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Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2007-08

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Commerce, Utilities, and Rail (SC-CUR)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**



WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: SENATOR JEFF PLALE

FROM: John Stolzenberg, Chief of Research Services

RE: Allocation of Revenues From Bundled Services to Video Services Under 2007 Senate Bill 107

DATE: June 8, 2007

This memorandum responds to your question on whether the current version of 2007 Senate Bill 107 requires a video service provider to include revenue from video services sold as part of a bundle of services in determining its gross receipts for purposes of calculating the video service provider fees that the provider must pay under the bill to municipalities in which it sells these services. Senate Bill 107 relates to video service franchising. The current version of this bill is the version recommended for passage by the Senate Committee on Commerce, Utilities and Rail, Senate Substitute Amendment (SSA) 1 to Senate Bill 107, as amended by Senate Amendments 1 to 5. This version is referred to as “the bill” in this memorandum.

Summary

In summary, the current version of Senate Bill 107 indirectly requires a video service provider to include revenues from the sale of video services as part of a bundle of services in the provider’s determination of its gross receipts for purposes of the video service provider fees under the bill. Subject to further verification, the standards referenced in the bill appear to afford a video service provider some discretion in how these revenues are determined.

Relevant Provisions in the Bill

The bill creates a state video service franchise and directs each video service provider holding a state franchise, in general, to calculate and pay on a quarterly calendar basis to each municipality in which the provider provides video service a video service provider fee equal to the specified percentage of the provider’s gross receipts. [See proposed s. 66.0420 (7) (a) 1. starting on page 19, line 19, in SSA 1.] “Gross receipts” are defined to include all of the revenues received by and paid to a video service provider by subscribers residing within a municipality for video service, excluding charges that are aggregated or bundled with these video service charges. [See proposed s. 66.0420 (2) (j) starting on

page 5, line 13 in SSA 1.] (Senate Amendment 2 to SSA 1 amends this definition of “gross receipts” in ways that are not relevant to this memorandum.)

The bill does not contain any formula for allocating revenues among types of services when a video service provider sells video services as part of a bundle of services. The bill does require that all determinations and computations made with regard to a video service provider fee must be made pursuant to Generally Accepted Accounting Principles (GAAP). [See proposed s. 66.0420 (7) (c) starting on page 21, line 5 in SSA 1.]

Thus, one must examine GAAP to determine if they provide any guidance on the allocation of revenues from bundled services to video services. If GAAP do provide this guidance, then this provision in the bill requires that this guidance be used in making these allocations.

GAAP

In the United States, GAAP are composed of over 2,000 standards, pronouncements, and other forms of financial reporting guidance established by a variety of organizations associated with accounting and auditing professionals and the Securities and Exchange Commission (SEC). This guidance includes abstracts issued by the Financial Accounting Standards Board’s Emerging Issues Task Force (EITF).

Representatives of the Wisconsin Cable Communications Association and AT&T have indicated that EITF Abstract Issue No. 00-21, “Revenue Arrangements with Multiple Deliverables” provides guidance under GAAP that is applicable to the revenue allocation issue addressed in this memorandum. This abstract is generally applicable to the allocation of revenues from any set of bundled services or products. In particular, when applied to the allocation of revenue from video services bundled with other services, this abstract calls for this allocation to be based, in general, upon the “relative fair values” of the separate services.

The relative fair values of the services in a bundled package of services are based on the fair values of the services on a stand-alone basis and the price of the bundled package. Subject to further verification, it appears that more than one method may be used to compute the relative fair values of the services or goods allocated to separate units of accounting under this abstract. This verification has been requested from accounting professionals and the organizations cited in the previous paragraph. Once this information is obtained from these entities, it will be forwarded to you.

If you have any questions on the information presented in this memorandum, please feel free to contact me directly at the Legislative Council staff offices.

JES:wu





July 3, 2007

SB107?

The Honorable Russell Decker
 Co-Chair
 Joint Committee on Finance
 Room 122 South
 State Capitol
 Madison, WI 53702

The Honorable Kitty Rhoades
 Co-Chair
 Joint Committee on Finance
 Room 309 East
 State Capitol
 Madison, WI 53702

RE: Allocation of Internet Equipment Tax Credits and Exemptions Under s. 17 (1) (c) of 2005 Wisconsin Act 479

Dear Co-Chairs:

Pursuant to s. 17 (1) (c) of 2005 Wisconsin Act 479, I am hereby notifying you that the Department of Commerce has allocated \$7.5 million in tax exemptions and credits. Act 479, enacted on May 30, 2006, establishes the Internet Equipment Tax Credit and Exemption Program to encourage the extension of high-speed Internet service to parts of the state that are currently unserved or served by only one provider. The program offers a total of \$7.5 million in sales tax exemptions and income tax credits for the purchase of Internet equipment used in the broadband market.


The following chart shows the entities which Commerce proposes certifying, and the tax exemptions and credits it proposes allocating to each business.

APPLICANT	SALES TAX EXEMPTION	FIRST YEAR TAX CREDITS	SECOND YEAR TAX CREDITS	TOTAL
Amery Telcom, Inc.	\$58,401	\$58,401	\$58,401	\$175,203
AT&T	\$343,996	\$343,996	\$343,996	\$1,031,988
CenturyTel, Inc.	\$1,624,134	\$1,624,134	\$1,624,134	\$4,872,402
DiscoverNet of Wisconsin LLC	\$80,650	\$80,650	\$80,650	\$241,950
Door Peninsula Internet, Inc.	\$14,243	\$14,243	\$14,243	\$42,729
Lakeland Communications	\$113,529	\$113,529	\$113,529	\$340,587
Midwest Fiber Networks LLC	\$58,197	\$58,197	\$58,197	\$174,591
Northern Net Exposure	\$162,000	\$162,000	\$162,000	\$486,000
TDS Telecommunications Corporation	\$44,850	\$44,850	\$44,850	\$134,550
TOTAL	\$2,500,000	\$2,500,000	\$2,500,000	7,500,000

The projects I am recommending for certification involve a total of 261 communities and rural areas in 63 of Wisconsin's 72 counties. Information provided to the department by the applicants shows that as a result of these credits and exemptions, 368,432 households and businesses across the state will potentially subscribe to high speed service.

I would be happy to provide you with any further information that you need.

