

Chair James and Members of the Committee.

My name is Paul Goodman and I am Legal Counsel at Center for Accessible Technology, a California-based organization that focuses on access to computers and technology for people with disabilities. My work includes advocacy at the California Public Utilities Commission (CPUC) on communications and law and policy matters on behalf of customers with disabilities and low-income customers. I have worked extensively on telecommunications and antitrust issues before both the CPUC and the Federal Communications Commission, including issues of state and federal jurisdiction, public purpose programs (including the California LifeLine program and the federal Lifeline program), digital equity, service quality, state and federal broadband infrastructure funding, disaster relief and response, and public safety.

It is my understanding that H.121 contains language similar to New York Broadband act and requires that large broadband providers across the state offer plans for qualifying low-income households at \$15 at 25 Mbps download, and \$20 for 200 Mbps download. The California Legislature is currently considering similar legislation, Assembly Bill 353, which would require internet service providers to offer broadband service of at least 100 megabits per second download and 20 megabits per second upload speeds for no more than fifteen dollars a month.

Earlier this year, the Public Advocates Office of the California Public Utilities Commission issued a report the impact of adopting a \$15 cap at or near the broadband standard, now defined as 100/20 Mbps per the FCC, for low-income families with incomes at or below 200% the federal poverty line. It should be noted that the report is based on confidential data provided by industry to the California Public Utilities Commission, and to preserve that confidentiality, the report discusses findings in the aggregate. The report uses the same methodology that a national study published by the Brattle Group used for assessing the benefits of the federal Affordable Connectivity Program (ACP). Additionally, while the preliminary report is based on California data and is uniquely applicable to California, it does provide insight into broader trends policymakers should consider when crafting their own broadband affordability solutions.

California's four largest broadband providers include one incumbent telephone provider, AT&T, and three cable companies, Comcast, Cox, and Charter/Spectrum. The report's analysis of those four companies determines that low-income California residents could receive nearly \$100 million per year in savings by requiring that those providers offer a \$15 per month plan. Additionally, a \$15 per month plan would not only reduce broadband costs for low-income households, but also generate downstream savings for those households in healthcare by expanding access to telehealth.

Our analysis also found that a \$15 low-income broadband requirement would potentially reduce the combined revenues of the four largest broadband providers by less than one percent. This is both because of their economies of scale and the windfall profits they receive from the supracompetitive prices they charge for higher tiers of service for middle- and upper- income residents.

Currently, the big four providers charge low-income customers in California a weighted average of \$30 per month for broadband speeds at or below the FCC's standard. In fact, most low-income subscribers in our state are willing to pay even more for higher-tier services despite financial constraints. However, the revenue impact is limited because most of those providers' revenue is not generated by low-income customers. For example, one of the most popular service offerings provides gigabit download speeds at prices ranging from \$85 to \$99. The total revenue that providers collect for their gigabit packages alone generate are 30 times greater than the total costs they would incur from a \$15 low-income requirement.

However, even at \$15 per month, many low-income residents still cannot afford broadband. Both the CPUC and the National Telecommunications and Information Administration (NTIA) have found that a significant portion of unconnected households cannot pay anything for service. This underscores the need to pair an affordable broadband price floor with subsidies for the most impoverished households. In fact, it is possible that subsidies may more than offset any potential revenue loss from a \$15 requirement for the four largest

broadband providers in California because it would increase adoption by new low-income customers. With that in mind, I have the following suggestions for your consideration.

First, the prices ISPs charge arguably have the most significant impact. California's largest four ISPs have a very high average revenue per user and generally operate in a duopoly structure. AT&T covers 75 percent of the state while the three cable providers, with extremely limited exceptions, each operate in their own portions of the state. This has contributed to the very high prices consumers pay, nearing \$100 a month, despite declining operating costs to providers. These high prices effectively reduce the impact on overall revenues when adding a price cap on a smaller population such as low-income users. In essence, the \$15 cap addresses one factor that stems from the absence of competition.

