

Open Work Session
Discussion with Talkie Communications on Broadband
December 20, 2022

Andre DeMattia, Co-Owner of Talkie Communications; Andrew DeMattia, Co-Owner of Talkie Communications; and Mike Arscott with Talkie Communications came before Council. Mr. Cannon said this group has seen a lot of success and the County looks forward to continued work with their group.

Mr. Andrew DeMattia said they can talk about what has been done. He said Deer Creek, Pittsville, and the Morris Road areas have been successfully activated and they have multiple customers active right now. He clarified, there are 33 customers activated right now, and there are several that signed up, but they are away for the holidays, so when they come back they will be installed. He said he believes they have one tomorrow. He said they have the infrastructure already setup, and the majority of this section is going to be their remote central office. He said that will get them about a 17 to 18 mile range to cover that particular area, and this was a nice project.

Mr. Andre DeMattia said it is about a 95 to 98 percent take rate. Mr. Andrew DeMattia clarified, of all the customers, almost everybody signed up. Mr. Andre DeMattia explained, the take rate means how many people took the opportunity. He said he also added some testimonials in his presentation, and everyone in this area was really happy to see this come in, so it was a build they are very proud of.

Mr. Andrew DeMattia said they are not done with this area, this was just part one that was in combination with working with Maryland Broadband, but that is the central point that gets them in. He said they are going to expand road by road and it will not take as long as the first bill because the infrastructure takes a long time to get active, so when they get into this area the next road is going to be drilled and then in two weeks it will be active, and then they will drill another road which will be active a couple of weeks later. He said there are not a lot of people there, but the people who are getting it are going to be very happy because there is almost no internet.

Mr. Cannon said he assumes right now they are working off of the trunk lines that were established by Maryland Broadband, and then what they are talking about is doing their own trunk lines later, to which Mr. Andrew DeMattia responded, Maryland Broadband drilled into the Deer Creek neighborhood themselves, so they are using their conduit and piggybacking off of what they got their grant to do. He said their design would not quite fit Maryland Broadband's design, so they actually drilled Morris Road themselves. He explained, Maryland Broadband has their own conduit that is basically a plastic pipe that a fiber goes through, but they had to put their own in because they need it to be distribution, so driving down Morris Road they needed to cut the fiber and feed all the homes. He said, when they use Maryland Broadband's fiber, they do not like distribution, it is meant for long haul. He said they are using a lot of what they have done, but have had to do some of their own as well. He said, with that being said, they are using their long haul of Berlin to feed the Pittsville area, so they are using their long haul and fiber all the way down, and then they have a remote central office which basically regenerates the service and expands it. He said they will run two fibers from that, they will mix it into their remote cabinet, and then they will distribute the fiber throughout that area. He explained that the remote cabinet is a central office and that will be their point of presence right there.

Mr. Andre DeMattia clarified, Talkie did all the construction for Maryland Broadband as they contracted that to them, so they did it in conjunction at the same time as Maryland Broadband. Mr. Andrew

DeMattia added, they piggybacked off what they were doing for Maryland Broadband and they added onto that, and they will continue adding to it, so now that project is done. He said doing the other roads is going to be a lot easier because they do not have the six months that it takes to build the backbone or waiting for power or waiting for permits and construction, so it is a lot faster now that the central office is established, and that takes about six months.

Mr. Cannon asked what their original projection was on homes they were going to service in this first year, to which Mr. Andre DeMattia responded, it was about 700 to 800 homes. He said the objective is a 70 percent participation rate based on FCC numbers, but they truly believe it is going to be closer to 95 to 98 percent. Mr. Cannon asked how many homes they have hooked up so far, to which Mr. Andrew DeMattia responded, probably around 40 as the only active area right now is underneath Pittsville.

Referring to his slide, Mr. Andre DeMattia said this is the area they are building out right now that they call the old Eden area, and right now that is the target area they are doing. He said they have contractors in there and have done some themselves, but the contractors speed up the process.

Mr. Arscott said the blue color on the map is St. Luke's Road, and that construction is complete, which means their conduit is in and their handholds are in, so all they have to do now is pull the fiber. He said Jackson Road is semi complete, Glasgow just needs handholds put in, Phillips Road is done, and Meadow Bridge just needs vaults. He said they are probably 90 percent complete with that whole area construction-wise, which means their conduits are in, their handholds are in, and they are waiting on the electrician who is supposed to put the meter can up for their remote cabinet going on Jackson Road, and he should be doing that hopefully next week, and then Choptank can come in and give them power. He said they can set their cabinet and get it fired up and start pulling fiber and get customers turned on.

