

<b>Act Number:</b>	09-099	
<b>Bill Number:</b>	809	
<b>Senate Pages:</b>	1780-1783, 2123, 2146-2147	7
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<b>Committee:</b>	Energy: 391-395, 425-432, 441, 444, 459-463, 467-480, 510-512, 622-632, 729-730, 734 Higher Ed: 16-20, 79-80, 92, 94, 103	61

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**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
2009**

**VOL. 52  
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1667 - 2005**

rgd  
SENATE

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April 30, 2009

CONCERNING PRIORITY FOR SUBSIDIZED HOUSING BY ELDERLY OR DISABLED PERSONS WITH EMERGENCY MEDICAL CONDITIONS, favorable report of the Committee on Housing and Planning and Development. Clerk is in possession of amendments.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President.

Mr. President, may that bill be passed temporarily?

THE CHAIR:

The motion is to pass this item temporarily. Is there objection? Without objection, so ordered.

THE CLERK:

Calendar page 22, Calendar Number 191, File Number 169, substitute for Senate Bill 809, AN ACT CONCERNING PRIVATE OCCUPATIONAL SCHOOLS, favorable report of the Committee on Higher Education and Banks. Clerk is in possession of two amendments.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President. If we might stand at ease for a few moments, preparing for that bill.

THE CHAIR:

Would the chamber please stand at ease.

(Chamber at ease.)

THE CHAIR:

Senator Handley.

SENATOR HANDLEY:

Thank you, Mr. President and I apologize for holding the chamber in recess for a minute. I move acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

The question is acceptance and passage. Do you care to remark further?

SENATOR HANDLEY:

Thank you. The Clerk is in possession of an amendment, LCO 5689. Could he call it and I be permitted to summarize?

THE CHAIR:

Mr. Clerk, please call LCO 5689 to be

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designated Senate A.

THE CLERK:

LCO 5689, which has been designated Senate Amendment Schedule A. It is offered by Senator Handley of the 4th District.

THE CHAIR:

Senator Handley.

SENATOR HANDLEY:

Thank you, Mr. President. This bill, Senate Bill 809 is a compilation of several bills that were put together in the Higher Education Committee. And as the bill was put together there were a couple of inconsistencies as a result of the way it was put together. These two amendments are essentially technical amendments which will resolve the inconsistencies in the bill. And I move passage.

THE CHAIR:

Thank you, Senator. Will you remark further on the Senate Amendment Schedule A? Will you remark further? If not, chair will try your minds. All those in favor of Senate A, please indicate by saying, aye.

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Aye.

THE CHAIR:

All those opposed say nay.

The ayes have it. Senate A is adopted and  
rule taken.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President.

Mr. President, would move that Senate Bill 809, as amended, be referred to the Committee on Finance Revenue and Bonding.

THE CHAIR:

The motion is to refer the bill -- the bill as amended to the Committee on Finance Revenue and Bonding. Is there objection? Is there objection? Seeing none, so ordered. Mr. Clerk.

THE CLERK:

Calendar Number 198, File Number 196, Senate Bill 989, AN ACT CONCERNING THE ALZHEIMER'S RESPITE CARE PROGRAM. Favorable report of the Committee on Human Services and Public Health. Clerk is in possession of an amendment.

THE CHAIR:

Senator Doyle.

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**CONNECTICUT  
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SENATE

May 13, 2009

Are there further announcements or points of personal privilege?

Senator Looney.

SENATOR LOONEY:

Thank you Mr. President. For some additional calendar markings. First Mr. President on -- for an item previously marked go on Calendar page 27, Calendar 191, Senate Bill 809, Mr. President if that item might be placed on the Consent Calendar. I would move to place it on the Consent Calendar.

THE CHAIR:

The motion is to place the item on the Consent Calendar. Is there objection? Seeing none so ordered.

SENATOR LOONEY:

Thank you Mr. President. Also for a change of marking on Calendar page 31, Calendar 258, Senate Bill 799, that previously had been marked for reference to the Appropriations Committee, instead would move to place that item on the foot of the calendar.

THE CHAIR:

Motion is to place the item on the foot of the calendar. Without objection so ordered.

SENATOR LOONEY:



Will the Clerk please call the Consent Calendar.

THE CLERK:

Immediate roll call has been ordered in the Senate on the consent calendar, will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate on the Consent Calendar, will all Senators please return to the chamber. Mr. President, those items placed on the first Consent Calendar begin on Calendar Page 9, Calendar Number 524, Substitute for Senate Bill 876, Calendar Page 10, Calendar 538, House Bill 5277, Calendar Page 11, Calendar 543, Substitute for Senate Bill 981, Calendar Page 13, Calendar 585, House Bill 6410, Calendar 590, House Bill 5674 and Calendar Page 27, Calendar Number 191, Substitute for Senate Bill 809. Mr. President, that completes those items placed on the first Consent Calendar.

THE CHAIR:

Members have heard those items identified as on the Consent Calendar. The machine will be open.

THE CLERK:

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the chamber? The Senate is now voting by roll on the Consent Calendar. Will all Senators please return to the chamber?

THE CHAIR:

Members, please check the board to see that your vote is properly recorded. If all members have voted the machine will be closed. Would the Clerk please take a tally and announce the tally.

THE CLERK:

The motion is on adoption of Consent Calendar #1: total number voting 35, those voting yea, 35, those voting nay, zero, those absent/not voting one.

THE CHAIR:

Consent Calendar #1 is passed.

SENATOR LOONEY:

Mr. President.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes thank you, Mr. President. Mr. President, I believe the Clerk is in possession of Senate Agenda #1 for today's session.

THE CHAIR:

Is the Clerk in possession of Senate Agenda #1?

THE CLERK:

Mr. President, the Clerk is in possession of Senate Agenda #1, dated Wednesday, May 13, 2009, copies have been distributed.

THE CHAIR:

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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

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4578 – 4893**

This bill is being passed temporarily.

Is there an objection? Is there any objection?

Hearing none, so ordered.

Will the Clerk please call Calendar number 622.

THE CLERK:

On page 24, Calendar 622, Substitute for Senate  
Bill Number 809, AN ACT CONCERNING PRIVATE  
OCCUPATIONAL SCHOOLS, favorable report of the  
Committee on Finance, Revenue and Bonding.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas, you have the floor, sir.

REP. ROJAS (9th):

Thank you, Madam Speaker. I move for  
acceptance -- acceptance of the Joint Committee's  
favorable report and passage of the bill in  
concurrence with the Senate.

DEPUTY SPEAKER KIRKLEY-BEY:

The question before us is an acceptance of the  
Joint Committee's favorable report and passage of the  
bill in concurrence with the Senate.

Will you remark further, sir?

REP. ROJAS (9th):

Thank you, Madam Speaker. This is an agency bill  
dealing with private occupational school approval.

The bill conforms a law to current Department of

Higher Education practice by increasing certain existing fees and establishing new ones that private occupational schools must pay to operate in this state.

Second, it revises the process for a private occupational school to appeal the Department's commissioner's decision to deny or revoke if authorization or assess an administrative penalty. And, lastly, it prohibits private occupational school student protection account funds from being used to refund federal student loans, and it requires that the student protection account contain, in addition to quarterly tuition assessments, any fees and other funds the law requires.

Madame Speaker, the Clerk has an amendment, LCO 5689. I would ask the Clerk to please call the amendment and that I be granted leave of the chamber to summarize?

DEPUTY SPEAKER KIRKLEY-BEY:

Will the Clerk please call LCO 5689.

THE CLERK:

LCO Number 5689, Senate A, offered by Senator Handley.

DEPUTY SPEAKER KIRKLEY-BEY:

The Representative asks leave to summarize. Is

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there any objection? Is there any objection? Hearing none, please proceed, sir.

REP. ROJAS (9th):

The amendment makes two minor changes. One is that it extends the time period with which the commissioner can hold a -- a hold from -- for 12 years rather than eight, a letter of credit that private occi -- occupational schools are required to provide and the other minor change is a technical one.

Thank you, Madam Speaker.

I move adoption.

DEPUTY SPEAKER KIRKLEY-BEY:

The question before us is on adoption of Senate Amendment A. Will you remark? Will you remark further on Senate Amendment A? If not, let me try your minds.

Representative Sawyer.

REP. SAWYER (55th):

Thank you, Madam Speaker. I apologize. I thought someone else would be speaking before me. In this particular amendment to the proponent of the bill please.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas, prepare yourself.

Representative Sawyer, please proceed.

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REP. SAWYER (55th):

I had not been aware of this particular amendment until just a few mo -- recently this -- today, and I wanted to know where the request had come from. Please in extending from eight to 12 years, please, in line 204?

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, I am not aware of the request -- of who made the request, through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Sawyer.

REP. SAWYER (55th):

Can you please tell me why it would need to be extended?

Thank you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, letters of credit are required of private occupational schools because it's largely a consumer protection issue. These schools come to Connecticut and the operate. If they should cease to exist, these letters of credit are used to

pay back any students who paid tuition and are no longer able to complete their education, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Sawyer.

REP. SAWYER (55th):

I appreciate that so I don't quite understand why we'd need the extension from eight to 12 years. And -- and the reason I have that question is because, A, it came down from the Senate; and, B, it's in a section of the bill that we had not chosen to change that this is a new change. It isn't an adaption -- an adaption of something that we had already worked on. It was something that, as ranking member, no one came and asked me about and told me this is -- this is crucial that we extend this time from eight to 12 years. And I would say, through you, Madam Speaker, that this significant change, four years is a long time. So I was trying to find out if there was any other reasoning behind it so that there would be a comfort level in adopting it.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, I surmise that the



extension is requested so that all students can have ample opportunity to be refunded the -- refunded any tuitions that had may have lost because of the closure of a school. So it basically extends the time period with which a student can have an opportunity to get any dollars back that they had invested in a school that closed, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Sawyer.

REP. SAWYER (55th):

So, if I'm reading this correctly, from line 203, the letter of credit required by the subsection shall be released eight years after the date of initial approval. So we're saying -- we're saying in a -- in the situation then if it's going to be prospective -- let me just ask that question. This is prospective?

Through you, madam -- Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

I'm not -- I'm not aware of whether it's prospective or not.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Sawyer. Do you need me to repeat that?

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REP. SAWYER (55th):

No. I -- I think I do understand what he said that he's not sure whether it is or not. And I think that would be rather important as something as coming up to an eight-year limit or something that's going over the eight-year limit, as we speak now, or is it something that starts in the year 2009 and then we talk, not eight years out now, but we talk 12 years out which is a very long time. I guess I'm -- I'm being left with an uncomfortable feeling about this because I -- I don't have more information.

Thank you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you, Representative Sawyer.

Will you remark? Will you remark further on House Amendment -- Senate Amendment A?

Representative Bacchiochi, you have the floor.

Will you remark? Will you remark further on Senate Amendment A? If not, let me try your minds.

All those in favor please indicate by saying aye.

Those opposed nay.

The ayes have it. The amendment is adopted.

Will you remark further on the bill, as amended?

Will you remark?

Representative Bacchiochi, you have the floor.

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REP. BACCHIOCHI (52nd):

Thank you, Madam Speaker.

A question, through you, to the proponent of the bill please.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas. Please proceed, ma'am.

REP. BACCHIOCHI (52nd):

Yes. In the bill, it states that the new school must have sufficient liquid assets. How do we define sufficient liquid assets?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

If you could just give me one minute, ma'am --  
Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Stand at ease for a moment.

REP. BACCHIOCHI (52nd):

Yes.

REP. ROJAS (9th):

Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

The House will come back to order.

Representative Rojas, you have the floor.

REP. ROJAS (9th):

In the OLR report by law -- where is it? One more minute, Madam Speaker. Right there. Right there. The US Department of Education uses a financial ratio scoring system as a measure of an institution's financ -- financial responsibility in determining its eligibility for participation in federal state aid programs. The system uses composite scoring based on an institution's primary reserve, equity, and net income ratios, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you. And, since I certainly would not be able to figure it out, if a school has the sufficient assets, who would be responsible for making that determination? Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, each school is required to have an audit done by an accounting firm and in accred -- in -- in -- in accordance with GAAP requirements which is general -- generally accepted

accounting procedures, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Madam Speaker. And to whom would that report be submitted to which state agency or authority would review the financial audit?

