The Energy And Technology Committee

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H.B. 5682 An Act Concerning High Speed Broadband Access

Testimony of

The Office of Consumer Counsel

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The Office of Consumer Counsel (OCC) has carefully reviewed and supports H.B. 5682 An Act Concerning High Speed Broadband Access, a bill that would enlist a public-private partnership to implement a statewide high-speed Internet deployment plan.

Ensuring that all residents and businesses in Connecticut have access to affordable broadband service and to increase technology literacy and computer ownership is of course a laudable public policy goal. As with so many fine ideas, of course, the problem lies in the implementation of verifying that those truly in need receive the fruits of this bill and determining who will shoulder the bill for paying for this universal access to broadband service.

As the state's advocate for public utility services consumers, the OCC is especially mindful of the fact that ratepayers of cable services should not be overly burdened by any attempt to expand upon the impressive 95% broadband coverage that Connecticut currently enjoys. The OCC would propose that since ratepayer funds may be considered for some part of the funding for this project and any subsidization that may result prospectively, that rather than task the state's Department of Economic and Community Development with oversight responsibility, the Department of Public Utility Control be assigned that task. Similarly, OCC should be included in any oversight groups responsible for ensuring fairness in the attempt to provide universal service for broadband across this state.

Ever-increasing costs imposed on consumers for broadband are more than merely a notorious source of displeasure among ratepayers. While many current broadband customers enjoying the economic and social benefits of access to the information provided by this service may have the financial wherewithal to shoulder greater expenses, for many ratepayers in this state further spiraling rate increases may force them over to the wrong side of the digital divide. This could not only impact

individual ratepayers, but could create a moving target as costs increase and more ratepayers are driven from the service while others gain access through subsidies.

This bill, as currently written, appears to take a cautious and reasonable approach to the problem. Creating a statewide confidential inventory of high-speed Internet service and telecom services consistent with federal data reporting requirements is a necessary first-step in order to properly identify those truly in need. The OCC is keenly aware of a concern identified in other states, namely the difference between "**un**served" and "**un**derserved" state residents. The priority for this state's public policy on this issue must be to provide basic service to all corners of the state before any consideration is given to using various fund sources to stimulate competition in what has always been a competitive market. It is essential that any subsidization should not be used to merely promote the entry into a market by a broadband provider unwilling to step up financially on their own. The use of the term "underserved" in the proposed bill must be changed to "unserved" to reflect this concern.

Similarly, the bill also properly provides for an investigation to identify gaps in broadband service through geographic information system (GIS) mapping of availability at the census block level and provide a baseline assessment of deployment in terms of percentage of households with access. An additional goal should be to identify promising technology advances that may well solve the universal service problem without subsidies at all.

Thus, while the OCC supports this bill it cannot prospectively endorse future funding derived solely from the pocketbooks of current broadband customers. First on the list should be shareholders of the companies competing in this vibrant market. If those companies have determined that certain markets, apparently small in size and number, are not economically viable, then it is undoubtedly based on projected low or negative returns of profits resulting from unacceptably high costs. Simply taking ratepayer money to reduce the effect of those costs on nationally-focused corporations with billions of dollars in net income is neither a practical nor a supportable long-term solution.

Thus, shareholders must be a substantial partner in any future implementation projects, followed perhaps by taxpayers in general. We look to states like Massachusetts which now has a $25 million general obligation bonding proposal to expand broadband availability that is "carefully crafted" to target public dollars toward creating jobs, not competing with the private sector.

As the OCC noted above, it is clear that industry may not be inclined to solely shoulder the costs of building broadband infrastructure in low-density areas with minimum downstream transmission rates, but fixing the market failure caused by the unfavorable economics of broadband network deployment in rural area has far proved to be an intractable problem. The Massachusetts investment will complement private sector investment, not substitute for it, and will not just close a gap at a single point in time, but may stimulate private investments to prevent gaps from reopening in the future.

In addition to Massachusetts, other states including West Virginia, Kansas, Minnesota, Alabama, and California are currently proceeding with broadband bills featuring varied approaches attempting to stimulate extension of broadband service to unserved areas. The OCC looks forward to working with the General Assembly and all partners engaged in promoting universal service for broadband services across Connecticut.