

Internet Service Providers in Los Angeles: A Story of a Broken Market, Limited Options, and Abusive Monopolies

Like the vast majority of Californians¹, most Angelenos have extremely limited options for high-speed broadband internet. Los Angeles County has a duopoly - AT&T and/or Charter/Spectrum are available in more than 90% of the County, and myriad providers offer service in limited geographies covering 1% or less of the County.^{2,3}

Massive publicly traded Internet Service Providers (ISPs) have taken advantage of decades of deregulation at the Federal level, including recent Federal Communications Commission decisions, to maintain monopolies in the markets they serve.⁴ And the ISPs abuse their monopolies, providing inadequate services and overcharging their captive customers.

Consequences of Los Angeles' Internet Duopoly

Having just two multinational corporations control Los Angeles's access to the internet results in slower, less, reliable, and/or more expensive service for every Angeleno, with especially bad outcomes for lower income communities of color.

1. Underserved communities are stuck in the slow lane.

ISPs declare themselves as providing fast enough service if they can claim they deliver 25/3 mbps, the current FCC bare minimum for service to be defined as "broadband." However, these speeds are not adequate.⁵ Prior to the pandemic, users needed at least six times the federal standard for sufficient speeds to meet average household connectivity needs.⁶ Since the onset of the pandemic, requirements have only gone up - way up.⁷ Families "served" with just 25/3 mpbs do not have adequate speed to reliably access online school, work, telehealth, or any of the other myriad everyday activities that have moved online over the last two years.

ISP monopolies are not required to provide adequate service, and lack of competition means they also don't have business incentives to upgrade service. A

¹ CA Public Utilities Commission (CPUC), [EOY2020 CA Residential Fixed BB Deployment](#)

² BroadbandNow, [Most Popular Internet Providers in Los Angeles, California](#)

³ CPUC, [EOY2019 CA Residential Fixed BB Deployment by ISP](#)

⁴ Electronic Frontier Foundation (EFF), [The Last Smash and Grab at the FCC](#)

⁵ EFF, [The American Federal Definition of Broadband is Both Useless and Harmful.](#)

⁶ EFF, [The Future Is in Symmetrical, High-Speed Internet Speeds](#) (noting that current usage is averaging at 207/16 mbps with an expected 21% annual growth).

⁷ Pew Charitable Trusts, [How Much Broadband Speed Do Americans Need?](#)



consequence is digital redlining,⁸ and the outcome is that LA's lower income communities of color are stuck with slow internet at a higher price.

2. Underserved communities do not have affordable options, and all Angelenos pay more than we should.

Inadequate speeds have not stopped the ISPs from overcharging their consumers. California families, left without any real alternatives, overpay by approximately \$1.5 billion for broadband services every year when compared to American markets with more options. Put another way, the average California family pays an additional \$156 a year than they would if the ISPs didn't operate as monopolies.⁹ And this overcharge does not account for the additional and often hidden costs of installation and activation fees, equipment fees, data cap penalties, and anti-competitive tools like minimum contract lengths that keep customers on inadequate plans.

According to data the ISPs provide to the FCC and the California Public Utilities Commission (CPUC), many of the "affordable" plans on offer fall far below even the inadequate 25/3 broadband minimum, and many are cell-service rather than to the home services.¹⁰

3. Historic inequities are cemented and expanded.

ISP monopolies raise serious equity issues, hurting families and severely hindering economic development.

The County of Los Angeles' Internal Services Department found that over 365,000 households, primarily in low income communities of color, lack even basic broadband access.¹¹ The ISPs purposefully neglect these neighborhoods in favor of building towards higher income areas. This practice is called digital redlining, and it is one of the key reasons there is a stark digital divide in Los Angeles County.¹²

The ISPs' inequitable practices hurt businesses as well. Without proper high-speed service, businesses cannot keep up with competitors, innovate, or participate in an increasingly digital economy, and communities cannot attract or retain businesses that could create jobs and reinvestment.

⁸ CCF, [Digital Redlining 101](#)

⁹ Chattanooga, TN offers 300mbps for \$58/month from EPB, <https://epb.com/fi-speed-internet/>; Kansas City's Google Fiber, before it was discontinued, was 100mbps for \$50, now cities with Google Fiber get 1gb for \$70/month, [Google Fiber ends \\$50, 100Mbps plan, but 1Gbps is still \\$70 with no data cap](#); European Commission finds Internet-only bundles in CA to be \$73, [Broadband Internet Access Cost Autumn 2015](#).

¹⁰, [CPUC, CA Low Cost Internet Plans](#)

¹¹ Los Angeles County, [Chief Executive Office Operations Cluster Meeting Agenda 10.20.21](#).

