

**CHAMPAIGN-URBANA CABLE TELEVISION AND
TELECOMMUNICATIONS COMMISSION
SPECIAL MEETING
MINUTES**

DATE: March 16, 2007
3:00 p.m.

PLACE: Champaign Council Chambers
102 N. Neil St., Champaign, IL

MEMBERS PRESENT:	CHAMPAIGN Giraldo Rosales	URBANA Peter Resnick Durl Kruse Barbara Gladney
	PARKLAND Tom McDonnell	U of I Stan Yagi

MEMBERS ABSENT: Rick Atterberry, Danielle Chynoweth, Karen Walker

STAFF PRESENT: Jeff Hamilton – City of Champaign
Chris Foster, Bill DeJarnette, Todd Rent – City of Urbana

OTHERS PRESENT: Representative Naomi Jakobsson
Mark Blakeman – AT&T
Carl Caldwell, Mark Leonard – WILL-TV
Jude McKenna – Rep. Jakobsson’s Office
Brandon Bowersox – Urbana City Council
Jodi Littleton – Parkland College

Call to Order

Commissioner Gladney (acting Chair) called the meeting to order at 3:05 p.m.

Discussion of Illinois House Bill 1500

Representative Jakobsson explained that she asked for this special meeting so that she could better understand the potential impacts of the legislation. She stated that one of the bigger issues she has heard about concerns buildout. She said she is concerned about who will and who will not have access to this new technology.

Chair Gladney stated that her areas of concern over the legislation can be summarized by: buildout, PEG access, customer service, emergency override, and eminent domain.

Mr. Blakeman explained that AT&T is sponsoring the bill so they can provide new technological services across the state. He stated that the current franchising process is an impediment to fast entry into the marketplace. He stated that AT&T wants to launch their television services in 270

Illinois communities but that the current process is too cumbersome. Commissioner Resnick stated that if AT&T were to simply adopt the current cable franchise then relatively little time would be required to get a franchise. Mr. Blakeman replied that AT&T is not a cable company and will not sign a cable franchise. He stated that full buildout was an unacceptable condition for any new video services provider wanting to enter our market, and that AT&T will not commit to 100% buildout in any community, because the economic model doesn't work for any service provider. He said that they will bring competition to the consumers of Champaign, Urbana, and Savoy, and that their very presence will drive cable rates down.

Rep. Jakobsson asked if every house in Urbana can currently get cable television service. Mr. Hamilton responded that Insight is required to cover the city per the housing density specifications in Urbana's cable ordinance. Mr. Blakeman indicated that this means our community is already covered by Universal Service and that everyone already has access to cable television. He stated that for this reason, requiring a new provider to also provide full buildout isn't necessary and doesn't work economically.

Commissioner Yagi stated that competition is good, but that the bill takes away items our community has already successfully negotiated for. He questioned why the bill states that PEG channels have to telecast 8 hours of new programming daily. Mr. Blakeman stated that AT&T is willing to forego that requirement and that the bill actually protects PEG in its current form. He stated that the cable operator is also required to continue to support PEG in perpetuity.

Commissioner McDonnell questioned why the bill would make the PEG stations pay to get their signal on the AT&T system. Mr. Blakeman stated that AT&T will pay the Cities a 1% PEG fee, which should be used to purchase the MPEG Server (\$5000) and bandwidth (\$500/month) needed to transport the signal to AT&T's central office.

Commissioner Kruse stated that the franchise and PEG fees are flow thru costs to the customer and won't cost AT&T anything. He questioned why the PEG fee is capped at 1%, instead of letting the local communities set their own PEG fee rate. Mr. Blakeman stated this is done for uniformity and to make it easier to manage across the state. Commissioner Yagi stated that AT&T's billing system should be able to easily handle this.

Commissioner Resnick stated that because cable television is wire-based, once the wire is installed into a customer's home, they are not likely to change to another provider and have another wire run into their home. Mr. Blakeman stated that technology is changing and now customers can get TV over the internet or via satellites, and that franchise fees aren't collected on either format.

Chair Gladney asked about the possibility of adding new PEG channels. Mr. Blakeman stated that unlike the cable operator, AT&T doesn't care about channels, because AT&T has unlimited channel capacity. He stated that AT&T could choose to carry more PEG channels if they want to. Mr. DeJarnette pointed out that the bill doesn't require them to expand PEG, which Mr. Blakeman acknowledged.

