

WRITTEN COMMENTS OF THE NEW ENGLAND CONNECTIVITY & TELECOMMUNICATIONS ASSOCIATION, INC. REGARDING SENATE BILL 3 AN ACT CONCERNING CONSUMER PROTECTION

February 29, 2024

Good afternoon, Chairs Maroney and D Agostino; Vice Chairs Fonfara and Brown; Ranking Members Cicarella and Rutigliano; and esteemed Members of the General Law Committee. My name is Anna Lucey, and I am the Executive Vice President for Legislative and External Affairs for the New England Connectivity and Telecommunications Association ("NECTA").

I appreciate the opportunity to testify and detail our industry's serious concerns with Senate Bill 3.

I. Introduction

NECTA is a five-state regional trade association representing substantially all private cable broadband companies in Connecticut, Massachusetts, New Hampshire, Rhode Island, and Vermont, and associate members including NESN, REELZ, and the MLB and NHL Networks. All NECTA cable broadband members have a physical presence in Connecticut, including two Fortune® 100 companies, Charter Communications, which is headquartered in Stamford, and Comcast with a Regional New England headquarters in Berlin and a subsidiary, NBC Sports, headquartered in Stamford, as well as privately held Cox Communications and Breezeline (formerly known as Atlantic Broadband). Connecticut's cable broadband members directly and indirectly employ nearly 16,000 workers generate \$5.7 billion in GPD for the state's economy.

II. Affordable Broadband

NECTA applauds Senate leadership's recognition of the importance of advancing digital equity efforts in Connecticut. Because of investments in infrastructure made by NECTA's members, studies have repeatedly confirmed that Connecticut is a national leader in broadband deployment. Connecticut currently ranks 2nd among states in BroadbandNow's annual rankings of internet coverage, speed and availability, with 99% of people having access to 100Mbps broadband.² Not only can Connecticut boast of its near-universal broadband coverage, but the state also has a robust competitive landscape providing consumers with a choice of high-speed broadband options at a range of price points. Connecticut is now advantageously positioned to focus on the actual remaining challenges in the state: long-term solutions for connecting the few remaining unserved

¹ Economic Impact | NCTA — The Internet & Television Association

² Internet Access in Connecticut: Stats & Figures (broadbandnow.com)

and underserved locations and strengthening adoption of existing internet offerings through awareness of low-cost broadband programs and digital skills training.

With respect to low-cost broadband service offerings, NECTA's members are longstanding industry leaders in offering affordable broadband. All of our members participate in the federal Affordable Connectivity Program (ACP) and continue to offer low-cost broadband programs to low-income households, as they did even before the COVID-19 pandemic. For example, Xfinity Internet Essentials provides subscribers with access to broadband service at speeds of 50/10 Mbps for \$9.95 per month. Spectrum Internet Assist provides subscribers with 50/5 Mbps at \$24.95 and Cox offers broadband at up to 100 Mbps downstream and a free modem to low-income households through "ConnectAssist" for \$30 per month. When combined with the ACP benefit, our members' voluntary low-income offerings have made high-speed broadband *free* to eligible households.

While we strongly agree that public and private programs offering affordable broadband to low-income households are essential in closing the digital divide, we are opposed to the ill-advised approach taken in Senate Bill 3 that would mandate how internet service providers carry and offer low-cost broadband services.

First, rate regulation of broadband, through the state imposition of product pricing, would be a reversal of longstanding federal policies prohibiting states from price regulation. Rate regulation is a classic form of common carrier regulation that has applied only to public utilities.³ Broadband does not and should not qualify as such. Indeed, in classifying broadband as an interstate information service, the FCC made the affirmative determination not to impose common carrier regulation on ISPs.⁴ Even the 2015 Title II Order that classified broadband Internet access service as a telecommunications service and applied some common carrier regulations to broadband expressly forbore from the type of ex ante rate regulation Senate Bill 3 would impose,⁵ and the FCC's recent proposal to reinstate that classification and similar regulations for broadband

