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June 26, 2006

Honorable Fabian Nunez
Speaker
California Assembly
State Capitol
Sacramento, CA 95814

Dear Mr. Speaker,

We are deeply disappointed that the new amendments to AB2987 continue to protect AT&T, but not the public.

The current amended bill, for example, still allows state video franchisees to escape equal-access buildout. It demands that localities enforce the state's weaker consumer service standards, but grants them little power to do so. State-level enforcement is vague, divided and unclear.

The measure would allow AT&T and other new market entrants to steamroller cities regarding both tear-ups of local rights of way and placement of thousands of large, ugly utility boxes on neighborhood streets. It would allow franchise holders to manipulate revenue figures and thereby reduce payments to localities.

Most glaring, in terms of the lack of consumer protection, is that the statewide franchise is now placed at the Secretary of State's office. This assures the state franchise is little more than an application form, while the local franchise today is actually a point of tremendous negotiation leverage.

Consumers and their local governments should not be forced to relinquish complete control over companies in exchange for high-speed video and Internet service. But a Secretary of State franchise guarantees it. Today, cities demand benefits and set base rates for consumers in exchange for local cable franchises. Local governments can require robust public access channels and programming support. Local governments can also push companies to offer schools, libraries

and government free video and Internet service. Right now, they're pushing for community wi-fi. Public hearings, comments by community members and votes by local elected officials are what it takes to win a local franchise. If a company goes back on its word, there's not only an enforceable contract but hell to pay for political leaders who don't force the company to make good.

Specifically, the problems of AB2987 include:

- The bill remains full of escape clauses for new companies to evade providing full wired access to its programming to all neighborhoods, rich and poor.
- The maximum fines listed for proven violations of even the state's customer service requirements are a joke. The maximum fine per violation is a mere \$200 a day and \$600 maximum, less than pocket change to a multibillion-dollar company like AT&T.
- The new statewide franchises will be granted by the Secretary of State, an office that has no experience in consumer services or massive public franchises. Authority over phone services remains with the Public Utilities Commission, splitting and further weakening oversight of phone companies that provide video.
- Local control over street digs and repairs is diluted. AT&T is demanding the right to place thousands of refrigerator-sized utility boxes in neighborhoods for new video lines. Cities that currently make cable companies put similar boxes out of sight will have no power to control these big, unsightly graffiti magnets.
- Several other states, including New Jersey, North and South Carolina, Louisiana and Texas are considering or have passed similar bills demanded by the phone companies. This is part of a national lobbying effort by AT&T and Verizon; a top-tier state like California should not be granting such a blatant corporate favor.

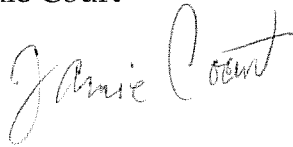
Among the minimum necessary amendments to make your legislation palatable for consumers are:

- 1) Place the statewide video franchises under the jurisdiction of the Public Utilities Commission, which already oversees phone service and is subject to open meeting laws, public process requirements and publicly recorded votes (much like the local elected bodies that decide on local franchises today.)

- 2) Guarantee that telephone companies be subject to equal-access build-out requirements now required of cable companies;
- 3) Grant localities authority over providers' reporting of revenue and give them the ability to assess much larger, more meaningful fines for service violations;
- 4) Restore clear, strong local powers over rights of way and local obligations such as support of public interest programming.
- 5) Set basic service rates, or allow local governments to continue to do so.

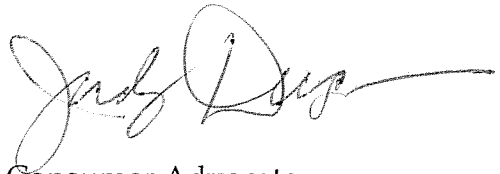
Sincerely,

Jamie Court

Handwritten signature of Jamie Court in cursive script.

President

Judy Dugan

Handwritten signature of Judy Dugan in cursive script.

Consumer Advocate