Second, service quality is just as important as affordability. In California, more than 2 million low-income households subscribe to broadband but less than half of those households subscribe to broadband speeds at or below the FCC standard at the weighted average of \$30 a month. Many households report that providers' "low-income" offerings—for example, Comcast's Internet Essentials or Verizon's Verizon Forward—offer speeds and service quality that are woefully insufficient for a household consisting of multiple occupants, particularly given higher upload requirements of telecommuting, remote education and telemedicine. As a result, a majority of low-income households in California pay more for higher tiers of service, because providers' "low-cost" offerings are insufficient.

While H.121 does include a mechanism for increasing the minimum service standards every five years, the Committee should consider modifying the initial minimum service standards to increase the minimum download speed to 100 megabits per second and add a minimum upload speed of 20 megabits per second. New York's law used the FCC standard of 25/3 that was in effect at the time the law passed. Since that time, the FCC went through an extensive process analyzing applications and services people use for education, healthcare, and economic activity and concluded a household requires at least 100/20 Mbps. Today, the FCC's minimum standard for broadband is 100/20 Mbps, and the 25/3 Mbps standard is outdated. While not all providers can deliver the current upload speed on a consistent basis, this will

eventually resolve itself as the infrastructure continues to improve. A higher initial floor coupled with a process to raise the standards in the future is key to ensure low-income users continue to receive value from their benefit.

Finally, the size of the low-income population, and its proportion to the overall subscriber base is relevant. In other words, the higher the percentage of a provider's customers are low-income population that is covered, the larger the revenue loss becomes. Our largest four ISPs in California each have more than 500,000 subscribers, some into the multiple millions, and low-income subscribers make up a fraction of their total population of customers. On average low-income customers also tend to spend less on broadband, so a reduction on their customer bills has a reduced impact on profits. However, for a smaller broadband provider that serves a higher percentage of low-income customers, a low-cost requirement could be cost-prohibitive. Accordingly, H.121's provision that broadband providers that serve 20,000 households or fewer may be exempted from the law if they can show "unreasonable and unsustainable financial impact" is an important tool for ensuring smaller providers' financial viability and promoting competition.

Thank you for the opportunity to testify. I look forward to your questions.

## **STATEMENT OF QUALIFICATIONS OF PAUL GOODMAN**

My name is Paul Goodman and my business address is Center for Accessible Technology, 3075 Adeline Street, Suite 220, Berkeley, CA 94703. I am currently Center for Accessible Technology's Legal Counsel. Since 2021, I have represented CforAT before the California Public Utilities Commission (CPUC) on communications and law and policy matters on behalf of customers with disabilities and low-income customers. I have worked extensively on telecommunications and antitrust issues before both the CPUC and the Federal Communications Commission, including state and federal jurisdiction, mergers and acquisitions, public purpose programs (including the California LifeLine program and the federal Lifeline program), digital redlining, service quality, state and federal broadband infrastructure funding, incarcerated persons phone services, disaster relief and response, and supplier diversity among others. Additionally, I engage in capacity-building work, teaching community-based organizations to advocate on behalf of their communities at the California Public Utilities Commission.

Prior to my tenure at CforAT, I was Director of Technology Policy at The Greenlining Institute, where I represented Greenlining before the Commission on telecommunications law and policy on behalf of customers of color and low-income customers. Additionally, I advised Greenlining's Bridges to Health and Economic Equity teams on mergers involving health care and banking, respectively. While I was at Greenlining, I worked on numerous projects including an analysis of digital redlining in California and strategies for eliminating racial bias in AI-based decision-making. Additionally, I served on the Federal Communications Commission's Consumer Advisory Committee from 2016-2018 and have briefed the White House on the Federal Lifeline program.

I have been a member of the California State Bar since 2002 and received an LL.M in Intellectual Property from Santa Clara Law School in 2010. While at Santa Clara, I worked as a Research Fellow for the Broadband Institute of California, working on issues including net neutrality, deceptive internet service provider terms and conditions, and the regulation of broadcast television and radio. I have additional experience with issues of competition in telecommunications, including the competitive effects of municipal broadband and vertical price fixing in the eBook industry.

I have testified before the California Legislature regarding federal and state jurisdiction over VoIP and broadband services, Net Neutrality, and digital equity.