Matsunaga said the data they have can be refined further. Their intent was to end up with maps of each island that have shaded areas to show where coverage is. They were not planning to do anything specific for the hotel industry. If the coverage covers Waikiki then the needs are being met.

Vice Chair Vu stated it is very useful to see what we consider consumer grade connectivity and maps of where it is available today. It may be useful to see where we can and cannot get fiber. Member Matsunaga said the answer to that is critical with the data they are trying to find and to define broadband to be any amount above a certain speed with no cap.

Representative Ward suggested that instead of sector specific information, he would appreciate a grid that includes all the big players and not just specific industries. For example, if the astronomy sector on Haleakala is going to put in a huge line, we need to know about that because of the economics of tapping into it rather than re-inventing the wheel in isolation of the astronomy sector. We need to have data that shows what everyone is doing so we can bring our grid into that. If the Army and the military are going to put a large sum of money into this, we should know so we can piggy-back on that. Member Matsunaga said the group can do that if that is what they want to do as a task force. They will go back and have the data committee revise what had already been drawn up. Their understanding was more directed towards general consumer broadband, making sure small business or residents can get broadband access to the internet. The group may need to identify different types of information to gather.

Chair Lassner mentioned the working group may want to handle some of this as qualitative analysis rather than quantitative. The reality is that it is not just about the fiber. There is no gigabit consumer service and there is no 100 megabit consumer service in Hawai`i at this time. So if someone wants a 100 megabit internet service, competitively, they would have to buy a pipe from someone. The consumer could select a provider, obtain a quote and pay the price to build it. This would be a qualitative statement and we do not want to lose it. Chair Lassner mentioned that he does a lot of work with the telescopes because the University of Hawai`i is the landlord for both Mauna Kea and Haleakala so he can qualitatively describe that much better than trying to put it on a map. The reality for Hawaiian Telcom and the telescopes is driven both by the regulatory environment and the fact that there is just one major customer on the mountaintops.

Member Matsunaga stated that the data collection working group will come up with a plan to collect whatever data the task force needs. He further stated that if we are going to say we are going to come up with public policy objectives or recommendations so that everybody can have 100 megabit service, this is a different set of data to collect as opposed to public policy for making sure everybody can get access to today's consumer grade broadband access to the internet. We need to know, in the end, do we want to be coming up with a report that says what Hawai`i needs to do is have fiber to the home so everybody can have 100 megabit service. Is that the kind of thought and recommendations we want to be making? Chair Lassner stated that this is something we need to consider. Maybe the providers can describe to the task force what kinds of data services are commercially available and planned. The demand side is a separate issue from the infrastructure capability side, and we may need a mechanism to capture that. This may affect the cost of data collection and it may not be worth it. We need to get some information from the carriers about what they are thinking and where they see this going in five years in terms of services. Member Matsunaga said this was in their working group agenda. The question to the providers is what do they expect to be doing in three years? Right now the fastest speed you can get is 20 megabit service. If we are looking at 100 megabit services, what will the logical breakthrough be? What we are really talking then, is fiber to the home. Member Matsunaga then suggested, coming up with what kind of questions and data the group needs to acquire and then have the data available when this task force thinks about what do we want to recommend. Chair Lassner said he would like fiber maps included.

What Other States are Doing
Chair Lassner stated that he would like to step down as the Chair of this working group since he is also providing assistance to the other working groups. Member Sonobe has agreed to be the Chair of this working group. Senator Fukunaga has provided large amounts of data collected by the National Conference of State Legislatures (NCSL) on what has been happening in other states regarding broadband. The information has not been processed and is in raw data format. The Senator's suggestion was to ask the NCSL staff analyst to do the analysis for us. The working group came up questions to ask the NCSL regarding their data on what other states are doing in the following areas: 1) data collection; 2) regulatory changes; 3) research and education; 4) rights of way; and 5) deployment of fiber to the home.

Member Matsunaga stated that this does not address what incentives the states have enacted, in terms of tax credits or tax refunds. Chair Lassner said in speaking with Senator Fukunaga, at the NCSL level, they are attempting to identify best practices.

What Other Countries are Doing
Vice Chair Vu reported that their group has not met. However, he sent out an email asking for thoughts on what their group should be looking at. Vice Chair Vu stated that he has been reviewing reports and is concerned about how much of a catch up we have to do and how far behind we are. If we are going to recommend policy, where do we draw

the line? Do we push for fiber? An example he provided is that Hong Kong is geographically small and they could factor in fiber very quickly and cost effectively and provide service, however, we are so spread out, especially in rural areas it becomes costly.

Expectations a the Federal Level
Chair Lassner stated that he attended a videoconference with Member Goto Sabas and the staff from the U.S. Senate Commerce Committee. He reported that the staff is of the belief that there will not be monumental changes in the regulatory structure out of Washington, DC. There is some optimism that a bill will pass to redefine broadband and improve data collection. Congress is pushing the FCC to change the definition of broadband of 200 kilobits. The FCC also understands that their data collection methodology is inadequate and that it will be changed administratively or legislation will pass that is currently moving in both the Senate and House. It will call for better Federal data collection. There are many other provisions of that legislation such as providing financial support to states for their data collection programs. The perspective of the Commerce Committee staff is similar to our conversation that people in Washington are awakening to the fact that the lack of a National Broadband Policy is harmful to the U.S. but getting from this gradual awakening to direct action is a slow process in Washington. The Inouye bill states that broadband shall be defined at a minimum speed necessary to deliver high definition video. In addition, there is likely to be reform of the federal universal service fund. But it is unclear so far what the reform will look like.

Report to the 2008 Legislature:	Revised Draft Outline Chair Lassner stated that the working group chairs need to focus between now and the next meeting on December 13, 2007 on producing as much information that addresses the key points for the interim report. Also, we will need to provide what the task force may want to do over the next year. The information should be sent to the Chair and then he will forward the information to the consultant. The interim report will capture the task force's work in progress. It is intended to give the legislators an idea of what the task force is up to.
Informational Briefing:	None.
Future Meeting Schedule:	The next task force meeting is scheduled for Thursday, December 13, 2007 at 1:30 p.m. at the State Capitol, Conference Room 309.
Adjournment:	With no further business to discuss, the Chair adjourned the meeting at 2:57 p.m.

Reviewed and approved by:

Sterling Yee
Assistant Auditor

December 11, 2007

[   ]   Approved as circulated.

[   ]   Approved with corrections; see minutes of _____ meeting.

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