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Details: Editorials

(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**

Chicago Tribune
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Cable competition sought

State bill would aid AT&T's rivalry bid

By Jon Van and Jeffrey Meitrodt
Tribune staff reporters

June 6, 2007

The state legislature is making a push to increase competition in the cable television market that will bring a side effect all TV watchers could appreciate: a promised cap in the number of hours spent waiting for the cable guy.

The proposal, which has broad support in Springfield, will make it easier for AT&T to go up against cable operators in Illinois because it streamlines cable franchising rules, doing away with a cumbersome system in which new TV service providers must seek town-by-town approval for laying wires.

AT&T, under competitive attack from cable operators like Comcast Corp. that are vying for telephone customers, is fighting back with plans to offer TV service. It is investing billions of dollars around the country to retrofit its lines so they can carry high-speed digital signals capable of supporting the Internet and television. AT&T's U-verse video service currently is offered in markets from Texas and California to Indiana and Michigan, but none in Illinois.

Paul La Schiazza, president of AT&T Illinois, said Tuesday that once state franchising becomes law, some Illinois communities will get U-verse video service. The time frame "will be months, not years," but he declined to state if U-verse will arrive before the end of 2007.

A year ago, AT&T announced that North Chicago had signed a deal that would enable that community to get U-verse, and, while no timetable was specified, an AT&T executive said the company hoped to offer video to up to 20 Illinois communities by the end of 2006.

But for more than a year, AT&T has encountered difficulties in some suburbs because of the company's refusal to apply for cable TV franchises. The firm contended that its video product is an information service that is a natural extension of high-speed Internet, not a traditional cable TV service.

Once statewide franchising is enacted, La Schiazza said he expects AT&T will move ahead with

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Important Safety Information

network upgrades needed to offer video.

AT&T's troubles rolling out U-verse haven't been limited to Illinois.

"They're running behind their early plans," said James McQuivey, a principal analyst for the technology market research firm Forrester. "In some markets they're six months behind and other places a year. But this just shows how hard it is to become a TV provider employing new technology."

Statewide franchising in Illinois was first opposed by municipalities, the cable industry and various consumer groups, but a drastic rewrite of the measure fostered by legislators and Atty. Gen. Lisa Madigan includes several requirements that neutralized opposition.

Cable operators would have to give customers a four-hour appointment window, and if a technician doesn't show up within that period, the customer automatically gets a \$25 account credit. Currently, some customers have to wait 8 to 12 hours for a technician, and sometimes they never show up on the scheduled day, said Ben Weinberg, chief of the attorney general's public interest division.

To make sure AT&T and other companies that enter the cable business don't cherry-pick the richest neighborhoods, the legislation mandates that companies devote a large portion of their new systems to low-income neighborhoods. In Chicago, AT&T would be required to build at least 40 percent of its system in poorer areas, matching the city's low-income rate. Statewide, that figure will be 30 percent.

"No other state has done that," said bill sponsor Rep. James Brosnahan (D-Evergreen Park).

The House passed the bill last week and the Senate is expected to ratify it soon, though anything can happen during the legislature's overtime session.

"We are frankly thrilled by the service quality standards that are in this bill," said David Kolata, executive director of the Citizens Utility Board. "As far as we can tell, these are the strongest standards in the country."

AT&T is entering the TV business largely because cable television operators now offer phone service. In the Chicago market, Comcast Corp., the dominant cable operator, estimates it signs up 1,000 new phone customers every day. McQuivey said that is typical of what is happening across the country.

"Comcast is the largest stealer of phone customers from AT&T," McQuivey said. "Every month that AT&T is delayed from offering video is more time for the cable operator to offer customers bundles they hope will keep them from ever trying U-verse once it's available."

AT&T, which has pushed other states to lower barriers to competition in the cable TV business, said no other state has bargained as hard as Illinois.

"There are many states that have no build-out requirements," La Schiazza said. "Other states have lower build-out requirements. This process in Illinois has assured that the most customers -- including low-income customers -- will get service in the shortest period of time."

Rich Rugguero, a Comcast spokesman, said it was "too soon" to say how the four-hour service call window would impact the company. Generally speaking, he said Comcast is confident it will do well regardless of the legislation. He said AT&T "will have to spend billions to get their network to the point where it can compete with ours."

A cable industry official questioned the toughness of the proposed legislation.

Richard Prendergast, legal counsel for the Illinois Cable Television Association, said there are a number of "back doors" that would allow AT&T and other companies to get out of the build-out requirements.

"This is a now you see it, now you don't bill," he said.

While municipalities have dropped their opposition to statewide franchising, some individuals have not.

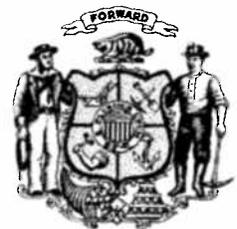
"I hope the governor vetoes it," said Peter Collins, information technologies manager for the city of Geneva. "It has a lot of loopholes. I don't see it as a good thing." ----- jvan@tribune.com

jmeitrodt@tribune.com

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WISCONSIN STATE LEGISLATURE



Venskus, Katy

From: Raschka, Adam
Sent: Thursday, June 07, 2007 2:40 PM
To: Venskus, Katy
Subject: FW: Letter to the editor on Illinois SB 678 - their state video franchise bill

FYI....

From: Mary Cardona, WAPC [mailto:wapc@tds.net]
Sent: Thursday, June 07, 2007 2:30 PM
To: Rep.Moulton; Rep.Mursau; Rep.Murtha; Rep.Musser; Rep.Nass; Rep.Nelson; Rep.Nerison; Rep.Newcomer; Rep.Nygren; Rep.Ott; Rep. Jim Ott; Rep.Owens; Rep.Parisi; Rep.Petersen; Rep.Petrowski; Rep.Pocan; Rep.Pope-Roberts; Rep.Pridemore; Raschka, Adam; Rep.Rhoades; Rep.Richards; Rep.Schneider; Rep.Seidel; Rep.Sheridan; Rep.Sherman; Rep.Shilling; Rep.Sinicki; Rep.Smith; Rep.Soletski; Rep.Staskunas; Rep.Steinbrink; Rep.Stone; Rep.Strachota; Rep.Suder; Rep.Tauchen; Rep.Toles; Rep.Townsend; Rep.Travis; Rep.Turner; Rep.Van Akkeren; Rep.Van Roy; Rep.Vos; Rep.Vruwink; Rep.Vukmir; Rep.Wasserman; Rep.Wieckert; Rep.WilliamsA; Rep.WilliamsM; Rep.Wood; Rep.Young; Rep.Zepnick; Rep.Ziegelbauer
Subject: Letter to the editor on Illinois SB 678 - their state video franchise bill

Wisconsin Assembly members: Illinois' bill has a 1% PEG fee built in for all cities with access channels. Wisconsin should, too. - Mary Cardona

Chicago Sun-Times - June 7, 2007

*Letter To the Editor: For once, public good doesn't fall in a hole
 PEG access television gets important protections in proposed legislation*

Within a short walk from the hubbub of the legislative session in the State Capitol in Springfield is a quiet plaza with a statue of Abraham Lincoln. Inscribed are words spoken by the newly elected president in 1861 at his first inaugural address. Those words serve as a constant reminder to the men and women serving the people of Illinois today and in the future: "Why should there not be a patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?"

When it comes to big-stakes legislation these days, a more likely influence is that of pay-to-play politics. House Bill 1500 appeared at the beginning of the legislative session as part of the telephone industry's push to enter the cable market. AT&T launched an army of lobbyists and a massive advertising campaign to influence legislators to support a bill that fell far short of protecting the public interest or Illinois consumers.

In states that have hastily passed legislation, consumer protections have been stripped away, local government authority ended, and public, education and government (PEG) access television harmed to the point that in a number of states, PEG access will be completely phased out.

Not so in Illinois. Instead of the fast track, the House stood firm for fair competition. House

leaders instituted a meaningful democratic process that brought the attorney general together with cities, consumer advocates, public, education and government interests, telephone and cable to craft an amended bill. The thin curtain of promises was pulled aside and the stage set for some real work.

By the time House Bill 1500 reappeared as an amendment to SB 678, now pending in the Senate, it bore little resemblance to the original bill. Important public protections had been put in place.

