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Senate Business and Commerce Committee  
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## Testimony in support of Senate Bill 980

My name is Bob Digneo, and I am AVP - Regulatory for AT&T Texas. Thank you for taking my testimony today.

I am here on behalf of AT&T in strong support of Senate Bill 980.

For years, Texas has led the nation in progressive, pro-consumer, pro-investment communications policy.

In fact, communications is a "Texas success story" ..... thanks to **this Legislature** and its forward-looking adoption of policies that have stimulated greater investment in technology for Texas consumers -- as well as greater choice, better prices and more options for those Texas consumers.

Three examples come to mind:

**In 1995** -- Texas was the first state to open the local telephone service market to competition -- and more customer choices -- even before Congress did on a national level. This was truly groundbreaking policy.

**In 1999**, with SB 560, Texas consumers benefited from the emerging competitive market with relaxed rules on pricing flexibility for providers, and the ability of incumbent companies to react more quickly to market forces. That was the next logical step.

**Then, in 2005** -- Texas was the first state to open the video market to new entrants to compete with cable and give Texans a choice in cable TV service.

And now -- **in 2011** -- the next logical steps are clear. And that is, to remove some outdated regulations that create unnecessary costs for providers....unnecessary costs for state government ... and that do not create for consumers any tangible benefits. In other words, changes that can make the marketplace work more efficiently.

**Senate Bill 980 makes improvements in two different ways.** It updates the law to eliminate unnecessary time, effort and cost on the part of telecom providers and state government.

And the other area of change in this bill is that which promises to incent more investment in technology and innovation for Texas.

**In the area of more efficient government:**

SB 980 would eliminate the need for companies like mine to gather up and ship over to the PUC paper copies of each one of the thousands of contracts we enter into with business customers each year for packages of services. Today, these contracts are merely filed at the PUC in case someone needs them later. Making this change was a recommendation of the Sunset Commission.

SB 980 would clean up a section of the law not used much any more....to establish expanded toll-free long distance calling areas around the state. There are literally hundreds of local calling areas that have been established over the last 25 years or more....and those plans would not change. But going forward, there is no real need for more of these arrangements. Consumers now have many options to reduce their long distance charges. Flat rate packages of local and long distance calling are now the norm -- offered by wireless companies and wire line companies as well.

SB 980 would allow companies like mine to discontinue the age-old process of sending to the PUC multiple sets of paper copies of changes we make to our terms, conditions and prices....our tariffs ....which is information that is already available on line or by consumer request ... and would continue to be.

The filing of tariffs and tariff changes at the PUC made sense years ago, when the policy of this state was that any change in a pricing or a change in the terms and conditions of offering a service were subject to PUC review and approval.

But times have changed, and consumers have changed. The way they seek information about products and the way the shop have both changed. Most of the tariff filings we make today are informational in nature. There is no PUC review. There is simply the filing of these documents in filing cabinets.

This legislation also cleans up a requirement that makes no sense now in 2011. It ends the PUC requirement that we file each year a report on the Texas earnings of AT&T's wireline business. The state used to regulate wire line phone companies on the basis of their overall earnings. So a financial report on our annual earnings made sense. But that form of regulation ended for us in 1995 ....16 years ago.

**Finally, SB 980 keeps the path clear for investment in advanced services that consumers are demanding.**

The bill puts in place clear language that services such as Voice over Internet Protocol, or VoIP, will not be regulated in Texas. This is good for investment. The absence of state regulation on wireless services and broadband have both contributed to the rapid deployment of those technologies by private industry. The same will hold true for VoIP.

In sum, SB 980 is right for the times. It is right for Texas. As I said up front: Over the years this legislature has been at the forefront of regulatory reforms in communications that benefit the consumer and the state's economic strength.

Senate Bill 980 is one more example of that.

Thank you.

**Bob Digneo**  
**AVP – Regulatory**  
**AT&T Texas**  
**Senate Business and Commerce Committee**  
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## **Testimony in support of Senate Bill 986**

I am Bob Digneo, AVP-Regulatory for AT&T Texas and I am here on behalf of AT&T in support of Senate Bill 986.

This bill would bring the test of a competitive telecommunications market (or exchange) up to date with the way that competition is evolving in Texas.

Not only has the volume of competition in general grown dramatically in the past six years since this market test was first put into law, the kinds of competitors, and the technologies they use, have changed as well.

Senate Bill 986 modernizes the market test by establishing that the number of competitors in a market is more important than the technologies they may use at any given time. It is about consumer choice, not technology.

With this new test, a minimum of two competitors – using any technology to provide voice service -- plus the incumbent local exchange company, would constitute a competitive market.

This seems fair and it recognizes that technologies change very rapidly.

Virtually every study we've seen, whether done by the FCC or the Texas PUC or others, shows that voice service using wireless technology and broadband services is growing rapidly while traditional technology is on the decline

One FCC report, providing data through 2008 – over two years old now – shows that the number of wireless phones in Texas grew from about 8 million in 2001 to 21 million in 2008.

Broadband connections in that timeframe grew from less than one million in 2001 to 7 ½ million in 2008.

Meanwhile the landline connections of both the incumbents and the new landline competitors have shrunk by 17 percent in that time. ILEC landlines are actually down more than that.

So competition is highly robust, but it is taking different shapes and forms as it evolves -- and it will continue to do so. SB 986 recognizes that fact and makes the right update to the competitive market test.

AT&T supports SB 986.

# Communication Connections in Texas

