



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

**Regarding Raised Senate Bill No. 447  
AN ACT CONCERNING MODERNIZING THE STATE'S  
TELECOMMUNICATIONS LAWS  
Before the Committee on Energy and Technology  
March 20, 2012**

**Proposal:**

Sections One through Seven of the Raised Bill update the state's telecommunications laws in various ways, including: making tariffs for retail competitive services permissive, allowing for paperless filings at the PURA, eliminating Connecticut's single state audit requirement for certain companies under certain circumstances, eliminating Connecticut's price floor, allowing telephone companies to withdraw competitive services from the market, and establishing in statute existing PURA practice with respect to regulation of VoIP services. Section Eight allows companies to send service termination notices electronically for those customers who have opted to do business with their provider in such a manner and to receive other such notices like bills electronically. Section Nine requires video providers to undergo performance reviews relative to their certificates to do business every five years. Sections Ten and Eleven, respectively, allow PEG providers to use certain PEG dollars for staffing and sets in statute financial support for certain PEG providers. Section Twelve allows for out-of-state employees of certain companies subject to public service technician licensing requirements to have such requirements waived when working in the state after a declared disaster so long as such employees have sufficient training and appropriate state agencies are notified. Sections 13 through 19 encourage greater wireless broadband deployment in the state by allowing wireless towers to be located in state forests and parks as well as watersheds; conform existing Siting Council deadlines for decisions with the FCC's "shot clock" mandate for such timelines; and require the state to establish procedures to make state lands available for use for wireless facilities.

**Comments:**

AT&T strongly supports Raised Senate Bill No. 447, thanks the Committee for introducing the legislation and urges its adoption.

Eighteen years ago, the General Assembly opened up Connecticut's local phone market to competition. That action has been an unmitigated success for the consumers of the state. Today, consumers have more choices, are receiving cutting-edge products and services, and, in fact, are getting better functionality and overall value for their dollar relative to days past. Consider that AT&T's market share of the local wired phone market it serves has declined from 100 percent to 41 percent. The number of access lines AT&T has in service in the state has declined 57 percent since just the year 2000 – from nearly 2.4 million lines to slightly more than 1.1 million lines as of December 2011 – while spending by Connecticut consumers on wired voice has declined 49 percent since 2004.

The 1994 law rightly started to reduce the level of regulation of providers as the state moved to a competitive market. Follow-up laws in 1999 and 2006 – again considering the degree to which competition had taken hold – also moved to reduce unnecessary regulation. AT&T strongly believes given the level of competition present in the marketplace that it is time again for the legislature to take the next logical step and to update the state’s telecommunications law by eliminating more unnecessary and burdensome regulations. The legislation which is before you does so in a number of important ways.

The language found in Sections One through Eight and Sections Nine through Eleven are nearly identical to language carefully negotiated and agreed upon by industry participants, the PURA, and OCC last session and which was passed unanimously by the State Senate.

**Section One: Elimination of Tariffs**

Section One of the Raised Bill would eliminate the requirement that telephone companies like AT&T and Verizon, as well as those competitors of AT&T that are certified telecommunications providers, file tariffs for their competitive retail services with the PURA. Today, a small number of the providers in the marketplace file and maintain tariffs with the PURA which describe an individual service offering, the prices charged, and the terms and conditions for such an offering. These tariff requirements are a vestige of the monopoly era of telecommunications when the PURA was charged with overseeing and regulating monopoly providers. Today the marketplace is fully open to competition and most of the providers in the market, including the largest providers, are not required to file or maintain tariffs. These other providers instead have agreements between themselves and their customers.

Today’s existing tariff requirements constitute a real burden on some providers and increase the cost of doing business with no benefit to the customer. AT&T maintains a tariff database containing general terms and conditions, and specific service descriptions and terms and conditions for all the regulated telecommunications services it provides, including even separate filings for individual case basis services provided to business customers. Anytime it introduces a new service or makes any change to terms and conditions, regulatory specialists review the service or change with product managers, draft appropriate language, create specially formatted tariff pages, file these pages with the PURA, and distribute them as appropriate. In addition, AT&T must maintain the electronic database housing the tariffs and ensure that it is accessible to the PURA. This process is parallel to, but must be coordinated with, the separate process undertaken for distinct employees to ensure adequate and timely customer communications.

