



STATEMENT OF AT&T CONNECTICUT

Regarding Raised House Bill No. 6604 An Act Concerning Public Access Television Channels Before the Committee on Energy and Technology March 5, 2009

Proposal:

Raised House Bill No. 6604 would make a number of changes to the state's laws concerning public access programming as well as to the regulation of competing video services.

Comments:

AT&T strongly opposes Raised House Bill No. 6604 – in particular, sections six, eight, ten, eleven and twelve – and strongly urges the committee to reject these provisions.

Less than two years ago, the Connecticut General Assembly ushered in a new competitive era for video services by establishing a licensing process to encourage new competitors to come and offer video service in competition to incumbent, monopoly cable television providers. In addition, the law created a level playing field among competing providers by allowing incumbent monopoly providers to opt into a lighter form of regulation upon the offering of service from a new competing provider within their traditional franchise areas. The law has been an unbridled success for Connecticut consumers.

As a result of Public Act 97-253, AT&T was granted a certificate of video franchise authority to offer service in the state of Connecticut and to date the company is making its U-verse video service available to more than 300,000 homes in parts of more than 93 cities and towns throughout the state. AT&T's build plans are continuing with the service expected to be offered to even more homes over the coming months and years.

AT&T's entry into the market is giving Connecticut consumers a real choice to their monopoly cable provider and, as a result, access to programming and other features not available from their monopoly provider and at prices, in some cases, far better than what they have historically paid for service. Attached to this testimony for the information of the committee is a copy of an advertisement, similar to many which AT&T has run in areas throughout the state, which compares AT&T's U-verse service to competing services from cable providers. As you can see, consumers are, in many cases, saving hundreds of dollars a year when they switch to AT&T. In addition, we understand that even consumers that don't switch are saving money, since their former monopoly providers now, as a result of the competitive pressure brought by AT&T, are willing to lower their customer's bills when consumers indicate an interest in getting service from AT&T.

Beyond the considerable benefits to consumers, Public Act 07-253 also has greatly benefited our state's economy. As a result of its passage, AT&T is initially investing more than 1/3rd of a billion dollars into upgrading and expanding its Connecticut network to make U-verse available to its customers. AT&T has hired hundreds of workers to market, install, and

maintain service to its customers and the work involved in upgrading its network is helping to keep more than 1,000 other Connecticut employees employed in good-paying, full-time positions.

It would be wrong to assume that Public Act 07-253 eliminated regulation for monopoly providers or allowed new competitors to enter the market without any rules or regulations to follow. On the contrary, Public Act 07-253 contained some of the most far-reaching and expansive requirements with respect to consumer protection and PEG carriage of any such law passed anywhere in the country. Some provisions for PEG carriage, consumer protection, credits for outages, and many others, were copied whole cloth from the provisions which were formally applicable to monopoly cable providers and they were made applicable to both new entrants and to cable companies which "opt-in" to the lighter form of regulation. The only substantive differences in regulation from the old rules and those found in Public Act 07-253 was an elimination of the franchise renewal process for existing providers and build out provisions for all providers. Otherwise, important consumer protection rules and regulations and rules regarding PEG support were virtually identical to those in place before Public Act 07-253.

The changes to the law proposed by Raised House Bill No. 6604 would put the benefits which have accrued to consumers at very real risk. The bill ignores the steps which AT&T has taken with respect to PEG programming and, most importantly, the legislation ignores the fact that video services offered by AT&T, former monopoly providers, and satellite providers are offered in a highly competitive marketplace and as such should not be subject to rules such as envisioned by the proposal.

AT&T has far exceeded the requirements of the law with respect to support for PEG programming. While the law requires PEG programmers to pay for all of the costs to convert their programming into a format compatible to our network and pay for nearly all of the costs to transport their programming to AT&T's video offices, AT&T has voluntarily and without a requirement in the law to do so, agreed to pay for such costs. This represents a major investment on AT&T's part both in one-time costs for equipment and on-going costs for transport. AT&T also remits the same annual per-subscriber PEG support funds to PEG providers as the cable industry provides. Lastly, AT&T has provided additional corporate support for PEG providers in line with its longstanding support for community endeavors.