Sincerely,



Mary P. Burke
Secretary

EXHIBIT:

BROADBAND SALES TAX EXEMPTION RECOMMENDATION

APPLICANT	ELIGIBLE EQUIPMENT PURCHASES	ELIGIBLE SALES TAX EXEMPTION	RECOMMENDED SALES TAX EXEMPTION
Amery Telcom, Inc.	\$1,168,010	\$58,401	\$58,401
AT&T	\$6,879,915	\$343,996	\$343,996
CenturyTel, Inc.	\$62,832,676	\$3,141,633	\$1,624,134
DiscoverNet of Wisconsin LLC	\$1,613,000	\$80,650	\$80,650
Door Peninsula Internet, Inc.	\$284,850	\$14,243	\$14,243
Lakeland Communications	\$2,270,593	\$113,529	\$113,529
Midwest Fiber Networks LLC	\$1,163,948	\$58,197	\$58,197
Northern Net Exposure	\$3,240,000	\$162,000	\$162,000
TDS Telecommunications Corporation	\$897,000	\$44,850	\$44,850
	\$80,349,992	\$4,017,499	\$2,500,000

The chart above reflects the calculation of the Recommended Sales Tax Exemption which drives the first and second year tax credits. The chart lists the applicant, the eligible equipment purchases and corresponding eligible sales tax exemption under the Broadband program. The last column represents the amount recommended for allocation under this program.

Note: The definition of Eligible Equipment, as defined in Chapter Comm 135.20 (2) is as follows: "Internet equipment used in the broadband market" has the meaning given in s. 71.07 (5e) (a) 2., Stats., and includes any hardware or software that is essential for performing the transmission described in that definition. This term does not include any equipment placed in orbit around the earth, or any land-based equipment which transmits to or receives transmissions from that orbiting equipment."





KV Resources, LLC.

P.O. Box 17 • Dousman, WI 53118 • 866-965-4725

July 24, 2007

Dear Senator,

I am writing today as a small business owner and on behalf of Women Impacting Public Policy, a bipartisan organization that educates and advocates on behalf of women and minorities in business. WIPP believes that SB 107, the Video Competition Act, is important legislation that will enhance Wisconsin's ability to attract economic development, while retaining home-grown businesses. SB 107 provides a multi-pronged approach for benefiting your constituents, as well as Wisconsinites across the state.

First, SB 107 would create a fair, competitive market for TV, by making it possible for telecommunications companies to compete with cable for business. This is important, as competition can help mitigate the rapid increases in cable rates. The Federal Communications Commission found that cable TV prices rose by 93 percent between 1995 and 2005. However, consumers in areas where competition is viable have saved an average of \$22.30 per month, according to the American Consumer Institute.

Second, SB 107 promotes immediate economic benefits for the state. By making it possible for telecommunications companies (such as AT&T and Verizon) to use broadband lines to sell video service, SB 107 creates an enormous incentive to attract finite investment dollars. Because Illinois, Ohio, Michigan and Indiana have already passed video competition legislation, they are currently better positioned than Wisconsin to attract broadband investment in the Midwest. SB 107 would put Wisconsin back on a level playing field, which is necessary for bringing in funds to put new lines in the ground, attracting new construction jobs and allowing businesses to set up shop.

Third, because of these incentives, Wisconsin will gain an improved broadband network. With access to quality communication technology representing one of the most important needs for any business competing globally, the broadband lines promoted by SB 107 should be adopted to promote economic growth and attraction of new businesses.

Fourth, that improved broadband network can enhance education, government communications, medical technologies and a host of other services key to the operations of the state and the well-being of Wisconsinites. Every aspect of life in Wisconsin is dependent upon an up-to-date communications network, and SB 107 helps promote that type of network.

According to a new study conducted by the Center for Women's Business Research, more than three-quarters of women business owners are looking for reliable technology solutions that can help them increase the efficiencies in their businesses. Thus, WIPP, and I support SB 107, which is so directly relevant to the economic health and well-being of our members. I hope you will support the bill.

Sincerely,

Christi Mickler
President
KV Resources LLC

"Resources to impact your future"
<http://www.KV-Resources.com>





WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: REPRESENTATIVE JOSH ZEPNICK

FROM: David L. Lovell, Senior Analyst

RE: Comparison of Video Franchise Legislation in Wisconsin and Illinois

DATE: July 27, 2007

Companion to
SB 107

Enclosed with this memorandum is a chart, which provides a detailed comparison of 2007 Wisconsin Assembly Bill 207 and Illinois Public Act 095-0009, both on the subject of statewide franchising of video service providers. The chart is self-explanatory, and so requires no description here.

In many ways, the two pieces of legislation are very similar. Both deal primarily with the substitution of local franchising of video service providers with statewide franchising of the same. Also, both address the same issues of franchise application, video service provider fees, public, educational, and governmental channels, public rights-of-way, consumer protection, and other topics, often in generally the same manner. However, there are some substantial differences in the ways in which the two pieces of legislation address certain topics, as well as a great many differences in the details. This memorandum will not attempt to analyze, or even summarize these differences, but will draw your attention to a few areas where major differences exist. In particular, see the entries under the following headings:

VIDEO SERVICE PROVIDER FEE

Definition of "Gross Receipts"

PUBLIC, EDUCATIONAL, AND GOVERNMENT (PEG) CHANNELS

All Subheadings

(OVER)

PUBLIC RIGHTS-OF-WAY

Municipal Regulation

Specific Requirements

CONSUMER PROTECTION

Customer Service Standards

LIMITS ON REGULATION

ENFORCEMENT

PENALTIES

If you would like to discuss the chart with me, and the legislation that it compares, please contact me at the Legislative Council staff offices.

