

BEFORE
UNITED STATES HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT

**Hearing on Public, Educational, and Governmental (PEG) Access
for Cable Television**

Testimony of

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on behalf of

***The Alliance for Community Media &
Alliance for Communications Democracy***

SEPTEMBER 17, 2008, 10:00 A.M.

ROOM 2220, RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C.

INTRODUCTION

Good morning, Chairman Serrano and Members of the Committee. I am Barbara Popovic, Executive Director of Chicago Access Network Television (“CAN TV”) in Chicago, Illinois. Through CAN TV, government officials, educators, and thousands of local nonprofit groups and residents connect with residents in need of jobs and educational opportunities, legal advice, immigration information, health assistance, and housing through five local, noncommercial cable channels.

Thank you for the opportunity to testify on behalf of two national organizations, Alliance for Community Media (“ACM”) and Alliance for Communications Democracy (“ACD”). These organizations are devoted to promoting, advancing and protecting the interests of public, educational and government (“PEG”) access centers across the nation. ACM is a national membership organization representing 3,000 PEG centers that carry 20,000 hours each week of new programs from local governments, schools, health and jobs organizations, social service agencies, and local residents. ACD preserves and strengthens community access to media through participation in FCC and court proceedings affecting PEG access. Colleagues from Michigan, Ohio, Florida, New York, Maryland, Virginia and Washington State, are joining me at the hearing today. DCTV, Washington DC’s local PEG center, is taping today’s proceedings for distribution around the country.

I’ve been privileged to work through the years with public officials with the vision to recognize the importance of giving voice to the local community. I’m particularly honored to accept this invitation from Chairman Serrano, who upheld that vision in the Bronx through the creation of BronxNet. Representative Serrano, people throughout the country appreciate your support for PEG access, and your vigilance on this issue.

The right to free speech and free expression, the inclusion of a diversity of viewpoints and ideas, and the focus on the local community have been the hallmark of PEG access for over 30 years. But government and industry actions over the past three years are rapidly eroding protections for PEG, putting community stations at risk and threatening the public’s participation in and use of PEG training, facilities and channels. I am here today to brief you on the threats that PEG access currently faces and to urge you to take a stand on behalf of the public to use any

means available to you to stop this harm and to protect the future health and viability of PEG access now and in the future.

PEG Access Advances Congressional Goals to Foster Localism and Diversity

PEG access, as defined in the 1984 Cable Act (“the Cable Act”), advances Congress’ goal of providing a wide diversity of information and services by responding to the needs and interests of the local community. The Cable Act places PEG Access under the stewardship of local franchising authorities, with mechanisms for financial support and channel capacity for the public. Most successful PEG operations have resulted from local ordinances and agreements, forging partnerships among local government, local cable companies, and the local community.

The role of PEG access in developing technological and media literacy has never been more important than today. PEG centers provide constructive outlets for community youth to learn media skills. Seniors actively create programming on a range of issues. Nonprofits are given an outlet to reach clients in need of assistance. PEG channels provide a platform for civic debate to resolve local conflicts. And during local elections, PEG channels provide opportunities for candidates to address the public directly and fully, without being limited to a 30-second sound bite.

Thousands of hours of new, original content flow through PEG channels every day throughout the country, bringing local information into the home that would not otherwise be seen. PEG channels welcome community members, politicians, preachers, experts, educators, and artists. Participants aren’t screened and selected by management or advertising interests; they participate because it’s their community and their channels.

The role of PEG channels is particularly important at a time when research shows that less than ½ of 1% of programming on commercial media is devoted to local public affairs. The commitment of PEG programmers to promoting social services, arts and civic events, public safety, and other issues close to home, demonstrates what is possible when the community is given the opportunity to participate in television media. The democratic values that form the foundation of the PEG access mission merit preservation by government, industry, and individuals alike.

Legislative Changes Harming PEG Access

Since 2005, state video franchise laws advanced by telecommunications companies entering the video business have passed in 19 states. After federal video franchise legislation stalled in the Senate in 2006, telecommunications giant AT&T combined its lobbying forces and a major advertising blitz to roll out a strategy in the states designed to cut local governments out of cable franchising, erode consumer protections, limit build-out requirements and undermine PEG access. Already entrenched in many state legislatures, AT&T dangled the “carrot” of increased competition and lower rates while wielding the “stick” of legislation that gutted local public interest obligations and cleared the way for AT&T to gain a fast track into the market.

