

# Office of Consumer Counsel



## Senate Bill No. 20

### An Act Concerning Acquisitions and Mergers of Cable and Telecommunications Providers.

#### Background

Communications service providers in Connecticut are issued a certificate in perpetuity by PURA to install, construct, operate, maintain and repair infrastructure in public streets or highways. Given there are currently no requirements that PURA review and approve any change of control, ownership or sale, and there are also no required periodic reviews of communications service providers, these powerful corporate entities are allowed to operate in our state, using our public rights of way, with minimal oversight and licenses without limitation.

The State has a compelling interest to know who owns and is responsible for the operation of networks that permanently occupy our public streets and highways. It is critical for the State to reestablish clear, uniform review and approval processes for all communications service providers. SB 20 makes changes to the governing statute 16-47 and passage will deliver transparency and increased quality of service to Connecticut's consumers.

SB 20 makes changes to Section 16-47 of the CGS to restore PURA's authority to review transfers of controls, mergers and acquisitions for entities authorized to install, operate and maintain facilities in public streets and highways. By doing so, SB 20 will deliver transparency and increased quality of service to Connecticut's consumers.

#### Key Reasons to Support Senate Bill No. 20

**Increased oversight & transparency.** Passage of SB 20 would restore PURA's authority to review transfers of control, mergers and acquisitions for entities authorized to install, operate and maintain facilities in public streets and highways that all cable and companies were subject to prior to Oct. 1, 2007.

**Pro-consumer & pro-workforce protection.** PURA should be allowed to assess the impact of any M&A or change of control transaction to the consumer. A condition of approval, PURA could require certain terms and conditions of the transaction resulting in direct benefits to consumers. Most mergers and acquisitions involve a significant degree of cost-saving measures by the surviving company. SB 20 includes a key consumer protection: as a stipulation of approval, there must be adequate staffing to provide safe, adequate and reliable service to the public through the company's plant, equipment and manner of operation.

**Consistent with the Federal Communications Act.** There is no requirement for the FCC to review and approve a transfer of control, merger or acquisition of a telecommunications or cable company, however, regulatory bodies in many states have the statutory power to do so. SB 20 is not preempted by federal law but is consistent with the Federal Communications Act. The existence of these regulations in NJ, NY, CA, RI, MA unequivocally disprove that CT is preempted from passing the same requirements.

**Ensures equal treatment of communications providers.** Under federal law, states have the authority to manage companies that provide communications services in public streets and highways to protect public safety and welfare, ensure continued quality of services and safeguard rights of consumers on a competitively neutral and nondiscriminatory basis. Currently, state law lacks uniformity. In fact, Frontier and Verizon are the only Connecticut providers subject to Section 16-47, and other companies providing the same or similar services are under no obligation to comply with the statute.

**Increased opportunity for oversight of federal funding.** As a result of passing the IJA and ARPA Capital Project funds, Connecticut will have approximately \$140 million of federal funding to allocate for broadband deployment, expansion and improvements and the state will be releasing deployment grants. Connecticut communications providers which are operating under certificates issued by PURA will be applying for these grants. Passage of SB 20 allows for conditions to be placed on any acquiring company of these grantees to ensure that the terms of the grants will be honored.