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, to the commissioner of the Department of Higher Education.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you.

And, through you, Madam Speaker. I was also reading in the bill, the requirements that the school provide safe and adequate housing. In light of the incidents that have happened at some our colleges across the State of Connecticut, how are we defining safe and adequate housing?

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Madam Speaker, I would request that she point -- that the Representative point out exactly what language and where in the bill she's speaking to, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you. One sec.

DEPUTY SPEAKER KIRKLEY-BEY:

The House will stand at ease for a moment.

REP. BACCHIOCHI (52nd):

Madam Speaker, it would take me a minute because I was reading through the bill, and I'm not sure where I saw it. I'll just comment then that, in the bill, it is my understanding that we require a new school to provide safe and adequate housing and without a definition of that, I think, it's somewhat confusing, but, since I can't immediately find the language, I obviously will withdraw that question.

I also wanted to ask, through you, Madam Speaker, about the director that is required to be affiliated now with the crea -- with the new school. Would that director be required to live at the school? I wasn't quite clear on that. Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, no. Simply there are schools that are based nationally, and they could just have a branch here in the state. And what the Department wants to make sure is that there is a director that is functioning here in the state, working here in the state so that they can be accountable to any students who participate in that school, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Madam Speaker.

And I thank the proponent of the bill for his answers.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you.

Will you remark? Will you remark further?

Representative Hetherington, you have the floor, sir.

REP. HETHERINGTON (125th):

Thank you, Madam Speaker.

A question to the proponent, if I may.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas, prepare yourself.

Please frame your question, sir.

REP. HETHERINGTON (125th):

Thank you.

Is -- was there a -- an incident of default of a financial disaster in -- in these -- one of these schools that -- that requires this greater financial oversight? Through you, Ms. -- Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, within the last five years, we had one incident with Galen Institute, which overnight shut its doors and shut out students who had already paid their tuition. And, most recently, I think the Connecticut School of Broadcasting is probably a good example of what happens when a school suddenly shuts down but, still has students who have already paid tuition and, therefore, should have the service required to them, through you, Madam Speaker.

REP. HETHERINGTON (125th):

Right.

REP. ROJAS (9th):

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:



Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you. By the way, I noted yesterday on TIC report that the Connecticut School of Broadcasting has been requi -- reacquired by its original owner and -- and will presumably reopen its doors.

But, in any event, what would -- what would be the process by which a student would recover tuition that was lost or -- or that is paid but no -- not refunded at the time the school closes?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, the entire process goes through the Department of Higher Education. The Department of Higher Education would put out an announcement on their website and through the newspapers that student who were in the affected school can contact the Department of Higher Education, and they have a process by which they would request their refund, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you.

About how many schools are there in the state that -- that qualify as occu -- private occupational schools?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, there are approximately 100 of them. It's a \$100 million industry here in the State of Connecticut.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you. I -- had a person in town that -- a young woman who had gone to a school for massage therapy and the school closed. Tuition was gone. Would that be the kind of situation that this would apply in?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Through you, Madam Speaker, yes, through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you.

And there is no recourse currently, through you, Madam Speaker, for this -- this problem -- for a student to recover their tuition?

Through my -- through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas.

REP. ROJAS (9th):

Not that I'm aware of, through you, Madam Speaker.

REP. HETHERINGTON (125th):

I see.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

I -- I thank the proponent for his answers.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you.

Will you remark? Will you remark further on the bill as amended? Will you remark further on the bill as amended?

Representative Sawyer.

REP. SAWYER (55th):

Thank you, madam -- Madam --

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Rojas, prepare yourself.

Please proceed, ma'am.

REP. SAWYER (55th):

I would let the gentleman sit down because I was just going to make a statement, madam -- Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Oh, all right then. My bad.

REP. SAWYER (55th):

Absolutely not, Madam Speaker.

We have in the -- in the case situation in Connecticut, financially fragile situations where we have schools that are exceedingly dependent on tuition. They're exceedingly dependent on sometimes small or nonexistent foundations that would be a subsidiary set of dollars for them. They are not public institutions. They are private, and they are usually trade schools. And what we know is that people, who attend these schools, put out money that is hard-earned money and oftentimes is they will -- they put money towards these educational opportunities that are not grants, that are not scholarships, that

are out of pocket dollars. When someone spends the money for an entire semester -- someone puts the money out for an entire year, it can be quite a -- quite a bit of money. And if that school suddenly closes -- and we've had the experience of sudden closure, the students are, A, without a school; B, without the ability to go forward with that type -- type of certificate or educational opportunity that will get them to a permit within a certain type of trade; and they're out of the money. So the belief was -- and there's a lot of pieces to this particular bill -- but the belief was that we should be ab -- looking at the financial viability to be able to protect the students.

And I am very pleased to know that the Connecticut School of Broadcasting, which has the long and distinguished reputation in Connecticut, that had had a new owner and had financial difficulties. It closed and then the -- the previous owner has purchased it back. The word is out that they're going to be reopening their doors and that too is an excellent opportunity for our students in Connecticut.

Thank you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you.

Will you remark? Will you remark further on the bill as amended? If not, staff and guests please come to the well. Machi -- uh-huh. Members take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by roll call, members to the chamber. The House is voting by roll call, members to the chamber.

DEPUTY SPEAKER KIRKLEY-BEY:

Have all members voted? Have all members voted? Please check the board to see that your vote has been properly cast. The machine will be locked, and the Clerk will prepare the tally.

The Clerk will you please announce the tally?

THE CLERK:

Senate Bill Number 809, as amended by Senate A, in concurrence with the Senate

Total Number Voting	141
Necessary for Passage	71
Those voting Yea	141
Those voting Nay	0
Those absent and not voting	10

DEPUTY SPEAKER KIRKLEY-BEY:

The bill is passed in concurrence with the Senate.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**ENERGY AND  
TECHNOLOGY  
PART 2  
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REP. NARDELLO: Thank you, Art. Are there any further questions? If not, thank you, Mr. Katzman, for giving us some very valuable information on this. Our next speaker is Stephen Devoto.

A VOICE: (Inaudible)

REP. NARDELLO: Okay. We'll move on. Okay. The next is Robert Fromer.

ROBERT FROMER: Hello, Madam Chair and members of the committee. Thank you for giving me this opportunity to address an issue.

I'm here to provide testimony on Senate Bill 890, an Act Concerning Telecommunications. I've submitted written testimony. And I, and some members of this committee who have Comcast Cable Services and probably several-hundred-thousand people who are Comcast users, are victims of Comcast Cable Corporation profiteering. And here's the reason.

Several years ago, I had AT&T for my Internet service and cable service. And then, when they sold off their broadband Internet service to Comcast. Comcast had analog video. And I had a modem, which I could purchase on the marketplace and that was for the Internet. I had separate telephone service.

About a year-and-a-half ago, Comcast decided to go to all digital video -- I mean, excuse me, digital voice telephone. And so they provided a combination modem for the Internet and the digital voice telephone, with this proviso -- which I didn't realize, until I started scrutinizing my bill very carefully -- there was a \$3 lease rental fee, and the modem is not purchasable in the marketplace.



So I am paying -- along with anyone else who has Comcast bundled services -- \$36 a year. And if I have that service for 20 years, I'm paying \$720. I cannot purchase the modem anyplace. And Comcast policy is that it's not lease to purchase. Yet State Statute, in that Section 42a-2a, very clearly states that a lease has a termination period.

I have brought this issue to the Federal Trade Commission, the Federal Communication Commission, Department of Consumer Protection. I have had conversations with Comcast. The Consumer Protection Agency says they won't proceed with addressing this issue because I'm the only person that complained.

I've had discussions with the Assistant Attorney General, who wrote a letter to me saying that the DPUC has no jurisdiction. And I've gone to the DPUC. They have no jurisdiction in this matter.

The thing is, is that consumers are paying way above what the actual cost, if they were to purchase a similar unit, if it was available in the marketplace. And it's not available. And so under state law, they are violating and profiteering, because under the definition of lease, there has to be a termination period. And Comcast says -- their argument is that it's not lease to purchase. But the state statute doesn't make a distinction, whether it's lease to purchase or not. It just says, lease for moveable goods. And this is considered a moveable good.

So I would like to see the bill amended to require, first, posting at service end, this notice of this lease agreement. There is no subscription agreement; it's all verbal. And

requirement that there be a subscription agreement. And a termination period, or a fixed cost, cost of profit for Comcast that the consumers, when they lease, will eventually pay off and purchase the equipment, which they can't do right now.

Thank you for -- and I'll entertain any questions that you have.

REP. NARDELLO: Are there questions from members of the committee? Thank you, Mr. Fromer.

ROBERT FROMER: You're welcome.

REP. NARDELLO: Mr. Fromer, if you'll remain, Representative Williams has a question.

REP. WILLIAMS: Thank you. Very briefly, I'm just trying to be clear here. You're - are you suggesting that if Comcast continues to lease this product to you beyond the purchase price of the product, or the value of the product, that's your problem?

ROBERT FROMER: Correct. I'm paying for something, which way exceeds the cost of the product. And it's considered an adhesion contract. And it's prohibited by case law in Connecticut.

Connecticut courts have looked at adhesion contracts as illegal, voidable contracts. I haven't pursued it into the court system. I prefer not to. That's why I'm here.

REP. WILLIAMS: That certainly seems to me to be the place where you should pursue this, though. I mean, you're asking us to -- I mean, the law already exists. What you're looking for seems to be already in existing statute.

ROBERT FROMER: Well, that's true, but I think you can clarify Senate Bill 890, to clearly state that for cable companies, that any modems that are not available in the marketplace -- and I put this in my written testimony -- should have some kind of fixed price.

REP. WILLIAMS: Thank you.

ROBERT FROMER: You're welcome.

REP. NARDELLO: Mr. Fromer, just one question. This problem arose as of when?

ROBERT FROMER: About two years ago when I had a problem with the AT&T modem and Comcast said, bring it in. And then I brought it in. They gave me a new modem.

And then when they converted over to digital voice, the installer showed up to provide the service and gave me a work order that he had. And he asked me to sign for the services provided. And then afterwards, I read what it said. And I started looking at my bill more carefully. I came to the realization that it was a lease rental. And when I called Comcast, their executive offices, I was made aware of the fact that it's forever, as long as I have the service, which is, to me, profiteering. The best way I could describe it.

REP. NARDELLO: And you went to the DPUC and made a complaint.

ROBERT FROMER: Correct.

REP. NARDELLO: And were told that --

ROBERT FROMER: -- they have no jurisdiction in this matter.

REP. NARDELLO: -- that they have no jurisdiction.  
Okay.

ROBERT FROMER: That's right.

REP. NARDELLO: Thank you. That's what I want to  
establish. Thank you.

ROBERT FROMER: Thank you.

REP. NARDELLO: Representative Conway.

REP. CONWAY: Hello, Mr. Fromer. Thank you, Madam  
Chair. Doesn't this same thing go for the  
remote control and the regular cable box for  
the cable companies that they charge you \$2 a  
month, or \$3 a month for?

ROBERT FROMER: They may. I don't have that kind  
of remote control. I mean, I have a remote  
control that -- that Comcast has provided for  
my television. They have a modem, but they  
don't charge me for that. They only charge me  
for the combined modem that I have, which is a  
profit maker, unless people are aware of what  
they're buying. In fact, when I talked to a  
number of people, they're not even aware  
there, that this is an unlimited lease  
arrangement.

REP. CONWAY: Thank you. Thank you, Madam Chair.

ROBERT FROMER: You're welcome.

REP. NARDELLO: Thank you, Mr. Fromer.

ROBERT FROMER: You're welcome.

REP. NARDELLO: Our next speaker will be Dave  
Foster. Is Dave here? If not, is Bob Barrieu

REP. WILLIAMS: -- for your testimony.

REP. NARDELLO: Thank you. We have gone well beyond the half hour that you were actually scheduled to be up here. So I am going to remind committee members this is a good time to do that. Really, I'm going to ask everybody to stick to questions. Whatever statement you wanted to make, just turn it into a question and it will be acceptable. Okay. It needs to be a question, or the Chair's going to start to pull people unless -- okay. No, I didn't say that. I'm saying it's at a half hour point. We're beyond that.