While AT&T and Verizon were pushing for a new regulatory scheme based on one-stop-shopping at the federal or state level, Verizon nonetheless continued negotiating local franchises. Over a year ago, Verizon already had more than 800 local franchises and growing, and it got them the same way that incumbent cable operators did -- by sitting down with the local community. Verizon’s agreements with the City of New York and the access centers in its boroughs show how a company can partner with the city and community to serve the public interest, while, at the same time, providing the benefits of increased competition with incumbent cable operators.

That represents a stark contrast to the outcome in the majority of states served by AT&T. In Illinois, AT&T put an army of lobbyists on the ground, saturated television with anti-cable ads, and funded astro turf groups to push for state legislation. The pattern was similar in many other states. The resulting legislation in most of those states were state video franchise laws that strip away local authority, weaken consumer protections and enforcement, and harm PEG access in a variety of ways. While determined to avoid local franchising by seeking legislation at the state level, AT&T, with 549,000 subscribers, lags far behind Verizon’s 1.4 million subscribers, obtained largely through the local franchising process.

Having seen the problems with legislation in other states, the Illinois Attorney General and public interest advocates got involved early in Illinois, and the General Assembly ultimately passed a bill that prevents AT&T from usurping consumer rights and includes protections for

PEG access. But AT&T is defying Illinois law by segregating PEG access into a video application with inferior signal quality and functionality compared to other channels.¹

New state laws in Florida, Wisconsin, Ohio, Missouri, Tennessee and other states cause damage to PEG through funding reductions, substandard channel quality and functionality, channel capacity cut backs, channel slamming to a less accessible location, new costs for carriage of PEG channels, and PEG studio closures that deprive the local community of its only production resource. In many states, incumbent cable operators have quickly taken advantage of these new state laws, opting out of their local franchises and reducing their pre-existing PEG obligations.

Assessing the Damage

In May 2008, the Alliance for Community Media (ACM) initiated an online survey regarding the impact of new state video franchise laws on PEG operations.² Members of ACM and the National Association of Telecommunications Officers and Advisors (NATOA) from around the country participated in this survey.

The survey reveals that within a year or less of passage of state video franchise laws, many PEG centers have seen a negative impact on funding and operations, and a decrease in related services and benefits. In a number of those states, PEG funding completely sunsets after 3-5 years.

California has one of the more PEG “friendly” state laws. The language in that law was intended to “do no harm” to PEG access, including language that makes it clear that pre-existing PEG funding is to be continued. That didn’t prevent Comcast from recently sending the City of Monterey a notification that will result in drastic funding reductions. For 10 years residents of the Monterey Peninsula have had the opportunity to learn about what is happening with local government agencies ranging from the Monterey City Council to the local water district. Local opinion leaders and nonprofits like Seaside Boys and Girls Club serving latchkey kids have been

¹ ILCS 21-601(c), Illinois Cable and Video Competition Act of 2007: The holder shall provide to subscribers public, education and government access channel capacity at equivalent visual and audio quality and equivalent functionality, from the viewing perspective of the subscriber, to that of commercial channels carried on the holder's basic cable or video service offerings or tiers without the need for any equipment other than the equipment necessary to receive the holder's basic cable or video service offerings or tiers.

² See Appendix A: *Assessing the Damage: Survey shows that state video franchise laws bring no rate relief while harming public benefits.*

able to reach viewers with local information. And the local “Your Town” program features hundreds of local nonprofit organizations. But this local community programming may be gone by the end of 2008.

According to the ACM survey results, there was a reduction in benefits to more than a quarter of respondents that had public cable drops in locations like libraries, schools and other public centers, and close to half of respondents in communities that had an Institutional Network connecting government facilities, educational institutions, and PEG facilities. Jan Berger of Miami Valley Communications Council in Centerville, Ohio, says, “We went from 62 cable drops in our cities’ government and community center, schools, and fire and police stations to 9 cable drops. We are told that even these 9 cable drops will be taken from us soon.”

Since the passage of state video franchise laws, PEG centers report reductions and threats to existing channels. Operating under recently enacted state laws, many new entrants and incumbents quickly took steps to limit PEG channel capacity and placement. Cable operators in a number of states are moving PEG channels to “digital only” tiers, decreasing accessibility and visibility and increasing costs for subscribers. And, in AT&T states, many laws not only reduce PEG funding support; they also impose new financial obligations on PEG centers and local governments by requiring that local governments and PEG centers purchase special hardware and pay significant monthly fees to deliver PEG channels to new state franchise service providers.

