NECTA
New England Cable & Telecommunications Association, Inc.

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RESPONSE OF THE NEW ENGLAND CABLE & TELECOMMUNICATIONS ASSOCIATION, INC. TO THE REQUEST FOR QUALIFICATIONS ISSUED BY THE CONNECTICUT MUNICIPALITIES BROADBAND INFRASTRUCTURE UPGRADE AND EXPANSION PROJECT DATED OCTOBER 1, 2014

Introduction

The New England Cable & Telecommunications Association, Inc. (NECTA) hereby responds to the Request for Qualifications (RFQ) issued by the Connecticut Municipalities Broadband Infrastructure Upgrade and Expansion Project dated October 1, 2014. As stated "The Requesting Entities (RE) welcome ideas and recommendations from all interested parties, including organizations with a commercial interest in the Project." It is in this spirit that we offer comments.

NECTA is a regional trade association representing substantially all cable telecommunication companies in New England. In Connecticut, NECTA represents: Comcast, Charter, Cablevision, Cox and Metrocast.

As several Connecticut municipalities consider developing a broadband network, we think it is important to understand the capabilities of Connecticut's existing networks and our industry efforts to improve access and speed.

- Connecticut residents have access to among the highest broadband speeds in the country.

- Over the last thirteen years, NECTA members have consistently increased speeds annually.

- Most consumers access the Internet over WiFi networks. Without access, speed does not matter. We are focused on expanding the availability and speed of WiFi networks.

- In 2015, NECTA members will begin testing DOCSIS 3.1, a system capable of delivering gigabit speeds to the consumer market.

- Our networks deliver products that support the businesses that drive economic development. We have the capacity to expand and enhance those products as new and different business needs emerge.

- We currently offer multi-gigabit (1-100 Gbps) Ethernet services to data driven businesses.

Goals

NECTA members are on a path to achieve the goals stated by the drafters of this RFQ:

1. Continue to innovate and invest in our state-of-the art network, so that all consumers benefit from the most reliable broadband infrastructure, capable of delivering the highest speeds.

2. Close the digital divide.

3. Remain competitive by providing products and services consumers demand.

Goal One - Innovation and Investment

NECTA members have collectively invested almost $2 billion developing state of the art networks in Connecticut. These networks are successfully meeting the needs of public and private sector consumers and they can be scaled up to address future demand. Connecticut has an extensive array of privately operated gigabit networks in place running through 7,118 miles of fiber, capable of providing speeds in excess of 1 gigabit. The extension of this fiber network expands monthly. For business consumers, NECTA members can deliver bandwidth levels of up to 100 Gbps. A small sample of public and private sector broadband customers that gave us permission to identify them is included as an addendum to this document.*

Moreover, in 2015, NECTA members will begin testing what is known as DOCSIS 3.1 which is critical technology to provide even faster, more reliable data speeds and features. DOCSIS 3.1 is capable of delivering 1 to 10 gigabit speeds and has the potential to benefit millions of homes, as opposed to targeted areas or corridors. NECTA members will use DOCSIS 3.1, or similar

technology, to deliver gigabit speeds - at scale - to the vast majority of their residential customers.

Goal Two - Digital Divide

We understand broadband expansion offers a significant economic development opportunity. Access to the Internet is integral to our jobs, education and our general ability to obtain information. It is also true that not everyone who has access to the higher broadband speeds adopts the service, because their hardware may operate only at slower speeds. As an industry, we are partnered with federal, state and local officials to address the digital divide. Through various adoption initiatives we are making important progress. We believe that broadband adoption should be a leading component of the dialogue regarding the RFQ's goals.

Speed is not the only measure of high quality service. The fastest networks are only helpful to consumers if they can be accessed, that is why NECTA members are properly focused equally on expanding WiFi networks. ***WiFi is the primary way*** most consumers connect to the Internet. NECTA members have deployed 191,839 WiFi hotspots throughout Connecticut allowing consumers to access the Internet easily where and when they want. This number grows weekly.

Goal Three - Products and Services

NECTA members have a natural interest in improving Internet speeds and providing gigabit level service to all consumers. Our business model depends on it. Our work has been recognized by the administration of President Barack Obama. The White House Office of Science and Technology Policy reports that 97.08% of Connecticut residents have access to broadband that is faster than 50 Mbps. That is the third highest score in the country. (http://www.whitehouse.gov/sites/default/files/broadband_report_final.pdf.)

