

SPECIAL PUBLIC HEARING

FRANCHISE AND CONCESSION REVIEW COMMITTEE

TUESDAY, MAY 20, 2008 @ 3 P.M.

285 JAY STREET, BROOKLYN

NOTE: INDIVIDUALS REQUESTING SIGN LANGUAGE INTERPRETERS SHOULD CONTACT THE MAYOR'S OFFICE OF CONTRACT SERVICES, 253 BROADWAY, 9TH FL., NEW YORK, NEW YORK, N.Y. 10007 (212) 788-7490, NO LATER THAN SEVEN (7) BUSINESS DAYS PRIOR TO THE PUBLIC HEARING. TDD USERS SHOULD CALL VERIZON RELAY SERVICE.

*Franchise and Concession Review Committee Public Hearing –
Tuesday, May 20, 2008 @ 3PM*

**NEW YORK CITY DEPARTMENT OF INFORMATION TECHNOLOGY &
TELECOMMUNICATIONS**

No. 1: IN THE MATTER of the intent to award a Franchise to Verizon New York, Inc. to provide Citywide cable television services. The proposed Franchise Agreement also includes, but is not limited to, provisions regarding consumer protection, public, educational and government channels, and a schedule for deployment and service availability. The term of the agreement as proposed would be twelve (12) years and Verizon New York Inc. would pay 5% of cable gross revenues to the City of New York.

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SPECIAL PUBLIC HEARING
FRANCHISE AND CONCESSION REVIEW COMMITTEE

NYC Tech College
285 Jay Street
Brooklyn, New York

Tuesday,
May 20, 2008
3:00 o'clock p.m.

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ATTENDEES AT SPECIAL PUBLIC HEARING

MAYOR, CASWELL HOLLOWAY
OFFICE OF THE MAYOR, ANTHONY CROWLEY
COMPTROLLER, VALERIE BUDZIK
CORPORATION COUNSEL, HOWARD FRIEDMAN
OFFICE OF MANAGEMENT & BUDGET, SARAH
URBANSKI
BROOKLYN BOROUGH PRESIDENT, CARLO
SCISSURA
MANHATTAN BOROUGH PRESIDENT, SCOTT
STRINGER
QUEENS BOROUGH PRESIDENT, MARK
McMILLAN
STATEN ISLAND BOROUGH PRESIDENT,
LEE COVINO
BRONX BOROUGH PRESIDENT, ALEX
RODRIGUEZ

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 P R O C E E D I N G S
 MR. HOLLOWAY: Thank you,
everyone. I like to now have your
attention. The Special Public Hearing
will now come to order. Will the
clerk please call the role.
 THE CLERK: Mayor.
 MR. HOLLOWAY: Here.
 THE CLERK: Office of the Mayor.
 MR.CROWLEY: Here.
 THE CLERK: Comptroller.
 MS. BUDZIK: Here.
 THE CLERK: Corporation counsel.
 MR. FRIEDMAN: Here.
 THE CLERK: Office of Management
& Budget.
 MS. URBANSKI: Here.
 THE CLERK: President, Borough
of the Bronx.
 MR. RODRIGUEZ: Here.
 THE CLERK: The President
Borough of Brooklyn.
 MR. SCISSURA: Here.
 THE CLERK: The President,

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 Proceedings
Borough of Manhattan.
 MR. STRINGER: Here.
 THE CLERK: The President,
Borough of Queens.
 MR. McMILLAN: Here.
 The President Borough of Staten
Island.
 MR. COVINO: Here.
 MR. HOLLOWAY: Thank you.
Welcome to the Special Public Hearing
of the Franchise and Concession
Committee, with respect to the
Department of Information Technology
and Telecommunications, to award a
franchise to Verizon New York, Inc.,
to provide city-wide cable television
services. The hearing being conducted
today was publically advertised in the
City Record for 15 days prior to this
hearing in accordance with the Charter
of the City of New York.
 We want to make sure that anyone
desiring to be heard has an
opportunity to do so. All persons

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 Proceedings

2 wishing to speak must fill out a
3 request slip which may be obtained at
4 the table at the rear of the
5 auditorium.