Today, as a matter of good service, we communicate the parameters of the services our customers choose by means of scripts, welcome packages, bills, and other information. In fact, customers can obtain information about their services at any time at [www.att.com](http://www.att.com). This

information is far more accessible to customers than tariffs and more similar to the materials provided by our competitors, thus better facilitating competitive comparison. Drafting, filing, and maintaining tariff databases is an additional layer of communication, not typically relied on by customers. In short, direct communication with customers which providers already undertake today is more relevant to customers than are tariffs. Not only are tariffs an administrative burden for the company, but they also slow us down in a competitive market. AT&T must file tariffs days in advance of making changes to its services, thus giving its competitors advanced notice of our plans.

This proposal does not change the role of the PURA or change existing consumer protections under Connecticut law and PURA regulation.

By eliminating tariffs for telephone companies and certified providers, Connecticut would be joining with the federal government and numerous other states which have taken such action. The federal government eliminated tariffs for interstate long distance service over fifteen years ago with no harm to consumers. Fifteen of the twenty-two states where AT&T provides local service have already eliminated tariffs entirely, and another four have dramatically limited their applicability.

Finally, and perhaps most importantly, most of AT&T's major competitors in the voice market do not file tariffs. This not only serves as an example of an unlevel regulatory playing field but demonstrates how little consumer impact such a change will have. Providers not subject to the tariff filing rules are the very ones who have experienced the greatest gain in market share – this alone illustrates how tariffs are not important to the end user and their experience with their provider.

### **Section Two: Paperless Filings**

Today, by virtue of PURA regulation, AT&T makes electronic filings for dockets and other matters before the PURA. However, this same regulation requires that all electronic filings be accompanied by a paper version of the filing within two days. This outdated and unnecessary requirement adds tens of thousands of dollars in additional compliance costs to AT&T alone and undoubtedly adds hundreds of thousands of dollars in total when considering the costs to all parties with business before the PURA. These costs include both the administrative requirements related to copying and the costs of transporting the filings, which, because of filing times and deadlines for submission, are often transported to the PURA by paid courier services. In addition, parties are required to provide paper filings for all designated parties to a docket who do not specifically agree to electronic filings, compounding the costs to AT&T and other companies. By way of example, in one recent docket before the PURA, AT&T had to supply 88 separate filings, consisting of hundreds and hundreds of pieces of paper, to more than 190 parties to the docket.

In these days of electronic commerce and communication where businesses and government are trying to do more, with less, and with more respect for the environment, AT&T believes that Section Two is an environmentally friendly and cost-effective way to save money for businesses and government alike. In addition, our state's courts already not only allow electronic filings but also require their submission, and the New York State Public Service Commission recently adopted paperless filing requirements similar to the proposal before you.

The proposed language before you would still require parties to file three paper copies with the PURA and OCC and represents an agreement on this point reached last session.

**Section Three: Elimination of Single State Audit**

Section 16-32 of the Connecticut General Statutes, which was first enacted in 1949, requires public service companies to have an annual audit of their finances. This requirement made sense and still makes sense when a public service company is not otherwise audited. However, AT&T Connecticut, for example, is part of a much larger corporation which has all of its finances and operations otherwise audited as a requirement under various federal laws and regulations. As a result of this separate audit requirement, AT&T spends nearly \$1 million annually, in addition to the costs of the federal audit, to have a separate Connecticut audit performed. Connecticut is the only state of the 22 states in which AT&T operates as an incumbent local exchange carrier, which requires such a separate audit and, to our knowledge, is the only state in the country that has such a requirement.

The legislation before you would eliminate this separate auditing provision for a telephone company which is also a public service company as well as community antenna television companies so long as the company's parent company operations were audited under federal law. The language in the proposal before you mirrors the existing law which exempted from the auditing provision any telegraph or express company subject to the jurisdiction of the Interstate Commerce Commission, since they are likewise subject to audit under those rules.

However, while the language eliminates the auditing provision, it does require that any company no longer subject to the auditing provision provide any information to the PURA at their request. This represents an agreement reached last session.

Neighboring New York eliminated its separate mandatory audit requirements for telephone companies more than 15 years ago. The proposed language in Section Three of the bill will help to eliminate outdated, unnecessary and expensive requirements found in the law today while ensuring that the oversight envisioned in the law continues.