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³ As courts have held in related contexts, statutory prohibitions against rate regulation apply where a State either (1) specifies the rates that must be charged for specific levels of service, or (2) freezes prices or restricts providers from adjusting rates in certain ways. *See, e.g., CTIA–Wireless Ass'n v. Echols*, 2013 WL 6633177, at *2 (N.D. Ga. Dec. 17, 2013) (preempting regulation requiring a minimum service rate of \$5.00/month under Section 332 of the Communications Act); *City of Dubuque v. Grp. W Cable, Inc.*, 1987 WL 11826, at *6 (N.D. Iowa Feb. 25, 1987) (preempting ordinance specifying rates that may be charged for second cable outlets and remote controls); *Town of Norwood v. Adams-Russell Co.*, 549 N.E.2d 1115, 1118 (Mass. 1990) (holding that the Cable Act preempted a rate freeze provision); *City of Burlington v. Mountain Cable Co.*, 559 A.2d 153, 155 (Vt. 1988) (same); *Westmarc Commc'ns, Inc. v. Conn. Dep't of Pub. Util. Control*, 807 F. Supp. 876, 886 (D. Conn. 1990) (preempting a regulation prohibiting the cable operator from increasing its rates to offset a fine imposed by the regulator); *Cellco P'ship v. Hatch*, 431 F.3d 1077, 1080-83 (8th Cir. 2005) (customer consent requirement for any "substantive change" to a service contract was preempted rate regulation, because it "prevent[ed] providers from raising rates for a period of time, and thus fixes the rates").

⁴ See Restoring Internet Freedom, Declaratory Ruling, Report and Order, and Order, 33 FCC Rcd. 311 ¶ 87 (2018) (finding that "economic theory, empirical studies, and observational evidence support reclassification of broadband Internet access service as an information service rather than the application of public-utility style regulation on ISPs"), aff'd in relevant part by Mozilla Corp. v. FCC, 940 F.3d 1, 45-46 (D.C. Cir. 2019); see also New York State Telecomms. Ass'n v. James, 544 F. Supp. 3d 269, 281 (E.D.N.Y. 2021) ("In reclassifying broadband internet as a Title I information service, the FCC made the affirmative decision not to treat it as a common carrier.").

⁵ See Protecting and Promoting the Open Internet, Report and Order on Remand, Declaratory Ruling, and Order, 30 FCC Rcd. 5601 ¶¶ 451-452, 499, 508 (2015).

continues this policy of forbearance.⁶ As you likely are aware, a federal court in New York recently struck down a similar state law, holding that a requirement to offer low-income customers specific levels of broadband service at specific prices "directly contravenes the FCC's determination that broadband internet investment, innovation, and availab[ility] best obtains in a regulatory environment free of threat of common-carrier treatment, including its attendant rate regulation." Moreover, this bill's attempt to mandate a low-cost broadband service option for income-qualified customers is unnecessary because the industry has a longstanding record of providing such plans and does not justify rate regulation of broadband services generally.

We are particularly concerned about the provisions of the bill that open the door to additional regulation of service tiers on top of rate regulation. Permitting the Commissioner of Consumer Protection to "modify the requirements . . . for the purpose of complying with applicable state or federal law" is too broad and open-ended language would effectively nullify the bill's requirement that affordable broadband be offered, creating significant uncertainty for NECTA's members. It also would leave the door open to a host of new technical and economic regulatory requirements in the future.

From a policy consideration, fixing low-cost service prices could have a chilling effect on competition, especially in rural areas. Over time, even broadband deployment that was funded through the BEAD program could experience increased competition (e.g., from fixed wireless or LEO satellites). But not all competitors may be able to meet an arbitrary price point for their service offerings. What's more, as this rate-setting provision is triggered by a company doing business with the state, it is foreseeable that some broadband providers will choose not to enter into contracts with the state if it means their statewide business will be impacted thus thwarting a robust RFP process. While some may argue that ISPs that cannot meet the bill's pricing requirements can simply choose not to bid for state contracts, NECTA respectfully suggests that using the procurement process to regulate the prices that ISPs charge the general public is an inappropriate use of the state's spending power.⁸

Additionally, simply prescribing broadband subscription take-rates, customer service staffing requirements, and advertising obligations in state law will do little to break down the barriers to broadband adoption. Our members' experience with ACP has shown that, even when high-speed broadband is available *for free*, some consumers are simply not interested in subscribing. Both longitudinal research and empirical evidence demonstrate that the primary barriers to broadband

⁶ See Safeguarding and Securing the Open Internet, WC Docket No. 23-320, Notice of Proposed Rulemaking, FCC 22-83 ¶ 98 (Oct. 20, 2023).