DLL:wu
Enclosure

**COMPARISON OF WISCONSIN AND ILLINOIS LEGISLATION
RELATING TO STATEWIDE FRANCHISING FOR
VIDEO SERVICE PROVIDERS**

<p style="text-align: center;">SUBJECT</p>	<p style="text-align: center;">ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)</p>	<p style="text-align: center;">ILLINOIS ACT 095-0009 (THE ACT)</p>
<p style="text-align: center;">FINDINGS</p>	<p>The bill contains legislative findings, including the following statement: "This section is an enactment of statewide concern for the purpose of providing uniform regulation of video service that promotes investment in communications and video infrastructures and the continued development of the state's video service marketplace within a framework that is fair and equitable to all providers."</p>	<p>The Act contains legislative findings, including the following statement: "The State authorization process and uniform standards and procedures in this Article are intended to enable rapid and widespread entry by competitive providers which will bring to Illinois consumers the benefits of video competition including providing consumers with more choices, lower prices, higher speed and more advanced Internet access, more diverse and varied views, public information, education, and entertainment programming, and will bring to this State and its local units of government the benefits of new infrastructure investments, job growth, and innovation in broadband and Internet protocol technology and deployment."</p>
<p style="text-align: center;">FRANCHISES</p>		
<p>Franchising Authority</p>	<p>Department of Financial Institutions (DFI).</p>	
<p>Privileges Granted by Franchise</p>	<p>A franchise authorizes a video service provider to:</p> <ul style="list-style-type: none"> • "occupy the public rights-of-way and to construct, operate, maintain, and prepare a video service network to provide video service in the video franchise area." • provide video service (not stated expressly, but <i>cannot</i> provide video service <i>without</i> a franchise). 	<p>Illinois Commerce Commission (ICC), or municipal or county government, at the option of the video service provider.</p> <p>"[S]ubject to the laws of the State and the ordinances, rules and regulations of the local units of government," a franchise grants authority to:</p> <ul style="list-style-type: none"> • provide cable service or video service in the service area identified in the application; and • use, occupy, and construct facilities in the public rights-of-way for the delivery of cable service or video service.

ILLINOIS ACT 095-0009 (THE ACT)		
<p>SUBJECT</p> <p>Incumbent Cable Operator and Existing Franchise</p>	<p>ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)</p> <p>An incumbent may, at its discretion, either:</p> <ul style="list-style-type: none"> • terminate existing franchise and obtain statewide franchise; or • operate as an "interim cable operator" until expiration of existing franchise. <p>A municipality may <i>not</i> renew a franchise.</p>	<p>Same options as in AB 207, plus option to renew municipal franchise upon its expiration.</p> <p>Requires that existing and future municipal franchises conform to the customer service and privacy standards, protections, and penalties established in the act.</p>
<p>Application</p>	<p>An application must include all of the following information:</p> <ul style="list-style-type: none"> • address and telephone number of principal office; • names of principal officers and representatives; • description of the area of the state in which the applicant intends to provide video service; • the date on which the applicant intends to begin providing video service; • a description of the services that the application proposes to provide; <p>and an affidavit affirming all of the following:</p> <ul style="list-style-type: none"> • that the applicant has filed or will timely file with the Federal Communications Commission all forms required in advance of offering video service; • that the applicant agrees to comply with all state and federal regulations; • that the applicant is legally, financially, and technically qualified to provide video service. 	<p>An application must include essentially the same information and affidavit as required by AB 207, plus:</p> <ul style="list-style-type: none"> • a certification that the applicant has delivered a copy of the application to all affected local units of government; • the expected date of commencement of service; and • the applicant's general standards related to customer service, as described below.

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
Confidential or Proprietary Information	No provision.	The applicant may designate information in its application or subsequent reports as confidential or proprietary; such information is treated in the manner provided for such information under the Illinois Public Utilities Act.
Review and Approval of Application	<p>Within 15 days of receiving an application, DFI must determine completeness of application.</p> <p>Within 15 days of receiving a complete application, DFI must determine if the applicant is legally, financially, and technically qualified to provide video service. If the DFI makes a positive determination, it must issue the applicant a franchise; if it fails to make a determination, the applicant is considered to have a franchise.</p> <p>Large telecommunications video service providers¹ and qualified cable operators² are presumed to be legally, financially, and technically qualified to provide video service.</p> <p>DFI must promulgate rules for determining whether an applicant is legally, financially, and technically qualified to provide video service.</p>	<p>Essentially the same as AB 207, except that:</p> <ul style="list-style-type: none"> the ICC has 30 days, rather than 15 days, to respond to a complete application; and there is no presumption that large telecommunications video service providers and qualified cable operators are qualified. <p>AB 207 requires DFI to determine that an applicant is qualified, while the Act requires the ICC, in determining that an application is complete, to find that the application includes "adequate assurance" that the applicant is qualified. This comparison assumes that those functions are equivalent.</p>

¹ "Large telecommunications video service provider" is a telecommunications video service provider that, on January 1, 2007, had more than 500,000 basic local exchange access lines in the state or an affiliate of such a telecommunications video service provider (i.e., AT&T Wisconsin).

² "Qualified cable operator" is (a) a cable operator that has been providing cable service in the state for at least three years prior to applying for a video service franchise that has never had a cable franchise revoked by the municipality; (b) an affiliate of such a cable operator; or (c) a cable operator that, on the date that it applies for a video service franchise, individually or together with its affiliates or parent company, is one of the 10 largest cable operators in the United States, as determined by standards in the bill.

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
Modification of Franchise	<p>If there is a change in the information contained in the application, the video service provider must notify the DFI within 10 business days.</p> <p>If a video service provider intends to increase its service area, it must reapply for a modified franchise.</p>	<p>A video service provider may change its video service area footprint by providing notice to the ICC and affected local units of government in the same manner as the original franchise application.</p> <p>The Act is silent with regard to changes in other information contained in an application.</p>
Transfer of Franchise	<p>If a video service provider transfers its franchise to another entity, that entity must apply for a franchise within 15 days of the transfer; it may provide service while waiting to receive the franchise.</p>	<p>Essentially the same as AB 207, plus:</p> <ul style="list-style-type: none"> • the successor-in-interest must not be in violation of the Act or of any federal, state, or local law, ordinance, rule, or regulation. • a local government or the Attorney General may bring an action court to bar the transfer if there is any of the following: <ul style="list-style-type: none"> ○ a material and continuing breach of the Act by the franchise holder; ○ a pattern of noncompliance with customer service standards by the potential successor-in-interest; or ○ the insolvency of the potential successor-in-interest. • a transfer in violation of these requirements is subject to three times the applicable penalties.
Termination of Franchise	<p>Video service provider may terminate franchise upon 30 days' advance notice to DFI.</p>	<p>Video service provider may terminate franchise upon notice to the ICC and affected local units of government.</p>
Expiration of Franchise	<p>Franchise does not expire.</p>	<p>Franchise expires when the Act sunsets, October 1, 2013.</p>