A defining conversation about statewide legislation took place on Chicago Access Network Television (CAN TV) last fall that foreshadowed the progress of HB 1500. Guests included Joseph Bast of the Heartland Institute, AT&T's selected guest for the program, who said, "Let's get democracy out of the way and let the market work on this."

Anthony Riddle, head of Alliance for Community Media, representing CAN TV and other PEG access centers, responded, "We the people cannot be viewed as an impediment." President Lincoln agreed more than a century ago: "Is there any better or equal hope in the world?"

Barbara Popovic, executive director, Chicago Access Network Television

Mary Cardona
Executive Director
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"...The Mayor grabbed a tom-tom. He started to smack it. And, all over Who-ville, they whooped up a racket. They rattled tin kettles! They beat on brass pans, On garbage pail tops and old cranberry cans! Great gusts of loud racket rang high through the air. They rattled and shook the whole sky! And the Mayor Called up through the howling mad hullabaloo: "Hey, Horton! How's this? Is our sound coming through?" And Horton called back, "I can hear you just fine. But the kangaroos' ears aren't as strong, quite as mine. They don't hear a thing! Are you sure every Who down in Who-ville is working? Quick! Look through your town! Is there anyone shirking?"

- Horton Hears a Who by Dr. Seus.





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[Return to story](#)

AT&T boxes big and ugly, mayor warns

Judith Davidoff
June 8, 2007

More than 300 hulking, refrigerator-size "graffiti magnets" could soon sprout in Madison yards if state lawmakers pass a controversial cable TV deregulation bill, Mayor Dave Cieslewicz is warning.

"There would be hundreds of these boxes throughout the city," Cieslewicz said in an interview this week. "They would be on the street right-of-way and also in people's backyards. They are large -- five feet by four feet -- they make a visual statement and they could be graffiti magnets."

Under current law, Cieslewicz said the city can prohibit AT&T from installing the boxes without a franchise agreement, such as the one the city has with Charter Cable.

But the city's veto power would be severely curtailed under the deregulation bill that has already passed the state Assembly.

"We wouldn't have much to say about it," Cieslewicz said. "AT&T could go in and start installing these things right after the legislation takes effect."

What's worse, he said, is that the boxes are unnecessary.

"The only reason for them is that AT&T is trying to do this project on the cheap," he said. "They want to run fiber to the boxes, but then standard copper (lines) to the home. They need the boxes to transfer data. They could run fiber straight to the home which is what companies on the coasts are doing."

Rep. Phil Montgomery, R-Green Bay, lead author of the proposed state bill, did not return a phone call today for comment.

AT&T has installed these boxes in some cities, but its efforts have been thwarted in others.

"They became such a matter of controversy because of their size, location and obtrusiveness that the city of Milwaukee modified its zoning procedures" to allow local alders a chance to review where the boxes would be located in their district, said University of Wisconsin

"They were trying to run it beneath the radar," Assistant City Attorney Roger Allen said of AT&T's efforts to obtain a city permit for the box.

Steele has a different take.

"Utility boxes are about AT&T's investment in Wisconsin and the other states that AT&T services," he said. "It's all about bringing the new technology and services to their customers. That is what the intent of upgrading the utility boxes is."

After AT&T submitted its permit request, the city offered to negotiate a franchise agreement with the company to operate a cable service in Madison, but the parties were not able to come to an understanding. AT&T claims it offers video services, not cable service, and therefore should be exempt from cable franchise regulations.

Madison, and other municipalities, disagree and say AT&T should be subject to the same rules as cable companies are.

"We are not against competition," Cieslewicz said. "We would welcome AT&T. They can right now negotiate an agreement just like Charter has. All we want is a level playing field."

"They want special consideration and that is really the issue here," he added. "They don't want to pay the same fees that Charter does. They don't want to give the same access for public and educational programming. They don't want to provide the same consumer protection."

Critics say such wrangling with municipalities across the country prompted AT&T to lobby heavily for state legislation that deregulates the cable industry by transferring franchise powers from localities to the state. Negotiations between AT&T and Madison officials, in fact, ceased when Montgomery introduced such a bill to the Wisconsin state legislature, said Allen.

Proponents say the bill would introduce more video choices to Wisconsin markets and result in lower prices for consumers. Critics say it strips municipalities of control over infrastructure and consumer protections.

The measure easily passed the state Assembly in May after some additional consumer protections were added to the bill. But it faces a more uncertain future in the state Senate, where it has been referred to the Joint Finance Committee.

Cieslewicz said the bill still has a long way to go before it is acceptable to city officials.

"They've taken a horrible bill and made it just bad and we're saying that's just not good enough."

[Return to story](#)

telecommunications professor Barry Orton.

The prospect of the boxes has fomented a virtual revolt in some Chicago suburbs, with several communities enacting temporary moratoriums on their installation. Two cities, Itasca and Naperville, distributed large plywood boxes around the city to illustrate the size of AT&T boxes. Itasca's boxes were pink.

AT&T, however, followed up by suing the municipalities and a United States District Court Judge recently rejected a motion to dismiss the case.

Brad Clark, cable television coordinator for the city of Madison, said AT&T officials told him that they would need to install 300 to 400 utility boxes in Madison.

AT&T spokesman Joe Steele declined to confirm the number, saying it was "proprietary" information.

"For competitive reasons we are not releasing the numbers," he said.

Steele said the boxes have not proven to be a magnet for graffiti and that AT&T is responsive to aesthetic concerns.

"We work with local municipalities to pull the appropriate locations and place them in the public right of way so they are not obstructive to drivers or out of line with the aesthetics of the neighborhood," Steele said.

Steele acknowledged that the placement of a utility box in the public right of way could very well mean a large box on a homeowner's front terrace. But he insisted that AT&T takes local interests into consideration when placing boxes.

"We work closely with the municipality to meet any local ordinances and choose locations that are conducive to the neighborhoods," he said.

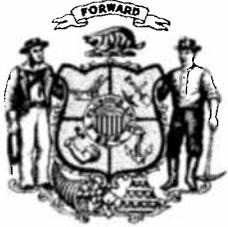
He said the boxes are needed to deliver the broadband technology and video technology that customers are demanding. He rejected criticism that AT&T was pinching pennies, claiming the telecommunications giant is spending billions on its initial 13-state launch of "Project Lightspeed."

"\$6.5 billion is a tremendous investment to bring all this new technology out to AT&T's customers," he said.

'Beneath the radar': In January 2006 AT&T quietly requested a permit to install a large utility box in a Madison public right-of-way. LeAnne Hannan, an astute civil engineer in the city Engineering Department, raised questions about the size of the box and asked AT&T whether it was for the company's Project Lightspeed. When told yes, she contacted the City Attorney's Office.



WISCONSIN STATE LEGISLATURE





Coalition seeks overhaul or defeat of cable bill proposal

BY JOHN KREROWICZ jkrerowicz@kenoshanews.com

A coalition of Wisconsin groups is calling for the overhaul or defeat of a proposed cable television bill, saying it will not increase competition or lower rates as predicted.

Teletruth Wisconsin, formed Wednesday, said the bill also guts consumer protections, abolishes local control over cable and telecommunications operations, removes funding for local cable access channels and eliminates permit fees that companies now pay to communities for use of their right of ways to install lines.

But Sen. **Jeff Plale**, D-South Milwaukee, the bill's lead sponsor in the Senate, said none of those worries were justified.

"This group hates the notion of video competition, and they want to continue the monopoly style of video service," **Plale** said.

The proposed state law would shift responsibility for granting cable TV franchises from municipalities to the state.

The bill has passed the Assembly. The Senate has referred it to the Joint Committee on Finance for review.

Bruce Speight, public interest advocate for the Wisconsin Public Interest Research Group, or WISPIRG, one of the 10 members of Teletruth, said supporters of the bill are being deceptive about the measure.

"The TV4US coalition and their supporters, including AT&T, are not only attempting to bully legislators with campaign contributions and their din of lobbyists in the Capitol, but they are misrepresenting what this bill will mean for consumers," he said.

TV4US has advertised on television and released studies in support of the bill.

Plale was frank about the allegation that the bill was designed to benefit AT&T through pressures from campaign donations and lobbyists: "That's a load of crap," he said.

"Will AT&T benefit? Sure. Will Verizon? Sure," he said. "But customers will be benefiting too. When we have competition, the price generally comes down and the service goes up."