⁷ James, 544 F. Supp. at 282 (cleaned up) (currently on appeal to Second Circuit, Case No. 21-1975).

⁸ The Supreme Court has made clear that a state may not use its spending power as a means to regulate indirectly what it cannot regulate directly. *See Chamber of Commerce v. Brown*, 554 U.S. 60, 69 (2008) (when a state cannot "directly regulate" activity that is preempted by federal law, "[i]t is equally clear that [the state] may not indirectly regulate such conduct by imposing restrictions on the use of state funds"); *Wis. Dept. of Indus. v. Gould, Inc.*, 475 U.S. 282, 287 (1986) (rejecting the state's argument that its statutory scheme "escapes pre-emption because it is an exercise of the state's spending power rather than its regulatory power").

adoption extend beyond affordability and include perceived relevance and digital readiness, among others:⁹

Perceived Relevance. A significant population of Americans who have not yet adopted residential broadband do not recognize the relevance of such connectivity. The National Urban League ("NUL") Lewis Latimer Plan explains that perceived relevance may be tied to a lack of awareness and understanding of the Internet's uses and capabilities, in addition to the necessary skills needed to use it. NTIA's Internet Use Survey data showed that 58 percent of the 21 million offline households indicated no interest in or need to be online. Moreover, a 2021 Pew Research Center survey found that 71 percent of non-broadband users say that they would not be interested in an at-home broadband connection. These numbers help demonstrate why education for and outreach to the unconnected and newly connected regarding broadband and its associated benefits is imperative for closing the digital divide.

Digital Readiness. Digital readiness is "the sum of the technical skills and cognitive skills people employ to use computers to retrieve information, interpret what they find, and judge the quality of that information" and "the ability to communicate and collaborate using the Internet." Digital readiness challenges impact different parts of people's lives, including the use of developing technologies, online educational resources, and telehealth capabilities. While the U.S. workforce has a high demand for digital skills, many workers, especially workers of color and those without higher education, lack these skills.

Other Adoption Barriers. Other adoption barriers pertain to information and language, distrust, and structural issues tied to poverty. Information and language barriers may pertain to individuals determining program eligibility, parsing an application process, and setting up devices and services. Distrust may pertain to biases against free services and government programs, as well as uncertainty about additional costs and privacy concerns. Structural barriers may include complicated housing situations, such as recent moves or plans to relocate. NECTA members recognize that there is no single solution to addressing broadband adoption. As NECTA members have learned through over a decade of trial and error that community organizing, outreach and

⁹ See National Urban League, *The Lewis Latimer Plan for Digital Equity and Inclusion* 53 (2021) ("NUL Lewis Latimer Plan"), https://nul.org/sites/default/files/2021-03/NUL%20LL%20DEIA%20033021%20Latimer%20Plan_vFINAL_11AM.pdf (noting that "[e]xtensive public and private surveys suggest that, since 2010, there are three principal causes of the adoption gap, broadly speaking: problems of affordability, digital readiness, and perceived relevance").

¹⁰ See id. at 61.

¹¹ NTIA, *Switched Off: Why Are One in Five U.S. Households Not Online?* (Oct. 5, 2022), https://ntia.gov/blog/2022/switched-why-are-one-five-us-households-not-online.

¹² Andrew Perrin, *Mobile Technology and Home Broadband 2021*, Pew Research Center (June 3, 2021), https://www.pewresearch.org/internet/2021/06/03/mobile-technology-and-home-broadband-2021/.

¹³ NUL Lewis Latimer Plan at 60.

¹⁴ *Id*. at 61.

¹⁵ Matt Kalmus et al., Boston Consulting Group, *A Human Approach to Closing the Digital Divide* 3, 4, 8 (June 13, 2022) ("June 2022 BCG Study"), https://mkt-bcg-com-public-pdfs.s3.amazonaws.com/prod/how-to-close-digital-divide-with-human-approach.pdf.