The most recent Akamai - State of the Internet Report (Q3 - 2014) ranks Connecticut as having the second highest peak speeds in the country, behind only Delaware and substantially faster than third place Massachusetts. According to a *Washington Post* analysis of the Akamai report, Connecticut's peak speeds "rose by 25%, a steeper rise than any other state," in the third quarter of last year. (http://www.washingtonpost.com/blogs/govbeat/wp/2015/01/08/how-state-internet-speeds-compare-with-countries-around-the-world/) The *Post* report goes on to say that if Connecticut were a country it would rank in the top ten in terms of fastest broadband speeds.

Our membership has consistently increased speeds over the last decade, usually with little or no associated price increase. Currently, NECTA members offer residential subscribers a variety of speed tiers with the top speed levels ranging between 60 to 505 Mbps.

Conclusion

Over the last several months, the proponents of this initiative have said publicly that they will not rely on taxpayer funds for this venture, which is laudable given the impressive strength of Connecticut's broadband infrastructure and thriving competitive marketplace. Those strengths have repeatedly made Connecticut a top three broadband state in national and world rankings and will continue to translate into invaluable assets when competing in the increasingly digital economy.

The history of the U.S. broadband industry is one of competitors constantly challenging each other and spurring competitive responses. The marketplace is dynamic and it will continue to push phone companies, wireless providers, and cable companies to compete with continued intensity. Connecticut's twin advantages of having both advanced broadband infrastructure and a thriving competitive marketplace should carefully be considered before municipalities attempt to enter such a complex field.

NECTA members appreciate the opportunity to offer comments and we are available to meet with the Requesting Entities to provide additional details about existing products and services.

Respectfully submitted,

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Dated: January 12, 2015

Clarified: January 19, 2015

***Addendum**

This is a small sampling of private and public sector customers being provided high speed broadband services from networks provided by NECTA members:

Big Y
Cervalis
Cooper Surgical
Ethan Allen Global, Inc.
Framework Solutions
Greenwich Associates
ISG Software Group
Mack-Cali
Monroe Staffing Services
Network Synergy
New Milford Hospital
PCNet Inc.

Public Sector

Chase Collegiate School
Eastern Connecticut State University
Farmington Public Schools
University of Connecticut
Wallingford Public Schools
Towns of:
Brookfield
Monroe
New Milford
Newtown
Southbury
Trumbull
West Haven (17 sites)

To: The Members of the Energy and Technology Committee

Date: February 10, 2015

Re: SB 572 AN ACT CONCERNING GIGABIT INTERNET ACCESS

Attached, please find an article from the WSJ regarding SB 572 AAC Gigabit Internet Access for today's Public Hearing.

http://www.wsj.com/articles/lindsay-m-lewis-a-disconnect-on-municipal-broadband-1423527914

Thank you for your consideration.

THE WALL STREET JOURNAL.

http://www.wsj.com/articles/lindsay-m-lewis-a-disconnect-on-municipal-broadband-1423527914

OPINION

A Disconnect on Municipal Broadband

Obama's promises about government-provided Internet service aren't borne out by the facts.