Speight said the bill requires a provider to install services for half of its service territory within five years. That means a company will choose urban areas — whose population density makes servicing easier and are likely able to afford more expensive packages — and ignore other and low-income communities, he said.

Plale agreed more densely populated areas would be served first but added that outlying areas eventually would receive service too.

"There's no incentive to not bring the product to different areas," he said.

Plale also said the bill would lead to more jobs because of the need for linemen, sales and customer service employees. Speight said that wasn't proven.

Plale said banning permit fees but including a 5 percent franchise fee on company gross receipts that could be paid to municipalities was a way to get support from everyone, including the cable companies, for the proposal.

"Like with other legislation, it's a compromise," he said.

Other members of Teletruth include the Center for Media & Democracy, Citizens Utility Board of Wisconsin, Wisconsin Democracy Campaign, Wisconsin League of Women Voters and Barry Orton, University of Wisconsin-Madison professor of telecommunications.





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[Return to story](#)

Mayor: Beware of big metal boxes

By EMILIE RUSCH
July 16, 2007

On a grassy terrace on West Lawn Avenue Monday was a vision of the future Madison Mayor Dave Cieslewicz and state Rep. Spencer Black, D-Madison, hope to avoid.

The metallic gray refrigerator-size box at Monday's news conference was a replica of the 60-by-42-by-20-inch metal boxes AT&T would install to bring its video services to the area.

"These can be graffiti magnets throughout the city," said Cieslewicz, who held a news conference with Black. "They're ugly enough as they are."

More than 300 of the refrigerator-size utility cabinets could be headed for Madison's public rights-of-way -- including terraces and backyards -- if the state Legislature passes a controversial cable television deregulation bill.

Under the bill, video providers -- primarily cable companies -- would apply for a statewide franchise, allowing them to operate anywhere within the state. Current law requires cable providers to sign franchise agreements on a local level, in which they agree to provide service to an entire city, paying a franchise fee for using the public right of way. Most municipalities now have just one cable provider, but under federal law, the contracts can't be exclusive. Still, there is very little cable competition in the state, said Barry Orton, a professor of telecommunications at UW-Madison.

The bill, introduced earlier this year, has received extensive lobbying support from AT&T. Supporters of the bill say the changes will increase competition and drive prices down. Opponents have said local governments stand to lose a percentage of the revenue from franchise fees and their right to protect their cities from detrimental mergers.

As for the boxes, if the bill passes, Cieslewicz said there would be little local governments could do to influence their placement, beyond "tweaks" to prevent interrupting drivers' sightlines. Currently, city engineers review plans on a case-by-case basis before issuing permits, taking into consideration aesthetic and safety concerns, said Brad Clark, the city's cable TV coordinator.

AT&T Wisconsin spokesman Jeffrey Bentoff said the bill doesn't change that. The company would still have to work within city regulations in

placing its boxes.

While that's true, said Orton, who consults with cities on these issues, there's no way to know what would happen with the boxes if the bill passes.

"It's true that the bill doesn't specifically mention either boxes or the placement of boxes, but it reduces the power of cities over companies that offer video and cable," Orton said. "These boxes are symbolic of what's going on with the bill."

AT&T installs the boxes to use the copper lines in neighborhoods. Fiber optic lines are run to the boxes, where the information is converted for houses' copper lines. That avoids the need to tear up lawns where cables are buried, Bentoff said.

"This is no different than what we're doing in the Milwaukee area, the Racine area, the Indianapolis area," Bentoff said. "Whatever city we're in, we're using this infrastructure."

Madison isn't alone in its concern, Orton said.

A handful of cities in Illinois have taken steps to prevent the boxes' installation by issuing moratoriums on their construction, Orton said. Milwaukee has sued AT&T, and under an interim agreement, local aldermen have the right to review plans for boxes in his or her district, he said.

[Return to story](#)

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Clark and Orton: Cable bill proponents fudge facts Cable bill proponents fudge facts

By Brad Clark and Barry Orton
July 30, 2007

The facts simply don't support the State Journal's July 24 editorial praising the so-called "Video Competition" bill.

Everyone favors cable competition. But AT&T (the corporation behind this legislation) has been free to compete with cable providers for over a decade, and has chosen not to.

The agreement AT&T swiftly negotiated with the city of Milwaukee as well as the local franchises Verizon has entered into -- more than 700 to date -- demonstrate conclusively that local governments have not been holding up competition.

Your claim that the bill would allow competing providers to "negotiate a single contract with the state" shows a misunderstanding of the bill. The state could not negotiate anything: State franchises would be empty boilerplate, held in perpetuity, and freely transferable without state oversight.

No wonder both the cable companies and AT&T find the bill's relief from "the tedious task of negotiating cable television deals with hundreds of individual communities across Wisconsin" worth the fortune they have spent on lobbyists.

You belittled legitimate concerns over the bill's financial impact. Franchise fees collected from cable companies are the "rent" that private, for-profit companies like Charter pay for the use of public rights-of-way.

The \$2 million that Madison collected from Charter in 2006, far from being a "convenient" and "generous revenue stream," represents real property tax relief for Madison taxpayers every year.

This bill fails to support the "need for government-related programming" such as Madison City Channel. While the bill preserves channels for such programming, it eliminates the small fee subscribers pay for their operation. For Madison's Channel 12, city subscribers pay less than \$5 annually for access to city government. Compare that to the hidden cost of some \$3 per month for ESPN.

Madison will be faced with the choice of either closing this door on local government, or raising property taxes by \$250,000 a year.

You also call the recent demonstration by Mayor Dave Cieslewicz and state Rep. Spencer Black on the alarming size of AT&T's fiber conversion cabinets a "scare tactic."

But the reality is that the only reason AT&T intends to install these boxes in the terraces and backyards of Madison residents is that they don't wish to make the financial investment to run state-of-the-art fiber optics to subscribers' homes.

That this scheme is far from 21st-Century technology is confirmed by the fact that AT&T itself has said that in areas of new construction, they plan to run fiber directly to the home.

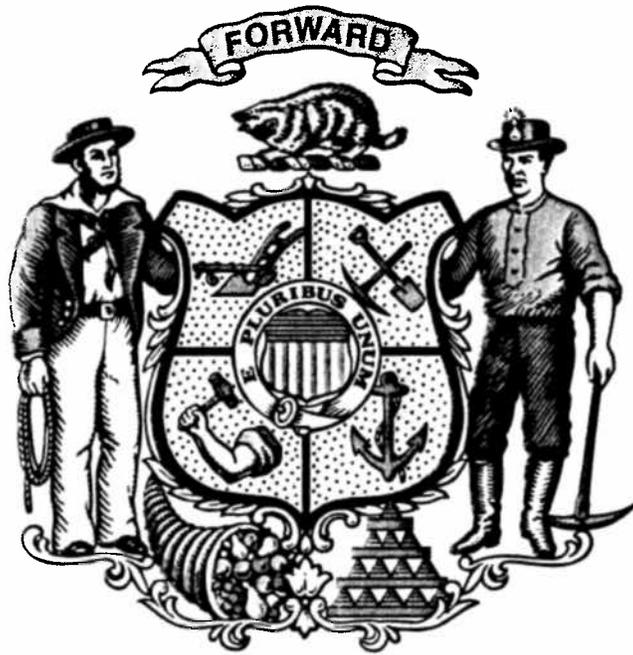
Finally, you repeated the discredited notion that passage of this bill will lead to "savings for Wisconsin consumers." The reality is that in state after state, from Texas to Virginia, the passage of similar legislation has not resulted in lower cable rates. Rates, which are primarily driven by the cost of programming, have continued to increase everywhere bills like this have passed.

Competition is a good thing and we're in favor of it, but don't pass along the false claims made by industry-sponsored groups, which have little credibility in this debate. By echoing their arguments, you diminish your credibility as well.

Clark is Madison's television coordinator and station manager for the City Channel. Orton is telecommunications professor at UW-Madison.

