



STATEMENT OF AT&T CONNECTICUT

Regarding Raised House Bill No. 5509 An Act Concerning Public Access Television and the Definition of Public Service Companies Before the Committee on Energy and Technology March 16, 2010

Proposal:

Raised House Bill No. 5509 would mandate access to PEG programming in a certain manner without respect to the feasibility or ability of a provider to comply with such a requirement, eliminate public service company obligations on certain cable television companies, and make other changes to the state's video laws.

Comments:

AT&T strongly opposes sections two and three of Raised House Bill No. 5509 and urges the committee to reject them.

2007 Law Ushers in Competition, Attracts Investments and Creates Jobs:

In 2007, 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 07-253, 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 hundreds of thousands of homes in parts of 106 cities and towns throughout the state.

AT&T's entry into the market is giving Connecticut consumers a real choice to their former monopoly cable provider and, as a result, access to programming and other features not available from their cable company and at prices, in some cases, far better than what they have historically paid for service. 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 and those providers are offering consumers ever better features as well.

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 one third 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.

AT&T Has Demonstrated Strong Support for PEG:

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.

AT&T Has Consistently Made Enhancements to its PEG Platform:

AT&T has made and met numerous commitments to improve its PEG platform in order to address concerns raised by the PEG community. These include:

- Improving picture quality – PEG programming picture resolution is now identical to commercial channels (480 x 480);
- Reducing drop down menu load time – It now takes only a few seconds for the menu to load;
- Allowing for closed captioning and secondary audio where that information is provided by the PEG provider;
- You can view these enhancements by going to:
<http://www.att.com/gen/public-affairs?pid=12905>

These enhancements were discussed in a New Haven Register article dated February 3, 2010 (copy attached).

AT&T's product has won acclaim, including the 2009 Connecticut Quality Improvement Silver Award for innovation in the provisioning of public access channels throughout Connecticut from the Connecticut Quality Improvement Award Partnership for its statewide public access channel.

U-verse Technology is Fundamentally Different than Cable TV Technology:

Raised House Bill No. 5509 appears to mandate that all competitive video alternatives mirror PEG access provided by older technology approaches, despite the significant consumer benefits and wider choice to access PEG channels made possible by new advanced Internet Protocol digital video options, like AT&T's U-verse service. AT&T presents access to PEG programming channels 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 provides its customers with access to PEG content not only for their town but for towns across the state. In doing so, we are offering consumers access to more PEG channels and 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 channels carried on U-verse 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 provides access to PEG channels is different than the way it is provided 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. Raised House Bill No. 5509 should not put a brick on new advanced technology, innovative options, and more consumer choice.

HB 5509 Puts Competition, Investment and Jobs at Risk:

Section Two of Raised House Bill No. 5509 potentially could be read as prohibiting AT&T from presenting PEG in the way which it does today. Such an approach would fail to acknowledge that AT&T provides access to PEG channels 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.

Putting a requirement such as that found in Section Two of the Raised Bill into law, which AT&T's technology can not comply with, will invariably lead to unnecessary litigation, an immediate halt to further investment in the state, and the real possibility that the choice available to consumers today will be taken away from them. Connecticut ought to be embracing investment, not chasing it away; creating jobs, not putting them at risk; and giving consumers more choices, not less.

Removing Public Service Company Obligations isn't in the Public Interest:

When the legislature passed 07-253 it considered and rightly rejected removing existing public service company obligations from incumbent cable television companies. As a telephone company AT&T is also a public service company and must follow obligations that flow from such a definition. The language contained in Section Three of the bill would remove such obligations for some providers but not others; such unlevel regulation runs contrary to the very spirit and letter of the law found in Public Act 07-253 which set equal rules for all providers.

Conclusion:

AT&T strongly opposes sections Two and Three of the Raised House Bill and urges the committee to reject them. If enacted into law these sections could put all of the benefits of Public Act 07-253 at very real risk and in doing so hurts consumers, workers and our state's economy.

 **NASDAQ**
Up 18.86
Close 2,190.06

 **OIL**
Up \$2.80
Close \$77.23

 **GOLD**
Up \$13.00
Close \$1,118.00

 **S&P 500**
Up 14.13
Close 1,103.32

 **10-year T-bills**
Down 0.01
Close 3.65%

Business

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U-Verse speeds public TV access

By Luther Turnelle
North Bureau Chief

AT&T Inc. has made improvements to the public access portion of its U-verse television service that will allow subscribers quicker access to the channels for the 17 communities now available, company officials said Tuesday.

By making software improvements, subscribers now can go from the public access main menu on U-verse Channel 99 to programming for one of the communities on the system.

Accessing those channels prior to the software upgrade used to take 30 seconds or more.

"It's much faster than before by a huge factor," said John Enra, AT&T's regional

vice president for external and legislative affairs.

This is the third software upgrade AT&T has done to the public access segment of U-verse since the television service debuted in Connecticut a little more than three years ago, Enra said.

The software upgrade comes as the company prepares to double the amount of public access programming it has available to subscribers by end of the first quarter, he said.

"We've signed agreements with Weathersfield, Simsbury and the Wallingford government channel, and expect to have them available to our subscribers within the next 30 to 45 days," Enra said.

Scott Hanley, who manages Walling-

ford's government television access channel, said he's hoping to have his programming on U-verse by Feb. 10.

"We want to get into as many homes as possible in the community," Hanley said. "For our programming not to make it into the several thousand homes in Wallingford that get U-verse is illogical."

The local public access channels available on U-verse are Branford, North Haven, Stratford, Woodbridge, Milford and Orange and Wallingford Public Access Television Channel 18.

Wallingford Public Access Television, which carries some community meetings, debuted on U-verse in June. The town's government access channel, which Hanley manages, covers Town Council and Planning and Zon-

ing Commission meetings.

Enra said adding public access channels to U-verse has moved slowly because of the "patchwork of ways they are structured."

"There's no central clearinghouse that we can go to to do this," he said. "A lot of these (access) providers are volunteers who need the support of their boards of directors before they can go ahead with anything."

Enra declined to say how many subscribers U-verse has in Connecticut, but said the service just passed the 2.1 million subscriber mark nationwide, having added 1 million subscribers in the past year.

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