



Planning and Development Committee

March 11, 2016

Testimony Regarding:

Senate Bill 331, *An Act Establishing A High-Speed Internet Service Pilot Program.*

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Chairman Osten, Chairman Miller, Senator Lineras, Representative Aman, and distinguished members of the committee, thank you for the opportunity to submit testimony regarding Senate Bill 331, *An Act Establishing A High-Speed Internet Service Pilot Program.*

Since its acquisition of SNET in October of 2014, Frontier has made great progress in this state. We have added over 300 jobs to our workforce, with plans to add 200 more over the next two years. We are on track to invest \$480 million in the state's telecommunications infrastructure in the three years following the acquisition, with over \$150 million spent in 2015 alone. In particular, we have focused our investment on expanding our broadband capabilities across the state. In addition, we have ensured that over 25,000 underserved households, including 2,500 that were previously unserved, now have new or improved broadband service. We have also continued to expand our fiber optic infrastructure in the state, and now have over 868,000 miles of fiber in our network. In short, we are dedicated to the economic growth and prosperity of Connecticut and have deployed, and continue to deploy, the communications infrastructure necessary to support future growth. We support continued investment in broadband infrastructure in the state, including through appropriate and targeted state funding to serve the state's growing needs. However, we are concerned that this bill, as drafted, lacks a clear public policy objective and would not improve access to, nor the performance of, broadband services, as well as unduly burdens taxpayers.

Before the discussion of the specific issues with the bill, it is important to note a few facts. First, Connecticut is a **national leader** in its IT infrastructure. The FCC recently found that Connecticut's download speeds were measured as the **second fastest in the country**.¹ Further, Connecticut has the **highest percentage** of the population with access to 25/3 Mbps of any state—only 1% lack such access.² That is not to say that we should not continue investment in our state's IT infrastructure, which Frontier and others continue to do, but to recognize that our state's IT infrastructure is robust and is an asset in retaining and attracting businesses to Connecticut. Second, residential Fiber to the Home (FTTH) is *happening now*. Frontier has rolled out its FiberHouse network—a fiber optic, Gigabit-capable home Internet connection—in several cities around the state, with much more to come in the near future. Third, Frontier—and a host of other providers—provide Gigabit and above capable solutions to commercial

¹ <https://www.fcc.gov/reports-research/reports/measuring-broadband-america/measuring-broadband-america-2015>

² See, FCC 2016 Broadband Progress Report, Released January 29, 2016.



customers today. In fact, these solutions have been utilized by commercial customers in Connecticut for many years.

In general, Frontier supports grant programs aimed at helping to defray the significant cost of FTTH projects. However, such programs must be properly structured in order to ensure that public funds are invested wisely and achieve their clearly expressed public policy goals. Generally, state grant programs are designed as a *complement* to private investment and federal funding, not as an avenue for introducing a government subsidized competitor where competition already exists. Numerous private companies have already invested billions of dollars in communications infrastructure in Connecticut. Their private capital expenditures in the state and competition are what have enabled Connecticut to lead the nation in broadband access. Seeking to establish government owned and operated systems that would, with taxpayer dollars, attempt to compete with the existing providers is the wrong approach. One only has to look to the experience of Groton, Connecticut to understand the serious pitfalls associated with municipally owned and operated networks, which more often than not prove to be poor investments of taxpayer's dollars, which thwart competition and, ultimately, delay the roll out of service improvements and technological advancements to consumers. It should be a clear mandate of any state funded grant program that state or municipal funds be used, as they are in other states, to augment and efficiently improve existing communications networks, rather than inefficiently overbuilding duplicative networks. This needs to be a critical piece of any state program.

There are many successful state grant programs from which Connecticut can draw to ensure that its program is best positioned to enhance communications services in a real and meaningful way. A great example of a more fiscally sound and effective approach is the successful public-private partnership model in Illinois. The City of Carbondale, Illinois formed a partnership with Frontier Communications, Southern Illinois University, and Connect SI (Southern Illinois) to bring Gigabit availability to 400 residences and 300 commercial locations in that city. Through this collaborative effort, Frontier received a \$1.5 million grant to *augment its existing network infrastructure* to make Carbondale the region's first "Gigabit city," with speeds up to 100 times faster than were previously available. This project has promoted the economic development of the community by attracting new business to the region and enabling students, healthcare providers, entrepreneurs and larger businesses to reach the world with ultra-fast connectivity.

Moving forward, Frontier suggests that more collaboration is needed between the state and the existing providers to craft the most effective grant program possible—one that makes the biggest impact while minimizing taxpayer burden. Unfortunately, certain municipal network advocates continuously portray the existing providers as the "enemy" of progress and either misrepresent or misunderstand the extent to which providers, like Frontier, are willing to collaborate. All too often, and to the detriment to consumers and sound investment principles, providers are totally left out of the conversation, as with the upcoming forum hosted by the State Broadband Office, *Understanding Public And Private Partnerships For Developing High-Speed Broadband Internet Infrastructure: A Toolbox For Municipalities*.

Rather than pass a funding scheme that has been developed in a vacuum without private entity participation, Frontier recommends that the Legislature direct the expert agency, the Public Utilities Regulatory Agency, to host an informal working group that includes the full panoply of interested parties



to develop a grant program recommendation for the Legislature. This is the best way to ensure that any grant program to enhance broadband services is positioned to be successful and is a wise investment of taxpayer funds. Frontier has made substantial investment in infrastructure in the state and is committed to continuing its investment.

Finally, at a time when the state's budget crisis has reached such a critical stage—and when existing providers are already engaged in FTTH projects—we urge every legislator to examine whether this is the best use of state resources at this time.

For these reasons we respectfully request that you take no further action on this bill unless it is amended as we have discussed.