Return to story

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Stritchko, Megan

From: Ryan, Michael [wbcctv@ci.west-bend.wi.us]
Sent: Monday, August 06, 2007 1:46 PM
To: Sen.Plale
Subject: AB 207/SB107, Get It Right the First Time

This is a printer friendly version of an article from the **Green Bay Press-Gazette**

[Back](#)

Guest column: Consumers, not AT&T, should get favored status

Advertisement

By Bruce Speight and Joel Kelsey August 5, 2007

The dual goals of increased competition in the cable market and the expansion of broadband Internet service in Wisconsin are laudable. In today's connected world access to robust networks means much more than just the opportunity to watch cable television — it means increased access to news, art, entertainment, and diverse marketplaces. Unfortunately, the so-called "cable competition" bill that is currently before the state Legislature is missing its opportunity to develop the video service marketplace in a way that truly benefits Wisconsinites.

The TV4US Coalition and AT&T's blizzard of television advertisements forget to mention that the bill currently before the Legislature will allow AT&T to wiggle out of the strong consumer protections that are traditionally included in the video franchising process.

Consumers have suffered under monopolistic cable pricing that has resulted in a 64 percent increase in rates — approximately 2½ times the rate of inflation — since Congress deregulated the cable industry in the 1996 Telecommunications Act. In addition to skyrocketing rates, consumers have virtually no choice of providers or channel offerings. In the few areas where actual facilities-based competition exists, consumers enjoy cable prices that are 15 percent lower than non-competitive markets.

Clearly, increased competition in this marketplace is desperately needed, and a statewide franchise system could foster this new video competition to discipline ever-rising cable rates, but it must include strong consumer protections and appropriate provisions to meet local needs. The bill currently being considered by Wisconsin legislators misses the mark on both counts.

Despite claiming that this bill will benefit Wisconsin consumers with competition and lower prices, in truth, AT&T is pushing for sweetheart exceptions from consumer protection rules that have long governed the practices of cable TV providers.

Right now, local municipal governments can require a cable company to comply with fundamental consumer protection provisions before it begins offering service. Most importantly, most of these franchise agreements require the cable provider to offer service to all residents in the service area, rather than just cherry-pick the most profitable neighborhoods while denying service to the rest of us. These "build-out" requirements ensure that all consumers in

a cable company's footprint have access to service. Without genuine build-out requirements, many consumers will be unable to access AT&T's new video services.

In order for there to be true cable competition, all consumers need access to multiple cable providers.

However, AT&T's bill only requires that they provide service to 50 percent of their service territory within five years, creating a host of problems.

In neighborhoods that AT&T chooses to build around, consumers will continue to have no alternatives and remain at the mercy of their monopoly cable provider. In essence, lower income consumers will subsidize the lower cable prices in more affluent areas served by the telephone companies.

The end result will be that the most lucrative, suburban markets in Wisconsin will have video competition, new technologies and lower prices. But less prosperous urban and rural areas will be left out of the new networks and may well experience higher cable prices. Absent a stronger build-out requirement, these underserved areas will be permanently stranded on the wrong side of the digital divide.

State lawmakers should ensure all Wisconsinites, not just a few, benefit from new technologies and consumer choice. The state Senate should draft and support legislation that truly achieves these goals, and gives consumers favored status, not AT&T.

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<http://www.ci.west-bend.wi.us/Departments/Cable%20TV/Cable.htm>



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IN YOUR OPINION THURSDAY

SUNDAY

AUGUST 19, 2007

Other Views C2
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COMING MONDAY: LEONARD PITTS JR. ON THE FREEDOM TO BE A FREAK

JUR EWS

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Photo illustration from stockphoto.com

Bill will protect Wisconsin consumers

By SEN. JEFF PLALE and REP. PHIL MONTGOMERY

A great deal of debate has surrounded the Video Competition Act.

One would expect, in fact hope, for debate on an issue of this magnitude. That's because vigorous debate leads to sound public policy.

Unfortunately, when one side chooses to frame the debate with half-truths and inflammatory rhetoric, debate can decelerate rather than improve legislation.

The opponents of Senate Bill 107 and its companion Assembly Bill 207 found they could not prevail through the normal legislative process. So they chose to hijack the debate with misleading claims about the bill.

As the authors of this legislation, we are taking the debate back.

Thanks to two lengthy public hearings on the issue and countless meetings with advocates on both sides, improvements have been made. All consumer protections now enjoyed by Wisconsin cable customers are maintained.

In fact, Wisconsin satellite television consumers, not protected currently under state law, will see a dramatic increase in consumer protection.

Municipalities will maintain the revenue they currently derive from local cable franchise fees. In fact, we expanded the definition of gross revenue so that municipalities that negotiated more lucrative agreements will not lose out. As a result, some local governments will see an increase in revenue.

No new video service provider will be able to haphazardly install equipment in the middle of front yards. In fact, the bill was amended to allow municipalities to pass ordinances

WHAT DO YOU THINK?

Does cable television need more competition? Is Assembly Bill 207 the answer? Send us your views of 200 words or less, submitted by Wednesday, for publication next Sunday and online.

Status

AB 207 cleared the Assembly on a 66-28 vote in May. A Senate Council vote endorsed the bill with a 7-0 vote a few weeks later. The full Senate sent companion legislation, Senate Bill 107, to the Joint Finance Committee, where it appears stalled until a state budget is finished.

Background

The bill would streamline the process for cable television and telecommunications providers to offer video to customers across Wisconsin. Rather than having to negotiate franchising deals with individual municipalities, video providers could agree to uniform rules that apply across the state.

Supporters say the bill would open up the cable television market to real competition from telecommunications companies such as AT&T. The greater competition, they say, will lead to more choices for consumers, better service and prices.

Opponents say the bill will hurt public access television and consumer protection. They say the industry has had too much say over the legislation, which will not save

Companies would be the only winners

By CURT WITYNSKI

Wisconsiners deserve the same as Illinoisans when it comes to oversight of cable television.

Illinois recently passed a much more balanced cable bill than the industry-drafted proposal now before the Wisconsin Legislature.

Wisconsin's "video competition" legislation, Assembly Bill 207, should contain the same consumer protections, public-access television support, public rights-of-way safeguards, and benefits for property taxpayers as the new Illinois law.

The Illinois law contains extensive customer service protections addressing all aspects of cable company practices, including billing and termination of service. In contrast, the Wisconsin bill is an effort at deregulation that includes only minimal consumer protections.

For example, the Illinois law allows customers to disconnect their service at any time within the first 60 days after subscribing or upgrading the service, without being subject to any fees, charges or penalties by the cable company. The Wisconsin bill doesn't address this issue.

Also, in Illinois, the attorney general and local governments may enforce all customer service standards by imposing fines in response to complaints by local residents. The Wisconsin bill provides no penalties for violations of its slim service standards.

All a state agency or municipality would be able to do in response to consumer complaints is file an action in court asking the judge to force the cable company to comply with the law.

What's more, under the Illinois law, a cable provider must make an annual report to the state and local governments on how well it is complying with customer service standards. The report must identify the number and type of customer complaints the cable company received over the prior year. The Wisconsin bill contains no such requirement.

While the Wisconsin cable bill prohibits cable providers from contributing even a small amount toward the cost of



Plale



Montgomery

Empathy on financial aid

truth, the students who are still waiting to see if they will get financial aid are the ones who are owed a first explanation.

But I haven't yet read a good explanation of why financial aid spending isn't a priority in the Assembly. In truth, the students who are still waiting to see if they will get financial aid are the ones who are owed the first explanation. Thousands of students across the state spent this summer waiting — college acceptance letters in hand — to see if they could receive aid from the state. For many, the state's decision could determine if they can go to college. What do we tell the kids in Wisconsin who've worked hard to prepare themselves to be academically qualified to become the first in their families to attend college but can't afford it?

What do we tell those kids who don't even bother applying to college because they're intimidated by the high price tag and dissuaded by the burdensome debt load of paying for college?

I think about what I would have told the low-income students I used to work with when I was a college counselor. One student's mother quit school in the 10th grade, and his dad was in jail. But he loved to read. His dread-locked head was always buried in a book, and his dream was to go college.

He had great SAT scores and got accepted to college. He — and I — were lucky because he got financial aid. Low-income students like him shouldn't need to be lucky. They should merely get the financial support they need to help them manage the cost of college.

The student I counseled graduated from college last spring.

Messinger lives in Madison.

Do, I to put to the test.