6 We'll begin today's proceedings
7 with presentations by the agency --
8 that's DOITT -- and by the proposed
9 franchisee, Verizon New York.
10 Following that testimony and any
11 questions the committee members may
12 have, in accordance with the rules of
13 the New York State Public Service
14 Commission, we'll also provide an
15 opportunity for the City's public
16 cable television franchisees, Time
17 Warner and Cablevision, to testify
18 should they wish to do so. After
19 those initial speakers we will proceed
20 in the order of assignment.

21 As the chair, I may recognize
22 selected officials and their
23 representatives and may allow those
24 individuals to testify out of order
25 when they arrive. Each speaker will

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1 Proceedings
2 be allotted three minutes with the
3 exception of the opening
4 presentations. And when you testify,
5 and I'll reiterate this later, please
6 state your name and affiliation if
7 any.

8 With that, will the clerk please
9 call the council.

10 THE CLERK: New York City Public
11 Information Technology and
12 Telecommunications Calendar, Item
13 Number 1: In the matter of the intent
14 to award a franchise to Verizon New
15 York, Inc. to provide city-wide cable
16 television services. The proposed
17 Franchise Agreement also includes, but
18 is not limited to: Provisions
19 regarding consumer protection; public,
20 educational, and government channels;
21 and schedule for deployment and
22 service availability. The term of the
23 agreement, as proposed, would be 12
24 years and Verizon New York Inc. would
25 pay five percent of cable gross

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1 Proceedings
2 revenue to the City of New York.

3 MR. HOLLOWAY: Thank you. I now
4 wish to call upon the Commissioner of
5 the Department of Information
6 Telecommunications and Technology to
7 give his presentation.

8 MR CONTREY: Thank you, Council
9 [sic]. Good afternoon. I'm Paul
10 Contrey, Commissioner of the New York
11 City Department of Information
12 Technology Telecommunications -- or
13 DOITT, as we like to be called. I'm
14 chief information officer. I
15 appreciate the opportunity to offer a
16 brief statement in support of the
17 proposed city-wide franchise contract
18 with Verizon, which the Franchise &
19 Concession Review Committee is
20 considering today.

21 There are recent solicitations
22 for city-wide cable television
23 franchise proposals. DOITT sought
24 responses from companies that are able
25 and willing to provide cable

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1 Proceedings
2 television service to every single
3 household in New York City, in
4 competition with existing cable
5 franchise holders, whose franchise
6 agreements are unique to specific
7 segments of the city. In discussion
8 with DOITT on behalf of the
9 solicitations, Verizon had indeed
10 indicated its commitment to offer a
11 competitive service with all city
12 households on an accelerated schedule.

13 Under the proposed agreement,
14 Verizon would offer cable television
15 service to all 3 million households in
16 the city, in direct competition with
17 the current franchise holders.
18 Specifically, Verizon would install,
19 as part of the home infrastructure, on
20 every city street over the next six
21 years -- subject to three potential
22 one-year extensions if specific
23 subscription goals are not met.

24 The schedule provides that 30
25 percent of the city will be built out

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1 Proceedings
2 by the end of this year, 2008; and
3 that 50 percent will be built out by

4 the end of 2010. The build-out will
5 be completed by 2014. As a frame of
6 reference the schedule is roughly
7 equivalent to a company building to
8 every single household in the City of
9 Boston every six months for six years
10 running, or, in effect, 12 times the
11 build-out here in New York.

12 With respect to the five-year
13 deployment schedule, the City's core
14 objective was to ensure an even and
15 fair roll-out. As far as deployment
16 in respective boroughs is concerned,
17 it has been pointed out that, by the
18 end of 2008, 98 percent of Staten
19 Island residents will be passed and 57
20 percent of Manhattan residents will be
21 passed -- while deployment in the
22 Bronx, Brooklyn and Queens will range
23 from 12 to 15 percent.