¹² CCF, [Digital Redlining 101](#)



What ISPs Claim

ISPs say that 1) most Californians already have access to adequate service,¹³ 2) the market is competitive; folks have plenty of choice,¹⁴ and 3) they don't have the profit margin to build out better networks.¹⁵ All of these claims are categorically untrue. AT&T reported record growth, revenue, and operating profit margins upwards of 30% over the last several years,¹⁶ as did Charter Spectrum.¹⁷ They have the resources to build - they're maximizing profits at the expense of communities.

In 2020 the Institute for Local Self Reliance published the report, *Profiles of Monopoly: Big Cable and Telecom*, which analyzed Federal Communications Commission data to investigate broadband competition in communities across the country. The findings clearly demonstrated that millions of Americans still do not have a real choice when it comes to their internet service - there is a severe lack of competition across the country.¹⁸

How to Fix the Broken Market

Los Angeles County has the opportunity right now to start to fix this broken market and tackle our communities' broadband needs here at the local level. Over the last two years, tens of billions of federal dollars have been allocated to building broadband infrastructure, and California dedicated \$6 billion along with new policy that incentivizes local solutions.¹⁹ Los Angeles communities can take our broadband future into our own hands.

Stakeholders across Los Angeles County have already taken a number of important steps to achieve the goal of bringing fast, affordable, and reliable broadband to Angelenos:

- The Los Angeles County Board of Supervisors passed an Investments to Accelerate Digital Equity motion, which will initiate creation of a municipal community wireless network that will offer free broadband to the County's

¹³California Public Utilities Commission, [OPENING COMMENTS OF AT&T CALIFORNIA \(U 1001 C\) ON THE FIRST AMENDED SCOPING MEMO AND RULING](#), Page 7

¹⁴California Public Utilities Commission, [OPENING COMMENTS OF CHARTER FIBERLINK CA-CCO, LLC \(U-6878-C\) AND TIME WARNER CABLE INFORMATION SERVICES \(CALIFORNIA\), LLC \(U-6874-C\) ON THE ASSIGNED ADMINISTRATIVE LAW JUDGE'S MAY 28, 2021 RULING](#), Page 2

¹⁵California Public Utilities Commission, [OPENING COMMENTS OF AT&T CALIFORNIA \(U 1001 C\) ON THE FIRST AMENDED SCOPING MEMO AND RULING](#), Page 4

¹⁶ AT&T, [Quarterly Earnings 2021 - Financial Reports](#)

¹⁷ [Results, SEC Filings & Tax Information | Charter Communications Inc.](#) Notably, in Q3 2020 Charter spent approximately \$4.0 billion on stock buy backs.

¹⁸ Institute for Local Self Reliance, [Report: Most Americans Have No Real Choice in Internet Providers.](#)

¹⁹ Electronic Frontier Foundation, [How California's Broadband Infrastructure Law Promotes Local Choice.](#)



least served residents and begin the planning process for county-driven broadband fiber-to-the-home network.

- Many cities, Councils of Government, non-profits, and other regional stakeholders are engaged in digital equity conversations and quickly building plans to apply for available funding that will help them close the digital divide in their communities.
 - ◆ An impressive example is Destination Crenshaw, a non-profit group spearheading a transformative infrastructure project - that includes the development of broadband - along a 1.3 mile stretch of Crenshaw Avenue.

Looking Forward: Opportunities for Action

- In collaboration with community-based organizations, local governments, collaboratives, and industry partners, [LA DEAL](#) - Los Angeles' CPUC-recognized regional broadband consortium - is identifying priority projects and driving technical assistance and support for funding applications to fund them. Join them as a voice for community-driven broadband infrastructure investments that prioritize more competition, and better, more affordable service: www.ladeal.org/events
- An EFF found that a wholesale model - public open-access infrastructure that is then leased to service providers - could reach 95% of LA County cost effectively.²⁰ This model promotes competition and empowers local solutions. Encourage LA County leaders to review the model and take steps to implement it.

About the CCF Digital Equity Initiative

The Digital Equity Initiative is a multi-year project of the California Community Foundation that will seed a digital equity movement in Los Angeles County with the power and capacity to successfully advocate for systems-change solutions that provide for fast, reliable, and affordable broadband for all Angelenos. For more information, email digitaldivide@calfund.org, or call Shayna Englin at 323.217.3565.

About the [Electronic Frontier Foundation](#)

The Electronic Frontier Foundation (EFF) is the leading nonprofit organization defending civil liberties in the digital world. Founded in 1990, EFF champions user privacy, free expression, and innovation through impact litigation, policy analysis, grassroots activism, and technology development. With over 30,000 dues-paying members and well over 1 million followers on social networks, we focus on promoting policies that benefit both creators and users of technology.

²⁰ Electronic Frontier Foundation, [Wholesale Fiber is the Key to Broad US FTTP Coverage](#).