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FREE
SAMSUNG SCH-s870
CALIFORNIA PHONE WITH FLASH

Yes

Continued from Page C1

related to placement of any equipment necessary to provide video service. Permits can be required, and city approval will still be a necessary step before a company can begin work.

As for the continued cry that this bill will end public-access television as we know it, that is nonsense. The bill requires that channel space be available for this type of programming.

What is not required is that video consumers continue to subsidize these channels with their family budgets. It may be the big company that writes the check to "Local Channel 2," but we all know their consumers are the ones who pay the cost on their bill each month. It is time for the communities and individuals who value public-access television to find a new funding source.

Most communities will continue to use the franchise fees. Other communities will have to figure out a new funding mechanism.

This legislation is also about jobs and development. Each day Wisconsin waits to pass this legislation is another day that Wisconsin loses ground in job growth.

The ability of cable companies to offer phone and Internet service has both revolutionized, and at the same debilitated, an industry. For example, a few

weeks ago, telecommunications giant AT&T was forced to lay off about 100 of the skilled technicians who service some telephone customers. With the drop in traditional landline customers, there is simply less work for these employees to do.

Passage of this legislation would allow one of Wisconsin's largest employing industries, telecommunications, an opportunity to quickly adapt to a changing market.

This means the creation of new products, the installation of new technology and the need for new skilled workers. In anticipation of the passage of this legislation, nearly 300 jobs were created in Milwaukee and the Fox Valley. Indications are that more will be necessary as AT&T works to take its video service statewide. That kind of growth would likely not be possible for telecommunications companies without the ability to offer a new product.

Wisconsin has a chance to foster that growth. This legislation is a unique opportunity to take what could be a loss and make it a statewide gain. The state's two largest newspapers agree, we ought not delay progress any more.

We urge the prompt passage of this legislation and look forward to standing next to Gov. Doyle as he signs it into law.

Plale, D-South Milwaukee, represents the 7th Senate District. Montgomery, R-Green Bay, represents the 4th Assembly District.

No

Continued from Page C1

operating municipal, school and public-access channels, the Illinois law requires cable providers to help support such channels by paying municipalities a fee equal to 1 percent of the cable company's gross revenues. This payment is in addition to the up to 5 percent franchise fee that both the Illinois law and Wisconsin bill require cable providers to pay municipalities.

Both the Illinois law and Wisconsin bill allow municipalities to impose reasonable regulations on cable providers' use of public rights-of-way.

However, while the Illinois law allows a municipality to charge cable providers permit fees covering the cost of administering permits and inspecting any work done in the right-of-way, the Wisconsin bill prohibits municipalities from collecting such fees. The Wisconsin bill forces municipalities to recover the cost of managing cable providers' use of the rights-of-way exclusively from the franchise fee.

Under the Illinois law, all cable and video providers must offer

free basic service to all current and future public buildings, including municipal offices, public libraries and public schools. This is largely the practice now under municipal franchise agreements, and, like franchise fees, is part of the reimbursement cable companies make for using the rights-of-way for profitable gain.

No similar requirement exists in the Wisconsin cable bill. Rather, the bill prohibits municipalities from making such a demand.

These are examples of what might be included in Wisconsin's cable legislation if it wasn't drafted exclusively by AT&T and the cable industry. Wisconsin's cable bill, if enacted without changes, is a gift to cable and telecommunications companies that will keep on giving.

The Wisconsin Senate should amend AB 207 to include reasonable regulations modeled after the Illinois law that protect consumers, support public access television, allow municipalities to effectively supervise use of the rights-of-way, and provide property taxpayers with benefits for allowing private, for-profit use of the public rights-of-way.

Witynski is assistant director of the League of Wisconsin Municipalities.

22
23
28



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[Return to story](#)

Smoke and mirrors? As cable deregulation picks up steam in the Legislature, critics say AT&T has a long track record of broken promises

Judith Davidoff
October 31, 2007

It was the early 1990s, the nascent days of the Internet, and Vice President Al Gore was talking everywhere about an "information superhighway" that would link homes, businesses and medical centers with fiber optic cables capable of high speed data transmission.

"We have a dream for...an information superhighway that can save lives, create jobs and give every American, young and old, the chance for the best education available to anyone, anywhere," Gore said at the high-profile Superhighway Summit in January 1994.

Ameritech--then the umbrella company for Wisconsin Bell, as well as the "Baby Bells" in Ohio, Michigan, Illinois and Indiana--jumped on the bandwagon and announced that it would upgrade most of its networks by replacing its old copper wiring with fiber optic and coaxial cables. This was technology that was capable of delivering high-definition television and fast Internet service: over 45 megabits per second, which is about 10 times faster than most connections available in the country today, according to telecommunications experts.

The company argued, as did other telephone companies across the country, that it could accomplish these feats if state restrictions on their profit margins were lifted. The Wisconsin Legislature complied with a phone deregulation bill in 1993 and Ameritech promised to make \$700 million in infrastructure improvements, including replacing its aging copper wiring with fiber optic circuits. (Ameritech, which later merged with SBC, bought AT&T and changed its name in 2006 to AT&T because of its former rival's better known moniker.)

But critics say Ameritech vastly oversold the public and legislators on what they would do and then dropped the ball.

The upshot, they say, is that Wisconsin institutions never got the high-speed service they were promised. And they say these broken promises are especially relevant now because AT&T is once again promising new technologies --and job growth --if state lawmakers approve a pending

bill that would allow telecoms to provide video services without paying municipal franchise fees.

The bill, sponsored by Rep. Phil Montgomery, R-Green Bay, and Sen. Jeff Plale, D-South Milwaukee, was easily approved this morning by the Joint Finance Committee. It passed the state Assembly months ago, but stalled in the state Senate under the watch of former Majority Leader Judy Robson, D-Beloit.

But her successor, Sen. Russ Decker, D-Weston, is a fan of the bill and has promised to put it once again on a fast track. It could go to the Senate floor as early as next week, says a spokeswoman for Decker.

Cynthia Laitman, a telecommunications instructor and frequent critic of the bill, says legislators should take a hard look at AT&T's performance in the state before signing off on the video franchise bill.

"AT&T has spent a lot of money to convince people that this cable bill is going to create good jobs, bring cutting-edge technology to the state and lower costs," says Laitman, who also heads a state chapter of TeleTruth, a telecommunications watchdog group. "But it's all smoke and mirrors. People need to look at the facts. In 1994 the company promised new jobs and expanded broadband in exchange for a bill that allowed it to charge more money. That bill passed and their profits sky-rocketed. But they didn't keep their promises. So the question is ndsh should we allow ourselves to be suckered again. You know what they say, 'Fool me once, shame on you. Fool me twice, shame on me.'"

But AT&T says it fulfilled its obligations and more.

"We fully met our commitment by bringing fiber optics to all 700 educational locations in our service territory," spokesman Jeff Bentoff says.

A Capital Times investigation has found the situation more murky. In a required filing to the Public Service Commission after the 1993 bill went through, Ameritech laid out its infrastructure plans, which included extending "broadband facilities (originally described as fiber optic facilities) to the doorsteps of every secondary school (defined as middle school, junior and senior high schools), technical school, university college, and main federated library in our exchange areas by the end of 1998."

In the same document, however, it said that "for the purposes of the Ameritech commitment in this plan, the 'doorstep' will mean the closest manhole, pedestal or hut on the grounds of or adjacent to the institution."

Translated, that meant that Ameritech, to save money, did not extend high-speed fiber optic cable all the way to premises, but instead connected it somewhere near the entity to its already-laid, much slower, copper wiring. Among its many advantages, only fiber optic cable has the necessary bandwidth for carrying voice, data and video

simultaneously.

"It's a classic bait-and-switch," says Bruce Kushnick, executive director of TeleTruth, whose only funding comes from providing expert witness testimony on class action lawsuits involving telecom companies.

Wisconsin's experience with high-speed cable is similar to scenarios played out in states across the country, say Kushnick and others. The result is that the United States now lags behind Japan, South Korea and many other industrialized nations in terms of the availability of bandwidth and bandwidth speed.

As tech writer Robert Cringely argues in his book, "The \$200 Billion Rip-Off: Our Broadband Was Stolen," "America went from having the fastest and cheapest Internet service in the world to what we have today -- not very fast, not very cheap Internet service that is hurting our ability to compete economically with the rest of the world."