We've also gone beyond the point of where the one-hour for the public is now going to be public and agency. So we are going to begin to go into that part. And the first one on the agency is Bill Valle from the OCC. So he would come forward.

So, again, I just want to keep everybody moving. And making sure everybody has the opportunity to ask the question.

WILLIAM VALLE: Thank you, Senator Fonfara and Madam Chair, members of the committee and ranking members. I'm William Valle, with the Office of Consumer Council.

I'm here today to speak about Bill H.B. 6426, an Act Concerning Improving Broadband Access. And the OCC supports that bill. And we also, in general, support Senate Bill 890.

In specific, the OCC supports the bill's concept that a broadband strategy, including government and the private sector, cooperating together, is necessary. To do nothing,

essentially allows the business plans of industry participants to choose winner and losers among the various segments of Connecticut's population and communities.

I speak here today solely on behalf of the OCC, but I must note that I've been honored by Speaker Christopher Donovan, with his appointment, as one of ten voting members of the Broadband Internet Coordinating Council. Therefore, I don't speak today on behalf of the council at all, but I will state that it is wise to have included the council as a consulting body in developing the Statewide Technology Initiation program to be created pursuant to this bill.

In light of the economics climate we're in, it's difficult to imagine a decent level of funding for the initiatives proposed in this bill and in 890, in these extremely troubled economic times. But there is much groundwork that can be accomplished by the DPUC, the OCC and the Broadband Council, with little or no funding in the short-term; thus, a more enlightened calculus must be employed by all participants in this process, including government entities, including municipalities beyond the ordinary market model of corporate bottom lines.

For instance, this includes identifying inefficiencies in government that can be solved by enhanced broadband capacity. I'd also like to point out there's no need for the creation of any new positions or agencies in government since each existing governmental agency in the state has its own interest in a far-reaching and sophisticated broadband network being provided to residents in every community.

Hopefully, however, expanded grants and tax initiatives will become economically possible in the near future and will flow into the process over time through the mechanisms ordered in this legislation.

Implementation of any programs resulting from this bill should first target unserved communities and consumers, not partially. The unserved communities should be first, with satisfaction of that demographic occurring before any partially served areas receive support.

Specifically, tax credits, expensing rules and grants should only be offered first to private industry and entities, the vendors of broadband services, with local municipal governments becoming eligible only in markets where industry participants failed to act. Investment in broadband, like the well-known investment ratio that we're all familiar with an electric conservation has a healthy economic multiplier.

Empirical evidence indicates that broadband investment can yield a well-documented and measurable increase in employment and an increase in goods and services produced.

Accordingly, the OCC urges adoption of 6426 and is, of course, available to help the committee.

I would be happy to answer any of your questions.

REP. NARDELLO: Are there questions from members of the committee? Yes, Representative Hamzy.

REP. HAMZY: Thank you, Madam Chair. Excuse me. With regard to deployment of broadband,

obviously, there's several different means of delivering this type of service, whether it's cable, whether it's Telecom, whether it's satellite. How much do you think deployment of -- let's say, additional infrastructure, in order to accomplish this is the primary impediment?

WILLIAM VALLE: Well, let me first define the nature of the thing. There - there is the wiring problem. It could be wireless, add another component in terms of technology. So there's a technology issue.

There's also the issue of; for instance, in cities, a lot of folks don't have PCs. They can't afford it, or they just don't know about it, which leads to the next component, which is education. A lot of folks may have a PC or their children have a PC. There's a PC in the home, but they don't know to use it. They don't know anything about e-mail or the Internet or any of these things.

These are - this is an entire picture. So it's not merely about technology. I would also stress, Representative Hamzy, that government should not be in the business of choosing the technology. It's the vendors that will be best suited to do that.

REP. HAMZY: And with regard to -- I think one of the issues is people may have access to broadband, but may not have the means to pay for it. And so it becomes an issue of economics. You know, someone's -- to some people it maybe important enough to spend money on and to others it may not. How do you -- I was reading quickly through the bill and trying to determine how does this bill address that issue?



WILLIAM VALLE: Generally speaking, both bills address, I'd say, availability. In other words, homes past, as opposed to -- I mean, there no one -- certainly, this committee nor the General Assembly is in the business of forcing people to take broadband. But there are places in this -- there are many places in this state where it's completely unavailable. Where -- I mean, the telephone company, for instance, has a -- is a common carrier, so they deliver telephone to every corner of the state, as does the electric company. But that doesn't mean that they provide high-speed broadband, which is really what we're talking about. There is dialup virtually anywhere in the state, but that is not broadband in a high-speed sense.

REP. HAZY: Excuse me, is satellite broadband available everywhere, currently?

WILLIAM VALLE: Well, by and large, there are geographic areas, certainly, in the Litchfield area, up in the corners where, due to canyons and all kinds of geographic things, it is not available. I would also point out, though, with satellite, it's three times as expensive and one-third as fast. So it isn't necessarily a great option, but it does exist in many places.

REP. NARDELLO: Thank you. Representative Esty.

REP. ESTY: Thank you, Madam Chair. Good afternoon.

WILLIAM VALLE: Good afternoon to you.

REP. ESTY: I'm wondering with this bill, if you anticipate that the stimulus package would tie into our plans, and if you believe we would be prepared to move forward quickly enough?

I'm looking at the time frames, which look to me, regrettably, to be the usual, you know, as fast as possible on government time, which is not my understanding point, to put us in position. Would you recommend, do you anticipate this would be amenable to the stimulus broadband targeting? And if so, should we be adjusting time frames or structures to maximize that?

WILLIAM VALLE: Thank you for the question. I'll have to answer it in terms of the Broadband Council because the Broadband Council has discussed this with the State Governor's Office, Public Works and so forth. There are definitely projects that can be done. 911 is the perfect example. 911 has a program -- it's public safety -- has a program that they would love to do and could do almost immediately, which is more advanced services way of doing it, trunking it to various places in different ways. That's a project, just for an example. But there are many things.

And your question brings a question up that I hadn't thought about, which is, perhaps, scheduling here should be adjusted. But, certainly, there has been activity in that regard. And the stimulus package is certainly a source of funding and should be seriously considered and will be.

REP. ESTY: All right. Because I would urge us to -- you to assist us, and working rapidly for appropriate timetables and structures on our end. It's something we're looking at more generally on this committee, so that we have the structures in place in Connecticut to take advantage of the funds as they flow through; and not because of our legislative time table, miss out on dollars that are really intended

for exactly what we're looking at doing. But we might miss the boat if we're not -- if we're not structured to facilitate acceptance of grants and flow through of dollars.

WILLIAM VALLE: Absolutely. And thank you for the question. And an excellent avenue for that are the education funds in the stimulus package and education in Connecticut, with the CEN and the various things that do exist right now can easily be expanded.

There are places, say, in Litchfield, which is a perfect example, where not all the schools are wired at all, maybe the high school is, maybe the library is and so forth, but you could expand that quickly. And that would be running trunk lines out into the neighborhoods when the vendors, the phone company and the cable companies and so forth would be able to jump onto that. And that would reduce their cost of installation to each home. So that's a great idea.

REP. ESTY: Thank you very much.

REP. NARDELLO: Thank you. Bill, I have one question for you. In the bill, you're funding municipalities and government entities to be broadband providers. There is some concern that you -- they would be competing with the private sector. Could you just tell me why that was chosen? And what benefit that would have?

WILLIAM VALLE: Uh-huh. I would say that -- my sense of the Bill 6426, is that there would not be competition for the vendors, for the cable companies and the phone company and so forth. The idea -- let's use Vermont as a perfect example.

Now, Vermont, their timing was a little better in a sense that they were able to float \$40 million in bonds, and so they have a pool of money from which to operate. We're a little behind the curve. And the economics are now against us. But in Vermont, what they do is: They take local groups -- which is part of the bill -- community groups and all kinds of entities on that level, get them to buy-in. And you -- basically, what the state would do is to -- I don't -- let's do Vermont because we don't have a plan here because we have no -- we're not off the ground with it.

But if this bill were to go, you could go with the Vermont plan, which is, basically, to provide high-speed trunking into a community. And the vendors, the cable companies and the phone company can lease space on that. In other words, they just hook into that trunk, instead of having to trunk it out from their central office to your house way out in the woods.

For instance, they can just trunk into that -- that and lease off that line. So their expense is far lower. I mean the expense is \$4,000 or \$5,000, on average, for the remaining homes in this state, which is uneconomic for the vendors.

So, no -- my understanding of this bill -- and certainly, the OCC would support the idea that, you know, Milford is not going to go into to -- to pick a town at random -- or Stratford -- not going to go into the business of providing broadband service.

REP. NARDELLO: Thank you very much.

WILLIAM VALLE: Thank you, Madam Chair.

REP. WILLIAMS: Are you here at the behest, or member of an organization like Mr. Mador is with? Somehow you're new about this bill. Right? Did the same organization notify you about this?

STEPHEN DEVOTO: I -- you might guess I've been passionate about clotheslines for a long time, long before this bill came up.

REP. WILLIAMS: I don't know that those words have ever been spoken, together, by the way.

STEPHEN DEVOTO: So I've had my ear to the ground, or the finger to the wind or whatever. So I -- I heard about this bill. I follow municipal and state government.

REP. WILLIAMS: Sure.

STEPHEN DEVOTO: I've been following the state government for a while. So I came across this. I've been in touch with the -- the Sierra Club, but I'm here as an individual.

REP. WILLIAMS: Thank you.

REP. NARDELLO: Thank you. If there are no further questions, thank you very much for coming to testify as an individual.

Our next speaker will be Commissioner Palermino.

ANTHONY PALERMINO: Good afternoon, Representative Nardello, Senator Fonfara and members of the committee. I'm Commissioner Tony Palermino from the DPUC.

I'm here to speak, briefly, on seven bills that we've provided written testimony on. Senate Bill 589, which would include biosludge

HB6128  
HB6427  
HB5694  
SB889  
SB890  
HB6426

Senate Bill 889, regarding the municipal property tax allowance for public service companies. The DPUC, presently, is applying the property service tax, as the bill would recommend. And we are -- we have applied it in a recent case in 2008 that is now under appeal. So we recommend no action in this until the state courts rule on the appeal to determine whether we have properly handled this matter and it corresponds to your bill.

Senate Bill 890 regarding telecommuting and setting up the state public private partnership to facilitate broadband is a concept that we're very much in favor of and we recommend that this concept be included in the House Bill 6426, improving broadband access.

We support the broadband access bill. We understand that the money is a difficult situation here, but two of the items that were left out of the draft that's made it to the committee that I think are particularly important that I'd like to see back in, number one, is a state public private partnership with the business community that would involve the business community in donating their computers to people who do not have them and then the State using a bonding funding to make up for the lost property tax revenue to the municipalities.

Second, we recommend that the mapping procedures be handled as quickly as possible. There is some mapping that has already been accomplished by the state. And there's going to be federal funds coming from the stimulus act that would be very useful in helping us fill that mapping situation. And once we get that done, then the expansion of the services

problems and electric -- electricity is not 100 percent efficient.

REP. BACKER: And they're probably much more limited than even you are aware.

DAVID JACKSON: Yes.

SENATOR FONFARA: Thank you, Mr. Jackson. Any other questions? Thank you, sir.

Jack McCoy. I don't know if I'm reading that correctly. I'm sure you'll correct me if I'm not.

JACK MCCOY: No, that -- that is correct. Yes, my name is Jack McCoy. I am the chief information officer for the City of Manchester, but I'm here speaking today on behalf of the Connecticut Conference of Municipalities.

You have my testimony notes in front of you. I'm also speaking -- representing the Capitol Region Council of Government. And I am a member of the Connecticut GMIS, which is the data processing information systems managers of Connecticut's municipalities.

I'm not going to read the whole text. I just want to touch on four or five of the points in this. And this in regards to House Bill 6426, which also is the number of the previous speakers had said -- had mentioned is concurrent, or -- or very much tied to Senate Bill 890.

In a survey of Connecticut's towns and cities, 116 agreed that broadband technology is critical -- is in critical order for Connecticut to remain competitive in today's global economy. The thrust of my notes here

have to do with the fiber-optic technology in the Connecticut Education Network, so let me just make a point about that.