**Section Four: Elimination of the Imputation Standard**

When the General Assembly wrote the 1994 law opening the local phone market to competition it believed, as did most parties to those proceedings, that most competitors to

local phone companies would purchase, on a wholesale basis, access to the incumbent's network in order to compete. As a result of this reasoning, the General Assembly established a requirement in the law which prohibits AT&T from offering any service at a retail price which is lower than the wholesale price of purchasing the piece parts of AT&T's network. However, the underlying assumption in this law ended up being quite flawed. Nearly all of the competition to AT&T comes not from competitors purchasing wholesale access to its network but instead from competitors utilizing their own networks to compete. As a result of this flawed assumption, AT&T is prevented from openly competing for some business because its competitors can and do under price its offerings. Artificially setting a floor by which some providers may not lower their retail prices hurts not only those providers who are restricted from actively competing but ultimately consumers of such services whose choices are more limited and who are paying a higher price than they might otherwise pay.

Eliminating the imputation standard will not harm competitors since they will still be able to resell AT&T's services. In addition to purchasing wholesale elements of AT&T's network, competitors under the law may resell AT&T's services by purchasing that service from AT&T's wholesale tariff at a 25.4 percent discount off the retail price of that service. This resale discount is among the highest discounts anywhere in the country. This means, for example, if AT&T were permitted to lower its price without respect to any imputation standard as we are requesting, any competitor could still purchase on a resale basis that same service for 25.4 percent off the price we are offering. Few states have this type of imputation standard.

#### **Section Five: Elimination of PURA Approval to Stop Offering Service**

During the 1999 update of the state's telecommunications laws, the legislature enacted a provision of the statutes which prohibits AT&T or Verizon from stopping to offer any competitive service without PURA approval. This section of the law was enacted because at the time there was a plan whereby a ballot would be sent to all consumers to allow them to choose their telecom provider, and the requirement was included to ensure that companies would not stop offering services before that balloting took place. That plan eventually did not move forward for several reasons. But this unnecessary requirement remains in place for AT&T today, impeding its ability to make changes in response to the rapidly changing telecommunications market.

Over the years, AT&T has introduced thousands of service plans and products for our customers and, as new plans came to market, old offerings were rarely removed. Today, for example, there are still hundreds of products related to our traditional phone service, (e.g., local, vertical services, LD, etc.), yet we proactively market only a subset of such services.

We want to improve customer service and reduce costs in our business by streamlining and consolidating existing offerings into a more unified and enhanced customer

experience. It is critical that companies have the flexibility to remove products and services as consumer demands change instead of as old regulations dictate. While removing products and services is common for many companies in our industry and many other industries, AT&T must seek and obtain regulatory approval even though we are not even the majority provider in the marketplace. This sustains an unlevel playing field given that our competitors are free to discontinue their offerings based solely on business considerations. Imagine a grocer having to seek regulatory approval every time she wanted to remove a food item from her shelves that customers were no longer buying. Or think what would happen to a grocer's cost if a regulatory body made her keep stocking a food item on her shelves that only a handful of people bought once a year.

While we have not yet developed a list of services we would look to streamline, it is clear that doing so would make our overall product set more reflective of what we are currently offering and what consumers want. As this effort rolls out, our goal will be to ensure that our existing customers are as minimally impacted as possible. These are competitive services offered in a competitive environment so we have a very real incentive to do right by our customers. No doubt we would communicate with customers about our plans to stop offering certain services and offer to them other alternatives which they could avail themselves of or not and of course they could decide to take their business to a competitor. These are the same steps that our competitors are free to take today.

#### **Section Six: Conforming change requested by LCO**

#### **Section Seven: VoIP Regulation**

Section Seven of the Raised Bill sets in statute existing PURA practice and precedent with respect to regulation of VoIP.

The PURA has long held that it is preempted from regulating VoIP services by virtue of federal law and FCC orders. The language in Section Seven merely codifies existing practice and regulatory authority of the PURA. The language does make clear that Connecticut's Unfair Trade Practices Act, other consumer protection laws, 911, and lifeline rules do apply to such service and providers.

More than 25 other states have already adopted language similar to that found in the Raised Bill including neighboring Rhode Island and Massachusetts for example and additional bills are pending in both New Hampshire and New York.

#### **Section Eight: Electronic Notice of Termination**

A growing number of consumers have chosen to do business electronically for a whole host of reasons including convenience and respect for the environment. Consider that, according to the United States Postal Service, first class mail volume has declined 25 percent since

2006. Section Eight of the Raised Bill recognizes the growing number of customers who have chosen to do business electronically by allowing companies, when sending termination of service notices, to do so electronically. Doing so respects the choices these consumers have made, protects the environment, and saves providers the costs of sending such notices.

**Section Ten: Video Provider Review**

Section Ten of the proposed bill requires certain video providers regulated by the state – community antenna television companies and certified video service providers – to undergo a comprehensive performance review related to the provisions of the terms of their authorization to do business and to undergo subsequent reviews every five years.