Pushing the bill

As the telecoms rushed in the early 1990s to secure their place on the so-called information superhighway, Ameritech announced plans to rewire its service areas.

According to a January 1994 Chicago Tribune article, Ameritech was set to spend \$5 billion "installing optical fiber to bring the information superhighway to Midwest homes, schools and businesses." In its 1993 Fact Book, Ameritech also said it was launching a "digital video network upgrade that by the end of the decade will connect 6 million customers in its region to interactive information and entertainment services, as well as traditional cable TV service, from their homes, schools, offices, libraries and hospitals."

In a 1994 filing with the Federal Communications Commissions, Wisconsin Bell said it would, for starters, rewire 146,000 households in Milwaukee for video dial tone.

Video dial tone was a term used in the 1990s for the transmission of television and other video services over phone lines (fiber and hybrid fiber-coax networks) at speeds up to 45 megabits per second.

Video dial tone, however, never made it to Milwaukee. A Sept. 20, 1997 Milwaukee Journal Sentinel article noted that Ameritech stopped work on its cable television service in metropolitan Milwaukee in January 1996 and AT&T spokesman Bentoff confirms that Ameritech never provided cable television services to those homes.

But Kushnick says Ameritech's ambitious pronouncements to rewire the state set the stage for the company's pitch to the Wisconsin Legislature to deregulate the phone industry, whereby the state would no longer regulate a company's profit margins, but rather set prices on services. This meant that companies could rake in new profits by holding prices steady but cutting costs.

Ameritech and other phone companies sought these changes because they were being battered by telecom upstarts, including cell phone companies and independent phone outfits.

A May 22, 1994 article in the Wisconsin State Journal describes the heavy -- and heady -- lobbying for the legislation, dubbed the "Information Superhighway bill."

"Since March, lobbyists and some lawmakers have been touting the promises of a future in which houses, businesses, schools and other institutions can tap into a vast, affordable interactive information network: the information superhighway," the paper reported.

But by the time Gov. Tommy Thompson signed Wisconsin's 1994 telecommunications bill and Ameritech submitted its first infrastructure plans to the Public Service Commission, there was no commitment by Ameritech to wire any homes, just educational and medical facilities. And with its redefinition of the word "doorstep" Ameritech also showed it had no intention of extending high speed fiber optic cable to the premises of institutions.

In the same filing, however, it implied it would replace its aging copper wiring with advanced technologies.

The deployment of broadband, it wrote, would mean "on-demand access to the advanced digital network at bandwidths far exceeding those commonly available today. At present, these institutions have access to the copper-based telecommunications world as close as the nearest telephone or pedestal. Ameritech is committed to making access to the broadband world as readily available as copper facilities are today."

Spokesman Bentoff says Ameritech met its commitment to bring fiber optics to the educational institutions in its service territory and Gary Everson, who oversees the telecommunications division of the Public Service Commission, agrees that "they did get it deployed as planned."

But the reality of Ameritech's "deployment," based on the company's definition for "doorstep," was far from ideal, according to author Todd Oppenheimer in "The Flickering Mind: The False Promise Technology in the Classroom and How Learning Can be Saved."

Schools were surprised to find that not only did Ameritech fail to run fiber optic to what they understood to be their "doorstep," but that it cost them plenty to connect Ameritech's line to internal systems, Oppenheimer wrote of Wisconsin's experience:

"As it turned out, the job of running high-bandwidth service from those doorsteps to some closet inside the school building, and then to classroom systems, was no small task. Since this wasn't Ameritech's responsibility, a number of educators suddenly had to become instant telecommunications specialists as they sought bids, negotiated writing contracts, and paid the bills on huge obligations that were not in their budgets."

AT&T officials, while declining to cite the number of new jobs that would be created, insist good jobs would result from passage of the video franchise bill and subsequent installation of the company's new video system, U-Verse.

Bentoff says "technicians who are specially trained" are needed to install U-Verse in customers' homes.

"This service is very important to our union workforce because it means more customers and also helps us retain existing customers and that's all very good for our union workforce," says Bentoff, who added that AT&T is the only telecom and video provider in the state to employ Communications Worker of America union members.

"The union is strongly behind the investment in Project Lightspeed," he says.

The Communications Workers of America, which represents AT&T employees in the field and in the office, does not appear eager to discuss its support, however.

When contacted by a reporter, Ann McNeary, chair of the Wisconsin Political Council of the Communications Workers of America, said she could not comment on anything and then hung up the phone.

Phil Neuenfeldt, secretary-treasurer of the Wisconsin State AFL-CIO, the parent union for CWA, did not return two phone calls seeking comment on the proposed bill, even though Wisconsin State AFL-CIO president David Newby had identified him and McNeary as the people in the know.

An internal July 25 memo to union members obtained by The Capital Times, however, reveals that while the CWA publicly supports the video franchise bill, some members, at least, are skeptical about AT&T's claims about future job growth.

In the memo, Rich Pearson, chair of the CWA Local 4603's Mobilization committee, blasts AT&T's decision over the summer to close a customer service center in Milwaukee.

"While we are all aware that AT&T has been whittling away at the workforce for years, this decision comes even as they tout the fact they are adding jobs in Wisconsin," he wrote.

"It is important that the public and our legislators realize that these new jobs are term jobs, with limited benefits, and, in the case of Prem Techs in particular, jobs that have wages which are dramatically out of line with other positions in the company."

According to an AT&T job description, a premises technician educates customers on service features, verifies that services are working correctly and installs and rearranges inside wires, among other duties.

Where are the jobs?

Critics say AT&T's record on job growth in Wisconsin also does not bode well for the future.

In 1993, when Ameritech was on the cusp of pitching its broadband plans to the state legislature, its workforce numbered 5,569 employees, according to Wisconsin Bell's 1993 Annual Report.

By 2004, that number had dropped to 2,951 employees, according to FCC Statistics of Common Carriers.

Bentoff disputes that Ameritech's Wisconsin workforce dropped by nearly half in 10 years, noting that regulatory filings to the FCC don't cover all employees, including "employees in various affiliates and service companies that are still part of AT&T."

He says the jobs that did dry up between 1993 and 2004 were "due to consolidation of management functions in regional locations outside of Wisconsin," but he declined to provide AT&T's employee counts for that period.

Despite AT&T's declining workforce in the state, supporters of the video franchise bill argue it would indeed foster job growth, as well as bring new telecommunications technology to the state and save consumers money.

They say these prospects have gotten lost amid the "melodrama" created by critics of the bill who have made a lot of noise about the bill's effects on consumer protections and public access channels.

"This legislation is also about jobs and development," legislators Montgomery and Plale said in a news release. "Every day Wisconsin waits to pass this legislation is another day that Wisconsin loses ground in job growth."

Plale and Montgomery say nearly 300 jobs have already been created in Milwaukee and the Fox Valley in anticipation of the bill and "indications are that more will be necessary as AT&T works to take its video service statewide."

Of these jobs, Plale aide Katy Venskus says 200 jobs will go to technicians in Milwaukee and 90 jobs will be housed in customer service call centers in the Fox Valley.

At a news conference in Madison this summer, Thomas Cohen, a spokesman for the Fiber-to-the-Home Council, a national trade association, predicted AT&T alone would spend \$400 million in new infrastructure over the next two to three years in Wisconsin and add 1,000 new jobs if the state passes the video franchising law. These jobs, Cohen promised, would be "good high-tech jobs" for workers who "string wires" and build utility boxes.

Bentoff says Ameritech and the union, in anticipation of passage of the video franchise bill, have agreed to several new job titles and appropriate wages for them.

"They are market-based and compare very favorably to similar jobs in the market," he says. Our competitors in areas like video are largely non-unionized cable companies that do not offer the same wages and benefits that we do. These are good jobs with good wages and benefits. Premises Technician is one, but Technical Support Representative II and Dispatcher are two other titles we have added."

Fast track

Laitman and others have been working in recent months to amend the video franchise bill that passed in the Joint Finance Committee today. Sen. Mark Miller, D-Madison, was working on a substitute bill that mirrored legislation passed in Illinois and was more palatable in terms of consumer protections, but he says he probably doesn't have the votes in the full Senate to pass it.

Miller says he still thinks the bill is a "terrible" bill, but adds that the new Senate Majority leader was determined to get stalled items out of the finance committee.