Referring to a map, Mr. Andrew DeMattia said this would be the second central office in the County, and this should cover the current projects they are doing right now. He said each remote cabinet can feed about 5,000 customers, so a lot of the equipment will be underutilized until they spread into the more populated areas. He said that is why this is going to take a little bit longer, but once it is here, expanding off of it will be a lot quicker because electronics is the slow part. He said it takes about seven months to get the equipment, which they already have, and a lot of times the power takes a while, so they are hoping the power does not take too long. He said, once the contractor is completed, they are going to start pulling the fiber and they are hoping to have this active sometime in February weather permitting. He said it might go a little bit faster, but January and February are so unpredictable. He said they are utilizing Maryland Broadband for this as well, so their trunk lines are going all the way back to Pittsville, but they did have to expand some of the area a little bit because they have to meet Maryland Broadband, plus it just makes more sense sometimes when there is a neighborhood that is close by to build that as well. He clarified, even though it is an overbuild, it is done on their own dime. He said they are going to be expanding above and beyond this after the project is completed, this is just phase one of it, and then they will start working in the more populated areas on their own.

Mr. Cannon asked if they are meeting all of their goals as far as their timeline and the number of people they are going to be hooking up, to which Mr. Andrew DeMattia responded, the number of people is very difficult to tell at this stage, but they have found that people will not pre-sign up, they wait until it is actually active. He said, in a normal overbuild scenario, they get about 50 percent take rate on launch date and then within the year they are up to about 80 percent, and because this is mostly a no-served area, that initial take rate is a lot faster. He said right now they are encouraging people to go to their

website and sign up so they know who to call when it is active, and once the service is active they will put door fliers out saying it is active. He said at this point they still expect a 70 to 80 percent take rate because it is a no-served area, but it depends on how well the wireless is in that area. He said, if ATT and T-Mobile work well, some people are happy with a hotspot.

Mr. Andre DeMattia said their timeline is technically three years, but they hope to do it in one year. He said the timetable started when they signed the MOU with the State of Maryland, which they just signed about two months ago, so they started the Pittsville area way before they had the grant fully approved, and they started this area before everything was fully approved, so they are ahead of schedule. Mr. Andrew DeMattia added, a month ago they started because they wanted to get in either way knowing that the State would approve it and eventually reimburse them for it.

Mr. Andre DeMattia said they have been working really well with the County's IT Department and Roads Department. He said the County has a little bit different permitting process than most other counties, but they were able to work through some challenges through the IT and Roads Departments to make it a little bit easier to get the permits, so they have been very helpful and very receptive.

Mr. Andre DeMattia said their goal is to start at Morris Road and build off the current remote central office and then go to Pittsville. Mr. Arscott clarified, they are waiting on permits for that right now, and once they get those they can start their work. Mr. Andre DeMattia clarified, they are waiting for their engineers to create the permits to submit, so it is not the County they are waiting on. He said, in the meantime they are just going to finish the Old Eden area and then continue on. He said their contractors are now up to ten drills and looking to add another five. He said they do all the plow work in-house, which is basically flat land and then anything that needs to be drilled will be done by the contractors. He said the plow is very fast and can get about 4,000-5,000 feet a day on a good day, and on a bad day gets about 2,000 feet. He said a drill on a great day will get about 1,000 feet, so that is why they need so many drills to plows because a plow can just wipe out the area. He said their goal is to plow the whole area and have the contractors follow behind them to do the drill work, put the handholds and vaults in the ground, and tie it all together. He said, once that is done, they are not waiting for the whole area to be done, they are going to turn it up section by section and will internally come back and pull the fiber and splice everything. He said there are a lot of processes to get an area lit, it is not just that the contractor shows up and then disappears and it is active. He said the orange stuff that comes in that they are bearing is just plastic pipe, and the reason they are putting conduit in versus direct bearing is that years from now whenever the fiber goes bad, there is a life expectancy on anything that is buried, and they can just easily pull it and put a new one in. He said a mile will take two days of fiber pulling, but drilling takes over a week. He said everything they are doing for backbone is underground and everything they are doing is in conduit, and that is very important because that is what takes longer, but they do not have to worry about a storm or someone hitting a telephone pole.

Mr. Winn asked what the life expectancy is of the conduit, to which Mr. Andrew DeMattia responded, it is plastic and is like a straw in the ground that never goes away. He said it has never come up, so it has to be 100s of years. He said it is a very thick plastic. Mr. Andre DeMattia said someday maybe everything will be wireless, but right now the best way to do fiberoptic is underground.

Mr. Andre DeMattia said he does not know if the Council is familiar with the NTIA grants that are coming out, but they are encouraging everything to be underground. He said they do not want anything to be

on telephone poles and they do not want wireless, they want only fiberoptic that is buried because it will last a lot longer and there is very little trouble with fiber that is buried.

