TESTIMONY OF

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HOUSE BILL 6534

My name is Bill Durand. I am the Executive Vice President & Chief Counsel for the New England Cable & Telecommunications Association, Inc., otherwise known as NECTA. NECTA represents all private cable operators in Connecticut and substantially all cable companies in the New England region. NECTA respectfully submits testimony opposing House Bill No. 6534.

The cable industry stands at the forefront of effectively communicating its rate and billing practices to its customers through multiple information sources including the web, print and telephone. These efforts to communicate effectively with existing and prospective new customers are driven by the intensely competitive state of CT's communications marketplace with traditional cable companies, incumbent telephone companies, DBS and other communications providers each vying to attract and maintain customers. In addition to the discipline of these marketplace forces, the cable industry is subject to detailed federal and state billing practice disclosure requirements that are fully sufficient to protect consumers.

1. Cable Industry Already Provides Substantial Billing Information To Consumers.

Given the competitive state of the multichannel video provider marketplace, clear, consumer-friendly disclosures are essential both to satisfy the demands of current customers but also to attract new customers. For example, Comcast has established a website ("Explanation of Your Bill") that allows a customer to find additional information on all services, charges and fees assessed each month. In addition to details regarding the standard level of service ordered by the customer, the site allows the customer to review all services ordered (e.g. pay-per-view, video-on-demand), specifics regarding any

services added, changed or modified during the month and all applicable taxes, surcharges and fees. Such rate and billing transparency is seen with virtually all cable service providers in Connecticut.

2. Cable Operators Are Already Subject to Comprehensive Regulatory Requirements Regarding Billing Practices.

Cable companies are already subject to comprehensive regulation under Connecticut law requiring transparency in billing practices and providing clear recourse to customers who believe their rights have been violated. Specifically, Connecticut law requires cable companies to provide subscribers with:

- A list of all premium and basic service rates and all service related charges;
- A description of the company's customer credit policies, including any finance charges or late payment charges; and
- An explanation of the company's billing practices including billing period and frequency, security deposit requirements, late payment charges, returned check charges, credits for service outages, pay-per-view billing procedures, charges and billing procedures for the use of addressable converters, traps or other devices or services which enable subscribers to voluntarily block transmission of specific programming to their homes or places of business and such other items as the Department of Public Utility Control may require.

Each cable company is required to file a copy of its billing practices with the DPUC and to give notice to the department and each subscriber not less than forty-five days prior to implementing any changes in such practices.

For consumers that believe their rights have been violated, the DPUC will conduct a non-binding mediation process to assist in resolving issues. If those efforts are unsuccessful, a consumer can file a formal complaint with the DPUC for further action.

Connecticut law also requires cable companies to comply with the FCC's customer service standards which contain additional detailed rules on customer notices, billing, and line itemization.

3. Internet Disclosure Rules Were Recently Adopted by the FCC.

With regard to broadband Internet services, the FCC recently adopted comprehensive disclosure rules for cable and telecommunications providers. In particular, the FCC's rules (expected to become effective later this year) require all broadband providers to disclose the commercial terms of the services offered including pricing, privacy policies and end-user complaint procedures. Such disclosures must be prominently displayed on publicly available websites for current and prospective customers and also made available to consumers at the time of sale. With regard to pricing, broadband providers must at a minimum disclose monthly prices, usage-based fees, and fees for early termination or additional network services.

4. HB 6534 Cannot be Practically Applied to Cable Service Offerings.

The cable television industry predominantly bills its customers on a monthly basis for a level of service selected by the customer. However, subscriber agreements allow customers to purchase additional services during the course of the monthly billing period at their discretion. For example, a customer that subscribes to a digital tier of video service for a fixed monthly price might decide to order pay-per view movies or sporting events during the month that would increase the monthly fees payable by the customer above the base monthly charge for the digital tier of service. The customer might even decide to upgrade its service offerings during the month by adding one or more premium movie channels (e.g. HBO or STARZ) or upgrade to a more comprehensive service package. Each of these customer decisions would increase the customer's monthly bill beyond the control of the cable operator, and beyond the ability of any operator to "estimate" those bills.

Given the manner in which video services are billed and consumed on modern cable television platforms, it is simply not possible for cable operators to predict with any reliability what additional video services consumers will decide to purchase from day to day or month to month. The practical effect of HB 6534, which would prevent cable operators from collecting any charges for services that exceeded 5% of an arbitrary monthly estimated charge, would be to eliminate the option of Connecticut cable customers to purchase these popular additional services.

5. HB 6534 May be Preempted by Federal Rate Regulation Policy

In addition to being unworkable for the reasons set out above, federal law may preempt HB 6534 to the extent that it interferes with cable operators' rights to charge and collect fees for services delivered to customers. The federal Cable Act specifically deregulates all rates charged for cable service except for the basic tier service. This deregulation extends to all rates charged for non-basic tiers of cable service, premium channels, video-on-demand, pay-per-view events and any other non-basic cable offering. The Cable Act preempts any state or local law that conflicts with its provisions. To the extent that HB 6534 would prevent cable operators from collecting charges from customers for any video service that has been deregulated by the Cable Act, the proposed law could be preempted and unenforceable.

CONCLUSION

NECTA opposes HB 6534 because, although well intentioned, it imposes an unusual and untested regulatory regime on cable companies that would complicate their operation with no discernable public benefit.