24 Although these figures primarily
25 reflect business decisions made by

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1 Proceedings
2 Verizon prior to implementation of the
3 proposed franchise. For example,
4 Verizon is largely starting on Staten
5 Island's at its own risk, despite
6 being prohibited from offering cable
7 television service there without being
8 given the franchise. In 2009, which
9 would be the first full year of
10 franchise implementation, deployment
11 in Bronx, Brooklyn and Queens will
12 more than double to about 30 percent.
13 And, in 2010, deployment will increase
14 rapidly again to about 45 percent.

15 Also, in terms of ensuring a
16 fair deployment to all neighborhoods
17 throughout the city, the proposed
18 agreement Verizon had started in 2010,
19 the median income of households passed
20 by the network may not exceed the
21 average income of all city households.

22 By creating a second cable
23 system on an accelerated schedule,
24 competing head to head with existing
25 providers throughout the city, the

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1 Proceedings
2 proposed agreement would establish a
3 new and better off cable TV service,
4 for the first time in any major

5 American city. And that this direct
6 competition of cable TV prices,
7 customer service, and program
8 offerings will finally be subject to
9 true market forces. It's also
10 competitive competition of prices.

11 With respect to prices, we have
12 already seen that the potential entry
13 of competitive providers results in
14 lower rates. Verizon itself had
15 noticed, in recent filings for access,
16 that with competitive providers in
17 Keller, Texas, cable prices declined
18 by \$16 a month or 28 percent below
19 surrounding areas that lacked
20 competition. When competition
21 arrived in Virginia it cut its prices
22 by more than \$22 a month.

23 It does not require a degree in
24 economics to know that competition
25 replaces the market dominance by a

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1 Proceedings
2 single provider. Prices tend to
3 decline, to the benefit of consumers.
4 This aspect of competition is
5 specifically important because, under
6 the federal law, the local franchising
7 authority may not regulate cable TV
8 service pricing.

9 With respect to customer
10 service, the establishment of a
11 competitive marketplace would create a
12 new ability for New York City cable TV
13 consumers to compare the quality of
14 service they get from competing
15 companies -- and to choose a provider
16 that best meets their needs. At the
17 same time, however, it was a
18 critically important part of DOITT's
19 decision to recommend Verizon as a
20 potential entrant into New York City's
21 cable market that the proposed
22 agreement includes an extensive set of
23 customer service obligations and
24 protections that Verizon must abide
25 by.

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1 Proceedings
2 The proposed agreement provides
3 25 pages of detailed customer service
4 obligations and protections that
5 Verizon must adhere to. And the

6 proposed agreement also now
7 incorporates many of the concepts
8 advocated by Comptroller Thompson, in
9 which he issued cable provisions in
10 the Consumer Bill of Rights.

11 Among consumer protections
12 specifically provided for under the
13 proposed agreement: A request for a
14 4-hour arrival window for cable
15 service calls; credits for service
16 outages; performance standards for the
17 company's telephone response line; and
18 now, specifically from Comptroller
19 Thompson's efforts, issuance of an
20 annual cable report card which is
21 disclosed directly to the public,
22 regarding such matters as the
23 company's performance in areas such as
24 outages and new products.

25 With respect to the issue of

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1 Proceedings
2 programming choices, we expect that in
3 a competitive environment, if a cable
4 company fails to offer the programming
5 which the subscriber wants, the
6 company will find consumers responding
7 either not by having their service the
8 first place, or switching to another
9 provider who will provide the desired
10 programs on desirable terms.

11 There are several other elements
12 of the proposal that are worth
13 highlighting. First, Verizon will pay
14 city taxpayers, as compensation for
15 the grant of its franchise, five
16 percent of the revenue generated in
17 the city from its cable television
18 service. This is the maximum percent
19 permitted by federal law. And the
20 proposed agreement reserves gross
21 revenue base and management that other
22 local franchise services have actually
23 been unable to do.