¹⁶ Chris Goodchild, et al., Boston Consulting Group, *Boosting Broadband Adoption and Remote K-12 Education in Low-Income Households* 6 (May 12, 2021), https://mkt-bcg-com-public-pdfs.s3.amazonaws.com/prod/accelerating-broadband-adoption-for-remote-education-low-income-households.pdf.

engagement – by digital navigators, community-based organizations, community anchor institutions, faith-based leaders, and other trusted voices – is vital to overcoming complex adoption barriers. Imposing take-rates, customer service staffing requirements, and advertising obligations are not proven methods for bridging the adoption gap. It has been demonstrated that it is community outreach and engagement, by digital navigators, community-based organizations, community anchor institutions, faith-based leaders and other trusted community voices, that is vital to overcoming complex adoption barriers.

Private broadband providers have already invested over a billion dollars in programs to help low-income individuals get connected to the high-speed internet service available at their home. NECTA members offer low-cost, high speed internet service, computer and in-home equipment, digital literacy training, and technology centers across the country to increase broadband adoption for individuals and families who need it most. Connecticut is on track to receive \$144 million through the federal Broadband, Equity, Access, and Deployment (BEAD) program and, through the state's digital equity plan, already has a roadmap to bridge the digital divide and open opportunities for everyone in Connecticut. The fastest, clearest, and most equitable path to increasing internet adoption is for federal dollars to help families facing financial challenges with the cost of broadband subscriptions, computing devices and provide digital literacy training for families who need it most.

III. Junk Fees

We also are concerned about the bill's misguided and extremely broad language prohibiting any business in Connecticut from advertising a price for goods or services without including "any charge or fee, other than any applicable federal, state or local tax," that a consumer is required to pay. These requirements would be duplicative and impractical for NECTA's members.

NECTA members operate in a highly competitive marketplace under existing regulatory structures at the federal and state level. Of particular relevance, NECTA members are already subject to robust existing federal and state regulations that achieve the consumer disclosure goals of this rulemaking and pending federal rulemakings at the Federal Trade Commission ("FTC") and the FCC would expand such requirements.

Consequently, we respectfully request that the legislation include appropriate exclusions for businesses like ours that are already covered by rigorous price disclosure and truth-in-billing requirements. This is the approach that California has taken in their all-in pricing statutes. California's law requires that all-in pricing disclosures exclude entities already subject to the FCC's broadband label requirements, as discussed further below.

NECTA members provide internet, multichannel video, voice, mobile and home security services and create and stream TV programming – all services that consumers rely upon and enjoy on a daily basis. Their services are multi-faceted and include multiple tiers and/or multiple lines of services. Consumers can customize their plans by choosing from a menu of content options and packages. Notably, our members have a variety of business models, many of which allow consumers to choose individual services separately or select plans in which they "bundle" services and products into a single package. These bundles usually offer customers a discounted rate compared to the total cost if the customer were to purchase the services and products individually,

and they give customers the flexibility to subscribe to a combination of services that best serve their needs and preferences. These personalized, money-saving options are good for consumers but make it difficult to advertise a "total" price applicable to every potential customer in Connecticut. Moreover, for some NECTA members, service availability and the cost of broadcast and sports programming may vary by geographic area, so it would not be practical or useful to consumers to specify a total price in mass-media advertising without knowing a customer's service address. While advertising a total price to all Connecticut consumers may not be practical for NECTA members, our companies do provide customers with detailed disclosures describing the terms of service and billing practices and obtain express informed consent before they sign up for service.

Furthermore, as previously stated, NECTA members must already comply with a raft of federal regulations requiring pricing and other disclosures to prospective and existing customers, as detailed further below, and could be subject to additional all-in pricing and negative option regulations now under consideration at the FCC and FTC:

Broadband Disclosures. The FCC mandates that all ISPs include on their homepages a link to the providers' broadband disclosures, including disclosures about commercial terms and bundled services. The Moreover, as directed by Congress in the Infrastructure Investment and Jobs Act, the FCC has adopted rules requiring ISPs to display, at the point of sale, consumer-friendly "nutrition labels" that disclose information about broadband prices, introductory rates, data allowances, speeds, and network management practices. Among other things, the rules require ISPs to specify the monthly base price for each service plan; whether that price is an introductory rate and what price will apply after that introductory period; any other recurring monthly charges on top of the base price, such as fees associated with regulatory programs or equipment rental; any one-time fees the consumer must pay at the time of purchase, such as equipment purchase or installation fees; any applicable early termination fees; and government taxes.