In a number of states, rigid nonrepeat programming requirements are applied to PEG channels. If a community cannot meet the imposed standard, the channels are taken back by the franchise holder. Notably, commercial channels are not held to this standard. Under Georgia state law, a PEG channel can be taken back if it doesn’t have 9 hours each calendar day of nonrepeat programs. Commercial channels can regularly repeat old movies, commercials, sitcoms and reality shows but PEG programs on HIV/AIDS prevention, housing assistance, or job opportunities can only play once or put a PEG channel at risk. The nonrepeat programming requirement has shown up in states where AT&T has backed the introduction of state laws, and can also be found in cable refranchising negotiations.

For 21 years, Tampa Educational Cable Consortium (TECC) has offered programs on The Education Channel and The Explorer Channel. Original programming such as *Mathematics Homework Hotline* reached 2,000 students each year with 25,000 annually downloading the web tutorials. *The Mini-Med School* program provides accurate and timely information to adults

about pressing medical concerns including the 12-part series, *Taking Control of Cancer*, which was seen by 28% of the audience, or 31,000 households. After passage of Florida state law in 2007, TECC lost \$500,000 in funding, or 60% of its annual budget, and both educational channels were moved from Channels 18 and 21 to Channels 614 and 620, which required a digital box at an additional cost to the subscriber. While previous surveys had shown that 41% of the 285,000 subscribers in Hillsborough County watched the Education Channel, many people are now unable to access or find the channel. The public access channel, Tampa Bay Community Network, lost a third of its funding. The significant loss of PEG funding in Hillsborough County, Florida, will result in a significant loss of local programming.

The adverse impacts on PEG have been amplified where incumbent cable operators have interpreted the passage of state franchise law as ending their existing franchise PEG obligations. Comcast closed all of its PEG studios in southwestern Michigan after state video franchise law passed in 2006. In Indiana, within six months after state franchise law advanced by AT&T had been enacted, Comcast notified residents that all of its northern Indiana PEG studios were closing. Sheriff David Lain, of the Porter County Indiana Sheriff's Department in Rep. Visclosky's home district, was one of the residents whose use of a PEG channel ended unceremoniously after producing his show every week for eight years. Sheriff Lain's program highlighted officers and programs of the Sheriff's Department, such as ice rescue, crime stoppers, preventing child abuse, and animal control. The program reached beyond law enforcement to partner with the local community. Rep. Visclosky was a past guest on Sheriff Lain's PEG show, as were the Red Cross, Salvation Army, Valpo YMCA, United Way, and Boys and Girls Club.

Eight years of community programming about Valparaiso, Chesterton, Portage, LaPorte and Lake Counties ended. And nothing will replace it. Says Sheriff Lain; "We provided access to so many terrific organizations that didn't have the wherewithal to do a program like this ... Our program helped with the public's buy-in regarding public safety issues. I've always thought that the organizations with whom we partnered – the nonprofits that are out there every day trying to improve the quality of life in Northern Indiana - lost the most when we lost our program. We were the only game in town and the only opportunity for them to promote their good works through our network."

Even in the early stages of adoption and implementation, the negative fallout from the new state video franchise laws has been substantial and will continue to mount. As incumbents and new entrants apply to operate under these new state franchises, more communities will experience the cutbacks and degradation of PEG services reported in this survey, leaving many communities in the nation without the diverse, local programming provided through PEG channels. This outcome directly contradicts one of the stated goals of the 1984 Cable Act: that franchises be responsive to the needs and interests of the local community.

FCC Actions

In December of 2006, the FCC's Report and Order in the *Video Franchising* proceeding (the "Order") replaced local franchising with FCC authority to determine what is best for the local community. A Second Report and Order followed on October 31, 2007, extending many of the provisions of the first ruling to incumbent cable operators.

PEG is harmed in multiple ways by the FCC's actions. The erosion of local franchising authority undermines the provision of PEG. The establishment of an unreasonably short shot clock with a deemed granted provision negates Congress' intention that community needs and interests are fully considered as part of the video franchising process. Relaxing build-out requirements will deprive customers from seeing PEG channels. The Order poses new risks to future growth in PEG capacity, and ambiguous language in the Order raises unanswered questions about the future of PEG funding.