Fiber-optic technology consists of glass, or plastic fiber cables. The capacity of which, is only constrained by the ever-increasing power of the computing technology at the ends of those cables.

The fiber-optic technology currently exists in a program called, A Connecticut Education Network, or more commonly referred to as the CEN, which was created and funded by the State to be used exclusively in K-12 school districts, higher education, and campuses and libraries.

The CEN is a great advantage to those included in the network, but the program prevents municipalities from joining the state-funded fiber-optic network.

As the CEN also -- already runs through all municipalities in the state, to a large extent, I think, the easiest way to extend broadband access to municipal governments would be to connect each municipal government building to the fiber-optic CEN architecture. All municipalities would not have to have a permanent -- would not only have a permanent form of high-speed Internet access, but also high-speed intranet working capabilities among the municipalities. This would allow for technology services sharing. And just as a side note that's one of the things that the legislature and the government -- Governor has called for recently.

The Connecticut Conference and Municipalities responded to the Department of Public Utility Control investigation earlier in the year with



saying, this initiative, by submitting a written statement asking the DPUC to recommend to the State Legislature the following two points: Extend membership of the Connecticut Education Network to municipalities and propose allowing municipalities to use local capital improvement or LoCIP funds, as they're commonly known, for broadband.

The CCM urges the committee to favorably report a bill that extends membership of the CEN to municipalities and allows municipalities to use LoCIP funds for broadband infrastructure. Those are the textual comments that you have in front of you.

You've also had a number of people come testify on specific aspects of these bills, GIS mapping and -- and the essential thrust of the bills which is to expand broadband infrastructure in Connecticut.

As a CIO of a local city, I have a fair amount of experience in school district networking and town networking. And as a member of the government -- Connecticut's GMIS group, I have a -- I'm in contact with a lot of the IT managers around the state who struggle with Connecticut's Internet and intranet capacity limitations.

So I'm open to questions. Thank you.

SENATOR FONFARA: Thank you, Mr. McCoy. Any questions? Representative Esty.

REP. ESTY: Thank you, Mr. Chairman. Good afternoon. As someone who came out of a local government on a council, I'm very sympathetic to these issues because I know we have struggled with them in Cheshire. But I'm

wondering what your response is, as we had, as you, I know, were sitting here for some of the earlier testimony, recommending, in fact, that we should not put municipalities near the top of the list; but rather I took it to be as a matter of economic development that we should be looking to serve underserved areas first. And so I'm wondering how you would respond to that, as we look at prioritizing how we pursue these initiatives?

JACK MCCOY: Connecticut has a -- has a disadvantage in being a small state, where, within 200 miles you can pretty much reach any of the Internet densities of access.

Connecticut also has populations that are underserved. And I can give you, from my personal experience, one of those that we might want to gather data and show in our GIS mapping.

For example, in Manchester, the town I work with, we have Connecticut Mastery scores where students are -- have problematic Connecticut Mastery scores. I took the population of those students, used the GIS map and looked at where they were located. And they are in specific parts of town, by and large. Now, if every part of the community was able to -- every part of Connecticut was able to do that, we could isolate and identify our underserved populations. These are not geographic populations, but they tend to be clustered, as you know. So there would be a use of data and a population study that would probably qualify Connecticut for some of those funds.

Additionally, I'm speaking for government, which is driven by grants, but my partners in this, the private sector, have an advantage in

tax credits, 10 percent tax credits for increasing their broadband presence.

Well, in underserved populations, that percentage goes to 20 percent. So although I can't do anything about their business, there may be an opportunity for the private and public sector to come together and, at least in Connecticut, to improve our -- our hit percentage.

REP. ESTY: Thank you.

SENATOR FONFARA: Thank you, Madam. Any further questions? Thank you, sir.

Lynn Taborsak. And I must say, in welcoming Ms. Taborsak, that I have not had the pleasure of being in her company in many years. And she and I served together in the House many years ago. And it's good to see you, Lynn. Welcome.

LYNN TABORSAK: Thank you, Senator Fonfara. My name is Lynn Taborsak. And I'm here today as a public issues specialist for the Connecticut League of Women Voters. And I'm here to testify in support of House Bill 5995, which is An Act Concerning the Freedom to Dry.

And I would like to thank you for the opportunity to comment on this bill. I think you know that the league supports a variety of measures that reduce greenhouse gas emissions in our state, many of them coming out of this committee; and that we believe that drying clothes using outside air actually lowers energy consumption. And it will also help alleviate the grids daytime congestion problems since most people would be air-drying their clothes during the daytime hours.

LYNN TABORSKAK: I think that you're aware of the One Thing Connecticut program. What the league does support is conservation, and that's every form: power strips being turned off, lights being turned off, the incandescent bulbs. But if you don't trivialize conservation and you realize that you could reduce Connecticut's energy use by 30 percent that means you don't have to build another power plant. So we'll be with you on that.

SENATOR FONFARA: Ms. Taborsak, thank you very much. Good to see you again, Lynn. John Emra.

JOHN EMRA: Good afternoon Senator Fonfara and members of the committee. My name is John Emra with AT&T Connecticut.

I'm here to testify on two bills before you, House Bill 6426 and Senate Bill 890. Let me first touch on a statistic that Commissioner Palermino talked about earlier.

Connecticut already -- 95 percent of the state's homes already have access to wireline broadband and wireless broadband via 3G is available to a growing number of homes throughout the state. Just for in pure numbers sake, there's about 1.8 million broadband lines in the state of Connecticut at the end of 2007. That's up over 800 percent just since 2001.

We appreciate and support the intent of both of the bills that are before you. We do, though, think the Senate Bill 890 takes a better approach than that found in the House Bill. We think it is as more focused and more like some successful efforts that have been done in other states -- what we would consider

true public, private partnerships -- as opposed to the House Bill, which we think, you know, has a number of problematic areas.

One, I would just say that instead of just addressing the 5 percent issue, which I think is the one that I hear the most from about policymakers, though, that small percentage of customers who can't have broadband today. As written it goes far -- far much -- far more a field than just that 5 percent and talks about offering service, not just to unserved areas, but to quote, underserved areas. And that gives us some pause and some concern.

And it also -- it also suggests having government, be they municipalities or other -- some government entity become a provider of broadband service in competition to the private sector. And we have some fundamental concerns with that.

You know, the reality is that government, via state or local, regulates in taxes, broadband assets. So to put government in a position of competing against the same very entities, which they are regulating and taxing, sets up a conflict of interest, which is just rife with problems. And no doubt, won't really solve any -- solve any issues.

We do think, as I said, the approach taken to Senate Bill 890 is the better of the two approaches. It is similar to a piece of legislation that this committee supported and approved last session. We suggest you do likewise this year.

We certainly would be willing to work with the committee. We have a great deal of expertise on broadband, as one of the largest broadband providers in the country. And we've worked on

these broadband policy issues, both in states and in Washington, D.C. Thank you.

SENATOR FONFARA: John, what is your solution to what you perceive to be the problem that this bill is attempting to get at.

JOHN EMRA: Thank you, Senator. I think the -- the first issue -- and you're right. We need to identify the problem. And, I think, come to an agreement on the problem, because I -- I see that there's perhaps maybe a couple different suggestions as to what the problem is.

But let's talk about, and maybe we can come to some agreement that the problem is addressing that 5 percent. I think the first thing that needs to happen -- and I would agree with Mr. Palermino -- is mapping. The reality is there is not a good inventory of broadband availability.

Like I said, we know, generally the industry knows that about 95 percent of the state's homes can get wireline broadband access. A huge percentage can get wireless broadband access. And by the way, that's just growing everyday. So there needs to be a good comprehensive mapping process undertaken to figure out exactly, okay, what percentage of the population really doesn't have access? And what's it really going to cost to get to that 5 percent? Because I would offer up to you that there are homes in Litchfield county that sit on hundred acre horse farms; that depending on the technology you were to use on a wireline broadband basis could cost hundreds of thousands of dollars to get broadband to that one customer.

So I think the first issue is making sure there's a good mapping process. The mapping process that's talked about in Senate Bill 890 is similar to one that's been done in other states. It's worked very well in other states. I can tell you from the provider standpoint -- and I think Mr. Durand from the cable association is going to testify after me -- I think one of the concerns the providers have is the confidentiality of our very -- we consider very proprietary information. The process that's in Senate Bill 899 - 890, has been used all over the country. We think it's the right process.

So the first step, to answer your question, Senator, is address getting at that 5 percent, but knowing, really, how big of an issue do we have? And then we can figure out what sort of resources ought to be spent and expended to address that problem.

SENATOR FONFARA: How do you envision that part of it being worked out? Is that --

JOHN EMRA: How do I envision getting to the final 5 percent? Or --

SENATOR FONFARA: In terms of the cost of it.

JOHN EMRA: You know, --

SENATOR FONFARA: What role, if any, should government have in that, in your opinion?

JOHN EMRA: It's a -- it's a good question. I do think that technology is solving this issue almost for us. You know, the general emphasis is always on wireline broadband, so DSL or cable modem access or fiber connections.

The reality is that wireless broadband is here and here in a very big way. 3G access is available in large parts of the state. It will be available on an almost statewide basis in the not too distant future.

Right behind 3G access is something called, LTE, which is long-term evolution. That is next-generation wireless. And that, both AT&T, Verizon and others are looking about -- looking at to pulling those networks in 2011, at the start of 2011. So I -- I think that technology addresses it.

But then to get to your question: How do you solve the 5 percent? It may take a public, private partnership on a money side to get to those -- to that -- like I said, to the horse farm that's on a hundred acres. You know, how do you get to them? It may take -- it may take money.

I've heard Representative Esty ask about the stimulus package. And there will be some federal grant money that's available that may -- may serve some purpose in that regard. Though it is also -- I will say, I've done a fair amount of reading on this subject. I think a lot of people in the industry feel like that stimulus money won't be available immediately. The reality is the agencies for whom the money has been appropriated, are very small agencies with very little -- too little relevant experience. And it's going to take them a long time just to get the grant process up and running.

It also relies on the FCC defining a number of terms that are part of the law and that process always takes some time. So I don't see, you know, I don't see Connecticut missing out on an opportunity in the short-term



because we don't have shovel ready projects available by -- or ready on July 1. I think the reality is that there's not going to be any federal money that probably flows out of this in any real way until probably the end of the year beginning of next year.

SENATOR FONFARA: And to the extent you want to comment on this. From where I sit, which as they say, often affects where I stand, there are many more families in the state that have that wire going by their home that may not value it to the extent that others might in this state and an investment in that regard might do more than what the investment in getting that wire to that house up in Litchfield might bring. I suspect that that house is probably not missing out on having some kind of access one way or another.

JOHN EMRA: I agree there. I think -- and Senate Bill 890 talks about this, the education process, I think, is -- is key. You know, at AT&T we've worked with some -- some not-for-profit providers here in the state to educate parents and students about the importance of having computers. And then to actually teach parents, who've had no access to computers -- their kids may have had some access -- but to teach them how to use a computer, you know, how to get on the Internet; how to -- how to compose documents. And how to just sort of -- things that we all sort of take a little bit for granted, and then -- then help to put computers in those homes.

I agree with your, Senator, I think one of the -- to the extent there's a bigger, you know, bang for your buck, it's probably on -- on the education side, on those people. And it particulates -- it's definitely an issue in more inner city areas.

The reality is broadband networks in inner city Connecticut are -- are available everywhere in -- everywhere in those -- in those cities and towns. So everybody can get broadband. Most consumers in inner cities -- not most -- a lot of consumers in inner cities aren't yet buying that broadband access. And it's for a lot of reasons. It's not, necessarily, understanding the value. It's not having computer training. It's not having a computer itself. So I -- I think the training part of it is very very important.

SENATOR FONFARA: And, you know, it's -- the irony of this is as I'm listening to your testimony, I'm -- my colleagues, who are working feverishly on their wireless computers. And it's just the nature of the world today. And yet, we want to get that extra 5 percent. But as you, I believe, correctly pointed out, there are many people in this state who have that wire going by their home, but because of a lack of education of its value to them -- and more importantly to me, their children, and what they will be missing out on -- that right now, is not seemingly the focus of the legislation that is before us.

