



Broadband Pricing Trends in California Fact Sheet

Date: July 9, 2024

SUMMARY: The challenge for connecting households to broadband service is not solely the lack of broadband infrastructure in a community but the equally important barrier posed by lack of *affordable* broadband service available in an area. Beginning in 2019, the Public Advocates Office issued annual broadband pricing data requests to telecommunications companies that provide broadband services in California. We hope our findings inform dialogue about the price of broadband and its role in advancing/inhibiting access to affordable broadband in California.

BACKGROUND

Broadband is an essential service for accessing emergency services, healthcare, employment, education, and social services. With the ongoing deployment of over \$6 billion in grants for broadband deployment in California alone¹, detailed information on broadband pricing in California is critical to inform these processes, to assess whether ultimate efforts are successful, and to ensure that the billions of public dollars spent on broadband infrastructure investment will benefit the public, particularly those facing the greatest barriers to broadband adoption.

In early 2023, the Public Advocates Office received responses to its Annual Broadband Pricing Data Requests that contained information relating to the broadband plans subscribed to by an estimated 77% of households with fixed broadband connections in California. The Public Advocates Office used the responses received from fixed broadband service providers offering services in California, along with data from the Federal Communications Commission (FCC) Urban Rate Surveys (URS), to perform its analysis. You can see our detailed report here: [Broadband Pricing Trends in California \(2024\)](#).