Commissioners Copps and Adelstein strongly objected to both the First and Second *Video Franchising* Orders. Following the 3-2 votes on the Second Report and Order on *Video Franchising*, Commissioner Copps commented:

My concern about today's decision is not just philosophical. As the record indicates, one possible consequence of this new set of regulations may be to deprive American consumers of access to PEG channels that serve important community needs. Another effect may be to deprive local governments of access to I-Net facilities that support public safety and other important government operations ... Why incur such results when Congress provided a workable process for incumbent video providers and LFAs to negotiate with each other for franchises, with recourse to federal district courts if disagreements arose?

Commissioner Adelstein pointed out that the Second Order will further exacerbate the negative fallout from the First Report and Order on *Video Franchising*:

As I predicted, the First Report and Order, which purported to provide clarification with respect to which franchise fees are permissible under the Communications Act, has in fact muddled the regime and left communities, incumbent cable operators and new entrants with conflicting views about funding and support for public, education and government (PEG) facilities, including local institutional networks (I-Nets).

The FCC justified its intervention as being needed to remove barriers to entry and to open the door to more competition. The Order relied heavily on telephone industry comments that asserted that local franchise negotiations for public benefits such as PEG access obligations acted as a barrier to entry. But the record in front of the FCC did not support that contention.

The spring issue of *NATOA Journal* includes a report by Stefanie Meyers & Connie Ledoux Book, Ph.D., that examines the FCC's use of anecdotal evidence in the Order.³ This article notes that of the 4424 comments filed, 3771 were from individuals. Many of those comments focused on the importance of protecting PEG funding and carriage. Meyers and Book report that, "None of the filed individuals' comments about public access are cited in the Report and Order." *Not one*. The article notes, "Of the remaining 653 comments filed, the majority were from local franchising authorities (430). Telephone companies filed 23 comments and cable companies filed 26 comments." But the FCC primarily relied on industry comments - 77% of the comments cited in the Report and Order were filed by telephone companies, and 23% of the comments the FCC cited were by cities.

Meyers and Book then drilled down deeper and found that despite the fact that telephone company comments were heavily relied on by the FCC in reaching its decision, the examples provided by industry of supposedly "unreasonable" local franchising demands causing a barrier to telco entry boiled down to 15 examples. Eight of those were broad generalizations with no specific facts; municipal commenters refuted the majority of the remaining seven. The FCC's *Video Franchising* Order thus relied on largely unsubstantiated claims by the industry to conclude that FCC intervention in the cable franchise process is needed. But the record doesn't

³ NATOA Journal, Spring 2008 *An Examination of the Use of Anecdotal Evidence in the FCC's Report and Order on Video Franchising* by Stefanie Meyers & Connie Ledoux Book, Ph.D.

support that contention. The FCC's precipitous action represents a "solution" in search of a problem.

Whether intended or not, the FCC in the *Video Franchising* Order sent a signal to telephone companies that reducing public benefits like PEG access is an acceptable price to be paid for speeding telephone company entry into the cable market. The FCC ignored the fact that the incumbent cable industry, which has historically supported PEG access, has thrived under local franchising, with annual cable gross revenues (excluding Internet and telephony) growing at a healthy average rate of 5% per subscriber during the past 10 years, expanding into a robust 75.2 billion dollar industry today.⁴ As Meyers and Book note, "not only does virtually every household have at least one cable provider option, but communities have also now gained a broadband provider, landline telephone competition, PEG programming, enhanced democratic process with live broadcasts of city council meetings, and all through a local [franchise] negotiation to meet community needs and interests."

Accessibility of PEG

Congressional intent is clear that PEG channels are to "...be available to all cable subscribers on the basic service tier and at the lowest reasonable rate."⁵ As noted by Mayor John B. O'Reilly, Jr., of Dearborn, Michigan, in his testimony this past January before the US House Energy and Commerce Subcommittee on Telecommunications and the Internet, "Today, Comcast and AT&T, and other video service providers, cloaked in the guise of digital advancement, seek to rid themselves of these congressionally-mandated public interest obligations."

