

Energy and Technology Committee JOINT FAVORABLE REPORT

Bill No.: SB-20
AN ACT CONCERNING ACQUISITIONS AND MERGERS OF CABLE AND
Title: TELECOMMUNICATIONS PROVIDERS.
Vote Date: 3/14/2023
Vote Action: Joint Favorable
PH Date: 2/21/2023
File No.:

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SPONSORS OF BILL:

[Sen. Bob Duff, 25th Dist.](#)
[Sen. Saud Anwar, 3rd Dist.](#)
[Sen. Martin M. Looney, 11th Dist.](#)

REASONS FOR THE BILL:

The bill requires the Public Utilities Regulatory Authority (PURA) to review any proposed acquisitions or mergers of the cable and telecommunications companies doing business in the state. This measure intends to ensure competition in the state's cable and telecommunications market and extends consumer protections in response to the recent cost increases of utility services. In addition, the bill aims to support a competitive environment for cable and telecommunications providers by ensuring that no such provider may proceed with an acquisition or merger without obtaining prior approval from PURA.

RESPONSE FROM ADMINISTRATION/AGENCY:

Claire Coleman, Consumer Counsel, CT Office of Consumer Counsel (OCC) & Burt Cohen, Attorney and Broadband Policy Coordinator, CT Office of Consumer Counsel (OCC) –

Supports the bill, noting that safe and reliable communications services impact all aspects of the economic, educational, health and well-being of Connecticut residents. As such, OCC is supportive of extending to PURA the legal right and obligation to review the qualifications of any cable or telecommunications companies before approval of acquisitions or mergers.

S.B. 20 would require that wireline communications providers – i.e., cable, broadband, and telecommunications providers – be added to Conn. Gen. Stat. § 16-47. The OCC notes that Conn. Gen. Stat. §16-47 requires companies subject to regulation or oversight to obtain prior approval of PURA before any merger or change in control, according to the statutes. By amending Conn. Gen. Stat. § 16-47 to include all telecommunications and video providers,

along with broadband providers, the bill would ensure that the statutes would apply equally to all such service providers and are not discriminatory.

Marissa Gillett, Chairman, CT Public Utilities Regulatory Authority (PURA) – Supports the bill, noting that the Authority’s ability to review the mergers and acquisitions of cable or telecommunications companies in Connecticut is limited to the state’s public service companies under Conn. Gen. Stat. § 16-47. These public service companies include utility providers such as electric distribution companies, gas distribution companies, water companies, telephone companies, and holders of a certificate of cable franchise authority (CCFA). The Authority, therefore, recommends that the bill provide the appropriate standards of review for PURA to apply in its review of such proposed mergers and acquisitions.

PURA also notes that the distinctions between cable and telecommunications providers have blurred as the services of each have expanded over time. The Authority further notes that, under the current statutes, neither the term “cable company” nor the term “cable provider” are defined, adding that the language may need to be expanded to include “video service” providers.

The Authority thus recommends that the bill’s language should consider the existing discrepancies between providers with a “certificate of cable franchise authority” (CCFA), a “certificate of video franchise authority” (CVFA), or a “certificate of public convenience and necessity” (CPCN).

NATURE AND SOURCE OF SUPPORT:

Bob Duff, State Senator - 25th District, Senate Majority Leader – Supports the bill because it restores the ability that Connecticut once had to regulate its cable and telecommunications companies through PURA’s predecessor, the Department of Public Utility Control (DPUC). In 2008, DPUC began to interpret Conn. Gen. Stat. § 16-47 such that it was no longer applicable to traditional cable companies. The statute currently applies only to Connecticut’s legacy “telephone company,” Frontier, which has cited Conn. Gen. Stat. § 16-47 legal filings as discriminatory. By including the state’s cable and telecommunications service providers under Conn. Gen. Stat. § 16-47, the bill would ensure fairness, protect consumers, and make sure that all cable and telecommunications companies are providing like or similar services as other companies in the region by giving PURA the explicit powers to offer oversight on mergers and acquisitions of all such service providers in Connecticut.

John Erlingheuser, Senior Advocacy Director, AARP CT – Supports the bill, noting that it is “a pro-consumer, common-sense change that will ensure that subscribers’ interests are protected in any acquisition or merger” (John Erlingheuser, AARP CT Testimony, February 21, 2023).

Tom Swan, Executive Director, CT Citizen Action Group (CCAG) – Supports the bill, agreeing that PURA is the correct entity to assess potential acquisitions and mergers of the state’s cable and telecommunications providers. CCAG adds that Connecticut has an interest in ensuring that customers, workers, and communities are not negatively impacted by such transactions.

NATURE AND SOURCE OF OPPOSITION:

Lisa McCabe, Director, The Cellular Telecommunications Industry Association (CTIA) – Opposes the bill, noting that it is unnecessary as telecommunications mergers and acquisitions are reviewed and approved at the federal level. Additional oversight from PURA would impose burdensome new requirements on telecommunications transactions for those providing service in the state. CTIA notes further that the proposed regulations in S.B. 20 are intended for monopoly services, not competitive markets such as the state’s telecommunications companies. CTIA includes that telecommunications companies inform PURA when they plan to merge, and the Attorney General has the authority to engage on behalf of the state.

Tim Wilkerson, Executive Director, The New England Connectivity and Telecommunications Association (NECTA) – Opposes the bill because it would impose an additional transaction review process on cable and telecommunications providers in the state, including NECTA’s members who are already required to communicate with PURA regarding the review and approval of any merger or acquisition. Additionally, NECTA notes that such providers are already required to seek consent at the federal level. The regulations proposed in the bill would thus be duplicative and not provide any additional safeguards to consumers. Instead, the bill would delay corporate transactions that are essential for providing competitive service to Connecticut’s residents and slow the providers’ efforts to bring their services to the state’s unserved and underserved areas.

Gary Corigliano, Officer – Opposes

Reported by: Robert Downes

Date: March 14, 2023