

**CHAMPAIGN-URBANA CABLE AND
TELECOMMUNICATIONS COMMISSION
STUDY SESSION MINUTES**

DATE: July 14, 2004
4:30 PM

PLACE: City Council Chambers
102 N. Neil Street, Champaign, IL

MEMBERS PRESENT:	CHAMPAIGN	URBANA
	Richard Atterberry	Barbara Gladney
	Karen Walker	Jim Hayes
	Brian Silverman	Kevin Maxson
	PARKLAND	U OF I
		Stan Yagi

MEMBERS ABSENT: Tom McDonnell, Giraldo Rosales, Peter Resnick

STAFF PRESENT: Chris Foster - City of Urbana
Jeff Hamilton - City of Champaign

CALL TO ORDER

Chairman Atterberry called the study session meeting of the Champaign-Urbana Cable and Telecommunications Commission to order at 4:32 PM.

SETTING AGENDA FOR JULY 21ST MEETING

- Chairman Atterberry presented the draft agenda for the Commission's July 21st regular meeting.
- Jeff Hamilton requested adding the Annual Election of Officers to the July 21st agenda. Chairman Atterberry accepted the addition.
- There were no other corrections or additions to the agenda

STUDY SESSION ON LEGISLATIVE AND NATOA ISSUES

Chairman Atterberry led the discussion on a la carte pricing of cable channels. He informed the Commission that the Federal Communications Commission (FCC) has scheduled a symposium on a la carte pricing of cable and direct broadcast satellite programming for July 29, 2004. A live audio feed of the symposium will be available on the FCC's web site (www.fcc.gov). To educate the audience, the chairman gave a brief summary of what a la carte pricing entailed.

Commissioner Silverman stated that the Commission has been following the issue for some time. He expressed that viewers should be "careful what they wish for" because if they do succeed in getting a la carte pricing, costs will likely go up, not down. Chairman

Atterberry informed the Commission that the General Accounting Office had made the same determination in a report released last fall.

Chairman Atterberry said his research indicates legislation is a long-shot during an election year. He shared that the recent uproar over the Super Bowl incident had again stirred up this issue -- that viewers don't want to pay for channels they object to or don't watch. He expressed that some smaller cable channels would quickly fail without "bundling" of channels. Commissioner Silverman agreed, pointing out that ESPN likely would have failed without "bundling" when it was first launched.

Chairman Atterberry pointed out that a la carte is technically possible now, with the advent of digital cable receivers. He stated that a la carte would likely be a billing nightmare for cable operators when first converting.

COMMISSION'S DISCUSSION

Commissioner Gladney expressed that consumers are concerned about rising costs and that people are only asking for a la carte thinking it will save them money. She expressed that programmers and cable operators are responsible for the large cost increases.

Commissioner Silverman explained that cable operators never tell customers what they are paying for each channel, but undoubtedly the popular channels cost the most. He believes that a la carte will cost the consumer more, not less, because the popular channels would increase their rates the most. Commissioner Maxson agreed, stating that doing away with bundling likely will cost more due to increased bookkeeping costs. Chairman Atterberry informed the Commission that ESPN was one of the channels with significant rate increases over the past years, as much as 38% in some markets. Commissioner Maxson agreed that programming costs are going up, but that cable operator profits are increasing too.

Chairman Atterberry mentioned that *Multichannel News* questions if requiring a la carte is even legal, as it is telling the distributor of free speech how they must distribute content. Commissioner Silverman disagreed, stating that people will still have a choice of content.

Chairman Atterberry informed the Commission that the FCC has redone their web site and recommends the Commission and viewers check it out. The FCC also now solicits comments from the public on the issues they are debating. These comments will become of the public record. Commissioner Gladney pointed out that the Commission hasn't communicated recently with the FCC and asked if they should consider doing so. Chairman Atterberry agreed that the Commission should do so when it feels the subject matter warrants it.

Chairman Atterberry closed the discussion by sharing that a la carte is the only potential legislative issue he was aware of in the Telecommunications and Cable Television area.

Chairman Atterberry and Jeff Hamilton were not aware of any NATOA issues to discuss. Commissioner Gladney expressed that the recent ruling on cable modems had weakened

the rights of local municipalities and that the NATOA Conference would be a good time to learn more about the issue.

Commissioner Silverman said that the discussion of political content on PEG channels at the Commission's July 21st meeting would be very important and that he had several questions for Legal Department staff about the issue. Jeff Hamilton informed the Commission that a comprehensive Legal Memo had been drafted on the subject and that that information would be presented at the July 21st meeting.

Chairman Atterberry informed the Commission that a new member from Urbana would join the Commission at their next meeting. He also reminded the Commission they would be discussing the Commission's future meeting dates and times at that meeting. The Commission had general discussions about changing the day and time of Commission meetings. Chris Foster shared with the Commission that the new Urbana Commissioner had a conflict with the Commission's study session time. The Commission discussed moving forward the study session start times, but deferred this decision to their next meeting.

Jeff Hamilton informed the Chairman that Commissioner Walker's term had been extended by the City of Champaign through 2007.

Commissioner Maxson asked what future study session topics had been scheduled. Jeff Hamilton replied that the only topic scheduled was PEG Channels for October 2004. Chairman Atterberry stated that the Commission will discuss future study session topics at its next meeting.

Commissioner Maxson asked when the current franchise expired. Commissioner Gladney stated 2009. Jeff Hamilton explained that discussions at the 2004 Alliance for Community Media Conference stated that renewals were taking longer and that a full three years negotiation was not uncommon. Commissioner Silverman stated that the franchise had provisions to allow the Commission to compare local cable rates with other comparable communities. He asked staff to review those provisions to see when comparisons could be made.

ADJOURNMENT

Chairman Atterberry adjourned the meeting at 5:04 PM

Respectfully submitted,

Jeff Hamilton
Telecommunications/AV Technician
City of Champaign