JOHN EMRA: I think that's right. It has some components, but I think it could do more, certainly.

SENATOR FONFARA: Thank you. Representative Backer.

REP. BACKER: Thanks, Mr. Chair. And I was just thinking, I know that most of our larger towns and cities and most of the state is fully developed with broadband. And I don't know if it's a lack of knowledge or education, I think it's just fundamentally -- and a lot of my

district -- it just boils down to it's more expensive. That if you're paying, you know, a single \$60 or \$40, they can get a cheaper product some place else as a dialup.

And I don't think my constituents have any less knowledge as the value of broadband or Internet and some of them are pretty poor. They certainly line up at the library to use the computers there. So I think we're maybe overstating the education piece in school. I think it really comes down to price, myself. And I don't know if you have any surveys that would show that, but I think it's -- you know, and I'm not telling you to lower your prices -- I'm just telling you, I think it's more to do with price than education.

JOHN EMRA: Well, you know, Representative Backer --

REP. BACKER: I'm not completely stupid, you know.

JOHN EMRA: You know, the Pew Internet Center does a good broadband survey on an annual basis, very widely respected. And it talks about a large percentage of the population aren't interested in broadband at any price. You know, they may be paying more for dialup than they would necessarily pay for broadband. So I'm not selling a commercial, but our introductory broadband rate is about 20 bucks a month. It's about the same as what you can get a dialup -- a typical dialup connection for, an unlimited dialup.

So price, necessarily, isn't necessarily an issue for some consumers. You know, what it is? And I know of -- I agree with them in some respect -- they spend a lot of time online at work. They get home; the last thing they want to do is go on a computer. They

really don't have any interest in it. So a lot of people use broadband at work. And for them, that's -- that's the way they do it.

There's a reason why they call it, "cyber-Monday," you know, which is the shopping phenomena that happens the Monday after Thanksgiving because everybody goes to work to make those purchases. They're not doing it at home.

REP. BACKER: A lot of my employees don't have computers. Thank you, but it just seems to me that we do a pretty disservice to the people who might have a little bit lower income to think that they don't understand that. I mean, at some point, you know, they -- the Internet all goes to the same place. How fast it comes, or how slow it comes doesn't necessarily make a difference to some folks, you know. So they -- I don't know your price structure, but some of the dialup, unlimited service is pretty cheap. And, you know, I think that they use the computer. And they know the value of it. And they know -- but I just think it's not that important to them on how fast the stuff comes in.

SENATOR FONFARA: Representative Nardello.

REP. NARDELLO: Thank you, John. I have a question. Do you interact with the Broadband Council at all?

JOHN EMRA: I'm actually a member of that council, Representative, so, yes.

REP. NARDELLO: Okay. The reason I say that is because I'm looking over Commissioner Palermino's testimony and it seems that this legislation was developed in conjunction with the Department of the Consumer Council and the

Broadband Council. And in their description of the legislation, it seems to differ in the way you interpret it and the way they interpret it. And I realize we all look at legislation differently. Okay. But it doesn't address some of the issues that you seem to be concerned about. Rather, it talks about having a competitive grant program. Do you agree that this is part of this legislation? Or let's just talk about what they talk about versus what you -- and let's see if we're in the same place.

JOHN EMRA: I -- I think, Representative, from reading the bill -- I mean, let me say this -- I think -- I think it's an overstatement to say that the council, itself, was -- as officially involved in the legislation, because I think individual members -- Mr. Valle from the OCC, Mr. Mundy from the DPUC, they're both on the Broadband Council, as am I. So they were involved. The council, itself, never gave its, you know, seal-of-approval, necessarily to the legislation.

I do think, you know, may be there is some misunderstanding. But as we read the plain language of the House Bill that's before you, it certainly contemplates municipalities being broadband providers and Internet providers. So that's one of the things that perhaps gives us some of the biggest pause in this legislation. I don't know if I've answered your question, necessarily, but I can certainly -- I'm willing to sit down with you or anybody else and kind of show you what some of our specific concerns are with the language, as it exists.

REP. NARDELLO: Well, it was a result of the report of the Broadband Council because it was attached to the legislation as we received it.

And that's really what predicated it. So, therefore, you don't agree. You believe that there is an issue in terms of municipalities. I think there is some disagreement on this and I just need to get to the bottom of this, as the way you interpret the legislation or others. So I think we'll just have some further discussions as time goes by going forward in this. Okay. Thank you.

JOHN EMRA: Thank you.

SENATOR FONFARA: Representative Johnson.

REP. JOHNSON: Thank you, Mr. Chairman. Thank you for your testimony.

JOHN EMRA: You're welcome.

REP. JOHNSON: I'm just wondering -- a couple of general questions -- do you foresee that there's a problem maybe in the long run with having a two-tiered system of broadband and dialup?

JOHN EMRA: I don't think I -- you know, do I see a problem? I think the reality is that dialup eventually goes away entirely. Though -- though I -- just an interesting story in The Journal, The Wall Street Journal, yesterday, I believe. You know, it talked of -- or maybe it was this morning -- it talked about that dialup providers are out there trying to make a bigger push to sell their service in a down economy.

But I do think over time, I think dialup service just goes away. I think, as I said, the price differences between the two services are now pretty much nonexistent. I don't know that I see it as a problem or not problem. That's really a question for a policymaker

more than it is for somebody from the industry, to be honest with you. But I think the reality is that dialup eventually goes away.

REP. JOHNSON: Just a follow-up. From an industry perspective, perhaps it is a policy question for the industry, as well, because it would go to: How does the industry plan to eventually have no more dialup and go to broadband completely?

JOHN EMRA: Well, we have, certainly, tried to transition customers and to try to get them to buy. We still have dialup -- some dialup customers, certainly. We want them to buy broadband connections. That's why, in part, we've lowered our prices as low as have. Now the prices, in some respects, is cheaper to go on our lower broadband tier than it is to stay on dialup. We'd like our customers to do that. I mean it gets -- it's just easier from us, for a network perspective, too.

And we think the whole world is moving to broadband. So broadband doesn't just enable surfing the Internet, it enables a lot of other things, other telecommunications and communications technology. So we think that's a good thing, more sales opportunities, to be frank.

REP. JOHNSON: That was exactly where I was going with that because I know that the rest of the world seems to be doing a better job at connecting everybody with broadband, as opposed to what we're doing here, at least that's what I read.

JOHN EMRA: I don't know that I agree, so much, with that, you know. And I've heard the OECD ranking of us at 15th in the world. You know,

if you look at those numbers, they're -- they're a little misleading, in some respects.

Their methodology is different, country-to-country. It doesn't count business connections. You know, if you just -- if you just look and see how they drive their number, their broadband per capita number; it's connections over population.

So, you know, the largest -- the largest country in the OECD is the United States, by far, in terms of population. We have to add millions of customers -- millions of new broadband consumers every quarter just to -- just to keep pace.

It's much easier for a smaller country, Luxemburg, I think, is in the OECD, for example, very small population, very easy to show on -- based on that formula, that they have wide broadband availability. When, if you look, the reality is the numbers, you know, sometimes the numbers lie. And, I think in that case, the number lie.

REP. JOHNSON: Or perhaps distort.

JOHN EMRA: Distort. Yeah. That's right.

REP. JOHNSON: Thank you so much.

JOHN EMRA: You're welcome.

REP. JOHNSON: Thank you, Mr. Chairman.

SENATOR FONFARA: Thank you. And just -- I don't know if there are any other questions -- but just as a point of clarification. It's my understanding -- in terms of the testimony, or the question of Representative Backer, or the statement of Representative Backer



regarding whether it's affordability or availability -- and it's been my understanding that there's evidence of -- in some -- with some customers that they bypass broadband, even though they're paying a higher price, but they could get a lower price if they added broadband to their service combination, if you will, but will pay more for video and telephone.

JOHN EMRA: Sure, Senator, I've talked to, you know, some of my colleagues on the -- who work in the cable industry and we've certainly seen it. You know, instead of buying the -- from our perspective -- our product is U-verse. So instead of buying U-verse 400, which is 400 entertainment channels and no broadband, why don't you buy the 300-channel package and throw in a broadband connection on it. It's the same price. I mean, it's understanding the value of it, I think, is important. It's a value proposition. Right? That's why that term is what it is. It's understanding the importance of it, I think. That's the key.

SENATOR FONFARA: Thank you, John. Any other questions? Thanks a lot.

JOHN EMRA: Thank you.

REP. NARDELLO: Jeanette Brown is our next speaker.

JEANETTE BROWN: Good afternoon, Representative Nardello and Senator Fonfana -- Fonfara, and the members of the Energy and Technology Committee. My name is Jeanette Brown. And I'm the executive director of the Stamford Water Pollution Control Authority. I'm a registered professional engineer in Connecticut, a board-certified environmental engineer, and a class 4 wastewater treatment plant operator.

SD 589

where they will say, gee, you know, my -- my basic rate is too high, but I don't want to drop it because I'll lose ESPN. Well that's not basic. That's expanded basic. And that's the confusion that's out there.

Now, one of the things that's happened as a result of competition is that no one's raising rates unless they absolutely have to. And what drives rates? Like everything else, when ESPN or CNN or MTV, when their costs go up -- sports programming, especially, is the highest -- then our costs go up. And, of course, you know, we're pushed to the limit. We try not to because now we have very effective competition, both with AT&T and with the satellite folks.

The second bill I was going to testify on -- we really don't have a dog in this fight -- is 503, where you are requiring notice when a cable, a telecommunications company installs satellites. We don't install satellites. And if you'd like to amend the bill to have us take them down, we'd be happy to do that as a public service.

And the final bill -- and I know this is on the record and it surprises me, but on 890 and 6426, I have to agree with virtually everything that John Emra said. And I may not get paid today for doing that. But notwithstanding that, you know, the major -- all of these broadband issues throughout New England and around the country, the ones that are most successful are the ones that target that 5 percent that Representative Esty talked about.

We will support the two bills. And I think you need to address the issues that John brought up that are very important. You're

going to get to the 5 percent that don't have it.

So you really need to focus on what we call, unserved. And many of these bills around the country have said, well, we're also going to do some underserved. Well, the underserved is hard to define. And I'll give you an example.

We supported a Connect Maine Authority up in Maine. And we helped fund it, actually. And the agreement that we made with this Connect Maine Authority -- and in our written comments that I wrote as a lawyer, was that you're going to underserved -- unserved rather.

Well, one of my companies serves a lot of very rural areas. I mean there are parts of Maine that are further away from here than North Carolina. And one of my clients went into a very very rural town, with the understanding that, you know, I'll make this investment, their numbers work.

Well, the next thing you know, the Connect Maine Authority gave a grant to an area that he's currently serving. Now he's not going to have the rural towns. He says I can't risk it because we're going to lose money on this project now, because this other competitor is being funded by public funds.

That's the only caveat we offer. You have to make sure that any funds that go into this will go to the people that need it most, which is people that don't have it all.

And, as has been pointed out earlier, Connecticut's in a -- in a heck of a good position. You know, 90 percent of the country has broadband. You've got 95 percent coverage. You know, right now, you're number

three in overall residential broadband. This is the latest information the FCC released December 31, 2007. Number three overall in residential broadband; that includes DSL and cable. Six overall in residential cable broadband modems in the nation. And you're only one of two states in the nation where that anywhere cable is, you've got broadband.

And so with that, Madam Chair, I'll be happy to stand for questions on any of the bills.

REP. NARDELLO: Are there questions from members of the committee for Mr. Durand? Thank you very much, Mr. Durand.

Our next speaker is George Balsamo.

GEORGE BALSAMO: Representative Nardello and members of the committee, my name's George Balsamo. I'm the meter security manager at United Illuminating Company.

I'm here today to express UI's strong support of Committee Bill 5694, concerning utility service termination.

This bill has been before the committee several times. And the committee has acted favorable on it every time. The House of Representatives has adopted the bill by overwhelming votes on every occasion in the past.

It's very important for utilities to access their equipment for purposes of: inspection, testing, removal, exchange, things like that. And, unfortunately, in the Northeast, a significant of our revenue metering is located indoors. So access is -- is a very very big problem for us.