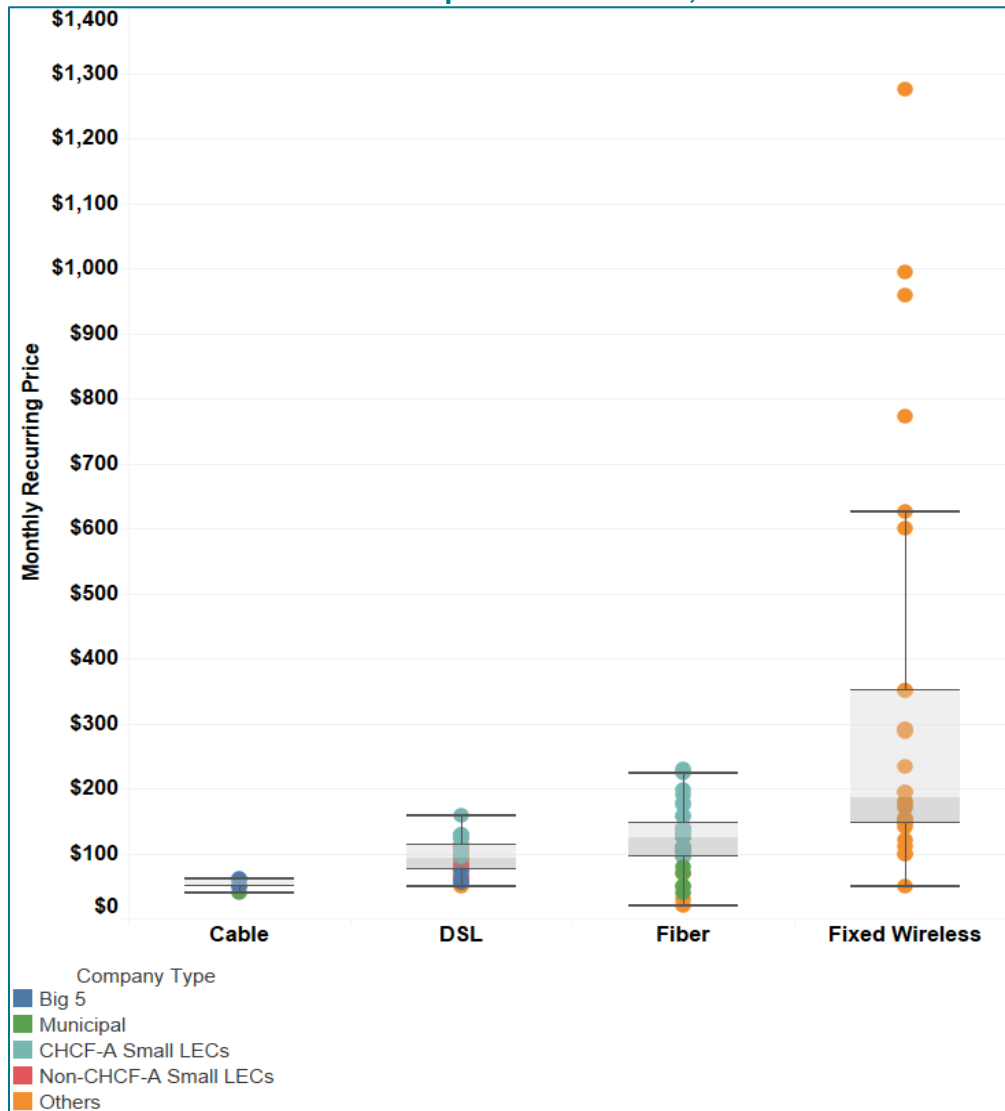
FINDINGS

Broadband pricing trends in California varied widely across speed tiers, technology types, and company types.

The figure below compares broadband plan prices across technologies and company types. The five providers with the largest subscriber base in the country (Comcast, Charter, Frontier, AT&T and Cox) are grouped as the “Big 5.” Small local exchange carriers (Small LECs) that receive subsidies from the California High-Cost Fund-A are grouped as “CHCF-A Small LECs,” while those small local exchange carriers that do not receive CHCF-A subsidies are grouped as the “non CHCF-A Small LECs.” Municipal and cooperatively owned providers are grouped as “Municipal,” and all other providers, including most fixed wireless broadband providers, are grouped as “Others.”

¹ California has begun to implement \$6 billion in broadband investment and is preparing to distribute its federal Broadband Equity, Access, and Deployment (BEAD) program allocation - an additional \$1.86 billion for broadband deployment projects to unserved and underserved residents.

California Monthly Recurring Broadband Plan Prices by Company Type and Technology for the ≥51-100 Mbps Download Tier, Jan. 2023

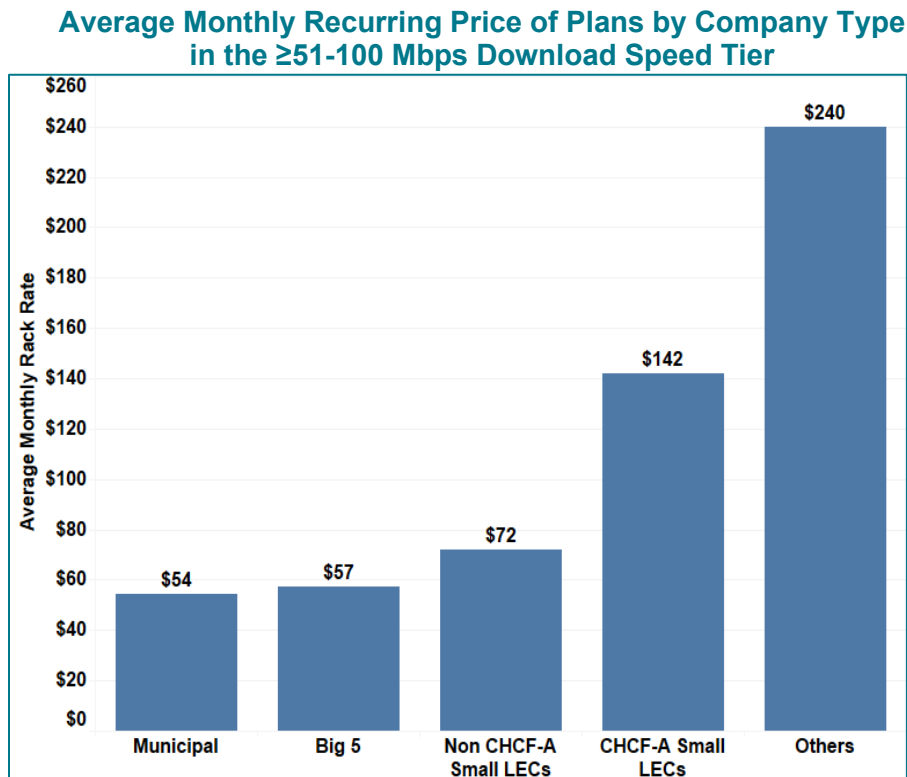


Unweighted average fixed wireless broadband service rates increased by 197% from 2021 to January 2023 for broadband rates in the in the ≥101-1000 Mbps speed tier in urban and rural areas of California.