Video Disclosures. In addition, as providers of multichannel video service, NECTA members must comply with the federal Television Viewer Protection Act ("TVPA"), which requires disclosure at the point of sale of a comprehensive list of fees, charges, and government-imposed taxes, ¹⁹ and reflects Congress's determination that disclosure of the all-in price at the point of sale ensures that consumers are fully informed and do not "face unexpected and confusing fees when purchasing video programming." Within 24 hours of entering into a contract, the provider must also send the

¹⁷ See Restoring Internet Freedom, Declaratory Ruling, Report and Order, and Order, 33 FCC Rcd. 311 ¶¶ 218-227 (2017) (discussing transparency rules); 47 C.F.R. § 8.1.

¹⁸ See Empowering Broadband Consumers Through Transparency, Report and Order and Further Notice of Proposed Rulemaking, 37 FCC Rcd. 13686 (2022); 47 C.F.R. § 8.1(a).

¹⁹ See 47 U.S.C. § 562(a)(1) (requiring multichannel video providers, before entering a contract with a consumer, to disclose "the total monthly charge for the [video] service, whether offered individually or as part of a bundled service, selected by the consumer (explicitly noting the amount of any applicable promotional discount reflected in such charge and when such discount will expire), including any related administrative fees, equipment fees, or other charges, a good faith estimate of any tax, fee, or charge imposed by the Federal Government or a State or local government (whether imposed on the provider or imposed on the consumer but collected by the provider), and a good faith estimate of any fee or charge that is used to recover any other assessment imposed on the provider by the Federal Government or a State or local government").

²⁰ H.R. Rep. No. 116-329 at 6 (2019) (legislative history accompanying TVPA).

consumer this same information by email, online link, or comparable means (i.e., a second disclosure). Consumers must be provided with the opportunity to cancel their contract with no penalties within 24 hours of receiving that information.²¹ The TVPA also requires electronic bills to include information about charges and fees, the termination date of any promotional discount, and the termination date of the contract.²² NECTA members have implemented various measures to comply with the TVPA mandates, including detailed all-in pricing disclosures during the point-of-sale process for new customers.²³

Recurring Notices. Other FCC regulations require that all cable subscribers be given a notice at installation, at least once annually, and also upon request, that includes a description of the products and services offered; the prices, options, and conditions of the subscriptions to programming and other services; and billing and complaint procedures, among other information.²⁴

The FCC's broadband label rules, the TVPA, and other state and federal cable regulations provide legally binding assurances that internet and multichannel video customers receive upfront disclosures regarding the price of service, as well as any discounts and fees. As the FTC and FCC proceed with their rulemaking proposals, yet another layer of regulation could require separate disclosure of an "all-in" or "total" price in advertising. NECTA is concerned that the proposed legislation would add additional regulatory complexity and enforcement risk in Connecticut with no benefit to consumers. As NECTA members are highly regulated in this field, we respectfully ask for an exemption similar to what was enacted in California.

IV. Net Neutrality

NECTA's members have a longstanding commitment to the "net neutrality" principles ensuring an open Internet and continue to call on Congress to codify these protections at the national level under a clear, modern, and enduring law. Our members have invested billions of dollars into their broadband networks to ensure they exceed ever-expanding consumer demand. Thanks to those investments and improvements, our networks had the capacity to meet the pandemic driven demand for more Zoom meetings, distance learning, telemedicine, and binge-watching television, among others. NCTA – The Internet and Television Association even launched a dashboard of aggregated data from cable Internet service providers to offer an ongoing depiction of how cable broadband networks are faring.²⁵ Those robust networks are the byproduct of continuous and intensive capital network investments and upgrades. Providing world class Internet speeds is the hallmark of our companies, and we have no incentive or desire to diminish their experience through violations of "net neutrality" principles.

²¹ 47 U.S.C. § 562(a)(2)-(3).

²² *Id.* § 562(b). The TVPA also regulates the manner in which ISPs charge for modems and routers used to provide broadband service. *Id.* § 562(c).

