The Energy And Technology Committee

February 17, 2009

H.B. 6426 An Act Concerning Improving Broadband Access.

Testimony of

The Office of Consumer Counsel

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The Office of Consumer Counsel (OCC) has carefully reviewed and fully supports H.B. 6426 An Act Concerning Improving Broadband Access, a bill that would enlist a public-private partnership to implement a high-speed Internet deployment plan to ensure that all residents and businesses in Connecticut have access to affordable broadband service and to increase technology literacy.

I speak here today solely on behalf of the OCC, but must note that I have been honored by Speaker Christopher Donovan with his appointment as one of 10 voting members of the Broadband Internet Coordinating Council, established by the legislature at C.G.S. § 4d-100. I do not speak here today for the Council, but I will state that it is wise to have included the Council as a consulting body in developing the state-wide technology initiation program to be created pursuant to this bill.

The OCC believes that the initiatives that will result from this bill should bridge the remaining gaps in reaching universal service deployment of broadband for all Connecticut citizens. It is with this goal firmly in mind that the OCC supports the bill's concept that a broadband strategy including government and the private sector cooperating together is necessary. To do nothing essentially allows the business plans of industry participants to choose winners and losers among the various segments of Connecticut's population and communities.

In these extremely troubled economic times, it is difficult to imagine a decent level of funding for the initiatives proposed in this bill. There is, however, much groundwork that can be accomplished by the DPUC, OCC, and Broadband Council with little or no funding in the short term, such as identifying inefficiencies in government that can be solved

by enhanced broadband capacity. Further, there is no need for the creation of any new positions or agencies in government since each existing governmental agency in the state has its own stake in a far-reaching and sophisticated broadband network being provided to residents in every community. Hopefully, expanded grants and tax incentives will become economically possible in the near future and will flow into the process over time through the mechanisms ordered in this legislation.

The public policy goals of the bill are lofty, but in fact investment in broadband, like the well-known investment ratio in electric conservation, has a healthy economic multiplier, with empirical evidence indicating that a one percent increase in broadband investment can yield a well-documented and measureable increase in employment and an increase in goods and services produced. The positive economic effects of broadband investment in unserved communities is obvious.

Thus, a more enlightened calculus must be employed by all participants in this process, including all government entities, beyond the ordinary market model of corporate bottom lines in order to more fairly spread the investment costs and reallocate the rewards to best determine the optimal level of investment required to reach those consumers that will otherwise remain left behind.

The OCC continues to argue as we have in the past, that the priority for this state's public policy on this issue must be to quickly provide basic high-speed service to areas so poorly served that they have no DSL or cable modem service or where internet speeds are grossly inadequate, in all corners of the state. Implementation of any programs resulting from this bill should first target **un**served communities and consumers, with satisfaction of that demographic occurring before any partially-served areas receive support.

Specifically, grants should only be offered first to private industry entities, with local municipal governments becoming eligible only in markets where industry participants fail to act. For instance, to further incent private entities to act, tax credits and expensing rules can be used to help carriers upgrade plant and equipment, perhaps providing a substantial-percent expensing allowance or a smaller-percent investment tax credit for networks that provide high-speed access in high-cost areas.

Finally, government itself can benefit from an expansion of broadband capacity: lingering dual processes, found for instance in reporting by municipalities to the state that require analog methods in addition to broadband (e.g., the filing of CDs with data rather than it being directly input into state systems via the Internet), can result in useless but massive costs to the state. Similar to the process recently utilized in the federal stimulus package, by directly involving the state's communities themselves in the progress, essentially requiring their "buy in", will further accelerate identification of the fundamental projects that will best implement universal broadband service in this state, such as implanting conduit for fiber or other high-speed technology when repaving a road.

It will frankly be a mistake to treat broadband as just merely another commercial venture to be completely controlled by the profit and loss equations run by industry providers. Such a course will not close the emerging digital divide and can only further weaken the position of the United States and Connecticut in the roster of nations and states in terms of broadband deployment success. It is with this goal firmly in mind that the OCC supports the broadband strategy advanced by this bill that includes government and the private sector cooperating together to bridge the remaining gaps in reaching universal service deployment of broadband for all Connecticut citizens.

Accordingly, the OCC urges adoption of HB 6426 and is of course available to help the Committee in any way to further the progress of this bill through the General Assembly.

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