Fixed wireless broadband service rates continue to be some of the most expensive service rates available in California when both urban and rural areas are considered, with an average monthly price of \$171.16 for fixed wireless access plans offering less than or equal to 100 Mbps and \$195.04 across all speed tiers. This finding contrasts with trends identified in the FCC URS data for 2022, which shows significant decreases to average fixed wireless access broadband rates reported for urban areas in California between 2021 and 2022. This highlights the potential that significantly higher fixed wireless access broadband rates are charged in rural areas than in urban areas.

Small LECs that receive California High-Cost Fund-A subsidies offer some of the highest average rates of all provider types.

Despite most Small LECs receiving subsidies from the California High-Cost Fund-A Program (CHCF-A),² the Small LECs that do receive these subsidies consistently offered some of the highest broadband prices across multiple technologies and speed tiers. Broadband prices charged by California’s Small LECs are examined in detail in the companion focus paper released with this report: [Pricing Trends for California’s Small Local Exchange Carriers \(2024\)](#).



Barriers to accessing affordable broadband plans persist, despite increasing enrollment in subsidy programs such as the Affordable Connectivity Program (ACP) in 2023.³

The price of broadband service is a barrier to broadband adoption, with one recent study noting that nearly half of those without a home broadband subscription stated they go without in part because broadband services are too expensive.⁴ While California increased the pace of enrollment in the ACP in 2023, only half of eligible households were enrolled in the program when it ran out of funding and was allowed to lapse in June 2024. The end of the program immediately increased broadband bills for nearly 3 million low-income Californians.

While extending the ACP would be a step in the right direction, subsidy plans that lack rate caps or minimum service standards may be monetized by providers at the expense of intended program beneficiaries. AT&T increased its low-income broadband plan price by \$20 following the implementation

² The California High-Cost Fund-A (CHCF-A) is a subsidy program that promotes customer access to advanced services and deployment of broadband-capable facilities in rural areas. <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-high-cost-fund-a>.

³ State of California, Affordable Connectivity Program Enrollment Tracker, <https://broadbandforall.cdt.ca.gov/affordable-connectivity-program/acp-enrollment/> (last accessed Mar. 25, 2024).

⁴ Andrew Perrin, Mobile Technology and Home Broadband 8 (Pew Research Center, Jun. 3, 2021), available at https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2021/06/PI_2021.06.03_Mobile-Broadband_FINAL.pdf.

of ACP. Similarly, while Charter decreased the cost of its low-income plan between 2021 and 2022, from \$19.99 to \$17.99, it increased the rate back to \$19.99 in 2023 without increasing offered speeds.

California's broadband adoption levels are lower than previously estimated.

The [CPUC's 2022 Annual Report](#) to the legislature on the California Advanced Services Fund (CASF) program estimates that, in 2021, just over 4 million households did not subscribe to broadband at served speeds of greater than 25 Mbps download and 3 Mbps upload (25/3 Mbps), even though they had access to such service.⁵

When we compare this figure with the adoption rate presented in the [CPUC's 2021 CASF Annual Report](#), we see that nearly two million *fewer* households subscribed to broadband at served speeds in 2021 than were estimated to do so in 2020, adjusting the estimated adoption percentage down from 83.3% to only 68.5% of California households. This update was assisted by Assembly Bill (AB) 2752 (Wood, 2021-2022 Reg. Sess.), which clarified the CPUC's authority and directed the CPUC to collect more granular broadband service subscription data from internet service providers, including cable companies.

CONCLUSION

The Public Advocates Office's 2023 Annual Broadband Pricing Data Request responses indicate that average broadband rates increased for plans offering the slowest speeds (≤ 25 Mbps) as well as for plans offering the speeds subscribed to by most Californians (≥ 101 -1000 Mbps). Some fixed wireless access broadband service providers charge the highest rates for broadband service. Municipal broadband providers in California offer broadband rates for fiber-to-home broadband service that are similar in price to those offered by the largest internet service providers.

We continue to advocate for ratepayers at the state and federal level to ensure that access to broadband is affordable and reliable. We continue to participate in ongoing proceedings at the CPUC and advocate for California ratepayers in other forums.

For more information or questions regarding our 2023 Broadband Pricing Analysis, please contact Mary Flannelly at mary.flannelly@cpuc.ca.gov.

⁵ Compare CPUC 2022 California Advanced Services Fund (CASF) Annual Report at 17 with CPUC 2021 CASF Annual Report at 18. CPUC CASF Annual Reports are available on the CPUC website, CASF Performance and Financial Audit Reports, <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-advanced-services-fund/casf-performance-and-financial-audit-reports>.