While AT&T believes that today's highly competitive video service marketplace provides more than ample incentive for video service companies to provide the highest quality service to their customers and that placing such requirements on some providers is akin to asymmetrical regulation, we are willing to support the language in this section as part of a larger reform proposal as presented to this committee and before you in the form of Raised Senate Bill No. 447. We would note however and request that the committee address the language regarding subsequent reviews to make such reviews permissive, not required; this would reflect the language the industry agreed to last session and which was provided to the committee.

**Sections Ten and Eleven: PEG Support**

AT&T has no position on either of these sections.

**Section Twelve: Licensing of Out-of-State Employees Following Disasters**

Following Hurricane Irene and the October snowstorm, AT&T brought in employees from other states to supplement our Connecticut workforce in order to make repairs and restore service in a more timely manner. While AT&T employees undergo common training and we utilize methods and procedures which are national in nature, our Connecticut workforce is subject to Connecticut's Public Services Technician licensing requirements which are unique to this state. As result, when we bring AT&T employees into Connecticut for whatever reason – even if it is to respond to unprecedented natural disasters and storms – any applicable employees we bring into the state must first receive their Connecticut Public Services Technician license before they can do work here. Such requirements are a hindrance to restoring service in the most timely manner possible.

The language before you would waive this licensing requirement under a very narrow set of circumstances. First, this waiver would apply for employees only, not any contractors. Second, it would apply to the public services technician licensing requirement which today is really only applicable to AT&T's employees. Third, it would allow a waiver only when the Governor of the state of Connecticut has proclaimed a state of civil preparedness emergency pursuant to Section 28-9 for which a Presidential declaration has

been issued and only for a limited duration of time. Fourth, it would allow a waiver only for employees who can certify that they have received training and have experience to perform such work. And lastly, AT&T would have to notify the Department of Consumer Protection as soon as any employees are doing work under such circumstances.

We believe that the language in Section Twelve is highly appropriate given the Committee's interest in ensuring that providers are taking all necessary and proper steps to restore service in a timely manner. We have discussed this proposal with the Department of Consumer Protection, the agency responsible for this licensing, and they indicated to us their support for the measure.

**Section Thirteen: Conforming Siting Council Timelines with FCC Order**

In November 2009, the FCC issued its so-called "shot clock order" which requires applications for wireless towers and sites to be decided within five months. While this order is now a federal requirement, Connecticut's statutory deadlines for Siting Council decisions actually exceed this requirement by one month. While AT&T does not believe that this proposed change will represent a watershed moment when it comes to tower siting before the Council, we do believe it is important for state law to conform to applicable federal requirements. We would note for the Committee that under existing law the Council may extend its time period for a decision up to 180 days with the consent of the applicant and that provision is not being changed as part of this legislation.

**Sections Fourteen through Eighteen: Eliminating Blanket Prohibitions on Wireless Facilities in Certain Locations**

Under existing practice, wireless towers are not permitted to be built in any watershed, state park or state forest. These prohibitions exist because of an assumed environmental impact of wireless towers. While AT&T understands the need to protect the environment we think the state would be better served by allowing towers in such areas while at the same time making any application approval contingent on applicants taking steps to remediate any environmental impact they may make. Blanket prohibitions wrongly assume that remediation steps are not possible but, more importantly, they forsake from consideration the building of any towers in vast parts of the state even when a tower might be needed in that location to provide service and may be less impactful to the larger area than building a tower in a neighborhood might, for example.

**Section Nineteen: Creating State Procedures to Make State Lands Available for Wireless Facilities.**

While the state of Connecticut has an official policy to make its property available for the siting of wireless communications facilities, in practice the state is not a particularly willing landlord of such uses. The language in the proposed bill is modeled after a recently enacted federal law applicable to making federal lands available for lease for

wireless towers and would require the Governor or his designee to create procedures by which state lands will be made available for wireless facilities. Doing so will free up more locations for towers which will improve coverage and service while at the same time increasing revenue for the state in the form of lease payments from tower companies and wireless carriers. The legislation makes clear that a wireless facility could not conflict directly with a state department or agency's current or planned use for its property. In addition, any location requiring a tower would still have to follow all of the Siting Council rules and processes in place for other proposed towers that exist today.

**Conclusion:**

AT&T thanks the Committee for raising Raised Senate Bill No. 447 and urges its adoption. Connecticut's telecommunications market is robustly competitive and continues to evolve. The legislature should follow past practice and ensure that our laws evolve as well by eliminating unnecessary, costly and burdensome regulations.