



**Joint Standing Committee on Energy, Utilities and Technology
Testimony of Comcast**

**LD1894 An Act To Support Municipal Broadband Infrastructure Through
Incentives and Competition
2/3/22**

Chairman Lawrence, Chairman Berry, and members of the Energy, Utilities and Technology Committee, thank you for the opportunity to offer the following testimony in opposition to LD 1894 and the proposed amendment. My name is Jim Mitchell here today on behalf of my client Comcast. Comcast serves 16 Maine communities in the Mid Coast region from Freeport to Woolwich and along the New Hampshire border from Kittery to Berwick; most recently we began serving our first customers in Sanford where we are currently extending our network to serve the community.

We join others in respectfully opposing this legislation please allow me to emphasize a few key issues:

- The state should focus its efforts on ensuring the unserved population's needs are met;
- Government-owned networks are a risky proposition with a low success rate; and
- Focusing broadband efforts in the manner contained in the bill and amendment could jeopardize the state's ability to draw down federal funds, which are intended to deploy broadband to individuals who are not served by modern networks today.

1) Focus on the Unserved

The unprecedented taxpayer dollars available in the various federal funding programs available to Maine should be utilized to focus on those who do not have access to broadband. The legislation and the amendment could lead to a loss of focus on unserved areas and lead to duplicative and wasteful spending in areas with access to gigabit speeds today as an example, Comcast offers 1.2Gbps/35 Mbps throughout our service area to our residential customers.

Government owned networks are rarely the best solution, advocates routinely overstate the benefits of such networks while underestimating private industry's investments in broadband and the difficulty and capital required to keep networks delivering world-class broadband.

Broadband networks are capital intensive and require continuous reinvestment. This presents unique challenges in a municipal environment that is burdened by political and governmental budgeting cycles. Analysis by independent economic experts has shown that publicly financed broadband networks have great difficulty sustaining themselves financially.

Creating incentives which favor certain utilities who currently don't provide broadband brings risk to ratepayers when cross-subsidization is done or a lack of focus on core utility functions puts services at risk.

2) Available Federal Funds for broadband deployment

We would respectfully suggest that the legislature must ensure that the approach of this legislation does not risk the state's ability to draw down the federal broadband funds.

Each of the main funding sources – the State Fiscal Recovery Fund, the Capital Projects Fund, and the Broadband Equity and Deployment Fund – each have their own statutory and regulatory parameters, all three require or, at minimum, strongly prefer that any funds used for broadband infrastructure go to deploy broadband in unserved or underserved locations.

This is consistent with Congress's overarching goal to target broadband deployment funds to unserved areas.

SLFRF: While States and Localities have some discretion in "identifying a need" for additional broadband infrastructure, "Treasury encourages recipients to prioritize projects that are designed to provide service to locations not currently served by a wireline connection that reliably delivers at least 100 Mbps of download speed and 20 Mbps of upload speed.

CPF: CPF recipients must use grant funds for "critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the [COVID-19] public health emergency.

BEAD: The BEAD program (administered by NTIA) allocates \$42.5 billion to States and Territories to "bridge the digital divide," including through funding broadband infrastructure deployments. The Infrastructure Act

(IIJA) which authorizes BEAD, sets forth a specific framework for spending funds on broadband infrastructure deployments that does not contemplate overbuilding: States must first prioritize “unserved service projects” (defined as those addressing areas in which $\geq 80\%$ of the population lacks 25/3 Mbps service). Only after a state has certified that it “will ensure coverage of broadband service to all unserved locations” may the state fund “underserved service projects” (defined as those addressing areas in which $\geq 80\%$ of the population lacks 100/20 Mbps service). And only after all unserved and underserved service projects have been funded may a State award deployment funding otherwise.

Under the ARPA, IIJA, and/or applicable agency guidance, the federal government has provided for mechanisms to de-obligate, rescind, recoup, reallocate, or otherwise sanction the expenditure of grant funds in violation of the specific federal requirements set forth for use on broadband infrastructure.

We urge that the legislature eliminate this risk by following the intent of these programs and focus on those who currently lack broadband rather than the creation of programs to fund utility or municipal deployment in areas where modern broadband networks already exist,

Thank you for your consideration of our comments regarding LD 1894 and the proposed sponsor amendment. I would be happy to answer any questions that you may have.