STATEMENT OF THE FREEDOM OF INFORMATION COMMISSION ON RAISED  
BILL NO 890, AN ACT CONCERNING TELECOMMUTING.

PRESENTED BY : COLLEEN M. MURPHY, EXECUTIVE DIRECTOR & GENERAL  
COUNSEL (860-566-5682)

February 17, 2009

The Freedom of Information Commission would like to take this opportunity to object to a section in Raised Senate Bill 890. While the intent of the bill appears to be to foster a public-private venture to facilitate telecommuting, the proposal would create an unnecessary and overly broad exemption to disclosure of public records.

In Section 2 of the bill is the following language which creates a new, mandatory exemption from disclosure for public records: **Private entities submitting data in connection with efforts to develop the high speed Internet deployment strategy pursuant to said section 1 shall only provide such data to the extent and in the format the data are maintained in the normal course of business. Any information designated by the providing entities as confidential or proprietary shall be treated as such and governed by an appropriate nondisclosure agreement. The data submitted by providing entities pursuant to this section shall not be subject to disclosure under chapter 14 of the general statutes.**

This language conflicts with state law, codified in the Freedom of Information Act, which defines all records held or used by a public agency to be public records and disclosable to the public. This language would allow the participating private entities to determine what should or should not be released to the public as opposed to the state agencies involved in this project.

The FOIC feels that there are a series of exemptions to disclosure which are permissive in nature which would apply to the records in question here rendering this objectionable language moot.

The FOIA, in Section 1-210 (b) (5A) and (5B) allows a permissive exemption to public agencies for documents that contain trade secrets as well as documents that contain commercial or financial information given in confidence, not required by statute.

This allows the public agency, in this case the DECD, DPUC and Broadband Internet Coordinating Council, at their discretion, to withhold from public disclosure documents that contain trade secrets or financial information given in confidence.

It appears that the documents contemplated in this proposed bill would contain precisely the type of information described in Section 1-210 (b) (5A) and (5B). Therefore, public agencies already have the ability to withhold the documents in question, making the proposed legislation repetitive and unnecessary if the documents fall under Section 1-210 (b) (5A) and (5B).

The Freedom of Information Commission respectfully submits that this broad exemption is unnecessary and that this portion of the bill be stricken.



## STATEMENT OF AT&T CONNECTICUT

### Regarding Raised Senate Bill No. 890 An Act Concerning Telecommuting Before the Committee on Energy and Technology February 17, 2009

#### Proposal:

Raised Senate Bill No. 890 would require the Department of Economic and Community Development (DECD) to form a public-private partnership to implement a comprehensive strategy to bring high speed Internet access to all consumers and businesses and to increase technology literacy and adoption.

#### Comments:

AT&T is one of the leading providers of broadband service in the country. We offer a variety of speeds and pricing options for our customers.

Connecticut ranks as one of the states with the highest broadband availability in the country with service available to more than 95 percent of the state's homes. According to the Federal Communications Commission's (FCC) most recent report on broadband, there were more than 1.8 million broadband lines in the state of Connecticut as of the end of 2007 of which more than 1 million lines were provided to residential customers.

AT&T supports the intent of and language found in Raised Senate Bill No. 890.

We understand that policymakers, consumers and others want to see more widespread broadband availability and adoption. Yet achieving those goals will require accurate information on availability, greater technology literacy and use by more consumers, and ultimately greater demand for broadband by more consumers. It is a complicated topic which does not lend itself to easy solutions or quick fixes; simply put, it needs a multi-faceted effort involving the entire spectrum of interested stakeholders.

The language found in Raised Senate Bill No. 890 is closely modeled after successful proposals which are already in place and working in other states. We commend the committee for following this successful model. There are a number of important areas covered by the proposal, including the following:

- The legislation before you rightly recognizes that broadband adoption is an economic development issue, not a regulatory issue. Broadband has been preempted from state regulation by the FCC. Thus, directing the work of the proposed law to DECD, not the DPUC, properly treats broadband as what it is: an unregulated, highly competitive product with important economic development ramifications.

- The bill encourages participation in the public-private partnership by the vast array of groups which have an interest in broadband availability: state agencies, technology groups, economic development groups, health care providers, broadband providers, educators, etc.
- The bill ensures that broadband providers will not have to comply with unusual or highly costly requests for data and ensures that any data provided will not be subject to the state's Freedom of Information requirements; this is particularly important since data which will be requested is highly proprietary.
- The bill will create a comprehensive inventory of services available today, including gaps in availability down to the census block level.
- The legislation addresses the demand side of the equation of broadband adoption by surveying consumers to identify barriers to entry and through efforts to ensure greater computer ownership.

**Conclusion:**

AT&T supports the passage of Raised Senate Bill No. 890 and urges the committee to adopt it as introduced.



**Written Comments of Cablevision Services Corporation**

**The Energy & Technology Committee**

**Senate Bill 890: AAC Telecommuting**  
**House Bill 6426: AA Improving Broadband Access**

**February 17, 2009**

Cablevision is pleased to have this opportunity to offer you our written comments on these two pieces of proposed broadband legislation. As one of the largest providers of broadband services in our state, Cablevision fully supports the goal of bringing broadband to all Connecticut residents and businesses, and our company has been a leader in bringing our state much closer to this goal. Our company participated in the Department of Public Utility Control's recent broadband study proceeding and we compliment that agency on taking a leadership role in examining this important issue.

Over the past decade Cablevision has made significant investments to build and upgrade its broadband network in this state. Today that network reaches more than 323,000 Connecticut homes, making broadband service available to every resident in our service area. Cablevision also offers free broadband service to every public and private school and public library in its footprint; over 160 local schools and over 20 public libraries have availed themselves of this service.

As your Committee begins to consider the issue of broadband availability in our state, it is important to recognize that our state is among the leaders in the nation in broadband availability. The Federal Communication Commission's latest broadband statistics showed 1.5 million high speed broadband lines were available in Connecticut. Of those 1.5 million lines, nearly 1 million were to residential subscribers. Moreover, the FCC reported 100% cable modem availability where cable television service was offered.

Cablevision is proud of its role as an integral part of Connecticut's success story. Cablevision provides the nation's fastest broadly deployed Internet service for the home and has the highest market penetration in the industry – approximately 55% of Connecticut homes passed by Cablevision's fiber-rich network subscribe to Optimum Online. All of Cablevision's residential and business customers are able to download programs or services from the Internet at speeds of up to 15 Mbps. Cablevision also offers all of its customers a product called "Boost" (for a modest additional fee) that provides them with increased download speeds of up to 30 Mbps and is available to all homes passed.



On an ongoing basis, Cablevision continues to make strategic upgrades and investments that enhance the broadband services that we offer to our residential and business customers. For example, several months ago we announced the launch of our new WiFi service in Connecticut. This new WiFi service offers all of our Optimum Online customers free access to the largest and most advanced WiFi network in the nation.

As demonstrated by our commitment to offering the best broadband services to our customers, Cablevision supports many of the goals that are reflected in these bills. However, we believe that your Committee should be guided by the following three principles to ensure that the critical balance that supports private investment in these services is maintained:

1. **Mapping**: Cablevision supports efforts to obtain an accurate assessment of broadband availability in the state, provided that any proprietary information submitted by broadband providers remains confidential. Without an accurate and comprehensive inventory of broadband availability, it is difficult to espouse policies to address the state's broadband needs.
2. **Focus on Unserved Areas**: The focus of state policy should be on areas where broadband is unavailable, not portions of the state that already have a broadband provider, to ensure that all Connecticut residents have access to broadband service and avoid penalizing or deterring investments.
3. **Technology and Provider Neutral**: Any incentive or subsidy for making broadband available where no service currently exists should be provider and technology-neutral, ensuring that the best available technology and service meets the needs of consumers.

### **Mapping**

As the state seeks to craft appropriate broadband policies, it is important that we accurately identify the areas of the state where broadband is not available. It is equally critical however, that any legislation recognize that certain data -- especially subscription rates and information regarding plans for future broadband deployment -- are among a provider's most sensitive business information. Such data cannot be shared with competitors or the public, and its release could have a severe detrimental effect on the provider's competitive position. Any data collection provisions must ensure that any provider specific, proprietary information remains confidential, and is analyzed only in the aggregate.

### **Unserved Areas**

As the state works to ensure that all residents have access to broadband service it must strive to avoid penalizing or deterring private broadband investments. As reflected in Connecticut's broadband success story, private investment and consumer demand have made Connecticut among the leaders in broadband availability. These private

investments in broadband were made at great financial risk, with no guarantee of success. Government focus on areas that already have a broadband provider could put these first entrants at a competitive disadvantage and discourage future investment. In addition, limited government resources are best used to bring broadband service to Connecticut residents who currently do not have access to it.

### **Technology and Provider Neutral**

The state must recognize that government intervention to determine which technologies are most appropriate for broadband services would inevitably favor some market participants over others and would put government in the role of determining what viable technologies will be available in the future. Having programs or other assistance that are technology neutral will ensure that all types of broadband providers, including satellite, wireless, cable and wireline, will have the opportunity to expand into currently unserved parts of Connecticut, and that Connecticut residents continue to receive the benefits of a vigorously competitive broadband market.

### **Conclusion**

In closing, Cablevision recognizes the important role that broadband service has in ensuring access to the product and services that enhance the quality of life of our state's residents and ensure that our businesses maintain their competitive edge in the global economy. The private investment by companies competing in the broadband market has brought significant benefits to Connecticut residents. In considering any legislation to ensure universal availability, the General Assembly should ensure that such programs target areas that are not currently served by broadband service and that the programs are technology neutral. This will ensure that everyone in the state has the opportunity to enjoy the economic and social benefits of broadband connectivity. Thank you again for this opportunity to offer our comments and we look forward to working with the Committee on this important issue in coming months.



**STATE OF CONNECTICUT**  
DEPARTMENT OF PUBLIC UTILITY CONTROL

**Anthony J. Palermino**  
*Commissioner*

**THE ENERGY & TECHNOLOGY COMMITTEE**

**Senate Bill 890: AAC TELECOMMUTING**

**February 17, 2009**

**TESTIMONY OF COMMISSIONER ANTHONY PALERMINO**

The Department of Public Utility Control (Department) would like to comment on Senate Bill No. 890. Senate Bill No. 890 would require the Department in consultation with the Department of Economic Development as well as with the broadband Internet Council, to establish a public-private partnership to facilitate and to promote a state-wide high speed internet initiative. While the Department lauds the goals of proposed bill 890, it does not believe the bill goes beyond the preliminary steps of mapping and coordination of relevant entities to produce the tangible results the state should be focused on considering the national attention this issue has been receiving of late.

The Department recommends the Committee pursue this important issue through the House sponsored bill No. 6426 for a more concrete approach to improve broadband access in the State.

The Department appreciates this opportunity to testify and is available for any further questions.

**ROBERT FROMER**

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P.O. Box 71, Windsor, Connecticut 06095  
E-mail: saintrobert@comcast.net

March 24, 2008

Chairman, Co-chairman and Members  
Energy and Technology Committee  
Legislative Office Building, Room 2100  
Hartford, CT 06106

**Re: S.B. No. 890. An Act Concerning Telecommuting**

Dear Chairman, Co-chairman and Members:

Several years ago, American Telegraph and Telephone (AT&T) Broadband provided my Internet, cable television and telephone services. At the time, AT&T provided a free modem for the Internet. In 2001, Comcast purchased AT&T Broadband. After the purchase, I continued using the modem until it developed problems. Upon calling Comcast, the company requested that I exchange the AT&T modem for its modem, which I did at the Comcast Service Center. The public can purchase this modem in the market place. At no time did any Comcast representative inform me that it leased the modem nor did the Center have any posted notice of such modem leasing.

In July 2007, I involuntarily converted to Comcast Digital Voice because the company would no longer offer regular (analog) telephone service after converting to digital voice telephone. As an inducement to the conversion, Comcast offered a package of bundled services with Comcast High-Speed Internet and Digital Cable at a special offer price. Again, Comcast representatives provided neither statement nor notice of its leasing policy nor subscription agreement for this new bundled service requiring a combined modem for digital telephone and the Internet. I cannot purchase this combined modem in the marketplace; it is Comcast proprietary equipment.