In response to concerns and feedback from some members of the PEG community, AT&T last year made commitments to enhance its PEG platform to address picture resolution of PEG programming and the time required for the PEG application software to begin running. AT&T has exceeded its commitments and plans additional enhancements. First, PEG programming picture resolution is now identical to commercial channels (480 x 480) and application load time has been reduced from a mean time of approximately 40 seconds to a mean time of approximately 8 seconds. Additional enhancements are planned which will reduce load time to approximately 2 seconds and perhaps even less and to allow for secondary audio and closed captioning. The current plan is to have these enhancements tested and approved by the end of the 2nd quarter 2009 and field deployment could begin in some markets before the end of the 2nd quarter.

AT&T presents PEG programming differently than the cable industry presents such programming because the underlying technologies and networks of the respective industries are different. The cable industry shows their customers only the PEG programming from their very specific area – either their town or region – while AT&T shows its customers PEG content not only for their town but for towns across the state. In doing so, we are offering consumers more PEG content than they have ever had before and we are offering PEG providers a wider audience to show their programming than they have ever had before.

AT&T has a single location for all of its Connecticut customers to find PEG, no matter where they live; that is channel 99. This allows the ability to show consumers all of the PEG in the state while also being able to show consumers the other commercial channels they want as part of their programming packages. No doubt, the way that AT&T presents PEG is different than the way it is presented by the cable industry, but different doesn't mean worse: it means different. Furthermore, in a competitive environment such as that found in Connecticut now, consumers have the choice with respect to PEG just like they have for other features: get PEG one way from a cable company, another from AT&T, or not at all from a satellite provider; the customer makes the choice.

Sections 8 and 11 of the bill seem written to prohibit AT&T from presenting PEG in the way which it does today. But such a requirement fails to acknowledge that AT&T presents PEG the way it does because of the technology underlying its service – technology which is different than that of the cable companies. The requirements envisioned here could prevent AT&T from providing a competitive video service, make U-verse TV uneconomic, and push AT&T's network far beyond the limit to which it has been certified by its vendors. Such a result would not be in the interest of consumers or our state's economy.

Section 10 of the legislation calls for the DPUC to conduct biennial performance reviews of companies offering video services in the state. AT&T strongly objects to this provision as unnecessary. Video providers in this state undergo "performance reviews" every day when their customers decide to stay with their provider or to go to a competitor. The requirements in Section 10 fail to comprehend the competitiveness of the market and are even more onerous than the rules which were in place for monopoly providers prior to the enactment of Public Act 07-253.

Conclusion:

AT&T strongly opposes sections six, eight, ten, eleven and twelve of Raised House Bill No. 6604 and strongly urges the committee to reject these provisions. Video competition as a result of Public Act 07-253 is providing benefits to consumers and our state's economy while requiring providers to follow expansive consumer protection rules. Services offered by providers in this state are offered in a highly competitive marketplace and the market, not unnecessary regulation, is the best way to ensure that consumers get the best services and best prices.

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5 REASONS TO GET AT&T ADVANCED TV™

	AT&T U-verse™ U200	Cablevision iO Basic Digital with HBO	COMCAST DIGITAL PREFERRED
1. HD-ready DVR set-top box included	Yes	No Add \$6.50	No Add \$13.95
2. DVR service included	Yes	No Add \$9.95	No Add \$17.95
3. Recording capability*	4 Shows at once	2 shows at once	2 shows at once
4. Choice to bundle with home phone and wireless	Yes	No	No
5. You do the math	\$59	\$95.80	\$98

Pricing includes DVR service and HD-ready DVR set-top box.

Geographic and service restrictions apply to AT&T U-verse services. Call or go to uverse.att.com to see if you qualify. Comparison based on standard non-promotional plans without term agreement.

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Comparison based on competitor Web sites as of 6/9/08. *Four channels can be recorded to the DVR or viewed simultaneously, and up to two channels can be HD, subject to availability. Price comparison based on AT&T U-verse™ U200, Comcast's Digital Preferred, and Cablevision iO Basic Digital with HBO. Pricing excludes taxes, fees, and other charges, including city video cost recovery fees where applicable. Residential customers only. Prices, programming, and offers subject to change without notice. Credit and other restrictions apply. Bundle option requires Internet. Service not available in all areas. Subsidiaries and affiliates of AT&T Inc. provide products and services under the AT&T brand. AT&T, the AT&T logo, and all other AT&T marks contained herein are trademarks of AT&T Intellectual Property and/or AT&T affiliated companies. ©2008 AT&T Intellectual Property. All rights reserved.