



STATEMENT OF AT&T CONNECTICUT

**Regarding Raised Senate Bill No. 260
An Act Concerning Municipal Fees for Telecommunication and Public Service
Companies
Before the Committee on Planning and Development
February 18, 2009**

Proposal:

Raised Senate Bill No. 260 would authorize municipalities to levy fees on telecommunications and public service companies for use of municipal right-of-ways.

Comments:

AT&T Connecticut respectfully opposes Raised Senate Bill No. 260 and urges the Committee to reject it.

AT&T Connecticut has provided telephone service to customers in Connecticut for over 125 years. Over this period, the company has invested billions of dollars in the equipment necessary to provide service. Much of that equipment, such as poles, wires, conduits, vaults and other underground structures have been installed pursuant to the company's charter and state statute (Connecticut General Statutes Section 16-228) in the municipal right-of-way. The right to use the public right-of-way provided under the company's charter and state statute recognizes the substantial public interest in the deployment of the telecommunications infrastructure throughout the State at a reasonable cost and without unreasonable impediments. This right is a cornerstone of a sound public policy that encourages continued investment in the facilities and technology necessary to deploy and maintain a telecommunications infrastructure capable of providing state-of-the-art services to Connecticut residents and businesses.

Use of the public right-of-way is not a free ride. Pursuant to statute (Connecticut General Statutes Section 16-233) each town, city, borough, fire district as well as the Department of Transportation (DOT) have "the right to occupy and use for municipal and state signal wires, without payment therefor, one gain upon each public utility pole or in each underground communications duct system installed by a public service company within the limits of any such town, city, borough or district." Municipalities and the DOT have made significant use of this gain to provide traffic signaling as well as extensive communications networks. In addition, the company's facilities are subject to taxation; with tens of millions of dollars paid in 2008 to the State's municipalities as personal property tax on the poles and wires and similar infrastructure maintained by the company.

Nor is the use of the public right-of-way without oversight. The Connecticut statutes provide a framework of local and state control over the use of the public right-of-way by public service companies. The Department of Public Utility Control has significant responsibilities in this regard, which it has exercised.

Should Raised Senate Bill No. 260 be enacted, fees levied by municipalities will most likely appear as line item surcharges on public service company bills or, in the case of rate-of-return regulated companies like electric suppliers, be included in the cost of service. Administration of the fees will generate additional costs for both the companies and the municipalities, which also will end up being paid by the taxpayers. The proposal before you then is a "tax" which will only increase costs to consumers either directly through surcharges or indirectly through higher rates.

Finally, the proposal before this Committee will act as a strong disincentive for companies to invest and to upgrade their networks at the very time that policymakers want new investment to spark the State's economy and to bring broadband services to new areas and expanded services to more consumers.

Conclusion:

AT&T Connecticut vigorously opposes the adoption of Raised Senate Bill No. 260.

Permitting a municipality to levy fees on a public service or telecommunications company for use of the municipal right-of-way would significantly change the arrangement that has existed for over one hundred years. This arrangement has fostered the development of a robust state-of-the-art telecommunications infrastructure that delivers service to communities throughout the State. While the creation of a new source of revenue for the State's municipalities has understandable appeal, the public policy underpinning the longstanding arrangement regarding public service company use of the right-of-way is no less sound today than it was a hundred years ago. Advanced telecommunications service is essential to residents and businesses. Enhancement of broadband availability is a key component of the federal government's efforts to stimulate the nation's economy. Any action that would chill investment in the State's telecommunications infrastructure, such as the imposition of fees for use of the public right-of-way, would be a substantial movement in the wrong direction.

AT&T Connecticut urges the Committee to reject Raised Senate Bill No. 260.