After installing the new service, the installer provided a copy of his Work Order and a Letter of Agency. Comcast provided no written agreement for the new bundled service at the time of subscription at its local service center. I received an "adhesion" Subscription Agreement the week of March 17, 2008 because the company dictated the terms of the quasi-contract without bargaining. Since the installation, I have been billed a \$3.00 per month leasing charge, which equals \$36.00 per year. Comcast representatives claimed in recent conversations at the Service Center that the leasing fee applies for as long as it provides the service; in

H.B. AAC  
Energy & Technology Committee  
Robert Fromer

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other words, there is no duration for termination of the leasing fee. Hence, if I retain the service, Comcast will unfairly profit far beyond its cost or sale price for the modem.

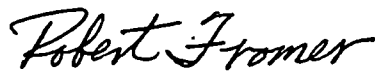
According to the Connecticut's Uniform Commercial Code, a "Lease" means the transfer of the right to possession and use of goods for a period in return for consideration. The term includes a sublease unless the context clearly indicates otherwise. The term does not include a sale, including a sale on approval or a sale or return, or retention or creation of a security interest." Connecticut General Statutes, § 42a-2A-102(18). Therefore, the absence of a fixed period for the lease constitutes an unfair and deceptive trade practice pursuant to the Connecticut General Statutes § 42-110a and b.

In a recent letter, the Connecticut Department of Public Utility Control claimed no jurisdiction for this matter, and the Connecticut Department of Consumer Protection has jurisdiction but refuses to enforce its statutes because I have been the sole complainant. The Federal Trade Commission and Federal Communications Communication dismissed my complaint for lack of jurisdiction.

I recommend that this Committee include in the subject legislation a provision limiting equipment rental to a lease to purchase contract including a fixed profit to the company for the combined modem. This provision would only apply to proprietary equipment not commercially available to the public.

Also, I suggest the legislation include requirements that cable companies prominently place notices at their Service Centers informing the public of its leasing policies, and a failure to provide such notice should entitle the subscriber to triple the overcharges of the fixed cost plus fixed profit set by the Department of Public Utility Control.

Cordially,



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Robert Fromer

TESTIMONY  
OF  
WILLIAM D. DURAND  
EXECUTIVE VICE PRESIDENT  
CHIEF LEGAL COUNSEL  
NEW ENGLAND CABLE & TELECOMMUNICATIONS ASSOCIATION, INC.

**Introduction:**

My name is Bill Durand and I am the Executive Vice President and Chief Legal Counsel for the New England Cable & Telecommunications Association, Inc., otherwise known as NECTA. NECTA represents substantially all cable television operating and programming companies that serve Connecticut and the other five states in the region. NECTA respectfully submits testimony in support of Senate Bill 890, An Act Concerning Telecommuting.

Much of the testimony I will present on House Bill 6426 applies to Senate Bill 890. One of the laudable attributes of this bill is its focus **on adoption** of broadband. Our experience in focusing on closing the digital divide is the lack of opportunity for certain segments of society -not for broadband access- rather-the need for access to computers. This bill addresses that issue. As stated in our testimony on House Bill 6426 any incentives that are provided should be technology/provider neutral. If state grants are to be used to promote broadband deployment, they should be targeted to those areas where consumers lack access to broadband.

Subsidizing the deployment of broadband in areas where consumers already enjoy access to broadband service undermines competition. Giving state money to companies to provide broadband "on top" of existing providers punishes those who took risks to invest and who continue to bear the heavy burden of debt-capitalized investment.

Those who deployed broadband early – cable providers, phone companies, and others who took a chance – received no support, bore the entire risk of failure, and continue to service the debt that was incurred to place cables, poles, and electronics to provide broadband. If the government steps in and gives substantial cash benefits – credits or other subsidies – to another provider who delayed investment, and who will have no similar cost structure, then the government is punishing risk taking and destroying the investment of the risk taker.

We commend the sponsors for their efforts and look forward to working with the committee on this and other measures designed to improve broadband availability and adoption.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**ENERGY AND  
TECHNOLOGY  
PART 3  
685 – 1023**

**2009**





STATEMENT OF AT&T CONNECTICUT

Regarding Raised House Bill No. 6426  
 An Act Improving Broadband Access  
 Before the Committee on Energy and Technology  
 February 17, 2009

**Proposal:**

Raised House Bill No. 6426 would empower the Department of Public Utility Control (DPUC) to develop a statewide technology plan for broadband including grants to municipalities, community colleges, school districts and libraries to provide skills training and Internet access to any defined priority areas. SB890

**Comments:**

Connecticut ranks as one of the states with the highest broadband availability in the country with wireline broadband service available to more than 95 percent of the state's homes and wireless broadband already available to large portions of the state. According to the Federal Communications Commission's (FCC's) most recent report on broadband, there were more than 1.8 million broadband lines in the state of Connecticut as of the end of 2007 of which more than 1 million lines were provided to residential customers.

While AT&T appreciates and supports the intent of the legislation: namely to increase broadband availability and adoption, AT&T respectfully opposes the legislation which is before you and strongly urges the committee to reject the proposal.

While policymakers have rightly expressed concern about broadband availability to that small percentage of consumers who do not have access today, this legislation takes the wrong approach for a number of reasons, including:

- The proposal before you seeks to address far more than just that small percentage of customers without broadband access today by including what the bill broadly describes as "underserved" rather than just unserved areas. As noted previously, wireline broadband is available to more than 95 percent of the state's homes today and wireless broadband is already widely available and service is being added to new parts of the state almost continually. To the extent there is a "problem" which needs to be addressed, it is with that small number of customers who can't get broadband today, not with virtually any other part of the state as this bill would prescribe.
- The legislation wrongly contemplates funding of municipalities and other government entities to become broadband providers, competing with private sector providers who those very same government entities regulate and tax. That creates an inherent conflict-of-interest in the ways in which government entities perform their core regulation and taxation functions and provides an incentive for them to act in a punitive manner towards private sector providers who would be their competitors.
- Broadband networks are expensive and complex undertakings which require expertise and on-going investment. There are countless examples of broadband or

telecommunications projects launched by government entities which have been abject failures in terms of performance and costs to taxpayers.

- Without understanding the scope of the problem, this legislation offers a solution in terms of government grants for broadband for both unserved and underserved areas with no understanding of the likely costs. Government ought not to launch costly endeavors such as that contemplated here without first clearly explaining to taxpayers – before any money is spent – what the total costs are likely to be for this project.
- As we are all aware, our state is facing the largest budget deficits in its history. Government will be asked to do more with less. Taxpayers will no doubt be asked to do more in terms of what they pay. This seems to be the wrong time to add new state expenditures – of potentially hundreds of millions of dollars – for a proposal far more expansive than any which is needed.
- An accurate inventory of specifically where broadband is available has never been undertaken in this state. AT&T firmly believes that any effort must first and foremost start with developing accurate mapping of existing broadband assets before steps are proposed to build new broadband assets, especially assets paid for by taxpayers.
- The legislation is misguided in empowering the DPUC to oversee the broadband industry: to date, a highly competitive, highly dynamic industry which has successfully developed with minimal regulatory oversight. Like other modern communication technologies, which know no real state boundaries, oversight, if any, should rest at the federal level. In a state like Connecticut, which has achieved nearly universal broadband penetration without DPUC intervention, it would be inappropriate at this juncture to confer any such jurisdiction and risk burdening the wildly successful competitive broadband environment. Any role for the DPUC should be limited to participation in the research, educational, and outreach efforts of a true public, private partnership.

Those states which have undertaken efforts to address broadband availability have taken a very different approach than that contemplated here. They have sought true public-private partnerships. While this proposal attempts to do so, the reality is the proposal calls for private sector broadband providers to turn over their confidential information to a governmental body which will then use that information to develop a plan for the construction of competing services which will be funded by taxpayers. That seems like a partnership in name only.

**Conclusion:**

We would urge the committee to look at the proposals in place in other states, especially in nationally recognized endeavors like the Connected Kentucky efforts. More specifically, we'd urge you to pass instead Raised Senate Bill No. 890 which is before your committee. It follows the successful model used in other states, and we believe would be a better approach to increasing broadband adoption and availability than the approach advocated in this legislation.

TESTIMONY OF  
RICHARD A. SODERMAN  
ON BEHALF OF  
THE CONNECTICUT LIGHT AND POWER COMPANY and  
YANKEE GAS SERVICES COMPANY

FEBRUARY 17, 2009

Good afternoon. My name is Richard Soderman and I am Director of Legislative Policy for Northeast Utilities, here on behalf of The Connecticut Light and Power Company and Yankee Gas Services Company. We appreciate the opportunity to speak to you today about the complex energy challenges now facing Connecticut, and to provide comments on Proposed Bills numbered 6427, 5995, 5694, 889, and 890.

CL&P has been part of everyday life in Connecticut for more than 100 years, providing safe and reliable electric service to homes, neighborhoods and businesses. With 1.2 million customers in 149 cities and towns, and 1,900 employees, CL&P is an active member in the communities it serves, including the largest taxpayer in many, offering programs in energy efficiency, economic development and environmental stewardship. Yankee Gas is Connecticut's largest natural gas distribution company, with over 400 employees delivering safe, reliable natural gas service to approximately 205,000 customers in 71 cities and towns. Yankee Gas is expanding Connecticut's energy options and increasing customer choice by extending the availability of clean, efficient natural gas throughout the state. Our service

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**HIGHER EDUCATION  
AND  
EMPLOYMENT ADVANCEMENT  
PART 1  
1 - 303**

**2009  
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EDWARD D. KLONOSKI: If we were fortunate enough to be approved for this by you the next step, as you know, would be to get the Governor to put this particular project on the bond agenda. If all of that happened, now and intent, it would take at least a year to do the design work. So we wouldn't be back from -- in a position to ask for money for the building two years from now kind of thing. And that is everything absolutely lined up and went smoothly.

REP. WILLIS: DPW is heading this up for you? I mean they actually do the work, not the work, but you know what I'm saying?

EDWARD D. KLONOSKI: Well, actually, if I -- I was around when Charter Oak's -- this building was put together. DPW actually general contracts the project. So this would be a DPW project, is my understanding. The college would not be managing the construction of this building.

REP. WILLIS: Okay.

EDWARD D. KLONOSKI: It would be DPW.

REP. WILLIS: Well, then, you probably have a longer time line.

EDWARD D. KLONOSKI: Yeah. Don't ask me.

REP. WILLIS: Okay. Thank you.

EDWARD D. KLONOSKI: Thank you all.

REP. WILLIS: Let me see, Commissioner Meotti.

MICHAEL P. MEOTTI: Thank you, Representative Willis, Senator Handley, and all the members of the Higher Education Committee. My name is Michael Meotti. I'm the Commissioner of

SB767  
SB796  
SB797  
SB798  
SB801  
SB809  
SB812  
HB6291  
SB802

Higher Education, and I'm here to testify on a number of bills, actually ten in total. But I won't take them one by one, because actually eight of them are grouped around the activities the Department engages in, in our role of regulating private occupational schools in the State of Connecticut, and so I want to speak a little bit of background on that -- on that function and the significance of it in the state because that is really what will help you put in the specific bills and the context in terms of our experience in the last few years is why we're proposing them.

In 1993, the bill, the authority to regulate private occupational schools was moved from the State Department of Education to the Department of Higher Education, in large part because of some difficulties in previously in dealing with this industry, which actually is private occupational schools are much more like higher education institutions in one sense. They are largely served of people of 18 above in age, mostly adults, and they are tuition-paying students within the occupational school world. There is financial aid in some schools. And many, one big difference, of course, that's significant to me, the bills before us, is that the private occupational schools are, you know, for-profit businesses that train people for a wide range of things.

Some are very, very small. They train people to be dog groomers or dental hygienists or the like. Others are much, much bigger. They're large operations that train people in the culinary arts or demanding technical fields in diesel mechanics and heating, ventilating, air conditioning, and electronics, electrical systems, et cetera. Some of them are even so large that they bring in students from outside

of the state of Connecticut and not just nearby border crossing from Massachusetts, Rhode Island or New York, but actually cross many states and live in this state.