By **LINDSAY M. LEWIS**

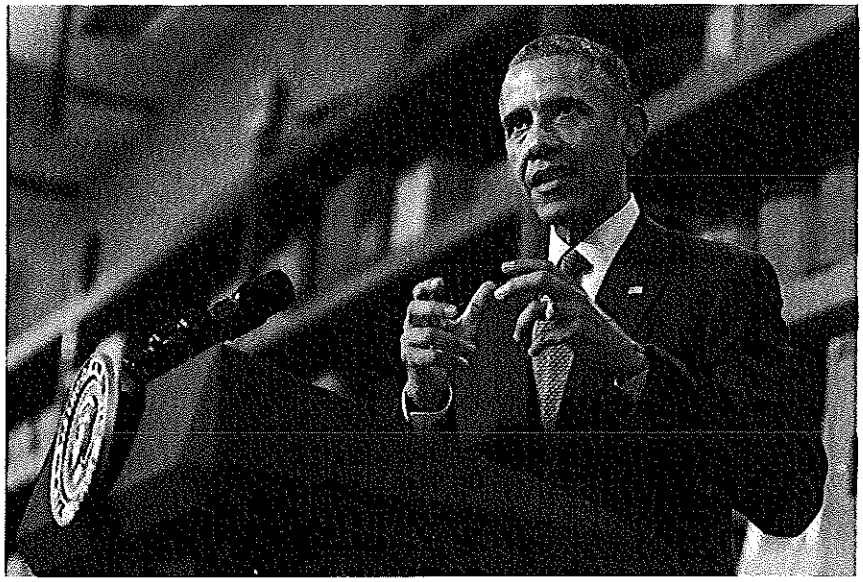
Feb. 9, 2015 7:25 p.m. ET

Should city governments get into the Internet service business, competing with the likes of Verizon , AT&T and Comcast for the right to pipe the Web into your living room or office? President Obama thinks so. He visited Cedar Falls, Iowa, on Jan. 14 to laud the city's publicly owned utility, which offers residents fiber-optic Internet. He urged other municipalities to follow its example.

"Today, tens of millions of Americans have only one choice for that next-generation broadband, so they're pretty much at the whim of whatever Internet provider is around," Mr. Obama said. "And what happens when there's no competition? You're stuck on hold. You're watching the loading icon spin. You're waiting, and waiting, and waiting. And meanwhile, you're wondering why your rates keep on getting jacked up when the service doesn't seem to improve."

Government-owned networks, the White House claims, can bring healthy competition to Internet service, increasing speeds and lowering prices. Mr. Obama even included a line about this in his recent State of the Union address, saying he intended to "help folks build the fastest networks." Unfortunately for the president, his premise—that our current broadband is slow, costly and inaccessible to many Americans—simply does not check out.

Internet speeds in the U.S. are among the fastest in the world. More than 90% of American households are now served by connections capable of neck-snapping speeds of 100 megabits per second. (Streaming a movie from Netflix on the "ultra high-definition" setting requires a connection of only 25 megabits per second.) Many consumers choose to pay lower fees for slower service. Still, if individual U.S. states



US President Barack Obama speaks about increasing access to high speed internet at Cedar Falls Utilities in Cedar Falls, Iowa, in January. *PHOTO: AFP/GETTY IMAGES*

were ranked by average broadband speed alongside countries from across the globe, we would hold 12 of the top 20 spots.

Competition in the broadband market is robust, and the result is that entry-level prices in the U.S. are among the most affordable world-wide. America is one of only a handful of countries with three different high-speed Internet technologies—cable, DSL and wireless—fully deployed and vying for customers. Some claim that only cable networks are capable of the fastest speeds, but modern DSL offers 45 megabits per second or more, and newer innovations being tested abroad, such as G.fast, are pushing DSL past a gigabit per second. Wireless networks reaching 200 megabits per second are also being developed.

All of this is thanks to the industriousness of private enterprise, which pumped $75 billion into building broadband networks in 2013, on top of $69 billion in 2012. U.S. Internet providers invest twice as much per household as do their European counterparts.

Mr. Obama's favored policy—for local governments to build, own and operate competing networks—has been tried and, for the most part, found wanting. Two scholars at the New York Law School, Charles M. Davidson and Michael J. Santorelli, recently studied 10 such networks. Their June 2014 report found that most of the networks are awash in debt and either dragging down their communities or being sold off at multimillion-dollar losses.

Even the network in Cedar Falls, carefully chosen by the White House as an exemplar, was only "partially built" after 20 years of development, the study found, and the long-term debt from the project led Moody's to downgrade the bond rating of the city's utility, to A3 from A1. Messrs. Davidson and Santorelli conclude: "The huge cost and long-term debt associated with the municipal fiber system in Cedar Falls raise questions about opportunity costs and whether such substantial resources have been invested wisely."

Meanwhile, local officials around the country face budget shortfalls for basic infrastructure, including roads and bridges, schools, prisons and hospitals, as the president has also noted.

Mr. Obama is right that investment in next-generation Internet service is vital for the U.S. to remain competitive, as business, education and media consumption increasingly take place online. But with private companies already leading the way, the president's push for local governments to allocate precious public dollars to build duplicative networks is a poor solution to an imaginary problem.

Mr. Lewis is executive director of the Progressive Policy Institute.