



New England Cable & Telecommunications Association, Inc.
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New England Cable & Telecommunications Association, Inc.

THE FINANCE, REVENUE and BONDING COMMITTEE
H.B. No. 7055: An Act Concerning Connecticut First

The New England Cable & Telecommunications Association, Inc. (NECTA) represents Connecticut's cable telecommunications companies that compete to provide advanced broadband, voice and video products and services to our state's business and residential consumers. In Connecticut, we represent: Cablevision, Charter, Comcast, Cox and Metrocast.

NECTA offers these brief comments, based on our expertise, regarding Section 5 of H.B. 7055: An Act Concerning Connecticut First. Section 5 amends section 7-326 of the General Statutes to allow municipalities to establish taxing districts to build and operate a community broadband system.

Connecticut's existing broadband policies have served consumers extremely well by almost any objective measure, including speed, access, adoption, economic development, and Connecticut-based jobs. To date, the state can boast:

- Residents and businesses with access to among the highest broadband speeds anywhere.
- 97% of Connecticut residents have access to speeds faster than 50 Mbps which ranks Connecticut 3rd in the U.S. (*see* White House Office of Science and Technology Report 2013). Today due to our ongoing investment and innovation, 94% of Connecticut residents have access to speeds of at least 100 Mbps.
- While businesses have access to speeds of one gigabit per second, most have access to speeds of at least 10 Gbps.
- A healthy gigabit marketplace with more than seven non-cable, private providers competing for business in Connecticut and offering consumers choices.
- Some of the most effective broadband adoption programs at work every day in Connecticut cities and towns to help low-income consumers bridge the digital divide.
- Member companies have deployed almost 192,000 WiFi hotspots in Connecticut and this number grows weekly. WiFi is the primary way most consumers connect to the Internet today.
- A thriving jobs engine in the cable broadband sector that has yielded a significant increase in state employment, over \$2 billion in direct investment, and annual economic activity of about \$1.47 Billion by NECTA member companies since 2006.

NECTA members are not opposed to the deployment of municipal government networks to provide broadband access where services are currently not available ("unserved areas"). However, as contemplated by this section, we have serious concerns with the concept of municipal government entities using scarce taxpayer funds to overbuild in areas that already have advanced privately funded broadband networks.

As your Committee considers the financial and operational risks associated with the development of municipal broadband networks, it would be beneficial to examine the experience of local government-run networks in other jurisdictions. The Advanced Communications Law & Policy Institute at New York Law School recently conducted a study on ten such networks, concluding that most of these systems are heavily in debt either negatively impacting the municipality's financial stability or they have been sold off at multimillion-dollar losses.

Here in our state, the Town of Groton spent \$38 million building a local telecommunications network. After losing an average of \$2 million a year, local leaders concluded that the service was financially unsustainable and sold it to private investors for \$550,000 in 2013. Taxpayers will not finish paying off the \$27.5 million borrowed for this project until 2027.

In northern New England, the City of Burlington, Vermont borrowed over \$33 million, plus an additional \$16.9 million in taxpayer funds, to construct and operate a local network. The city defaulted on the loan, eventually paying \$10.5 million to resolve the resulting litigation. They also agreed to sell the network within 3-5 years, but there is no guarantee the sale proceeds will be sufficient to recoup even a reasonable portion of the taxpayer investment.

The executive summary of the New York Law School Study can be found at <http://www.nyls.edu/advanced-communications-law-and-policy-institute/wp-content/uploads/sites/169/2013/08/ACLP-Government-Owned-Broadband-Networks-EXEC-SUMM-June-20141.pdf>.

Thank you for this opportunity to present our views. NECTA is available to work with your Committee as you continue to consider this important policy issue.

Respectfully submitted,



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