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
Revocation of Franchise	The DFI may revoke a video service franchise if "the [DFI] determines that the video service provider has repeatedly failed to substantially meet a material requirement imposed upon it by [state law] and the [DFI] has not otherwise acquiesced in such noncompliance through a waiver." Specifies extensive administrative procedures for conduct of a revocation hearing.	As part of an enforcement action brought by the Attorney General, described below, a video service provider's franchise may be suspended or revoked if it fails to achieve compliance in a reasonable time.
Application Fees	<ul style="list-style-type: none"> • \$2,000 for initial application. • \$100 for updating of some categories of application information. 	None.
NOTICES RELATED TO COMMENCEMENT OF VIDEO SERVICE		
Notices to Municipality	Video service provider must provide to affected municipalities: <ul style="list-style-type: none"> • copies of franchise applications and modifications. • 10 business days' advance notice prior to commencing service. 	The ICC must notify an affected municipality within three days of granting a franchise. A video service provider must give a municipality 10 days' advance notice before commencing service within the municipality.
Notices by Municipality	Municipality must notify video service provider of: <ul style="list-style-type: none"> • the franchise fees it receives from the incumbent cable provider. • the number of PEG channels it receives from the incumbent cable provider. 	A municipality must submit to a video service provider: <ul style="list-style-type: none"> • the ordinance it adopts establishing the video service provider fee; and • the audit requirements it imposes on incumbent cable service providers.
VIDEO SERVICE PROVIDER FEE		
Requirement and Amount	A video service provider must pay a fee to a municipality in which it provides service, as a percentage of its gross revenues earned in that municipality, which is the least of: <ul style="list-style-type: none"> • 5%. • if no incumbent cable operator paid a fee 	A video service provider must pay a fee to a municipality in which it provides service. The municipality must establish the fee by ordinance. The amount of the fee shall be either: <ul style="list-style-type: none"> • 5% of gross revenues; or

SUBJECT	<p style="text-align: center;">ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)</p> <p>based on revenues prior to the effective date, a percentage specified by the municipality, up to 5%.</p> <ul style="list-style-type: none"> • if an incumbent did pay such a fee, the percentage paid by the incumbent. • if more than one incumbent paid such a fee, the lowest percentage. 	<p style="text-align: center;">ILLINOIS ACT 095-0009 (THE ACT)</p> <ul style="list-style-type: none"> • the amount paid by an incumbent cable operator.
<p>Definition of "Gross Receipts"</p>	<p>"Gross receipts" means "all revenues received by and paid to a video service provider by subscribers residing within a municipality for video service, or received from advertisers...."</p> <p>"Gross receipts" <i>includes</i>:</p> <ul style="list-style-type: none"> • recurring charges for video service; • event-based charges (e.g., pay-per-view); • equipment rental (e.g., set-top boxes); • service charges (for, e.g., activation, installation, repair, and maintenance); • revenues received from the provision of home shopping or similar programming; • revenues from advertising; and • administrative charges. <p>"Gross receipts" <i>excludes</i>:</p> <ul style="list-style-type: none"> • discounts, refunds, and other price adjustments; • uncollectible fees; • late payment charges; • maintenance charges; • amounts billed to recover taxes, fees, surcharges, or assessments; • revenue from the sale of certain capital assets 	<p>"Gross receipts" means "all consideration of any kind or nature, including, without limitation, cash, credit, property, and in-kind contributions received by the [video service provider] for the operation of a cable or video system to provide cable service or video service within the [video service provider's video service area] local unit of government's jurisdiction."</p> <p>"Gross receipts" <i>includes</i> essentially the same items included in that definition in AB 207, plus:</p> <ul style="list-style-type: none"> • late payment fees or charges, insufficient funds check charges, and other charges assessed to recover the costs of collecting delinquent payments; • in the case of a video service that is bundled or integrated functionally with other services, capabilities, or applications, the portion of the video service provider's revenue attributable to the other services, capabilities, or applications, unless the video service provider can reasonably identify the division or exclusion of the revenue; and • the amount of the video service provider fee, itself.

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
	<p>or surplus equipment;</p> <ul style="list-style-type: none"> • charges for nonvideo services that are bundled with video services; and • reimbursement by programmers of marketing costs actually incurred by the video service provider. 	<p>“Gross receipts” <i>excludes</i>:</p> <ul style="list-style-type: none"> • discounts, refunds, and other price adjustments; • uncollectible fees; • regardless of whether the services are bundled, packaged, or functionally integrated with video service, any revenues received from services not classified as video service, including specific listed items; • the sale of video services for resale in which the purchaser is required to pay the video service provider fee to the municipality; • taxes, fees, surcharges, or assessments; • security deposits; and • amounts paid by subscribers to home shopping or similar vendors for merchandise sold through any home shopping channel.
Payment	<p>A video service provider shall pay the fee quarterly, not later than 45 days after close of calendar quarter.</p> <p>The video service provider’s duty to pay the fee commences in the later of:</p> <ul style="list-style-type: none"> • the quarter in which it commences service. • the quarter that includes the 45th day after the municipality notifies the provider of the amount of any fee and the number of PEG channels provided by the incumbent cable operator. 	<p>A video service provider shall pay the fee quarterly, not later than 45 days after close of calendar quarter.</p> <p>The video service provider’s duty to pay the fee commences on the first day of the calendar month that is at least 30 days after it receives the municipality’s ordinance establishing the fee.</p>
Audits and Enforcement	<p>A municipality may view a video service provider’s records once in any three-year period.</p> <p>The parties must complete good-faith settlement</p>	<p>A video service provider shall comply with the same auditing requirements that a municipality imposes on the incumbent cable operator or other video service providers.</p>

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
	<p>discussions regarding any dispute over the amount of a fee before either party may bring an action regarding the disputed fee.</p> <p>Any action regarding a disputed fee must be commenced within four years of the calendar quarter to which the disputed amount relates.</p>	
Generally Accepted Accounting Principles	All determinations and calculations regarding video service provider fees must be made using generally accepted accounting practices.	Same as AB 207.
Itemization of Fee	A video service provider may itemize the video service provider fee (and the PEG support fee, described below) as a separate line on consumers' bills.	Same as AB 207.
Other Fees Prohibited	If a video service provider pays this fee, the municipality may not require video service provider to pay any compensation or fee for occupation or work in the public rights-of-way, except as described below.	The municipality may not demand any additional fees or charges from a video service provider and may not demand the use of any other calculation method than that specified in the act.
PUBLIC, EDUCATIONAL, AND GOVERNMENT (PEG) CHANNELS		
Requirement and Number of PEG Channels	<p>A video service provider must make PEG channel capacity available to a municipality on the date that a service provider commences service, or the 90th day after the service provider receives notice of the number of PEG channels provided by the incumbent cable operator, whichever is later.</p> <p>If an incumbent cable operator provided PEG channel capacity prior to the effective date, the video service provider must provide capacity for the same number of channels.</p>	<p>Not later than 90 days after a request by a municipality or its designee, the video service provider shall:</p> <ul style="list-style-type: none"> • designate the same amount of PEG channel capacity as it had designated for the incumbent cable operator on January 1, 2007; and • retransmit to its subscribers the same number of PEG channels as the incumbent cable operator had retransmitted on January 1, 2007.