24 In addition, Verizon has agreed
25 to support, both in the form of

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1 Proceedings
2 charitable capacity and financial
3 contributions, Public Educational
4 Government, or PEG channels, at a
5 level that will allow such channels
6 not only to maintain their current

7 operation, but to expand them.
8 Specifically, the proposed agreement
9 would nearly double the number of PEG
10 channels currently available. And the
11 proposed agreement provides a \$10
12 million capping grant to support
13 governmental and educational programs,
14 and substantially increase its capital
15 funding of public access programming,
16 negotiated by the respective community
17 activist organizations in each of the
18 five boroughs.

19 Also, Verizon will contribute
20 four million to a technology and
21 education fund to support public
22 access to telecom technology services
23 with broadband service and training at
24 locations throughout the five boroughs
25 -- in consultation with the boroughs

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1 Proceedings
2 staffing presidents.
3 And, finally, Verizon has agreed
4 to assist the City in enhancing its
5 institutional private network -- or
6 INET as it is referred to -- for major
7 operating expansion, which will enable
8 the network to handle public safety
9 communications of gravity.
10 So, in conclusion, Verizon
11 proposes construction of a system
12 within a single large municipality,
13 representing the largest cable
14 television franchise project in
15 history. In total, the commitment
16 that Verizon is making with the
17 proposed agreement will involve
18 investments by the company of several
19 billions of dollars -- an
20 extraordinary vote of confidence in
21 the future of advanced technology and
22 infrastructure here in New York City.
23 No contribution of taxpayer funds will
24 be required to this extraordinary
25 construction commitment, which will be

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1 Proceedings
2 entirely financed with private
3 capital.
4 The commitment the proposed
5 agreement presents is a win/win for
6 city residents: A newly competitive
7 marketplace; new advanced technology

8 available to each and every household
9 in the city; new benefits supporting
10 public and governmental programming.
11 We hope that the FCRC approves this
12 proposal fairly swiftly so New Yorkers
13 can begin to enjoy its benefits.

14 Please note that unfortunately
15 I'm not able to stay for the entire
16 hearing -- although my general
17 counsel, Mr. Albertson, at the end,
18 will remain for the duration of the
19 hearing -- as will Bruce Regal from
20 the City Law Department, who is here
21 as an advisor to do it and not serving
22 as a department representative. Thank
23 you once again.

24 MR. HOLLOWAY: Thank you very
25 much. I was going to give Verizon the

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1 Proceedings
2 opportunity to make their
3 presentation; or do you want to add
4 something?
5 MR. STRINGER: Thank you,
6 Commissioner. And I'll get right to
7 the point. You know, I support
8 competition and support a choice for
9 cable residents, but, given this
10 hearing and the public process, you
11 could appreciate that we want to get
12 everything on the record and make sure
13 that we're being responsible to the
14 New York City consumers. So I'm going
15 to ask, first thing I want to ask you
16 is, the contract provides checkpoints
17 at which Verizon can get an extension
18 for deployment if they don't have a
19 certain number of subscribers, as
20 compared to the number of homes they
21 have passed. So is the City going to
22 provide notice to the public when an
23 extension has been granted that
24 relates to deployment?

25 MR. HOLLOWAY: That would be a

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1 Proceedings
2 matter of public record, yes.
3 MR. STRINGER: And then where
4 would that be in the public record?
5 MR. HOLLOWAY: I don't know if
6 there's any specific designation for a
7 particular place, but we can certainly
8 work something out so that it's made

9 available in a very public way and the
10 public was fully informed by it.

11 MR. STRINGER: Do you have to
12 establish some sort of cable franchise
13 oversight committee, as some types of
14 advocacy groups have talked about,
15 that would oversee the contract and
16 ensure that some of these transparent
17 issues are worked out? That would do
18 this with Verizon?