"Sen. Decker made commitments to move these things as soon as we passed the budget," Miller says.

Meanwhile, video franchise bill authors Plale and Montgomery have also teamed up on another telecommunications bill. Introduced in October, this one would deregulate basic local phone service in two years. Under the legislation, local phone companies would no longer have to submit rate increases to the Public Service Commission for basic local phone service. Critics say senior citizens and rural residents would be most adversely affected because these populations still rely in large part on traditional land line service.

The Wisconsin Legislative Reference Bureau says a telecommunications company would also not be subject to any "infrastructure investment requirements."

This provision, says Tom Allibone, an independent auditor based in New Jersey who conducts audits for TeleTruth, "would wipe the slate clean of all prior commitments." AT&T, in other words, would be legally absolved of all its former promises "to build out the infrastructure to support broadband," he argues.

Says Laitman: "This brings it full cycle."

[Return to story](#)

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WISCONSIN STATE LEGISLATURE



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Local communications union pulls support of video bill

Judith Davidoff and David Callender

November 1, 2007

Though AT&T says good jobs will go to its workers if the state passes a proposed video franchise bill, the largest union local in its Wisconsin workforce is not buying it.

"We're very concerned about the future of AT&T jobs in Wisconsin," George Wells, president of the Communication Workers of America Local 4603, said in an interview Wednesday.

Wells is delivering a letter today to Senate Majority Leader Russ Decker, D-Weston, notifying him that the local is pulling its support from the bill.

"While we fully understand the importance of statewide video franchising, the proposed legislation has a significant number of flaws which need to be addressed, especially when compared to the video bill recently passed in the state of Illinois," Wells wrote in the letter.

Wells said his local represents about 1,800 AT&T employees in the Milwaukee area.

The Capital Times reported Wednesday that AT&T has cut its Wisconsin workforce by nearly half since 1993. Noting the closure of another call center in Milwaukee this summer, Wells said he was concerned the video franchise bill would not produce the promised jobs because it lacks strong requirements on how many households new video providers would have to reach.

"The more build-out, the more jobs for us," he said.

The statewide Communications Workers of America remains supportive of the bill, said Ron Honse, Wisconsin's political director.

He said his union has been working closely with AT&T "to make sure that the technology gets deployed in all parts of the state and that consumers don't get left behind."

Honse said AT&T has made "serious commitments for millions of dollars of investments in upgrading the infrastructure" in Ohio and Illinois, where similar video legislation has passed. He said those commitments would result in new union jobs.

Fast track

The video bill, sponsored by Rep. Phil Montgomery, R-Green Bay, and Sen. Jeff Plale, D-South Milwaukee, is once again on a fast track. The Joint Finance Committee took less than an hour Wednesday to approve the bill, and it's now scheduled for a vote before the full Senate next Thursday. The state Assembly passed the bill in April.

Under the bill, AT&T and other telecommunication companies would be able to offer cable television service in the state without securing franchise agreements with individual municipalities.

Sen. Mark Miller, D-Monona, who was one of only three legislators who voted against the bill in Joint Finance, said he would try to amend the bill on the Senate floor today. Among the changes he'd like to see is a time limit on the statewide franchises that would be issued to video providers.

Decker spokeswoman Carrie Lynch said the majority leader had no direct comment on CWA Local 4603's opposition to the bill, but noted Decker has always had his own concerns about the legislation. Decker has been pleased with changes that have already been made and hopes "as the bill moves forward they'll look at everything," Lynch added.

Lynch said Decker would be open to amendments introduced on the Senate floor.

Doyle weighs in

At a question-and-answer session after a public appearance Wednesday, Gov. Jim Doyle told reporters he sees the need for cable deregulation but wants to make sure consumers are not left behind in the process.

Doyle said changes to the bill have already "gone a long way toward protecting consumers." But, he added, "I think the Legislature before it acts has to be very confident that Wisconsin consumers aren't moving backward on this, but that it provides the kind of protections we need."

Doyle said he wasn't sure whether a statewide video franchise system would create more jobs, but noted jobs were secondary to the prospect of increased competition for consumers.

"I think generally that fair competition is better for consumers, so that people have better choices and clearer choices," said Doyle, whose former campaign media adviser, Thad Nation, is running TV4US, the statewide public relations campaign that is drumming up support for the bill.

"And competition should drive down costs," Doyle said. "Whether that provides jobs or not, I hope it does, but again I think the argument people have to weigh is does the competition help consumers or does it not help consumers."

Return to story

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Senate passes cable TV plan

With minor changes, deregulation bill returns to Assembly

By **STACY FORSTER**
 forster@journal-sentinel.com

Madison — The state Senate on Thursday passed a bill to deregulate the cable TV industry in Wisconsin, setting the stage for an overhaul of how services are offered.

The bill, which passed 23-9, would end the current system, which dates to the 1970s.

Instead of local governments awarding franchises to cable providers, as is done now, the state would issue franchises.

The Senate made several minor changes to the bill. One requires cable companies to pay a yearly \$2,000 fee to the state for a franchise, rather than a one-time fee, as originally proposed. Companies with fewer than 10,000 subscribers would pay \$2,000 up front and \$100 a year after

that. Supporters said the bill would represent a major change in the way cable TV would be offered in Wisconsin, as a greater number of cable providers would be able to receive franchises and offer competing services.

"Competition historically raises customer value, it raises service levels, and it brings down price," said Sen. Jeff Plale (D-South Milwaukee), lead author of the bill in the Senate.

Democrats who control the Senate were split on the legislation. Opponents disputed the idea that the measure would lead to greater competition.

Senators rejected changes to the measure that backers said would have enhanced consumer safeguards, protected local-access channels and offered assurances that rural areas would receive the next generation of telecommunications offerings. They proposed changes modeled

after an Illinois law that they said was better for consumers and local-access channels.

"At stake are billions of dollars vs. protections for consumers, local government, community television and access to distance learning for schools," Sen. Kathleen Vinehout (D-Alma) said.

Plale said the measure had been thoroughly vetted and modified with input from people across Wisconsin.

It passed the Assembly this year, but because of changes to the bill, it must go back to that house for approval. If the Assembly agrees to the Senate changes, the measure would go to Democratic Gov. Jim Doyle.

The governor has said that he would wait to see the final language before deciding whether to sign it, but he added that the bill would be good for consumers.

"The only real long-term protection we're going to have is real competition,"

Doyle said this week. The Senate also changed the bill to say that if the University of Wisconsin-Madison has an agreement with a cable provider to broadcast certain events, such as sports contests, the school could ask competing services entering the area to broadcast them as well.

If the bill becomes law, AT&T and Time Warner of Wisconsin, which have franchises with the City of Milwaukee, could opt out of their city contracts and apply for state-issued franchises.

In other action, the Senate passed a bill to revisit the distribution of school funding in the state budget approved last month.

The measure targets a provision that distributes \$79.3 million through the state funding formula to the benefit of wealthier school districts.

Steven Walters of the Journal Sentinel staff contributed to this report.

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Local leaders fear new video rules Officials object to state takeover of video franchising

Posted: November 14, 2007

By PETER ABBOTT
Staff Writer

Despite opposition to the bill from local governments, the state Senate voted overwhelmingly and across party lines last Thursday to deregulate cable TV and other video services in Wisconsin.

Once the Senate bill is reconciled with the Assembly version and Gov. Jim Doyle signs it, as expected, the state will take over the licensing of video franchises.

And there lies the rub, say local government officials who fear the consequences of losing that power to Madison.

Though they all say they welcome competition, they don't think it was necessary to transfer franchising power to the state.

"It's a sad day for the consumers of Wisconsin," said Sussex Village Administrator Evan Teich.

"I'm confused as to why the state feels they can handle these matters better than we can at a local level," added Butler Village Administrator Tim Rhode.

Lannon Village Administrator Jim Lamb said he wasn't worried, however, because the village is in the middle of a 15-year contract with Time Warner Cable.

The day the governor signs the bill, however, cable TV companies may cancel their local franchise agreements and apply for state licenses.

One major difference between the proposed new state rules and existing local contracts lies in coverage requirements, Teich said.

The village's current agreement with Time Warner Cable requires the company to provide service to the whole community, he pointed out, while the new law only requires video companies to provide service to 30 percent of a "service area" within three years and 50 percent within five years.

