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A longstanding rule requiring AT&T to provide landline service to many Illinois residents could be going away, but watchdogs say the proposal needs more safeguards to protect rural and low-income customers.

An Illinois Senate committee gave an early OK last Thursday to a bill that would free AT&T from a legal obligation to blanket the state with landline coverage — technology AT&T says nearly 90 percent of consumers have abandoned in favor of wireless or internet-based calling services. If passed by the full Illinois General Assembly, the Federal Communications Commission would need to sign off before AT&T could discontinue the copper landline service.

AT&T has pursued similar legislation in the 21 states where it's the traditional voice service provider, and says 19 of those states have moved to "modernize" their laws. But the company hasn't yet applied for FCC approval to finish the process, said AT&T Illinois president Paul La Schiazza. He said AT&T wants to win relief in each state before approaching the FCC. If it received that approval, the Illinois bill says AT&T would have to give 60 days' notice to affected customers.

The rule stems from an old system set up by the government to ensure universal telephone service by essentially giving AT&T a monopoly, La Schiazza said. But the market is more competitive now, as users turn away from landlines and toward broadband and wireless options that offer more than voice calls, he said. "What we're left with in Illinois is we're not guaranteed any customers, we're not guaranteed any return ... yet we still are required to provide an old-style, voice-only telephone line to every customer in our service territory," he said. "No competitor is required to do that. They can pick and choose whatever customers they want to serve and they can use whatever available technology that they want to."

La Schiazza suggested freeing dollars from old landline service would allow AT&T to shift some of the money it invests in Illinois each year to newer technologies that consumers want. But he would not

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say how much the company spends annually on maintaining the landline service, nor how such a change would affect AT&T jobs in Illinois.

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away the old policy without replacing (it with a) new one and just pray to the gods of the markets to provide everything," Scarr said. "I'm quite confident that's not going to work out for all Illinoisans, especially since we don't have real competition in broadband."

Scarr said universal broadband should be the new goal, and wants to see language in the legislation reflecting plans to transition customers to new services. He pushed back on AT&T's claim that the bill is intended to modernize phone systems since it does not offer a universal replacement to landline service. He said legislators could consider policies to incentivize rather than mandate carriers to provide such a service, especially since he thinks universal broadband would benefit Illinois' economic and political competitiveness.

AT&T isn't the only telecom company in Illinois, and it's not the only company required to provide landline service. The territory it's required to cover clusters around urban centers including Chicago, Springfield and St. Louis; other companies cover other areas throughout the state. But consumer groups remain concerned that rural or low-income urban landline users in AT&T's service area would be most affected. La Schiazza rejected that assertion, saying AT&T would guarantee no customer would be left without another option. He said customers who feel they have no alternative voice service option will be able to appeal to the Illinois Commerce Commission.

But quality of service is another concern, with consumer protection groups responding with alarm to a service outage in Texas and several other states last week that prevented AT&T cellphone users from calling 911. La Schiazza said AT&T's networks aren't infallible, but the company aims to provide high-quality service. He said 911 operators across the country are switching to new technology, based on VoIP, to accept texts and videos in addition to calls in the future.

Sherry Lichtenberg, a principal at the National Regulatory Research Institute covering telecommunications policy, said these types of bills are part of what she calls the "technology transition," which is taking place across the country. She said she didn't see the bill as an attempt to abandon all service, but rather a proposal to discontinue it in places where customers have

Critics of the plan suggest it could leave some consumers without service. Abe Scarr, director of the Illinois Public Interest Research Group, said he's not opposed to some version of the bill passing, but wants to see more consumer protections in the final version. He submitted written testimony to the Illinois Senate's Telecommunications and Information Technology Committee last week, arguing that transitions to new technologies should remain based on values such as universal service, consumer protection, competition and public safety. He said [the current bill, SB1381](#), fails to meet those standards.

Scarr told Blue Sky he believes cellular alternatives to landline service may not be good enough, and referenced the [recent AT&T 911 outage](#) and struggles people have to get service at mass events such as music festivals as examples of times they fall short. He also cast doubt on AT&T's claim that it would invest more or differently in Illinois. "I don't think we can take

alternatives. She suggested consumer advocates [look to changes in Ohio](#), where formal efforts for consumer protection were baked into the proposal. "Ohio was different (than other states), because what they did was they set up a collaborative process to figure out where there were customers with no alternatives," Lichtenberg said.

Lichtenberg said the Ohio model was "the best of all possible worlds." "This is just going to keep moving forward," she said. "I think the best way to deal with this is for the companies and the commissions and the consumer groups to work collaboratively." – *Chicago Tribune*

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A West Virginia Broadband Bill introduced in the state house of representatives aims to spur broadband competition and deployment by allowing local communities to form cooperatives to build broadband networks. House Bill 3093 also would re-establish a state broadband enhancement council charged with collecting data about internet speeds, seeking and dispensing non-state funding and grants, and making recommendations to the legislature. Additionally, the bill includes rules about the use of conduit, microtrenching and pole access, and would prevent broadband providers from making false claims about the speeds their broadband service is capable of delivering.