19 MR. HOLLOWAY: Well, I think,
20 generally speaking, that's a specific
21 charter responsibility is the way it's
22 to be met to witness. We will
23 establish and we'll continue to
24 maintain some group of staff kept
25 within DOITT's responsibilities -- as

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1 Proceedings

2 a particular group within the
3 department. I would say that on
4 certain issues, such as how we would
5 use the \$4 million technology fund
6 which will be used throughout the
7 city, we would obviously confer with
8 the borough presidents on that
9 specific point.

10 MR. STRINGER: Regarding the
11 appointment window credit in the
12 contract -- windows of four-hour
13 periods in which Verizon is to be at
14 the household in which to perform the
15 service that has been requested.
16 Pursuant to Section 10.1 of the
17 Appendix, if Verizon personnel does
18 not show up within the appointment
19 window, we the customer get a \$25
20 credit off that month's bill. Is that
21 correct?

22 MR. HOLLOWAY: That's correct.

23 MR. STRINGER: According to
24 DOITT's website, the current penalty
25 when a cable company does not arrive

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1 Proceedings

2 within the appointment period, when
3 the appointment was for installation,
4 you get a free month credit and a free
5 installation if they don't get there
6 within the four-hour period. So I'm
7 concerned that Verizon is giving less
8 protection for consumers for missing
9 appointments under the current

10 provision. So, one, why is that? We
11 know that customer service complaints
12 are high. I don't understand why we
13 would have a credit being less than
14 the current standards that we have
15 now.

16 MR. HOLLOWAY: I don't know.
17 The first thing you have to understand
18 is that when we move from a monopoly
19 situation to a competitive situation,
20 some of the provisions regarding
21 customer services are likely to
22 change -- in part because we begin to
23 rely on the pressures of the
24 marketplace rather than the details of
25 regulations in order to ensure

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1 Proceedings
2 reliable service. So the people who
3 are dissatisfied with their service --
4 that's very common -- can choose to
5 switch, which is something they never
6 had the ability to do before.
7 This was also the subject of a
8 careful negotiation with Verizon as to
9 the terms and conditions under which
10 they would offer those credits and the
11 level of the credit. We discussed it.
12 There were various compromises as part
13 of the negotiation back and forth. We
14 achieved a great deal in negotiating
15 with Verizon on many different issues.
16 As the Commissioner has outlined, one
17 of the areas that we did compromise on
18 is the amount of that specific credit.
19 It is, and I agree, a different
20 standard than was used in the previous
21 agreement. One of the things, by the
22 way, that Verizon pointed out
23 legitimately, was that as a remedy for
24 failure to arrive for an installation,
25 that there should be a variable

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1 Proceedings
2 penalty, a penalty which depends on
3 what a particular subscriber's service
4 fee is. And it certainly was an
5 appropriate or a fair approach because
6 it varies by person to person. And
7 Verizon suggested that perhaps a fixed
8 fee would be more appropriate; and
9 then it came down to negotiating the
10 appropriate fixed fee.

11 MR. STRINGER: You can't
12 anticipate how the market will
13 fluctuate, what competition will
14 benefit consumers and what won't. The
15 one thing that's clear is you could
16 have -- the difference in the consumer
17 protection could be the difference of
18 hundreds of dollars. And this is
19 probably the best incentive consumers
20 have to make sure that both Verizon,
21 Time Warner, et al., actually show up
22 during that four-hour window because
23 the loss of revenue is pretty high.
24 So if we -- and I respect the
25 negotiations -- but if we let this