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Such service areas also do not take into account municipal borders.

What the video service providers "want to do is cherry-pick the neighborhoods they serve," Teich said, "and the bill does not guarantee service to rural areas."

"They have to start somewhere," countered Katy Venskus, chief of staff for Sen. Jeff Plale (D-South Milwaukee), the bill's principal author.

"Look back at the franchise agreements back in the late '70s," she said. "Those contracts didn't require blanket coverage either. It takes time to build out."

Much of the local opposition to the proposed state law fears loss of local jurisdiction over the land - the public right-of-way - the companies need to use to bring video services to their customers' homes.

Local officials particularly object to not having any say over the location of AT&T's junction boxes, or "fiber conversion cabinets," as the company calls them.

The cabinets come in two sizes - either 48 inches tall, 50 inches wide and 25 inches deep or 63 inches tall, 43 inches wide and 20 inches deep, according to information provided by AT&T.

The cabinets house the equipment that converts fiber optic signals to ones that AT&T's twisted copper wiring can carry. Because AT&T's technology does not use coaxial cabling, it won't be recognized by "cable-ready" TVs or cable cards.

"We'd like to have some say about screening those boxes and where they'll be placed on the public right-of-way," said Lisbon Town Administrator Jeff Musche. "I know I wouldn't want to have one on the street in front of my house."

The bill, however, does allow local governments to control the cabinets' locations through their permit processes.

A last-minute amendment Thursday night also allowed local governments to apply aesthetic as well as public safety considerations - such as driver visibility - in deciding where the cabinets could be located.

"They can pass any ordinance they want to," Venskus said.

The Senate defeated an amendment, however, that would have prevented video companies from deducting the permit fees charged by local governments from their local franchise fee payments - essentially making the permits free.

An earlier version of the bill would have allowed video service providers to appeal local permit restrictions to the Public Service Commission, Venskus added, but that provision was removed.

Local officials also fear losing the franchise fees they collect from their current cable TV contractors - up to 5 percent of the companies' local gross revenues.

Delafield City Administrator Matt Carlson said his city would lose about \$85,000 a year, requiring either a 7-cent increase in the tax rate or a cut in services.

Hartland Village Administrator Wally Thiel said his village would lose about \$57,000 a year.

Delafield and Hartland are two of the Waukesha County communities AT&T plans to bring its video services to, according to an e-mail from company spokesman Jeff Bentoff.

Others are the Town of Delafield, the City and Town of Oconomowoc, the City and Village of Pewaukee, and the Village of Menomonee Falls.

Fears of losing the franchise fee are based on misinformation, however, admitted Curty Witynski, assistant director of the League of Wisconsin Municipalities, which lobbied against the bill. Local governments will continue to collect the franchise fees called for in their current cable TV contracts, anywhere from zero to 5 percent.

Municipalities not now served will also be able to file an application with the state to charge a fee of up to 5 percent on the gross revenues of video service providers who come into their communities.

Communities not currently charging the maximum 5 percent will not be allowed to increase their current fees, however. An amendment that would have allowed them to increase the fee gradually was defeated.

What is on the way out is the Public Education Government (PEG) fee, which some communities use to finance public access and government channels.

Sussex and Lisbon broadcast their board meetings, and Butler puts up PowerPoint presentations listing village services, such as fall leaf pickups, and meeting minutes and agendas.

Only about two dozen communities charge the 1- or 2-percent PEG fee, Venskus said. Most of the 1,800 or so communities with cable contracts do not, and use franchise fee payments to buy and maintain video equipment and pay for government meeting and other broadcasts.

Current cable services to public schools are "charitable contributions" not paid for by either PEG or franchise fees, she added, "and the cable companies have pledged to continue them."

The Senate did pass another last-minute amendment anyway that will allow PEG fees to continue for another three years.

Butler's Rhode also wondered what would happen to consumer protection of video service customers.

"Our agreement calls for minimum standards of service and customer support," he said. "If a customer has a problem they can't resolve directly with the cable company, they call us and we call our contact person there and we resolve the issue quickly.

"Who will they call now? What happens if you can't resolve the issue with the company yourself? Do you call the state."

Venskus didn't think that would really change, despite the transfer of franchising authority from local governments to the state.

"I have the feeling on paper it will change," she said, "but in practice it won't."

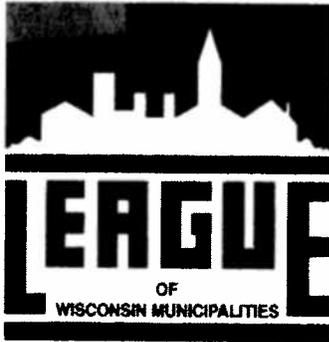
Teich wasn't as optimistic.

"I suspect none of these legislators has ever had to deal with AT&T or any other conglomerate," he said. "I'll bet they've never taken calls from citizens complaining about a big utility box going up in their front yard."

While AT&T is expected to be the main beneficiary of the new law, Bentoff said, "It's more important that it encourages competition generally by replacing local franchises with a state franchise system that simplifies the process. Competitors will now start coming in faster."







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Wisconsin's Cable Bill Should at Least Match Illinois' New Law

By

Curt Witynski, Assistant Director, League of Wisconsin Municipalities

Wisconsinites deserve the same as Illinoisans when it comes to oversight of cable TV. Illinois recently passed a much more balanced cable bill than the industry drafted proposal currently before the Wisconsin Legislature. Wisconsin's "video competition" legislation, Assembly Bill 207, should contain the same consumer protections, public access television support, public rights-of-way safeguards, and benefits for property taxpayers as the new Illinois law.

Consumer Protection. The Illinois law contains extensive customer service protections addressing all aspects of cable company practices, including billing and termination of service. In contrast, the Wisconsin bill is an effort at deregulation that includes only minimal consumer protections.

For example, the Illinois law allows customers to disconnect their service at any time within the first 60 days after subscribing or upgrading the service, without being subject to any fees, charges or penalties by the cable company. The Wisconsin bill doesn't address this consumer issue.

Also, in Illinois, the attorney general and local governments may enforce all customer service standards in response to complaints by local residents by imposing fines. The Wisconsin bill provides no penalties for violations of its slim service standards. All a state agency or municipality would be able to do in response to consumer complaints is file an action in circuit court asking the judge to force the cable company to comply with the law.

What's more, under the Illinois law, a cable provider must make an annual report to the state and local governments on how well it is complying with customer service standards. The report must identify the number and type of customer complaints the cable company received over the prior year. The Wisconsin bill contains no such requirement.

Support for Public Access TV. While the Wisconsin cable bill prohibits cable providers from contributing even a small amount toward the cost of operating municipal, school and public access channels, the Illinois law requires cable providers to help support such channels by paying municipalities a fee equal to 1% of the cable company's gross revenues. This payment is in addition to the up to 5% franchise fee that both the Illinois law and Wisconsin bill require cable providers to pay municipalities.

Cost of Managing Public Rights-of-way. Both the Illinois law and Wisconsin bill allow municipalities to impose reasonable regulations on cable providers' use of the rights-of-way. However, while the Illinois law allows a municipality to charge cable providers right-of-way permit fees covering the cost of administering permits and inspecting any work done in the right-of-way, the Wisconsin bill prohibits municipalities from collecting such fees. The Wisconsin bill forces municipalities to recover the cost of managing cable providers' use of the rights-of-way exclusively from the franchise fee.

In-Kind Services. Under the Illinois law, all cable and video providers must provide free basic service to all current and future public buildings, including municipal offices, public libraries, and public schools. This is largely the practice now under municipal franchise agreements, and, like franchise fees, is part of the reimbursement cable companies make for using the rights-of-way for profitable gain. No similar requirement exists in the Wisconsin cable bill. Rather, the bill prohibits municipalities from making such a demand.

These are examples of what might be included in Wisconsin's cable legislation if it wasn't drafted exclusively by AT&T and the cable industry. Wisconsin's cable bill, if enacted without changes, is a gift to cable and telecommunications companies that will keep on giving. The Wisconsin Senate should amend AB 207 to include reasonable regulations modeled after the Illinois law that protect consumers, support public access television, allow municipalities to effectively supervise use of the rights-of-way, and provide property taxpayers with benefits for allowing private, for-profit use of the public rights-of-way.