Mr. Mitchell asked if they are working on Allen Road, to which Mr. Arscott responded, no. Mr. Mitchell said they are doing everything in the air and then suddenly burying stuff, so he did not know if that was Talkie. He said they are also burying them. Mr. Andrew DeMattia said the reason they do aerial is, if there are poles it is available and then when there are none available they have to go underground, so it is a hybrid solution. Mr. Mitchell said they put in all new poles, but there are poles where they are also buried, to which Mr. Arscott responded, it could be that the service to the house is buried. Mr. Andrew DeMattia said there are a lot of reasons why one would do that, but the problem is that, if some is aerial and some is underground, there is still potential of it all getting knocked out, and that is their concern.

Mr. Andre DeMattia said the Office of Statewide Broadband has opened a new grant for year-end 2023 that closed on December 5. He said last year's grants were up to \$10 million, and this year the grants are \$4.5 million, so it is a lot less. He said they have applied for the blue areas shown on the map, and there are two grants, so, if they win, the State will provide \$9 million and they would come up with the remaining amount of money. He said this is the same area they applied for last year when they applied for the east and west sides of the County and they won the east side, so now they are going back and going after the west side of the County. He said they will find out in January, but he is sure the paperwork will not be signed until June, and then they will start preparing for those areas if they win. Mr. Cannon asked how many homes that would be, to which Mr. Andre DeMattia responded, 500 homes. He said because of the cost there are still some areas that are no-served that they were not able to get into this grant because of the reduction of the grant, but there is another grant coming out next year, which is the Biden Infrastructure Grant, and they will be applying for those areas.

Mr. Cannon asked if any of this information is on the Talkie website so people in those areas can find out exactly what the timeline might be, to which Mr. Andre DeMattia responded, this has not been won yet, but that is a good idea for the other areas. He clarified, they have not done that, but they can do that.


Ms. Shields asked what the cost is for the customer, to which Mr. Andrew DeMattia responded, they have three different plans. He said it is a flat \$99 fee to install no matter the distance of the driveway as they do not charge extra for long driveways. He said right now their current plans are at \$69.99 for 100 megabit up and down, which is good for a family of two to three people to do normal streaming. He said, if a family has four to five people, the next plan is \$79.99, and the fastest plan is \$89.99, so there are three different plans. He said, for the people who really want a lot of internet, they are planning in January on selling 2 gigabit, which is twice as fast as their fastest plan. He said the price has not been set yet, but then there will be a 2.5 gigabit as well. He said, with fiberoptic it is the future, so they can actually sell 10 gig right now, but realistically it is bragging rights.


Mr. Andre DeMattia said they also participated in the American Connectivity Plan, which is a government subsidy, so low income housing will be able to get \$30 off their bill per month, and that is a permanent program. He said the State of Maryland also has a program which is an additional \$15 off, so eligible customers can receive up to \$45 off their broadband, so they could potentially be paying about \$20. He said, if they are also within their ARDOFF territories, they will be eligible for Lifeline, which is an additional \$9 off, so there are quite a bit of subsidies. He said that is all on their website, and then when people call they let them know what is available, and if they are eligible they help them fill out the forms. He said it is very affordable for people who need it the most.


Mr. Merritt said he understands they are doing permits by the area rather than by the job site, to which Mr. Andre DeMattia responded, originally the permitting in the County is a maximum of 1,300 feet, but working with the IT Department they let them know that they will be submitting three permits per day for the entire year, which would be quite a bit of permits and overwhelm them as well as the County. He said nobody has that infrastructure in place, so they agreed to be able to do per project. He said there is still a permitting fee that they cannot waive, only the Council can waive that, so they are still paying that fee. He said the Roads Department has been very accommodating. Mr. Andrew DeMattia said a lot of roadblocks have been removed, as that was a concern they had. He said Pittsville alone was 14 permits, and it costs a lot of money to do the engineering work, so that was quickly resolved.

Mr. Cannon asked when would be a good time to have them back, to which Mr. Andrew DeMattia responded, he would say after they are done with Old Eden so they can give a progress report, so maybe in February. He said, if it is activated in January, they will send an email and see if they can come in sooner. He said he will keep the IT Department informed on the progress of the grants, and it should be public knowledge anyway. Mr. Andre DeMattia said he talked to the Office of Statewide Broadband and they received twice the amount of applications than they expected. He said the original idea was to get the information out as soon as possible before Governor Hogan leaves Office, but, unfortunately, since they received so many applications, they have to go through everything and they said it is going to be longer than that timeframe. He said, if everything goes well, they will still know in January, but he does not expect the MOU to be signed until the middle of the year.

There was no further discussion.



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