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1 Proceedings
2 slide, we basically say yes to a
3 nominal \$25 penalty or credit -- one
4 that doesn't compensate the customer
5 for taking off a half-day work, which
6 in many cases that's the case. So
7 missing an appointment is very
8 serious, probably the most serious
9 piece of this. And if you can see
10 that and only make an acknowledgment
11 of \$25 credit, what consumer benefit
12 will replace this as related to the
13 negotiations?
14 And, given the fact this is 12
15 year contract, we do not have a
16 business sense of how Verizon's
17 service would be to miss appointments
18 because they're new. And why would we
19 not at least keep them to the same
20 standard that's always been in place
21 according to the DOITT website?
22 MR. HOLLOWAY: I appreciate all
23 of those -- I do appreciate all of
24 those concerns that you raised. We're
25 sensitive to trying to make sure that

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1 Proceedings
2 the consumer is protected as much as
3 possible in the agreement. A large
4 part of the compromise and what we
5 were looking for in these negotiations
6 was assurance that every household
7 throughout the city was going to be
8 offered competitive service -- so that
9 they would have the choice of
10 switching from company to company,
11 depending on the quality of service

12 that they receive. And that was an
13 important gain for the City to make
14 sure Verizon provided that assurance.

15 I would urge you, however, to
16 address your questions to Verizon.

17 If it's all right what I would
18 like do is turn and give Verizon the
19 opportunity to give their presentation
20 and then open it up to the general
21 committee for executive session.

22 From Verizon now we have a
23 presentation by Mr. Tom Dunn, vice
24 president of Verizon, and I think he
25 has some colleagues with him. Mr.

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1 Proceedings

2 Dunne.

3 MR. DUNNE: Good afternoon. Hi,
4 my name is Tom Dunne, vice president
5 of government affairs for Verizon New
6 York. I welcome the opportunity to
7 speak before the Franchise Concession
8 Review Committee today on behalf of
9 Verizon New York. I want to thank
10 Chairman Holloway and the other
11 members of the FDRC for holding a
12 public hearing -- which is the
13 principal closing, the final steps in
14 the process that began some eighteen
15 months ago with a unanimous vote by
16 the City Council authorizing a video
17 franchise resolution.

18 We are pleased to have reached
19 another important milestone in the
20 franchise approval process. We are at
21 this point today, thanks to the
22 extraordinary skill and dedication of
23 the negotiating team for both the City
24 and for Verizon. We appreciate their
25 service.

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1 Proceedings

2 Before I discuss the merits of
3 the agreement, I'd like to tell you
4 why this contract is so important to
5 Verizon. It's in the city we call
6 home. More than 80 years ago New York
7 Telephone opened its doors at 140 Webb
8 Street in lower Manhattan. Now we're
9 Verizon, and 140 Webb Street is still
10 our home. Today Verizon is one of the
11 largest private employers,
12 philanthropists and tax payers in the

13 city. More than 12,000 New York City
14 residents are employed by Verizon. We
15 have a proud history of being a union
16 company with a significant number of
17 our employees represented by the
18 Communications Workers of America.
19 Many of them have joined us here
20 today. They are sitting in the back.
21 As part of our continuing
22 commitment to the community we serve,
23 the Verizon Foundation contributed
24 more than 10 million to hundreds of
25 not-for-profits throughout New York in

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1 Proceedings
2 2007. Verizon also is one of the
3 largest tax payers, having added more
4 than \$300 million of real property,
5 sales and use tax to the City in 2007.
6 But for those of us who work at
7 Verizon, it's about much more than
8 meeting its important obligations.
9 Many of us grew up here in New York
10 City. We have a vested personal and
11 professional interest in delivering
12 the best telecommunication services to
13 our customers, because, in so many
14 cases, they're our friends, our
15 neighbors and our family. This the
16 one reason why we at Verizon see the
17 further need for competition to the
18 City. We have the people, the
19 knowledge, the resources and
20 dedication to service to get the job
21 done.
22 We know that the residents here
23 have but one choice for wire, line and
24 cable provider, of which every one
25 happens to be granted a franchise to

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1 Proceedings
2 operate in their neighborhood. At the
3 same time, these residents watch as
4 cable franchises are awarded on Long
5 Island, Westchester, Rockland and
6 Dutchess County. They want the same
7 kind of cable choice their suburban
8 counterparts enjoy.
9 The agreement before you opens
10 the door to cable TV choice and
11 competition. Verizon is ready to compete
12 everywhere, in all five boroughs. We are
13 committed to providing video and advanced

14 broadband services to all neighborhoods in
15 the city regardless of ethnicity or income.
16 That's the law. But, more important, it's
17 simply who we are and how we run our
18 business.