So it's a diverse and to some extent complex industry. It provides a very necessary, very valuable benefit to the people of Connecticut, in providing training programs that are -- that will help them in employment or in boosting their earning power. But it does pose a regulatory challenge for the State of Connecticut that's unlike arenas in much else of higher education or local education in that private occupational schools, as independent businesses, do financially fail, and sometimes when they fail, they fail immediately, or they shut their doors immediately with little or no notice to the students who have already paid for their courses or training at the private occupational school.

Like other entities, I guess across the country, you know, we deal with this from time to time. In 2005, we had a school close under those types of circumstances. And as you can imagine there's hundreds of Connecticut residents affected. I'm sure maybe some people here in the Legislature have heard from constituents, from either the school that closed in 2005 or another school that we're involved in since I became Commissioner in March in 2008. It's very catastrophic to the students. In many cases they put their own money on the line, or they may have borrowed or entered into some other kind of financial obligation. The school is shut down. They can't continue their training. It's traumatic. It's difficult. It disrupts their, you know, their life plans. And the department works very closely with them not only to try to make them financially whole, we

run a security fund that was established by the State Legislature many years ago to make sure that they are not out their tuition, that we get that back to them.

We also work with them to move them into other training programs that still survive, so that their attempt to, you know, improve their earnings power or employability is not derailed by the closing of the business. And, of course, we have the regular ongoing practice of, you know, when new companies come in the field or stay in the field, we assess them for financial -- the potential for financial stability, the quality of the programs, and the like.

There are about 22,000 Connecticut residents enrolled in private occupational schools right now. That number usually goes up in economic hard times. So, you know, the evidence so far we believe the number is going up in Connecticut. But based on our experience in the last few years, and I was involved most recently in closing down a school that was operating without a license, teaching people to get a commercial driver's license to drive large trucks, having a horrible rate of people with their training getting passed through the DMV tests. Generally speaking, not a very good proposition for people coming and paying a large sum to go there.

And at the same time, the proprietor in the school was -- was something we only came to learn of over time, was involved in the federal judicial system, in fact, is, I believe, currently now in a penitentiary somewhere as a result of issues not directly related to our regulatory scheme, but all of which led to, you know, for a very difficult scenario that in addition to the harm to



students of course, some of these schools are able to get funds from the State Department of Labor under the Federal Workforce Investment Act or other types of funding streams and, of course, that only further, you know, creates a public injury when a training shuts down or if the training is poor quality, or not appropriately done.

And we are in that case. I was able to pick up the phone and call the Commissioner of Labor, and we were able to shut off that funding stream immediately so no new students would be -- would come into the process on the basis of that kind of support, and we would be able to better protect the students as well as protect public dollars.

The bills in front of you have to do with various issues associated with regulating the industry and also making sure that there's resources there when there's a problem involving a required letter of credit, dealing with the interplay between the state's secure, students security fund and the federal government when there's a Title IV loan involved or financial aid involved, and a variety of things which I'd be happy to answer any questions because I think that might be more, you know, productive rather than me walking through all eight bills.

The other two bills that I wanted to talk to you about are Senate Bill 798 about An Administrative Assessment to Support the Audit Function Within the CICS Program, which supplies funds to independent, you know, private colleges in the state, to provide scholarships to Connecticut students, Connecticut resident students. You know, all of the various federal and state financial aid programs in the country, you know, are subject

seen pictures.

REP. WILLIS: Okay. Any other questions or comments from the members of the committee?

I thank you so much. We're so pleased. You obviously are someone that we should be proud of in the State of Connecticut, and we are. We'll do what we can.

CHELSEA ANDERSON: Thank you.

REP. WILLIS: Okay. Leah Campo.

No. Paul Ferisse.

PAUL FERISSE: Ferisse.

REP. WILLIS: Ferisse, I'm sorry. I butchered that.

PAUL FERISSE: That's quite all right. That was very close, actually.

Good afternoon Representative Willis and members of the committee. My name is Paul Ferisse. I'm here today in my role as President of the Association of Connecticut Career Schools to speak in support of the eight bills that Commissioner Meotti had proposed earlier today in response to governance of private occupational schools from the Department of Higher Education. Specifically the Association of Connecticut Career Schools supports Bill 766, 767, 796, 797, 801, 809, 812 and 6291.

No, I did not submit written testimony. Absolutely. I will send it after. Great. Okay.

REP. WILLIS: Especially when there's, you know, a

number of bills --

PAUL FERISSE: Right.

REP. WILLIS: -- it's sometimes hard to remember what's in each of those bills without having some --

PAUL FERISSE: I think the important thing of my testimony today is that the membership of the Association of Connecticut Career Schools is in full support of Commissioner Meotti's recommendations and, specifically, Bill 766 An Act Concerning Letters of Credit. There was a question earlier during Michael P. Meotti's testimony. We believe that it's appropriate at this time to increase the amount of the letter of credit based on increases in inflation and overall tuition rates since the last increase, and we believe the dollar amount of \$40,000 is appropriate.

Act 767 an Act Concerning the Exclusion of Title IV Financial Aid for Eligibility for Refunds from Student Protection Accounts. We believe that this Act would actually help to solidify the Student Protection Account and protect its financial integrity so that funds are available in those rare instances where an occupational school may close and students need to access that account for refunds.

And finally, Act 812, An Act -- or House Bill 812, an Act Concerning Fees Assessed to Private Occupational Schools. Though no one likes to see their fees go up, we feel that the request for these increased fees are reasonable and appropriate in these difficult economic times. So we are in support of that as well.

But, again, we're in support of every measure



**STATE OF CONNECTICUT**  
DEPARTMENT OF HIGHER EDUCATION

**Testimony by the Connecticut Department of Higher Education  
Before the Higher Education and Employment Advancement Committee  
11:00 a.m. – LOB Room 1E  
February 10, 2009**

**SB 766 (Raised) An Act Concerning Letters of Credit Filed by Private Occupational Schools**

The Bill increases the Letter of Credit from \$20,000 to \$40,000 and increases the period of time the Department has access to the funds from eight (8) years to twelve (12) years. It further safeguards students who are enrolled in a newly approved school, in case that school closes without warning and the State must refund tuition. It also provides a very small buffer against refunds from the private occupational school student protection account, when a school does not have a demonstrated history of payment to the student protection account. It helps to reduce exposure to the student protection account.

The Bill also requires a new school to obtain their Letter of Credit from a financial institution located in the State of Connecticut, which ensures and facilitates timely access in securing these funds. Department conferred with Banking Commission and they support this bill.

**SB 767 (Raised) An Act Concerning the Exclusion of Title IV Financial Aid from Eligibility for Refunds from the Student Protection Accounts**

The language in this bill would require the federal government provide the same loan forgiveness to students in Connecticut as it would to students in any state where no student protection account coverage exists. The bill would protect the student protection account from exposure and liability of any Title IV school closure. Students who attend Nationally Accredited Private Occupational Schools in Connecticut are eligible for Federal Loans and Grants through Title IV Federal Financial Aid. When a school closes, the U.S. Department of Education historically has granted loan forgiveness of any Title IV student loans and waived the repayment of any Title IV grants awarded. The U.S. Department of Education modified its Loan Discharge Application, to require that an applicant identify whether a claim for tuition recovery may be filed with any third party. A "third party" is defined as any entity that may provide tuition reimbursement for a refund owed by the school, such as a (state) tuition recovery program. Without this language, the student protection account could be totally depleted with the closure of one medium size Title IV school.

SB 796  
SB 797  
SB 801  
SB 809  
SB 812  
HB 6291  
SB 798

\* Note: The Student Protection Account is only one account so the "s" needs to be deleted from the title.

**SB 809 (Raised) An Act Concerning Financial Statements of Private Occupational Schools**

The Bill gives all accredited schools six months to submit their audited financial statements, with a due date in line with the same six month due date required by national accrediting bodies and the U.S. Department of Education. The current statutes require that financial statements be submitted four (4) months after the end of a school's fiscal year, but allows for an additional 60 day extension if requested by the school. This does not change the reporting requirement for non-accredited schools.

**SB 812 (Raised) An Act Concerning Fees Assessed to Private Occupational Schools**

The Bill provides specific references to the fees assessed private occupational schools. No increase to fees.

**\*Note:** The Bill language proposed referenced in one place in the statute to provide a definition of fees and outlines the fee schedule in one section of the Statute. Throughout the Statute, there are many references to the various fees private occupational schools pay during the course of authorization to operate the school. There is confusion and misunderstanding regarding fees, schedule, why and how much and who does it apply to such as initial, renewal and annual fees. We request the language and format as submitted below for clarity and understanding.

Under Section 10a-22a Private occupational schools. Definitions. NEW (6) **"FEES" MEANS THE MONIES ASSESSED SCHOOLS. INITIAL APPROVAL FEE IS FOR THE FIRST APPLICATION FOR SCHOOL APPROVAL; RENEWAL FEE IS FOR REAPPROVAL OF THE SCHOOL; CHANGE OF OWNERSHIP FEE IS FOR THE REAPPROVAL OF AN OWNERSHIP CHANGE; ANNUAL FEE IS A YEARLY SUSTAINING FEE ASSESSED FOR EACH SCHOOL. A SCHOOL IS ASSESSED FOR THE MAIN CAMPUS AND EACH BRANCH CAMPUS.**

**THE FOLLOWING FEE SCHEDULE IS:**

<b><u>INITIAL APPLICATION FEE:</u></b>	<b><u>\$2,000.00</u></b>
<b><u>RENEWAL APPLICATION FEE:</u></b>	<b><u>\$ 200.00 (EACH LOCATION)</u></b>
<b><u>ANNUAL SUSTAINING FEE:</u></b>	<b><u>\$ 200.00 (EACH LOCATION)</u></b>

**HB 6291 (Raised) An Act Concerning the Submission of Reports and Audits Concerning the Fiscal Condition of Private Occupational Schools**

The Bill allows the Commissioner to request timely information needed to adequately evaluate a schools compliance with its conditions of authorization. The first indication of a school's fiscal insolvency is their failure to meet the state's financial reporting requirements, which ultimately negatively impacts each student's program completion. The Commissioner's access to accurate and timely information improves the Departments ability to protect students.

## Testimony to the Higher Education & Employment Advancement Committee

### 2009 SB809

By Patricia Torres, Education Director  
Construction Education Center, Inc.

As a representative of the Private Occupational School community, I would like to thank the Committee for creating this forum and the opportunity to express our thoughts and concerns.

My name is Patricia Torres and I am the Education Director for the Construction Education Center. We are a small private occupational school providing training for the construction industry through programs like related instruction courses for construction apprentices, professional development programs which enhance the skills of those working out in the field, safety courses that expand awareness of the hazards on construction sites, and CT license prep instruction to assist apprentices in passing the state license exams for required trades.

The Construction Education Center, a non profit, has been incorporated since July of 2006 and immediately engaged the process of becoming a private occupational school recognized by the Commissioner of Higher Education. We received our initial approval in January 2007. Our organization is small, with an operating budget of less than \$500,000 per year. As with all organizations, any change in our fixed expenses directly impacts our performance.

Currently, the Department of Higher Education allows either reviewed or audited financial statement each year as part of the renewal process. This choice to have either saves our organization in expenses. It is our understanding that the difference between the two types of reporting methods can be as high as \$10,000.

#### Audit vs. Review

There are differences between the objectives of an audit of financial statements in accordance with generally accepted auditing standards and the objectives of a review in accordance with statements on standards for accounting and review services. The objective of an audit is to provide a reasonable basis for expressing an opinion regarding the financial statements taken as a whole. A review does not provide a basis for the expression of such an opinion because a review does not contemplate obtaining an understanding of the internal control structure or assess control risk, tests of accounting records and of responses to inquiries by obtaining corroborating evidential matter through inspection, observation or confirmation, and certain other procedures ordinarily performed during an audit. A review may bring to the accountant's attention significant matters affecting the financial statements, but it does not provide assurance that the accountant will become aware of all significant matters that would be disclosed in an audit.

We feel that the option of having a review combined with the ratio and review process currently employed by the Department of Higher Education enables the department to understand the financial standing of the occupational school. This process also assists smaller, budding organizations to provide educational services that serve niche markets in the training industry.

In summary, we urge the Committee to not support SB 809 which would require audited financials only to be submitted by private occupational schools.