A recent disturbing trend has been seen with Comcast in Michigan, Brighthouse in Florida, Charter in Wisconsin and Nevada, and Cablevision in Connecticut, New York and New Jersey. Each of those companies has sought to remove PEG channels from accessible basic analog tier channel locations available to all customers, and to relocate them to high digital

⁴ www.ncta.com, 8-29-08

⁵ "PEG programming is delivered on channels set aside for community use in many cable systems, and these channels are available to all community members on a nondiscriminatory basis....PEG channels serve a substantial and compelling government interest in diversity, a free market of ideas, and an informed and well-educated citizenry....Because of the interests served by PEG channels, the Committee believes that it is appropriate that such channels be available to all cable subscribers on the basic service tier and at the lowest reasonable rate." H.R. Rep. No. 102-628 at 85 (1992).

channel number locations accessible only to customers that pay for a digital box. My colleague from BronxNet will detail issues that have resulted from these actions, many taken far in advance of cable digital transition requirements. Those companies are attempting to free up analog capacity for other uses while depriving viewers of convenient access to local information that is only available on PEG channels.

AT&T has gone even further in making PEG more inaccessible to viewers. It has made the business decision to remove PEG channels from the traditional television channel “line-up” entirely, burying all local PEG channels behind a “Channel 99” designation that is an internet-like “application” with substandard functionality and inferior quality compared to commercial channels. This is a direct affront to the PEG accessibility goals of Congress and to state laws that clearly require that PEG channels be treated in a manner “similar” or “equivalent to” commercial channels.

The deficiencies of AT&T’s “PEG product” are obvious when attempting to find and watch a PEG channel. Residents are forced to search through a series of menus for the PEG program of their choice while waiting for each page to “load,” a process that is not required to retrieve commercial channels. PEG channels cannot be saved as a “favorite and viewers can’t channel surf between PEG and other channels. All PEG channel identity is stripped away, so that an individual community’s PEG channel will be invisible to anyone looking at the channel guide or programming listings. PEG signal quality and functionality are also inferior to broadcast channels.

To summarize, AT&T’s “U-verse” PEG product:

- Is cumbersome to find and slower to load than commercial channels;
- Has inferior picture and audio quality compared to commercial channels;
- Cannot support closed captioning;
- Cannot support second audio programming;
- Prevents channel surfing between broadcast and PEG channels;
- Is incompatible with programmed recording devices like DVRs and TiVo; and
- Excludes individual PEG channel and program listings.

AT&T imposed its Channel 99 PEG product without consideration for community needs and interests, and without consultation with PEG centers, instead making the business decision that it was no longer necessary to present PEG channels in a manner equivalent to other channels. AT&T insists it has introduced an innovation by presenting all PEG channels in a region to all viewers in its region. PEG centers already can, and do use the Internet in the same way broadcasters do, to stream content or selectively place programs that require a broader reach. Not only does Channel 99 *not* replace having PEG treated equally to commercial channels, in many instances, it is not even a desirable outcome when information on those channels is directly targeted to the local community, not an entire region.

AT&T's PEG system represents a step backward for community television stations, including the fact that its PEG product does not support basic functions like closed captioning. In a recent demonstration of its PEG product in Illinois, an AT&T representative asked whether any PEG centers use closed captioning, and a number of hands went up. In a demonstration in a neighboring suburb later that week, the same representative stated that PEG centers do not use closed captioning. Presumably, the AT&T representative determined that it was better to mislead than to respond to the expressed need for closed captioning.

AT&T claims its lack of support for closed captioning is satisfied by its offer of open captioning. Disability rights activist Gloria Nichols of American Disabled for Attendant Programs Today (ADAPT), disagrees: "Open captioning is not a solution. AT&T is taking the choice out of viewer's hands and imposing its choice. Whether people want the captioning open or not, the viewer isn't given a choice." Another service available to commercial channels, but denied to PEG by AT&T, is second audio programming (SAP audio), used by PEG centers to convey programming in both English and Spanish.

In addition to the multiple deficits in AT&T's PEG product, local governments are grappling with AT&T's cumbersome and inefficient emergency alert system procedures. Currently, local governments can run a scroll on cable channels and broadcast channels directing viewers to a particular PEG channel for an emergency message like a chemical spill or boil order. That cannot be done for several reasons with AT&T's PEG product. Emergency messages generated by municipalities will not override broadcast channels on AT&T's U-Verse system and PEG channels are hard to find and retrieve. Viewers tuning to Channel 99 will see a list of dozens of community channels, slowing down the process of dissemination of emergency

information. AT&T's design is creating a public safety issue in communities around the country. Given the potential confusion and slow response time caused by AT&T's approach, this is a disservice during a time of increased concern about public safety issues.