Commissioner Yagi stated that there would be less opposition to the bill if the PEG fee wasn't capped at 1%. Mr. Blakeman stated that the bill's sponsor is holding hearings on the proposed

legislation and that amendments would probably be forthcoming. He also offered that AT&T wouldn't object to many of the changes under consideration.

Commissioner Rosales stated that the Champaign City Council did not approve the AT&T offer because the City required that equal services be provided to all its citizens. Mr. Blakeman pointed out that only local cable subscribers can watch our PEG channels now, but that AT&T will make them available to anyone in the world via the Internet. Mr. Blakeman stated that requiring 100% buildout virtually guarantees that no provider will provide competitive services in our community. He stated that AT&T is offering a win-win situation with the promise to build out 50% of their statewide footprint (within three years) and payment of franchise and PEG fees.

Mr. Leonard asked what channels AT&T would be offering. Mr. Blakeman said that they will carry all the regular cable channels and local broadcast channels, including high definition programming.

Mr. DeJarnette asked if AT&T would work with local municipalities regarding the placement of the telecommunications cabinets in the rights of way. Mr. Blakeman stated that a second box will be needed at the current locations of all AT&T's cross-connect boxes in our community. He agreed to work with municipalities on box placement and possible screening requirements.

Chair Gladney stated that the bill requires AT&T to give the municipality only 10 days notice before turning on the service. She stated that municipal government needs more time to react to things than private businesses do. Mr. Blakeman stated that AT&T will have already been working with the municipalities on box placement and other issues prior to this. He also pointed out that with a statewide franchise they won't need the permission of the local government before providing these services.

Mr. Blakeman stated that the eminent domain language in the bill was taken from the federal Cable Act and is actually designed to protect the consumer. He said this language would prevent condo associations from allowing only one provider into their development.

Commissioner Kruse asked why AT&T won't accept a level playing field and follow the same rules that Insight does. He said that our community wants a partnership with companies providing services to our citizens, but that AT&T is only interested in making money. Mr. Blakeman said that Insight is a monopoly and that they are forced to follow certain rules because of that.

Chair Gladney asked if AT&T would have a local office, like Insight is required to maintain. Mr. Blakeman stated that they will offer 24/7 customer service but no local office. He said AT&T will follow the customer service standards outlined in the Cable Act. He stated that competition drives will foster even better customer service.

Mr. DeJarnette inquired if all of AT&T's video subscribers would get the PEG channels. Mr. Blakeman stated that AT&T will have 5 different tiers of service and that PEG is available on all of them. Chair Gladney stated that it will cost each PEG channel \$6000/year to transmit its signal to AT&T. Mr. Blakeman responded that the 1% PEG fee will cover these costs.

Commissioner McDonnell asked if the local municipality would be able to monitor the technical signal quality of AT&T's system. Mr. Blakeman stated it won't be monitored at the local or state level, but that the signal quality is impeccable.

Commissioner McDonnell asked how many of AT&T's Indianapolis customers can currently get PEG. Mr. Blakeman replied none, because PEG hasn't been launched yet. Mr. Foster said that AT&T has to have 1000 customers before they are required to carry PEG.

Mr. Blakeman stated that AT&T will allow local municipalities to have emergency alert override capability. He stated that unlike with cable, the emergency alert will even interrupt customers watching a program on their DVR.

Rep. Jakobsson asked if AT&T was working with local cable operators on some of these issues. Mr. Blakeman replied that they have not talked with the cable operators, but that the bill's sponsors have.

Mr. DeJarnette asked about the more limiting changes to the definition of gross revenue. Mr. Blakeman stated that AT&T doesn't object to expanding the definition, provided it applies equally to all providers. He offered that including advertising, home shopping, and other revenues to the definition would be acceptable to AT&T.

Commissioner Yagi asked if AT&T had a response to the problems brought outlined by the Metropolitan Mayors Caucus. Mr. Blakeman acknowledged that the bill lacks enforcement mechanisms and AT&T won't object to having them added. He clarified that the eminent domain language is needed to protect the consumer and is narrow in scope. He argued that the bill does not allow the elimination of PEG channels, but actually protects them. He also stated that AT&T is willing to accept changes to the definition of gross revenues.

Commissioner Yagi asked if changes to the bill were anticipated. Mr. Blakeman reported the House Committee is still holding hearings but that no changes have been made yet. He said that amendments are likely and that AT&T is willing to accept several changes.

Chair Gladney stated that if a statewide franchise is going to happen, then changes will be necessary to protect our communities.

Adjournment

Meeting Adjourned at 4:38 p.m.

Respectfully Submitted,

Jeff Hamilton
City of Champaign