



14 December 2018

The Honorable Ajit V. Pai, Chairman
Federal Communications Commission
455 12th Street, Southwest
Washington, DC, 20544

Re: **MB Docket No. 05-311** - Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992

Chairman Pai:

The Connecticut Alliance for Community Media (“Connecticut ACM”) wishes to reply to comments on the Second Further Notice and Proposed Rulemaking (“FNPRM”) in the above-referenced docket. We vehemently oppose the tentative conclusion in the FNPRM that cable-related in-kind contributions, like those that allow our programming to be viewed on the cable system, are franchise fees, as set forth in the comments of the Cable Act Preservation Alliance (“CAPA”).

Connecticut ACM is an affiliate of the national Alliance for Community Media, a partner of CAPA. We work to bring together both those who are ACM members and non-members who also work in community media in Connecticut. Some of us manage public, educational and governmental programming in regions of three to eight municipalities, some work in community access specific to their towns. In Connecticut the independent, nonprofit Community Access Providers are funded by fees assessed on cable subscribers, separate from the franchise fee appropriated into the General Fund since 1995 by state government.

We represent community media makers, schools and local governments through the organizations authorized to facilitate use of Public, Education and Government Access (PEG) Cable TV Channels. What is community TV? We make local government transparent with

gavel-to-gavel meeting coverage and accessible with voter information. We enable local stories to be shared in-depth (an option not available in broadcast media). We are a public relations resource for local nonprofits. We train future journalist and videographers. Students learn to understand the world of media with firsthand experience as media makers. We are the church service for shut-ins and news and entertainment for those who can still budget for basic cable services but nothing more.

How community access works in Connecticut

In Connecticut, the state is the Local Franchising Authority operating through the Public Utility Regulatory Authority. Before 2007, the agency was the Department of Public Utility Control and conducted franchise reviews and renewals for the twenty-three service areas in the state. “Franchise fee” was not part of those proceedings. There is a public service tax on the gross receipts of all video providers ([Connecticut General Statutes Sections 12-256 and 12-258](#)) that resembles the standard description of a “franchise fee” and is paid directly to the state’s General Fund. The community access operators that are not part of the cable company depend on per subscriber funding that bypass the state tax collection, or on their respective town/school budgets.

In 2007, legislation introduced by AT&T ([Public Act 07-253](#)) eliminated the review process and any opportunity to improve what Community Access Providers receive to carry out their work. Within the new law, a special fund was created to provide for capital funding as a grant program—especially for replacement of outdated equipment. Following the national economic recession in 2008, our governor and state legislature felt compelled to sweep this account to make up for budget deficits. By 2013, there was not enough left in the fund to function as intended. In 2015, a bond restored \$3.2 million to the grant program, which ran for only four weeks before closing when requests far outstripped the funds. In 2017, some in our legislature attempted (unsuccessfully) to sweep the fund permanently.

Although capital costs may be considered exempt from the category of “in-kind contributions,” we believe that a diminished franchise fee would force the state to sweep all special funds, including our capital account, permanently, because Connecticut continues to lag in recovering from the 2008 recession. Comments by our Governor-elect and numerous news stories foreshadow another downturn in the economic cycle soon. For PEG operators in this

state, our difficulties have as much to do with the state budget as with the deals that the state has made with cable (including “competitive video” or IPTV) companies over the past decade. Critics have frequently pointed out how short-sighted decisions by state government over the past thirty years have put Connecticut in the current situation. Over the same period, the cable industry has similarly built itself on over-priced bundling and put itself into a poor competitive position against over-the-top services. The public’s channels should be better protected from decisions beyond the controls of their operating organizations.

Operating budgets for the official Community Access Providers (“CAPs”) are based on a per subscriber fee, paid by cable subscribers through the companies to the CAPs. Currently this fee ranges from \$4.82 to \$11.04 annually—less than a dollar month. In a bill that can top \$100/month, the per subscriber fee clearly is not what leads people to “cut the cord” and abandon cable service. Our nonprofit CAPs do not rely solely on the funding from per subscriber fees. They compete with all other nonprofits in pursuit of donations and community grant programs and mount their own fundraising events. But the per subscriber fee is the backbone of their operating budgets.

In Connecticut, about a dozen areas are served by access studios owned and run directly by their cable providers. In a PURA docket regarding PEG support, a [Comcast affidavit](#) says, “Comcast collects the amounts set forth in the Orders in Docket 18-01-32 and spends these dollars in access facilities that it operates throughout the state. When supplemented by additional amounts provided by Comcast, the result is that, in the aggregate, more dollars are spent than collected from subscribers.” It is unclear whether this is a complaint or a boast. Either way we must point out that even the company knows that the per sub fee is *insufficient* to run a studio.

The examples of “excessive requirements” in the Comments by NCTA are far, far greater than what is required in Connecticut. But if any funding for Connecticut PEG operators is included as “in-kind contributions” to be deducted from franchise fee, the pressure increases on officials to eliminate those resources.

State budget problems also bring stress to the municipal and education budgets as the normal grants from state government decline (to local schools, for example). The non-CAP town-specific educational and governmental channels already run on lean budgets—some from within their municipal budgets, others on grants from the cable company (e.g.,

Altice/Cablevision and Cox). Such company grants are not “in-kind contributions” if they do not go to the LFA, the State of Connecticut, because they go to the PEG operations of those communities within Connecticut.

Comments by NCTA mention the estimated value of I-Nets as possible deductibles from franchise fees. In the Altice/Cablevision areas of CT, the I-Nets are no longer used for distance learning. For over a decade these have been repurposed to connect municipal and school buildings to the headend, making town-specific channels possible. These I-Nets are aging but there is no sign of plans to improve it. If these I-Net connections are considered cable-related and so deducted from the franchise fee, the existence of the town-specific channels in these areas are in trouble.

What is the value of the channels for which we provide programming? For our communities it is more than monetary—the channels are a vital organ of our ongoing local conversations. If the supposed monetary value of our channels is deducted from Connecticut’s franchise fee, if the state is forced to choose between their revenue and our operations, the conversations are muted, and local jobs are eliminated.

We compose these reply comments while continuing our work with small or no support staff, while dealing with health issues for ourselves and our families, while struggling with finances at home. At least two of the independent town-specific access operations are run completely on volunteer labor. We admire their success in carrying on in lean times, but they do not enjoy the stress. No one gets rich managing community access media.

In summary

Community access media in Connecticut receives no part of the franchise fee. Some depend on low per subscriber fees and others depend on their local budgets to operate. Even the Comcast-run studios need more money than that provided by per subscriber fees. Because of state budget problems and the lack of any franchise renewal process, community media operators have had no funding available for capital upgrades since 2015. If the FCC recommendation concerning in-kind contributions is approved, our local operations and jobs will suffer immeasurably.

We members of the Connecticut Alliance for Community Media appreciate the opportunity to add to the record in this proceeding.

Respectfully,

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