19 This is a historic moment for
20 the FDRC, for the City and for
21 Verizon -- for all New Yorkers. This
22 committee has an unprecedented
23 opportunity to open the doors to cable
24 competition and to customer choice for
25 its constituents and for millions of

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1 Proceedings
2 other New Yorkers.
3 I'm asking the FDRC to approve
4 the video franchise agreement you have
5 before you without delay. I thank
6 you, and at this time we'd like to
7 introduce Greg McCCasey, outside
8 counsel, who will address the
9 substance of the franchise agreement.
10 Thank you.

11 MR. McCASEY: Good afternoon.
12 My name is Greg McCCasey; I'm here as
13 outside counsel for Verizon. I'd like
14 to thank each member of the FDRC for
15 allowing us to appear before you today
16 to seek your approval on this cable
17 franchise agreement between Verizon
18 New York, Inc. and the City of New
19 York. I would like to thank the city
20 negotiating team, to thank DOITT, to
21 thank the Law Department for their
22 professionalism and dedication
23 throughout this lengthy process.

24 The proposed franchise agreement
25 before you today will, if approved,

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1 Proceedings
2 afford the City with benefits that are
3 truly unprecedented in New York. In
4 addition, as to each of the
5 requirements of the City Council
6 authorizing of the resolution and the
7 City's solicitation, the proposed
8 franchise includes provisions on the
9 fundamental change in the nature of
10 cable television in the city.

11 The first most significant of
12 these benefits is Verizon commits to
13 employ all-fiber networks to every
14 household in every borough of the

15 city. This is a proposal that for the
16 first time in the city's existence
17 creates competitive choices for all
18 New York residents. Indeed, the magic
19 sweep of this is evidenced by the fact
20 that Verizon's investment in the city
21 represents one of the largest
22 community contract telecommunications
23 systems in the cable community. Not
24 only has Verizon committed to a huge
25 level of scope, it's also historically

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1 Proceedings
2 aggressive in its pace.
3 The agreement provides that
4 Verizon shall provide complete
5 deployment throughout the city within
6 six years, with three potential
7 one-year extensions based on Verizon's
8 achievement and objectives, our
9 success rate formula. To place this
10 commitment in perspective, consider
11 the fact there's only one cable
12 operator. They have no cable systems.
13 It took them an average of over ten
14 years to complete even a portion of a
15 borough in the city. Verizon has
16 agreed to complete the entire city in
17 absolutely no more than nine years.
18 In light of some of the
19 experiences the city has had in the
20 past with other cable deployment, the
21 negotiators from both Verizon and the
22 City worked diligently to ensure that
23 Verizon's proposal was negotiated
24 responsibly, intelligently, and, most
25 important, equitably. To that end,

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1 Proceedings
2 the proposed franchise includes
3 objective, measurable disbanding,
4 which governs implementation of the
5 build-out and serves as the basis for
6 any extension on the build-out
7 schedule which may be necessary.
8 Specifically, the agreement
9 provides a detailed roll-out schedule
10 on a borough-by-borough basis and also
11 about the type of building structure
12 passed. The agreement guarantees
13 equitable deployment by ensuring that
14 the median household income of all
15 homes passed, each checkpoint is not

16 greater than the average household
17 income of all households in the city.
18 This is in addition to the overall
19 prohibition on discrimination and
20 availability of cable service that is
21 included in the agreement.

