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Aug. 25, 2006

Hon. Fabian Nuñez
Speaker of the California Assembly
P.O. Box 942849
Sacramento, CA 94249

Dear Assemblymember Nuñez,

AT&T is heading for a double jackpot in Sacramento, and Californians' wallets will likely be raided to pay for it. This week the Public Utilities Commission jettisoned its duty to regulate telephone rates, a result long sought by AT&T. Next week AT&T and Verizon will get a final vote on AB2987, deregulation of video and cable services. As co-sponsor of this measure, you owe Californians some reassurances concerning what will happen to their pocketbooks and their peace of mind.

This measure, as it currently stands, grants toothless statewide franchises for video, internet communication and telephone services. Customers have no effective path for complaint, no barrier to abuse and no promise of the "benefits of competition" so extolled by the phone companies. Cities that are losing their leverage over cable television franchises stand to lose funding (because of how corporate revenue is defined and because of disincentives to audit) and all reason to care about customer service.

On Tuesday, Aug. 22, 35 pages of amendments shepherded through your office were approved in a final committee vote, even though the amendments were not made available to the public or to consumer groups for comment. FTCR's calls Monday afternoon to the Appropriations Committee, Sen. Murray's office and your office produced the response that the amendments were "not available," and our phone messages to committee staff and to Terry Schanz of Sen. Murray's office went unanswered.

The amendments, many of them highly detailed and technical, could hardly have been absorbed and understood by committee members before their unanimous vote in favor of the increasingly complex bill. We ask that you withdraw this bill to provide more time for scrutiny and evaluation in the next session.

In particular, Amendment No. 39, forbidding the PUC from any role in customer service or any other term or condition of service, is reprehensible. The PUC will grant the franchise, then be banned from enforcing even the minimal customer service standards retained in the bill. Customers faced with incomprehensible or deceptive bundles of services will have no one watching their backs. When AT&T demands to plant thousands

of 5-foot-tall utility boxes for their video service in neighborhoods and on shopping-street sidewalks, cities will have much less leverage to object.

The language of the bill has been changed throughout to require finding a “material breach” of franchise terms, rather than a mere violation, to trigger scrutiny. There is no doubt much more in the amendments to cause concern.

With additional amendments expected from the Senate floor, matters are unlikely to improve for consumers, while AT&T’s \$18 million worth of recorded lobbying in the last few months continues to pay off handsomely.

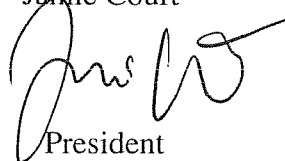
The last-minute scramble to push through an increasingly dense and complex deregulation will affect every Californian. It is unfortunate that the public and its advocates have had so little say in your rushed deliberations.

Judy Dugan

A handwritten signature in black ink, appearing to read 'Judy Dugan', with a long horizontal flourish extending to the right.

Research Director

Jamie Court

A handwritten signature in black ink, appearing to read 'Jamie Court', with a long horizontal flourish extending to the right.

President