²³ See Comments of NCTA – The Internet & Television Ass'n, MB Dkt. No. 21-501 (Feb. 3, 2022), https://www.fcc.gov/ecfs/document/10203181512169/1 (national cable association comments filed in the FCC's docket relating to implementation of the TVPA).

²⁴ 47 C.F.R. § 76.1602(b).

²⁵ <u>https://www.ncta.com/COVIDdashboard</u>

To be clear, NECTA members do not block, throttle, or otherwise interfere with the lawful online activity of our customers and have consistently reaffirmed these commitments since the FCC's first articulation of open Internet principles in 2005. It is important to underscore that these commitments are more than a mere pledge. They are a part of our companies' operating DNA, and they already are legally enforceable in Connecticut without a need for this legislation.

The FCC's revised Transparency Rule, adopted in its 2017 Restoring Internet Freedom Order ("RIF Order"), expressly requires ISPs to disclose any blocking, throttling, or other conduct that might harm the open Internet—and the FCC has made clear that commitments made by ISPs not to engage in such conduct are legally enforceable by state and federal agencies. ²⁶ These mandatory disclosures thus represent robust, clear commitments to their broadband customers to uphold an open Internet.²⁷ Today the State Attorneys General—including Attorney General Tong, the Federal Trade Commission ("FTC"), the FCC, and the United States Justice Department ("DOJ") have well established authority to protect consumers and preserve the open Internet.

Historically, Connecticut has adopted a modern, light-touch regulatory regime over the telecommunication marketplace that spurred industry competition leading to a convergence of residential and business consumer video, broadband, voice, and wireless offerings from new service providers at lower costs. As a result of this approach, the network quality and diversity of products offered by the companies in Connecticut is virtually unparalleled.

Over the past five years, NECTA members' maximum Internet speeds have increased dramatically. Residential Internet reaches speeds of up to ten gigabytes. For business services, NECTA members provide top Internet speeds that any retailer, university research and development facility, financial services company, or hospital could demand. Importantly, many of Connecticut's cable broadband providers are actively deploying what is known as DOCSIS 4.0 technology to provide even faster, more reliable multi gigabyte symmetrical speeds. Because of the predictable regulatory environment and ISPs multi-billion dollar investments in the state's broadband infrastructure, Connecticut's overall innovation ecosystem— advanced precision manufacturing, aerospace, bioscience, and beyond— is world class.

Today NECTA members' advanced networks and operating systems have the capacity to not only meet but exceed consumer demand. As ISPs product offerings evolve to increasingly include mobile services, Internet of Things products, telehealth options, and other transformative business lines, the consumer experience is becoming hyper personal. These innovations have been powered by the delivery of broadband services under predictable and national and state regulatory schemes. By enacting legislation (like SB. 3) that will disrupt decades of regulatory certainty, Connecticut and other states would create a disjointed patchwork of inconsistent state Internet laws. Policing the Internet on a state-by-state basis is fraught with risk, costly to state governments, and confusing and unhelpful to consumers.

Charter Disclosure: https://enterprise.spectrum.com/legal/network-management-disclosure.html

Cox Communications Disclosure: https://www.cox.com/aboutus/policies/internet-service-disclosures.html

²⁶ FCC Open Internet Transparency Rule: https://docs.fcc.gov/public/attachments/DOC-328399A1.pdf

²⁷ Atlantic Broadband Disclosure: https://atlanticbb.com/sites/default/files/Network Management Practices 7 24 19.pdf Comcast Disclosure: https://www.xfinity.com/policies/internet-broadband-disclosures

V. Conclusion

In a state with top high speed broadband availability rates, nation-leading speeds and numerous low-cost adoption plans readily available for over 99 percent of all residents, Connecticut broadband policy should focus on promoting adoption and eradicating the digital divide. Imposing burdensome regulatory requirements will only serve to stifle competition by disincentivizing investment by Internet service providers and will do little to solve the lingering adoption issues actually facing Connecticut residents. NECTA members want to work with the state to close this digital divide. We look forward to the state executing its digital equity plan under the BEAD program and remain willing, ready, and able partners.

Sincerely,

Anna P. Lucey Executive Vice President, Legislative and External Affairs NECTA