SUBJECT	<p align="center">ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)</p>	<p align="center">ILLINOIS ACT 095-0009 (THE ACT)</p>
	<p>If no incumbent provided PEG channel capacity:</p> <ul style="list-style-type: none"> • in a municipality with a population of 50,000 or more, the video service provider must provide capacity for three PEG channels. • in a municipality with a population less than 50,000, the video service provider must provide capacity for two PEG channels. <p>If no incumbent provided PEG channel capacity and an interim cable operator or video service provider distributes programming to more than one municipality from a single head end or hub office, the number of required PEG channels is based on the cumulative population of the municipalities served from that head end or hub office.</p>	<p>If the incumbent provided capacity for fewer than three PEG channels to a municipality on January 1, 2007, the municipality may request capacity for up to three PEG channels.</p>
<p>Change in Number of PEG Channels Based on Usage</p>	<p>If a municipality does not substantially utilize a PEG channel (i.e., provide 40 or more hours of programming each week, at least 60% of which is locally produced), the video service provider may reprogram that channel for other use. A municipality may regain the use of a PEG channel that has been reprogrammed by certifying that it will substantially utilize the channel.</p>	<p>If the programming on any PEG channel exceeds 40 hours per week, the municipality may request and the video service provider shall provide sufficient capacity for an additional PEG channel.</p>
<p>Limitation on Municipal Authority</p>	<p>Except as specifically provided, a municipality may not require an interim cable operator or video service provider to provide any funds, services, programming, facilities, or equipment related to PEG channel operation.</p>	<p>No provision.</p>

SUBJECT	<p style="text-align: center;">ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)</p>	<p style="text-align: center;">ILLINOIS ACT 095-0009 (THE ACT)</p>
<p>Operation of PEG Channels</p>	<p>It is a municipality's obligation to:</p> <ul style="list-style-type: none"> • operate a PEG channel and produce or obtain the programming. • make all programming available to all operators and providers in a nondiscriminatory manner. 	<p>A municipality is solely responsible for the content of PEG programming and a video service provider may not exercise any editorial control over such programming.</p> <p>A video service provider is not subject to civil or criminal liability for any program carried on a PEG channel.</p> <p>A PEG channel shall be for the exclusive use of the municipality or its designee. The municipality shall use the channel only for noncommercial purposes, except for advertising, underwriting, or sponsorship recognition.</p>
<p>Signal Format</p>	<p>A municipality must ensure that all programming is submitted to the video service provider in a form the provider can broadcast with no manipulation or modification.</p> <p>No provision.</p>	<p>A video service provider must accept programming in the format provided by the PEG channel and must make any necessary format changes for broadcast on its system.</p>
<p>Signal and Channel Quality</p>	<p>No provision.</p>	<p>A video service provider shall provide PEG channel capacity at equivalent visual and audio quality and equivalent functionality, from the viewing perspective of the subscriber, to that of commercial channels carried on the provider's basic tier, without the need for specialized equipment.</p> <p>Each PEG channel shall be capable of carrying a National Television Systems Committee television signal.</p>

ILLINOIS ACT 095-0009 (THE ACT)	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	
<p>SUBJECT</p> <p>Service Tier, Channel Numbering, and Channel Listings</p>	<p>PEG channels must be broadcast on any service tier that is viewed by more than 50% of customers. If a PEG channel was reprogrammed and later restored, it may be broadcast on any service tier.</p>	<p>A video service provider must broadcast PEG channels on its basic service tier (the tier on which it broadcasts local broadcast television stations).</p> <p>PEG channels must not be separated numerically from other channels and must be given the same channel numbers as those used by the incumbent cable operator.</p> <p>A video service provider must provide a listing of PEG channels on channel cards and menus provided to subscribers and on its electronic program guide, if any, in the same manner in which it provides listings of other channels.</p> <p>No provision.</p>
<p>Transmission of PEG Programming to Provider's Network</p>	<p>For a PEG channel origination point existing on the effective date, an interim cable operator or video service provider must provide sufficient transmission capacity by means it determines to be the most economical and technologically efficient.</p> <p>If a municipality relocates a pre-existing origination point, the operator or provider must provide the first 200 feet of transmission line necessary for the connection; the municipality must pay for the cost of construction of the relocated transmission line beyond the first 200 feet, but not for the costs associated with transmission over such line.</p>	<p>No provision.</p>
<p>Monetary Support of PEG Channel</p>	<p>Any obligation to provide monetary support for a PEG channel under an existing municipal franchise continues until the expiration of the franchise.</p> <p>If an incumbent cable operator terminates a franchise, any obligation under that franchise continues until the</p>	<p>A video service provider must, upon request of a municipality, pay a PEG support fee to the municipality equal to no less than the greater of:</p> <ul style="list-style-type: none"> • 1% of gross revenues; or • the percentage of gross revenues paid by an incumbent cable operator.

SUBJECT	<p>ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)</p> <p>original expiration date of the franchise or three years after the effective date, whichever is earlier.</p> <p>A video service provider must provide the same monetary support that is provided by the largest incumbent cable operator.</p>	<p>ILLINOIS ACT 095-0009 (THE ACT)</p>
Interconnection of Video Service Providers' Networks	<p>If there is more than one interim cable operator or video service provider in a municipality, either may request in connection with the other provider's network. The two parties must negotiate in good faith the terms, rates, and conditions for interconnection. The party requesting interconnection is responsible for the cost of the interconnection.</p>	Essentially the same as AB 207.
Enforcement	No provision.	Only a court of competent jurisdiction may enforce the requirements related to PEG channels. The service provider is not barred from providing service pending resolution of a dispute.
PUBLIC RIGHTS-OF-WAY		
Privilege of Use of Rights-Of-Way	A franchise authorizes video service provider to occupy the public rights-of-way and to construct, operate, maintain, and prepare a video service network to provide video service in the video franchise area.	Substantially similar to AB 207.
Municipal Regulation	<p>Relying on existing law, a municipality may impose reasonable regulations on the occupation and use of public rights-of-way. If a municipality requires a permit, it must act on an application within 60 days of receipt, or the permit is considered to have been approved.</p> <p>A person subject to these regulations may complain to the PSC that a regulation is unreasonable. The bill provides guidance regarding the determination of</p>	<p>A video service provider is subject to all of the same requirements a municipality may impose on any other entity with regard to the use or occupation of the public rights-of-way.</p> <p>Municipal regulations must provide video service providers with open, comparable, nondiscriminatory, and competitively neutral access to the public rights-of-way.</p>