When challenged about the deficiencies of its PEG product, AT&T employs a number of different tactics. One is to deny the facts and state that there is no problem and the company is in compliance with relevant laws. AT&T Illinois President Paul La Schiazza recently claimed in a letter to *The Chicago Tribune*, "All PEG content is easily found on U-verse's Channel 99, which is absolutely acceptable under state law...." This ignores the requirement in Illinois law that PEG channels must be provided at equivalent quality and functionality as commercial channels.

While AT&T Illinois President La Schiazza publicly dismisses criticisms of its PEG product, other AT&T representatives have repeatedly acknowledged deficiencies in that product, both in local and national demonstrations of AT&T's PEG product, referring to its treatment of PEG as "a work in progress," one representative even adding, "you can either fight it or embrace it."

The foundation of AT&T's defense of its PEG product is to claim that it is not technically feasible with its IPTV architecture to carry PEG channels in a manner equivalent to broadcast channels. A recent study prepared by Maryland-based, independent engineering firm, Columbia Telecommunications Corporation, for Illinois NATOA,⁶ directly addresses whether, in fact, there are technical obstacles to AT&T treating PEG channels at equivalent signal quality and functionality with other video channels. The conclusion is not only that AT&T can treat PEG channels equally, but also that AT&T's IPTV system has even more flexibility to localize channel line-ups than traditional cable systems.

The report reached that conclusion based on the following:

- PEG channels can be encoded at the same quality as commercial channels;

⁶ See Appendix B, *Delivery of PEG Programming at Commercial Quality*. This study was prepared by CTC, an independent engineering firm with 25 years experience working with existing and emerging technologies to provide services in technology planning, communications network assessment and implementation, and project management. Illinois National Association of Telecommunications Officers and Advisors is a regional association of government telecommunications officers and experts who work in communications.

- Technology to preserve the quality of PEG audio and video signals while in transit to the AT&T network is readily available;
- PEG channels need not be inserted into the program lineup in a manner different from commercial channels; and
- IP-based video technologies offer greater, not less, flexibility to localize channel line-ups.

Clearly, the technology exists *now* for AT&T to treat PEG in an equivalent manner. This is not a technical issue; it is a business decision.

What Needs to be Done?

I speak to this Subcommittee as appropriators. You fuel the engine that keeps our government running. And when it comes to PEG access, we are headed in the wrong direction.

In the Subcommittee markup of the 2009 Financial Services and General Government Appropriations Bill, this Subcommittee prohibited funds from being used to implement or enforce the FCC’s changes to the newspaper-broadcast cross-ownership rules. Chairman Serrano noted his belief that the “loosening of media consolidation rules is detrimental to the goals of diversity in ownership and viewpoints, as well as to localism and independence in the news media.”

The dismantling of protections for PEG access is a similarly direct affront to localism and diversity goals. We need leaders in Congress ready and willing to step back in front and steer this process back to a meaningful realization of those Congressional goals. PEG access will not survive absent fundamental and irrevocable requirements regarding PEG funding and channel carriage.

We urge the Appropriations Committee and this Subcommittee to:

- (1) Prohibit funds from being used to implement or enforce the FCC’s *Video Franchising Orders*.
- (2) Compel the FCC to reconsider its *Video Franchising Orders* in light of its adverse impact on PEG; and

- (3) Have the Government Accountability Office conduct a study about the impact of the FCC's *Video Franchising* Orders and new state video franchising laws on PEG centers across the nation.

We urge Congress to assure the future economic viability and accessibility of PEG channels with:

- A federal requirement that funding for PEG required from video service providers, over and above the 5% cable franchise fee, may be used for any PEG-related purpose, without the outdated and unnecessary restriction of PEG funding to only capital costs.
- A federally mandated requirement that video franchise holders provide PEG channels at equivalent signal quality and functionality to that provided to local broadcast channels, with the capability of supporting closed captioning, SAP audio, channel surfing, DVR recording and other functions available to broadcast channels.
- A federally mandated requirement that PEG channels be located on the lowest cost, most accessible tier of service adjacent to broadcast channels, without the need of additional equipment to view all programming on that tier.
- A definition of the basic service tier that is not limited to rate regulated communities, but is an obligation of every video provider utilizing public property for the delivery of its services.
- A federal requirement that any violations of these PEG requirements be subject to substantial monetary penalties under the Communications Act.
- A federal requirement that PEG capacity and funding be determined at the local, not the federal or state, level based on local community needs and interests.

Thank you for the opportunity to testify. I look forward to your questions.