



**STATEMENT OF AT&T CONNECTICUT
John Emra, Regional Vice President**

**Regarding Raised House Bill No. 5473
AN ACT CONCERNING PUBLIC ACCESS OPERATIONS AND THE PERIODIC
REVIEW OF VIDEO PROVIDERS
Before the Committee on Energy and Technology
March 15, 2012**

Proposal:

Section One of Raised House Bill No. 5473 would require performance reviews of cable companies and certified video providers every five years. Section Two would allow certain PEG funds to be used for labor and staffing expenses. Section Three would establish by statute certain funds for certain PEG operators. Section Four would make numerous changes to the requirement on certain parties with respect to PEG. Section Five would reestablish the state's Broadband Internet Coordinating Council.

Comments:

AT&T respectfully opposes Sections One and Four of the Raised Bill as drafted and urges changes to the language as described in further detail below.

Section One:

In 2007, the Connecticut General Assembly opened up Connecticut's video market to long sought-after competition by establishing a new licensing process for new providers and, in recognition of the competitive environment it was creating, eliminated franchise renewal requirements for existing cable companies when a new provider started offering service within a franchise area.

The rules which were created for new providers and existing providers alike were based on Connecticut's existing consumer-friendly cable television laws and included protections including, but not limited to: prohibitions against red-lining in the provisions of service; support for local community access programming and programmers; the establishment of video advisory councils to represent the interests of subscribers; significant on-going disclosure of rates, terms and conditions; privacy protections for customers; an informal dispute resolution process for customer complaints; application of federal customer service standards; notice of rate and programming changes; credits for outages; carriage of emergency alerts; free service for schools and libraries where the service is available; and most importantly, broad PURA (Public Utilities Regulatory Authority) authority to enforce the terms of this law. Put simply, the law today contains abundant protections for consumers and authority to the PURA to enforce those protections; as a result, additional requirements are not necessary.

The requirements contemplated in the Raised Bill are in many respects more onerous than the franchise renewal process which existed prior to the introduction of competition in late 2007. The scope of these reviews as contemplated by this bill is broad and offers a virtual "fishing expedition" to parties. And, while under past law the DPUC typically renewed franchises

every 8-12 years and conducted proceedings accordingly, this legislation would call for reviews every five years.

In a competitive marketplace like that found in Connecticut, video providers face the ultimate "performance review" every day with their customers. We either provide quality service at the level and price the customer wants or the customer will take their business elsewhere.

AT&T has received few complaints about its service. In fact, in all of 2011, AT&T received only 154 complaints from PURA, Office of the Attorney General, and the Department of Consumer Protection regarding its video service. That is a minor fraction of the customers the company has in the state and an extremely small percentage when one considers all of the interactions it has with all potential and actual customers.

The provisions in this bill would not apply to all providers even though some of them have far larger market share than other providers; specifically, satellite providers would be exempt from this bill's provisions while AT&T, a much smaller provider in terms of customers, would be subject to these reviews. In addition, the rules contemplated in this legislation would apply equally to cable companies who have dominant market share as well as all new entrants. Connecticut has historically not sought to overburden new providers in the market, since those burdens act as a disincentive to invest in the state and are more of a burden on a smaller provider than they are on a larger one.

A growing portion of consumers are receiving their video programming from providers not subject to this legislation or to any state rules and regulatory requirements. Over the top video providers like NetFlix and Hulu, for example, stream video programming over broadband lines directly to consumers and the use of such streaming services is growing rapidly. At the end of September 2011, NetFlix reported that it had nearly 24 million subscribers; at peak times nearly 20 percent of all Internet traffic is related to streaming by NetFlix users.

Connecticut's already highly competitive video market will only become more so in future years as competitors enhance the scope and scale of their offerings and new technologies deliver new ways for consumers to watch video. Yet this legislation would mandate an onerous and expensive review process on a handful of providers that would continue forever and in the face of data which shows providers are performing at or above consumers' expectations.

While we object to the provisions of Section One of the Raised Bill as currently drafted, last session AT&T and other video providers agreed to support similar language as part of a larger telecommunications reform proposal. We are more than willing to agree to the language we supported last session on video provider review so long as it is part of a comprehensive effort on the part of the committee. In fact, the industry provided to the committee language on this very point at the start of the session and expects that at least part

of that proposal will be heard in the coming weeks. To the extent the committee wants to address this area, we would urge you to do so in the context of a larger effort and to consider the language the industry worked on with the Office of Consumer Counsel last session.

Section Four:

Section Four of the Raised Bill would make various changes to the requirements on video providers with respect to support for PEG. We believe that these changes are not warranted and would add considerable burden on providers in the market to provide technical and other support far beyond that which is required today and without regard to a providers' ability to provide such support.

AT&T provides the same level of per subscriber financial support for PEG operations as all other regulated entities in the market – be they new providers or established legacy cable companies. In addition, we have invested hundreds of thousands of dollars to provide equipment and transport to PEG providers to make their programming available to our video customers; far and beyond any requirements in the law to do so. We have also dedicated various staff here in Connecticut and elsewhere towards making PEG part of our programming line-up. We do not, however, operate PEG studios; and we do not have some of the capabilities that seem to be envisioned by this legislation. We believe that the investments the company has made, the on-going interactions we have with the PEG community, and the breadth of PEG programming available to our customers (some 78 “channels” covering programming from 62 cities and towns are available to all of our Connecticut video subscribers), demonstrates that the system today works and that these proposed changes are not necessary.

We do understand that the intent of this section, though not the language as it appears before the committee today, is to require some sort of on-going review process of the Community Access Providers (CAP) who manage and operate the state's PEG studios and to allow a mechanism for parties to petition a party for changes should they feel that is necessary. AT&T has no objection to such an idea, so long as it is clear that no provider shall be mandated to operate any studio or serve as a CAP. We would welcome the opportunity to work with the committee to redraft this section of the bill in such a way that this intent is arrived at without creating additional unnecessary encumbrances on providers as the language currently before you does.

Conclusion:

AT&T respectfully opposes Sections One and Four of Raised House Bill No. 5473 as currently drafted but would welcome the opportunity to work with the committee to craft language which would be acceptable to all parties, part of a larger more comprehensive review of the state's laws, and which would meet the intent of the sections as we understand them.