<p style="text-align: center;">ILLINOIS ACT 095-0009 (THE ACT)</p>	<p style="text-align: center;">ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)</p>	<p style="text-align: center;">SUBJECT</p>
<p>Requirements applicable to video service providers using telecommunications networks shall be the same as those applicable to telecommunications providers; requirements applicable to video service providers using cable systems shall be the same as those applicable to other cable television operators.</p> <p>A municipality may impose reasonable terms with regard to the authorization of the placement of facilities in the public rights-of-way, access to a building, or utility pole attachments.</p> <p>A municipality may impose a permit fee on a video service provider only to the extent it imposes such a fee on the incumbent cable operator. In all other cases, a fee may not exceed the actual, direct costs incurred by the municipality relevant to the permit.</p>	<p>reasonableness.</p>	
<p>A video service provider shall do all of the following with regard to its use and occupation of the public rights-of-way:</p> <ul style="list-style-type: none"> • locate its equipment so as to cause only minimum interference with other uses of the public rights-of-way; • comply with a municipality's reasonable request regarding the placement of equipment on public property; • use the smallest suitable equipment enclosures, etc.; • perform all construction in compliance with the Occupational Safety and Health Act and appropriate state and local laws; • not interfere with a municipality's 	<p>Municipal regulation of the occupation of public rights-of-way may include reasonable fees.</p> <p>If the fee is cost-based, a video service provider may deduct the amount of the fee from the video service provider fee it pays to the municipality.</p> <p>No provision.</p>	<p>Fees</p>
		<p>Specific Requirements</p>

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
Validity or Invalidity of Other Laws	Other existing laws authorizing municipalities to impose fees or requirements on the occupation of public rights-of-way may not be applied to video service providers.	<p>performance of public works;</p> <ul style="list-style-type: none"> • comply with a municipality's inspection requirements; • maintain insurance or provide evidence of self-insurance, as required by the municipality; • reimburse reasonable expenses incurred by the municipality; • indemnify and hold harmless the municipality for all claims, etc., arising out of its work in the public rights-of-way; and • upon request, provide the municipality with information describing the location of its facilities within the public rights-of-way.
	The rights of a video service provider under the Telephone Line Rights-Of-Way Act are not affected by this act.	
CONSUMER PROTECTION		
Customer Service Standards	<p>If there is only one video service provider in a municipality, the municipality may require the provider to comply with specified federal cable customer service obligations, but the DFI and municipalities may not impose additional or different customer service standards.</p> <p>If there is more than one video service provider in a municipality, or if the provider is subject to "effective competition," these providers may not be subject to any customer service standards, other than the subscriber rights described above and rules of the Department of Agriculture, Trade, and Consumer</p>	<p>A video service provider must establish general customer service standards, and make the standards available to all customers. The Act provides detailed guidance on the substance of the standards under the following headings:</p> <ul style="list-style-type: none"> • general customer service obligations. • bills, payment, and termination. • response to customer inquiries. • installations, outages, and service calls. • public benefit obligation. <p>The Act contains additional, detailed provisions prohibiting practices such as requiring customers to</p>

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207) Protection (DATCP).	ILLINOIS ACT 095-0009 (THE ACT)
Video Service Subscriber Rights	Expands existing cable service subscriber rights to video service providers and satellite video service providers and modifies one of the standards.	purchase more than basic service or to purchase bundled services, establishing various requirements regarding rate structures, and other matters.
Customer Privacy	In general, extends existing cable service customer privacy regulations to video service providers and satellite video service providers.	Contained, generally, in the customer service standards.
Applicability	Requirements apply to cable operators, video service providers, and multi-channel video providers, which includes satellite video service providers.	Establishes privacy protections similar to those in AB 207.
ACCESS TO SERVICE ("BUILD-OUT") AND DISCRIMINATION		
Access	<p>A large telecommunications video service provider (one that serves at least 500,000 telecommunications access lines in this state) shall provide access to its service as follows:</p> <ul style="list-style-type: none"> • provide access to at least 35% of its access lines in the state within three years of receiving a state franchise. • provide access to at least 50% of its access lines in the state within the later of the following: <ul style="list-style-type: none"> ○ five years after receiving a state franchise. ○ two years after at least 30% of the households with access to the provider's service subscribe to the service for six consecutive months. 	<p>To the extent allowed under federal law, requirements apply to "master antenna television, satellite master antenna television, direct broadcast satellite, multi-point distribution service, and other providers of video programming...."</p> <p>A telecommunications video service provider that serves more than 1,000,000 telecommunications access lines in the state shall provide access to its service as follows:</p> <ul style="list-style-type: none"> • provide access to at least 35% of its access lines in the state within three years of receiving a state franchise. • provide access to at least 50% of its access lines in the state within the later of the following: <ul style="list-style-type: none"> ○ five years after receiving a state franchise. ○ two years after at least 15% of the households with access to the provider's service subscribe to the service for six consecutive months. <p>A telecommunications video service provider that serves 300,000 to 1,000,000 access lines in the state shall provide access to its service as follows:</p>

<p>SUBJECT</p>	<p>ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)</p>	<p>ILLINOIS ACT 095-0009 (THE ACT)</p>
<ul style="list-style-type: none"> • provide access to at least 25% of its access lines within three years of receiving a state franchise. • provide access to at least 35% of its access lines in the state within the later of the following: <ul style="list-style-type: none"> ○ five years after receiving a state franchise. ○ two years after at least 15% of the households with access to the provider's service subscribe to the service for six consecutive months. <p>A telecommunications video service provider that serves fewer than 300,000 access lines shall provide access to its service as follows:</p> <ul style="list-style-type: none"> • provide access to at least 35% of its telecommunications access lines in the state within three years of receiving a state franchise. • provide access to at least 50% of its access lines in the state within five years after receiving a state franchise. • if the provider is an incumbent cable operator, it shall comply with build-out requirements in its existing municipal franchise. <p>The video service provider's obligations described above "shall be distributed, as the [provider] determines, within three different designated market areas."</p> <p>For the largest telecommunications video service providers, if another state in which that provider offers or seeks to offer service imposes more stringent build-out requirements, that state's</p>		

