

Broadband Task Force
(Established by Act 2, Session Laws of Hawai'i 2007)
State of Hawai'i
www.state.hi.us/auditor

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, October 18, 2007

Time: 1:30 p.m.

Place: State Capitol
415 South Beretania Street
Conference Room 329
Honolulu, Hawai'i

Present: Chair David Lassner, University of Hawai'i
Vice Chair Nam Vu, ShakaNet, Inc.
Senator Will Espero, The Senate
Senator Carol Fukunaga, The Senate
Senator David Ige, The Senate
Joel Matsunaga, Hawaiian TelCom
Representative Marcus Oshiro, House of Representatives
Nate Smith, Oceanic Time Warner Cable
Representative Kyle Yamashita, House of Representatives

Marion M. Higa, State Auditor, Office of the Auditor
Jan Yamane, Deputy Auditor, Office of the Auditor
Sterling Yee, Assistant Auditor, Office of the Auditor
Stephen Wilson, Senior Analyst, Office of the Auditor
Albert Vargas, Associate Analyst, 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

Excused/
Absent: Gordon Bruce, City & County of Honolulu
Gary Caulfield, First Hawaiian Bank
Jennifer Goto Sabas, Office of Senator Daniel K. Inouye
Henk Rogers, BluePlanet Wireless
Clyde Sonobe, Department of Commerce & Consumer Affairs
Representative Gene Ward, House of Representatives

Call to Order: Chair Lassner called the meeting to order at 1:40 p.m. at which time quorum was established.

Chair's Report: Announcements, introductions, correspondence, and additional distribution
Mr. Yee reminded the task force members that all documents for distribution must be sent through the Office of the Auditor.

Chair Lassner announced that the task force is permitted to create a website for public

informational matters only. The Auditor's office will inform the members once the website is created. The official agendas and minutes will remain on the Auditor's website with a link to the new website. Chair Lassner also indicated doing a press release once the website is available.

Minutes of previous meeting

Member Matsunaga moved to approve the minutes, seconded by Senator Fukunaga. The motion was unanimously carried.

Task Force Objectives:

The task force's preliminary report to the Legislature is due 20 days prior to the start of session, December 27, 2007. The bulk of the work will take place in 2008 and culminate in a final report to the 2009 legislative session. Chair Lassner stated that between now and December, the task force should lay out an outline of what the task force expects to accomplish in the final report and present it to the 2008 Legislature. This would allow the Legislature to comment on what the task force is planning to do during the year and allow them to provide the task force with guidance. By doing this, the task force will have a better chance of ensuring that the final report is well-received at the end of 2008.

Senator Fukunaga expressed what might be useful from a legislative perspective is creating the initial outline and establishing a timetable as to what the task force would like to accomplish by the end of the process. Also, to have a compilation that represents a scan of what other jurisdictions are doing just to give the legislators and the general public a rough idea of where Hawai'i stands in comparison with other states.

Chair Lassner suggested the task force establish working groups and include the following sections in their report:

- A background on the task force, how it got started, the members of the task force, and when the task force started;
- Developing why broadband matters to our community in the following areas: economic development, educational services, health care, public safety, and governmental services;
- What other states are doing;
- Data collection on what is available in the state, what services are available, cost, and where the gaps are; and
- Where the rest of the world stands.

Representative Yamashita suggested a section on any future plans the market is already planning to do without getting into any proprietary information. This would be useful as far as what is going to happen.

Member Matsunaga mentioned that the task force could specifically focus on what the inhibitors are today that are keeping us from reaching our goals.

Chair Lassner shared information from a meeting he had with Congressional staff members. He stated that their expectations were not to expect major reform to take place soon at the federal level. There are states passing laws or introducing bills that prohibit states from rolling out services, and there are also states that are passing laws that are encouraging or even actively rolling out governmental facilities and services.

Senator Fukunaga suggested we identify several areas and ask the Auditor's Office to assist the task force in compiling information, develop specific working groups and assignments, and hopefully move along fairly quickly given a very short timeframe, what we want to accomplish, and begin to identify a proposed timeline. Mr. Yee agreed and stated that this is where the task force should consider engaging a consultant to assist and provide expertise so that we could have someone follow up with the task force.

Senator Ige also suggested the task force be aware of reports that state that Hawai'i has no service. There are criticisms of different publication reports on the status of broadband in Hawai'i. The task force should also make an effort to ensure accurate data is available.

Member Matsunaga stated that he provided Mr. Yee with examples of what is already available. The FCC's website does not include Hawai'i's data (even though they might be getting it), because of confidentiality concerns due to having only two major competitors. The report does not factor in wireless providers. The report specifically deals with wire line industry.

Chair Lassner mentioned that one of the working groups should focus on data collection. However, the industry numbers need to be involved to the extent some of the data is confidential. It seems both major providers actually publish this data, and identify where the service and under-serviced areas are. Member Smith replied that he will check when they reported any data. He also stated that it would be useful to have an assessment of the dial-up because people are opting for dial-up instead of broadband.

Member Matsunaga mentioned Hawaiian TelCom's website indicates where DSL is available or not; it may be the same for cable also. There are other broadband industries coming up, other competitors that we should include such as Clearwire.

Member Lassner proposed to establish the following working groups:

1. What other states are doing.
2. Data collection (market analysis)
3. Why broadband matters.
4. What other countries are doing.
5. Expectations at the federal level.

