



Joint Standing Committee on Energy, Utilities and Technology

Testimony of Charter Communications

**LD1432 An Act To Update the Municipal Gigabit Broadband Network Access Fund**

4/27/21

Chairman Lawrence, Chairman Berry, and members of the Energy, Utilities and Technology Committee, my name is Melinda Kinney, representing Charter Communications, I am testifying in opposition to LD1432.

Charter provides broadband services to 293 communities in Maine serving 426,000 customers. As a result of significant network investments by Charter, we offer residential customers Gigabit services, with download speeds of 940 Megabits per second (Mbps) and upload speeds of 35Mbps.

Charter is committed to expanding broadband services in Maine. Last year, the company invested more than \$55 million in technology and infrastructure in the state and expanded the reach of its network to an additional 7,000 homes and businesses. This past year we announced an expansion to serve three new communities in the Towns of Newburgh, Swanville and Etna with services being activated this summer. We have participated in the Connect Maine program since its inception, partnering with 17 communities since 2009 and are getting applications ready for the current grant round with 13 rural Maine communities.

We oppose LD 1432 because it will only serve to divert scarce state dollars to areas that *already* have broadband at speeds well beyond what is needed by any consumer for the foreseeable future. The goal of state funding should be to close the digital divide—not to subsidize areas where broadband connectivity is robust and routinely upgraded to keep ahead of evolving consumer usage and demand. There is an enormous difference between having no broadband and having broadband. If a community has robust broadband service from a private provider, the government shouldn't step in to subsidize higher speeds while there are communities that lack all access to broadband.

Municipal owned networks do not spark economic development. Many communities pursue building their own network because they think a ubiquitous Fiber to the Home system will attract new businesses, create jobs, and otherwise help it become a tech/startup hub. Though an attractive talking-point advanced by supporters, no data exists that shows such a direct cause

and effect. To the contrary, there is ample evidence suggesting that local economic development is sparked by other, more straightforward municipal efforts (e.g., tax breaks).

Below is a chart showing a few localities whose efforts to establish a municipal-owned network ended in failure.

Locality	Investment	Outcome
Bristol, Virginia	The locality spent \$130 million constructing a fiber-to-the home network expanding on a local utility’s network.	The networked struggle financially after a few years, and was ultimately sold at a loss of \$80 million, 2.5 years after it was put up for sale.
Burlington, Vermont	This fiber-to-the home system was launched in the late 2000s but struggled financially.	The system could not pay its debt, and the City’s credit rating was downgraded multiple times. After creditors sued, the City was forced to sell the system in 2018 for a mere \$6 million after spending \$50 million.
Provo, Utah	The City issued debt to raise most of the \$60 million to deploy a fiber-to-the-home network but attracted few subscribers	The City sold the system to Google for \$1, leaving it and its residents to pay off \$40 million in debt.
Mooresville, North Carolina and Davidson, North Carolina	The Charlotte suburbs of Mooresville and Davidson borrowed \$80 million in 2007 to purchase a bankrupt cable television system and turn it into a government owned network called the MI-Connection, investing \$12.5 more in upgrades.	Mooresville and Davidson ran a \$6 million deficit in 2009, and paid several millions annually thereafter to support the network, which only attracted subscription rates of about 20% of households in the area. It eventually decided to sell it in 2019 to TDS for \$80 million, the same amount it borrowed 12 years prior to purchase it.

There are a significant amount of efforts underway to help expand the reach of broadband throughout Maine as well as affordability programs to help connect those who cannot afford services. LD1432 does not achieve either of these primary objectives and will divert scarce resources to areas that already have services. For these reasons we respectfully urge the Committee to oppose LD1432. Thank you for the opportunity to present this testimony today.