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
Broadband Internet Service	No provision.	<p>requirements will apply to the provider in Illinois. A video service provider may not terminate or modify its video service area footprint so as to leave an area with no video service from any provider.</p> <p>A telecommunications video service provider that serves more than 1,000,000 telecommunications access lines in the state shall either:</p> <ul style="list-style-type: none"> • provide broadband Internet access to 90% of households. • pay \$15,000,000 to the Digital Divide Elimination Infrastructure Fund.
Discrimination	<p>A video service provider may not discriminate on the basis of race or income.</p> <p>It is a defense to an allegation of discrimination on the basis of income if the percentage of households with access to a video service provider's service is as follows:</p> <ul style="list-style-type: none"> • 25% within three years of receiving the state franchise. • 30% within five years of receiving the state franchise. 	<p>A video service provider may not discriminate on the basis of race or income.</p> <p>Within three years of receiving a state franchise, 30% of households with access to a telecommunications video service provider's services shall be low-income households. This obligation is "distributed, as the [provider] determines, within three designated market areas...." Compliance is measured by each telecommunications exchange. In each exchange, a telecommunications video service provider must provide access to a percentage of low-income households that is at least equal to the percentage of the total low-income households within that exchange.</p> <p>A video service provider may not terminate or modify its video service area footprint so as to discriminate on the basis of race or income.</p>

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
Alternative Technologies	<p>A video service provider may satisfy these requirements through the use of an alternative, comparable technology, other than satellite service.</p> <p>A video service provider may apply to the DATCP for an extension of or waiver from these requirements, based on the following factors:</p> <ul style="list-style-type: none"> • inability to obtain access to public and private rights-of-way under reasonable terms and conditions. • developments in buildings that are not subject to competition because of exclusive service arrangements. • developments and buildings that are not accessible using reasonable technical solutions under commercially reasonable terms and conditions. • natural disasters. • other factors beyond the control of the video service provider. 	Same as AB 207.
Extensions and Waivers	<p>A large telecommunications video service provider shall make annual reports to the DFI regarding its progress in complying with the access requirements.</p>	Substantially similar to AB 207.
Reports	<p>Notwithstanding the access and discrimination requirements, a telecommunications video service provider is not required to provide video service outside its residential local exchange service area and</p>	<p>A video service provider must make annual reports to the ICC regarding its progress in complying with the access requirements. The ICC must make annual reports of this information to the Legislature.</p> <p>Video service providers must make annual reports to the Attorney General, the ICC, and affected municipalities regarding compliance with customer service standards.</p>
Geographic Service Area	<p>Similar to AB 207.</p>	<p>Similar to AB 207.</p>

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
	an incumbent cable operator is not required to provide service outside the area in which the operator provided service at the time it obtains a statewide video franchise.	
SUBSIDIES PROHIBITED	No provision.	Prohibits any subsidy of Internet services, cable services, or video services by the rates or charges for local exchange telecommunications services, including local services classified as noncompetitive.
INTERFERENCE WITH SERVICE TO TENANTS	No provision.	The owner of a multiple-unit residential dwelling, or the owner's agent or representative, may not do any of the following: <ul style="list-style-type: none"> • interfere with tenants' ability to receive video service. • demand any form of payment from tenants for access to video service. • penalize any tenant who obtains video service.
LIMITS ON REGULATION		
Limits on Regulation by Municipalities	<p>Except as specifically provided, a municipality may not require a video service provider to:</p> <ul style="list-style-type: none"> • construct a video service network. • provide video services. • provide any institutional network. • pay a fee to the municipality. <p>In addition, a municipality may not regulate the rates charged by a video service provider.</p>	No provision.
Limits on Regulation by the State	<p>Except as specifically provided, the DFI may not do any of the following:</p> <ul style="list-style-type: none"> • promulgate rules interpreting the statutes it implements. • regulate the rates charged by a video service provider. 	The ICC's authority to administer this law is limited to the powers and duties explicitly provided in this law.

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
Rule-making Limited	<ul style="list-style-type: none"> require a video service provider to provide any institutional network. <p>The DFI is prohibited from promulgating rules interpreting the statewide video franchise statute except with regard to determining whether a video service provider is legally, financially, and technically qualified to provide video service.</p> <p>The DATCP is prohibited from promulgating rules interpreting the discrimination and access provisions.</p> <p>Video service provider must carry local broadcast stations to same extent as required under federal cable television law.</p> <p>No provision.</p>	No provision.
LOCAL BROADCAST STATIONS	No provision.	The requirement to carry local broadcast stations is only implied by the definition of "basic cable or video service."
EMERGENCY ALERT SYSTEM	No provision.	A video service provider shall broadcast federal, state, and local emergency messages to the same extent that cable operators are required to do so under federal law and shall comply with any additional requirements that the municipality requires the incumbent cable operator to comply with.
ENFORCEMENT	<p>The DFI may enforce most provisions of the bill except that the DATCP shall enforce provisions relating to discrimination and access.</p> <p>A municipality, interim cable operator, or video service provider affected by a failure to comply with the provisions of the bill may bring an action in the circuit court to compel compliance.</p>	<p>The Attorney General is responsible for administering and enforcing the act, including consumer and privacy protections, and is given the power to investigate and prosecute violations.</p> <p>Municipalities are authorized to enforce consumer and privacy protections and may establish monetary penalties within specified limits. A video service provider may seek judicial review of an enforcement action by a municipality.</p>
PRIVATE ACTIONS	No provision.	Any customer, in addition to the Attorney General and municipality, may pursue alleged violations of the Act by video service providers.

SUBJECT	ENGROSSED 2007 WISCONSIN ASSEMBLY BILL 207 (AB 207)	ILLINOIS ACT 095-0009 (THE ACT)
PENALTIES	None.	<p>In general, the penalty for each offense is not more than the greater of \$30,000 or 0.00825% of the video service provider's gross revenues.</p> <p>Each day of offense is a separate violation, except that collective penalties may not exceed \$500,000 per year.</p> <p>A video service provider's franchise may be suspended or revoked if it fails to achieve compliance in a reasonable time.</p>
SUNSET	No provision.	October 1, 2013.
DATE OF ENACTMENT	Not enacted.	June 30, 2007.