Senator Ige asked Member Matsunaga, from a service provider perspective, is the information considered proprietary because part of the hope is this task force become educational as well. This is something providers would have an opportunity to present. A thought is to televise some of this information to have the task force activities be broader as well as to help facilitate public education. Member Matsunaga responded that he cannot speak for other providers but for Hawaiian TelCom, anyone could go to their website and type in their address and the website will indicate whether that person may or may not have broadband service. He further stated that in terms of future plans, some information may be proprietary to a certain extent. Hawaiian TelCom would not have a problem sharing what their future plans are. Senator Ige stated that the task force should be thinking about opportunities to educate the general public on certain issues. Chair Lassner responded that the working group on "why it matters" is a good opportunity to educate the public about why broadband is important.

Member Matsunaga mentioned what is coming down the road is very important. In the California study, the definition of broadband is changing over time because technology is constantly changing. However, the definition still defines the broadband speed as 200kb/sec. This may be something the task force might consider looking into.

Vice Chair Vu asked Nate Smith (Oceanic Time Warner Cable) and Joel Matsunaga (Hawaiian TelCom) if the numbers in the article published in The Honolulu Advertiser on October 1, 2007 are accurate. Member Matsunaga indicated he gave the article to Mr. Yee for distribution and could not say if the data is accurate or not. The article was offered to provide the numbers that are published. The broadband market includes other providers besides Oceanic Time Warner Cable and Hawaiian TelCom, so we need to include wireless into this market. Vice Chair Vu proposed that the task force may consider looking at the number of the people who are free-loading, not subscribing, and are not

showing up on the radar. The estimate is approximately 5-6 people are using someone else's wireless router. Member Smith said this is typical in apartment buildings. Chair Lassner said it would be interesting to try and understand the barriers, to update at some point.

Mr. Yee stated that the working groups will be required to keep their own notes and present their findings to the task force. The working groups cannot make any decisions. Senator Fukunaga asked for clarification of the working group parameters. The working groups are to meet and develop a set of written recommendations which will be submitted to the Auditor's Office. The Auditor's Office will be responsible for distribution of the recommendations to the task force members to be discussed at a future meeting. Mr. Yee agreed.

Member Matsunaga provided members with a report from the California Public Utilities Commission (PUC), May 2005. Member Matsunaga stated that the report titled Broadband Deployment in California is an excellent report and it covers everything the task force would want to do. The report came out of a legislative bill that tasked the California's PUC to do a study and came up with the recommendations. One of the recommendations from the PUC was a creation of a broadband task force to implement the recommendations. Senator Fukunaga commented, in regards to the California report, recommendations were voted on and final recommendations are scheduled to be released soon. The final report is pending before the governor. Between now and December, there should be some version of the report that the task force should look at.

Chair Lassner identified the following five working groups:

1. What other states are doing.
2. Data collection (market analysis)
3. Why broadband matters.
4. What other countries are doing.
5. Expectations at the federal level.

Senator Espero moved to establish the five working groups, seconded by Senator Fukunaga. It was voted unanimously to establish the five working groups. The Chair will be coordinating the membership of the working groups. The working groups cannot exceed seven members. Non-task force members are able to participate as part of the seven members on the working groups. Each working group should have a Chair that is a task force member.

State Auditor Higa stated that item VII. on the agenda - Selection of a Consultant, the task force may consider utilizing a consultant to do some of the work by the working groups. She suggested that some of the data collection can be done by the consultant.

Chair Lassner said this is an opportunity for us to educate both ourselves and the community. Proceedings and fact-finding by the working groups will be interesting. Some of these might be harder, perhaps what other states are doing, and maybe federal expectations even harder. If we have experts coming in from out-of-town, we will have the expertise in some of these areas, connecting national people who are tracking all of the states. The Chair asked for interest from the task force members to serve on the working groups:

- Vice Chair Vu – What other countries are doing.
- Member Matsunaga - Data collection.
- Senator Fukunaga – Why broadband matters.
- Chair Lassner – What other states are doing.

Chair Lassner will ask Member Goto Sabas to head the working group on expectations at the federal level. Also, at the next meeting, the Chair will have a revised version of the

draft outline of the report.

Senator Fukunaga requested to move to item IX on the agenda – Schedule of Task Force Meetings for the remainder of 2007. Senator Fukunaga asked the Auditor’s Office staff to provide the possible number of meetings they project and what the task force would need to do in order to generate the assignments for the 2008 legislative session.

After discussion, the task force agreed to schedule the following meetings:

- Thursday, November 1, 2007
- Wednesday, November 14, 2007
- Thursday, November 29, 2007
- Thursday, December 13, 2007

All meetings will begin at 1:30 p.m. All working groups should be meeting on their areas.

Senator Espero asked what is the funding for the task force. State Auditor Higa responded \$50,000 and explained that some should be set aside for administrative costs. The Auditor reiterated having a consultant do the portion on “what other states are doing” first as part of the working group and have a deliverable as another possibility. The Auditor also suggested that the November meetings include some presentations that can be used as educational purposes.

Chair Lassner will contact the members with their working group responsibilities. Also, the members should reply back to the Chair with their interests on serving on the working groups.

Adjournment: With no further business to discuss, the Chair adjourned the meeting at 2:50 p.m.

Reviewed and approved by:

Sterling Yee
Assistant Auditor

October 29, 2007

Approved as circulated.

Approved with corrections; see minutes of _____ meeting.

Broadband10/18/07