Importantly, the bill is designed to require no state funding. Nevertheless, local media outlet *Charleston Gazette-Mail* expects the bill to face opposition in the state senate, considering that the senate president also works as sales director for Frontier Communications, which already has expressed concerns about whether the bill would achieve its intended goals.

West Virginia ranks 48th of the 50 states in broadband deployment, [the Gazette-Mail reports](#). According to Bill 3093, "rising fixed costs and technological limitations prohibit broadband networks from being extended into rural areas where the level of demand in sparsely populated areas may not justify the required costs of construction." Nevertheless, the bill notes that "a quality educational system of the twenty-first century should have access to the best technology tools and processes."

The solution proposed in the bill is to allow 50 or more "qualified persons engaged in the use of internet services" to form a cooperative association to obtain internet services within their communities. The cooperatives would be allowed to borrow money and would be required to abide by 15 pages of rules spelled out in [the bill](#).

In addition, the bill would allow the broadband enhancement council to create guidelines and recommend to the legislature a pilot project for no more than three municipalities or counties, either individually or in conjunction with one another, to establish non-profit cooperative associations to provide broadband services.

The authors of the bill appear to have recognized something we're hearing more and more about lately – the potential [deployment cost savings](#) that can come from rethinking various approvals, fees and restrictions. For example, the bill would allow an entity to perform microtrenching, as long as the entity meets permit requirements. Microtrenching is a technique of deploying cables using a cutting wheel to cut a trench with smaller dimensions than can be achieved with conventional trench digging equipment. [Gig.U and other broadband boosters](#) have advocated microtrenching as a means of reducing deployment costs.

The West Virginia broadband bill also calls for entities to install conduit in a way that will readily permit others to interconnect with it and contains other requirements aimed at enabling multiple parties to benefit from deployments others already have made. – *telecompetitor.com*

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Despite the fact that the vast majority of Tennesseans have access to wireline and wireless broadband service, legislators in Nashville are contemplating how best to use taxpayer subsidies to expand access and improve speeds for rural residents.

Research compiled by the Taxpayers Protection Alliance Foundation, TPAF, makes it clear that lawmakers should steer clear of providing direct subsidies to cities that want to sell internet service directly to consumers. They also should keep in place a current statute that keeps municipal broadband networks from expanding beyond a certain footprint.

Last July we [released a report](#) that examined 12 of the worst government broadband failures in the nation. Two were in Tennessee. First there is Chattanooga's system. Despite getting the federal government to kick in more than \$110 million for the half-billion-dollar system, and benefiting from a startling number of examples of cross subsidization from the electric side, Chattanooga's fiber service, administered by the city's Electric Power Board, is still barely staying afloat. In a good year, the cable,

telephone and internet business clears \$2 million. The municipal broadband scheme would be running a huge deficit every year if it had to foot the bill for its own infrastructure.

Then there is Memphis. The Memphis Light, Gas and Water Division launched a municipal broadband business in 1999 and rolled the network out to the public two years later. By 2005, city leaders began attempting to sell the system and in 2007, with Memphis' government internet experiment on the verge of bankruptcy, Memphis Networx was sold off for a massive \$20.5 million loss at the expense of taxpayers and the city's utility customers. That loss of \$20 million is bad news for Memphis residents who needed the funds for public safety or other infrastructure needs.

Lawmakers in Nashville already have considered legislation that would allow city-owned networks to sell service in rural areas outside their footprint, but it's not clear that many of these cities actually have any interest in expanding. In fact, some cities have acknowledged that expanding too broadly is cost prohibitive.

The city of Morristown told the Tennessee Advisory Commission on Intergovernmental Relations, TACIR, that it was too expensive to serve the rural communities around it. A **draft TACIR report** released in December said "Morristown Utilities, which is one of two systems allowed to provide broadband outside its electric service area under state law, has not chosen to expand service beyond a few communities because of the cost of doing so." This is why TACIR concluded that it is too risky for Tennessee taxpayers and ratepayers for city broadband providers to leave their footprint.

More than **99 percent** of state residents have access to wireless broadband service and 96 percent have access to fixed broadband. Speeds also are improving rapidly — 83 percent of state residents have access to high-speed broadband with speeds of more than 100 megabits per second. That's super-fast, and more than most families and small businesses will ever need or are willing to pay for.

While a few municipal networks in the Volunteer State try to take credit for this advancement, it's really the private sector that has led the way, investing billions to improve access and speed. State lawmakers are right to maintain geographic boundaries on municipal providers because free markets work and provide protections for the state, and for its taxpayers. — ***Nashville Tennessean***