Prepared by:
David L. Lovell, Senior Analyst
Wisconsin Legislative Council Staff
July 27, 2007





Competitive Wisconsin, Inc.

Prepared Remarks

Mark Cullen, Immediate Past President

Competitive Wisconsin, Inc.

August 1, 2007

\$107?

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Marshall & Ilsley Corporation

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Immediate Past President
Chair of JP Cullen & Sons, Inc.

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Partner
Michael Best & Friedrich, LLP

Thomas Spero, Treasurer
Managing Partner
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Good morning. My name is Mark Cullen of JP Cullen and Sons Construction Company in Janesville, WI. I am the immediate past President of Competitive Wisconsin, Inc. and a member of Competitive Wisconsin's Executive Committee.

Competitive Wisconsin, Inc. is an association of representatives of the business community, academia, labor and agriculture whose core mission it is to actively promote public policy that creates a competitive economic climate to make Wisconsin more attractive for the creation of high paying jobs and higher per capita income.

This core mission is exemplified by the video franchise legislation currently being considered and its passage is a top priority for Competitive Wisconsin.

We need to continue to strive to send a signal to out-of-state companies that the regulatory climate in Wisconsin is business-friendly. Passage of the video franchise legislation signals to companies everywhere that Wisconsin is pro-free market and pro-competition.

Primarily, though, if other states where similar legislation has been passed are any indication, the passage of this law in Wisconsin will result in immediate job creation and economic development as companies that are new entrants into the video market move quickly to hire people to deploy their technology and spend significant resources building and upgrading their infrastructure.

This improved telecommunications and broadband infrastructure also help keep Wisconsin competitive as we strive to foster "new economy" companies in our state.

Finally, and not to be overlooked, this legislation is pro-consumer. The free market needs to operate for consumers in all sectors of the economy, including video. This legislation allows for expedited deployment of new video services which bring true choice to Wisconsin's citizens and business and while maintaining needed revenue sources for local governments.

On behalf of the Board of Directors of Competitive Wisconsin, we urge the passage of this legislation.

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August 21, 2007

SB 107?

UPDATE ON THE AT&T VIDEO/CABLE BILL

We are 34 Wisconsin municipalities who oppose the AT&T Video/Cable bill.

In other reports, we stated that the Plale-Montgomery bill would *not* lower video or cable prices.

Now, we have proof. The first state to pass an AT&T sponsored bill was Texas. *Rates in Texas have gone up.*

You might recall that AT&T's Chair said that his firm would *not compete on price*. AT&T-Wisconsin's President dodged the question on lowered prices when asked at your Joint Committee hearings.

AT&T's future plans call for a \$120 monthly charge. Currently they are charging \$100 for bundled services. This is a promotional rate, due to rise!

The new rate is a 20% *increase*.

Senator Plale and Representative Montgomery claim that their legislation will generate new AT&T jobs and capital. But AT&T needs to make this investment regardless of what the legislature does. *This is because they have lost 1/3 of their telephone market to cable.*

AT&T must compete to survive. The business community knows this. So does AT&T. This is how capitalism works.

But AT&T does not want to compete. Instead, their Texas Headquarters has insisted that they get a “one size fits all” piece of legislation so that they do not have to abide by the rules that cable plays by.

AT&T pretends they are not a cable provider, yet the courts disagree, as they did recently in Connecticut.

One early argument for a statewide video-cable bill was to permit AT&T one stop shopping. Yet AT&T knew they could get a model agreement with our 33 communities. Our Commission contacted AT&T and began negotiations with them early in 2006. We compromised. They did not. They thought the FCC or the Legislature would write them a bill to avoid negotiations.

- 1- They hired and used more than 30 lobbyists.**
- 2- They paid think tanks for their opinions.**
- 3- They funded an ad campaign to push competition and to give the impression that competition would lower prices when they knew this was false. They did not disclose they funded these ads.**
- 4- They spread campaign contributions around freely.**

One result of AT&T's campaign was that the communities who were most affected were rudely shut

out by Representative Montgomery. Yet he permitted AT&T to help write "his" bill. To insure that opposition to the AT&T video-cable bill would be repressed, he bullied those testifying at the Joint Hearings.

Contrast what our sister state Illinois has done. They brought in representatives from all sides to help create a bill fair to all.

Local rights of way are essential to what makes up a community. Rights of way are as important as police powers that protect the public's safety.

For example, one of AT&T's cabinets blew up in a residential area in Houston. We and others have tried to find out what caused this explosion. *Our requests for information have been met with silence.*

One curious detail concerns the agency that will enforce consumer protection. Instead of using the Attorney General, the Public Utility Commission or Consumer Protection in the Ag Department, the bill's authors opted for a weak and inexperienced agency. And if this was not enough, the estimated budget was reduced from \$219,500 to \$65,000 just to be sure there would be little oversight or enforcement.

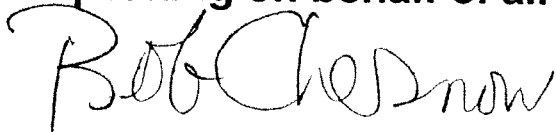
We have not addressed PEG in detail but PEG provides great services to our schools and government as well to the community. Those entering our marketplace need to connect PEG programming where it can be viewed.

Current PEG fees are reasonable and absolutely necessary to sustain non-commercial programming. No one is getting rich off of these fees. But when Time Warner Cable got Milwaukee to reduce PEG fees, they raised their own rates.

The Joint Hearings offered a great insight into who supports PEG and local control. The hearings started in the morning and dragged on through lunch into the evening. Those who testified showed what genuine citizens get from these services.

We ask you to reject the AT&T video/cable bill and to encourage AT&T to use their agreement with Milwaukee as a model for all our communities.

Speaking on behalf of all our communities,



Bob Chernow, Chair

Bayside	Mequon	West Allis
Brookfield	Milwaukee	West Bend
Brown Deer	Muskego	West Milwaukee
Butler	New Berlin	Whitefish Bay
Cudahy	Oak Creek	
Elm Grove	Pewaukee	
Fox Point	Racine	
Franklin	River Hills	
Germantown	Saukville	
Glendale	Shorewood	
Greendale	South Milwaukee	
Greenfield	Sussex	
Hales Corners	Thiensville	
Hartland	Waukesha	
Menomonee Falls	Wauwatosa	