

Comcast Comments on HB 117 February 24, 2015

1. ***Telecommunications and Connectivity Board.*** The current make-up of the Board presents problematic conflicts of interest. Because this Board will influence the selection of projects selected under the Connectivity Initiative, and has input on the development of the Director's "action plan" and annual report to the legislature, the Commerce Committee should reconsider either the makeup of the Board or the need for the Board.
 - *Influence on Selected Connectivity Initiative Projects.* Sec. 5, Section 30 VSA 202f(a)(8) (page 13 of 25) adds VELCO as a non-voting member of the Board. VELCO is in the business of leasing dark fiber and should not have influence on the selection of projects under the Connectivity Initiative that could favor its interests. As drafted, 202f(g) (page 16 of 25) also gives the Board the seemingly broad power to approve or disapprove the Commissioner's recommendation for the selection of Connectivity Projects.
 - *Influence on Director's Action Plan and Annual Reports to the Legislature.* Under Sec. 4, Sections 202e(b)(6) and 202e(e), the Board members also have input into the Director of Telecommunication and Connectivity's development of the required "action plan" for implementing the Telecom Plan and state policies, and the annual report to the legislature.

If a Board is created, all possible conflicts must be eliminated.

- Sec. 5, section 30 VSA 202f(c) (page 13 of 25) disallows persons with a financial interest in, or owners or employees of broadband and cellular service companies from being Board members. If the Board is retained, the exclusion must be expanded to include those with a financial interest or owners or employees of telecommunications companies and entities affiliated with telecommunications, broadband or cellular companies. For example, telecommunications companies do not necessarily provide broadband service, but often can lease dark fiber or provide other telecommunications services in competition with broadband and cellular companies. Board Members should not get access to confidential information of competitors.
2. ***Areas with two providers of voice and broadband services should not be High-Cost Areas under the High-Cost Program***
 - Sec. 9, 30 VSA Section 7515(c) should be amended to make it clear that an area is not a high cost area if two providers offer voice services and broadband Internet access throughout the exchange. This could be accomplished by removing the reference to "supported services" and the reference to voice telephony "as defined by the FCC". Retaining the FCC definition would inefficiently and therefore unnecessarily require that a competitor offer lifeline telephone service before the exclusion could apply.

- 3. *Sec. 7, 30 VSA Section 7503(f). VT USF Surcharge should not be increased to 4%.***
 - An increase in the USF tax to 4% would represent a more than 100% increase in this tax over a two-year period. Vermonters should not bear the burden of Federal USF cuts.

- 4. *Sec. 8, 30 VSA Section 7516. Connectivity Fund should be reapportioned 30% to the High Cost Program and 70% to the Connectivity Initiative.***
 - The proposed reapportionment will direct more funds to broadband instead of the maintenance of legacy telephone networks and is consistent with Vermont's telecommunication goals.

- 5. *Section 10, 30 VSA Section 7515(b). Legislation should attempt to avoid a continuous cycle of upgrades that will be costly to the consumer.***
 - Comcast proposed amendments to language in Section 7515b that can be construed to require continuous cycle of upgrades to services funded under the Connectivity Initiative without a demonstration of need.

- 6. *Sec. 3, 30 VSA Section 202d(d). The statute should be clear that, in developing the Telecom Plan, the Department must consult with providers of broadband and video services.***
 - The recommended language makes it clear that the Department must consult with providers of broadband and video services as part of developing the Telecom Plan. With this change, there is no need to name VELCO as a specific entity to be consulted as it would be covered as part of a category of providers.