22 The agreement includes
23 procedures regarding the manner in
24 which Verizon will access and serve
25 each of the 137,000 multiple dwellings

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1 Proceedings
2 in the city. The agreement has
3 limited any delays in deployment to
4 service circumstances which may be
5 beyond the control of Verizon. And to
6 ensure that this process is
7 transparent and that the City can
8 effectively exercise oversight of
9 Verizon's performance, the agreement
10 requires Verizon to provide extensive
11 and detailed reports on virtually
12 every aspect of its deployment
13 efforts.

14 We are confident that these
15 provisions, along with several others
16 in the agreement, strike the
17 appropriate balance between Verizon's
18 and the City's shared objective of
19 providing cable services to every
20 resident as quickly as possible -- and
21 recognizing the practical reality of
22 building out in the city.

23 The aforementioned provision
24 establishes the means by which Verizon
25 plans to offer video services to 3.1

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1 Proceedings
2 million households in New York, which
3 is the character of Verizon. The
4 negotiators for the City also ensured
5 that it works within New York City.
6 Thus the agreement has significant
7 enforcement provisions that bind
8 Verizon to compliance with all
9 obligations under the agreement.
10 These enforcement mechanisms include a
11 \$1 million cash security fund, a \$20
12 million letter of credit, a \$50
13 million performance bond and most
14 importantly, a guarantee of Verizon
15 corporate parent, Verizon
16 Communications, Inc., guaranteeing

17 favorable performance of the
18 obligations under the franchise.
19 In addition to the protection
20 for the City, the agreement provides
21 for rigorous consumer protection
22 standards. These standards, in
23 addition to the existing customer
24 service provisions that exist in New
25 York City Public Service Commission

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1 Proceedings
2 regulations, also incorporates
3 virtually all the protections set
4 forth in the consumer bill of rights.
5 The franchise also presents
6 direct financial benefits to the city
7 of New York, including: An INET that
8 will connect to over a hundred city
9 buildings; a \$4 million technology and
10 education fund; a \$10 million
11 government and educational access
12 fund; up to 53 PEG channels; and five
13 percent of Verizon's gross revenue on
14 cable service.
15 Coupled with the 53 PEG channels
16 that Verizon agrees to provide, the
17 proposed agreement also reflects
18 Verizon's direct commitment to the
19 development of public access
20 programming. Verizon agrees to
21 provide community access to
22 organizations within the five
23 boroughs, and grants in the amount of,
24 collectively, \$18.35 million in direct
25 cash.

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1 Proceedings
2 In addition, Verizon has agreed
3 to escalating per subscriber per month
4 grants that are estimated to exceed
5 \$107 million over the term of
6 franchise. This per sub per month
7 approach stems from an incumbent
8 agreement which was based on per
9 subscriber per year. In short, the
10 more the customer gets, the more
11 customers Verizon gets -- excuse me,
12 the more customers Verizon gets, the
13 more money Verizon pays to the
14 community access organization.
15 In closing, Verizon firmly
16 believes that the extensive benefits
17 and protections provided by this

18 agreement will advance the public
19 interest and change the landscape of
20 cable television in New York City. We
21 therefore respectfully request a
22 favorable action in regard to this
23 franchise so we can make this long
24 wait a reality.
25 I'd now like to turn it over to

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1 Proceedings
2 my colleague Paul Train, who first
3 dealt with this proposal. Thank you.
4 MR. TRAIN: Good afternoon. My
5 name is Paul Train, Telecommunications
6 Inside Group. I represent Verizon New
7 York. My comments will be brief. I
8 will take questions.
9 The franchise agreement before
10 you represents the largest endeavor
11 that I have ever brought to the table
12 in telecommunications. I point out my
13 colleague, Mr. Pinkett, was the
14 pioneer in the obligation of Verizon
15 to establish New York City as a
16 residential technology center. These
17 obligations are backed, and as Mr.
18 Dunne noted, by the company's
19 character and ensured by its technical
20 ability.
21 The Verizon coverage agreement,
22 which is submitted for your approval,
23 will empower employees of Verizon with
24 the ability to make that same
25 character and ability count. This

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1 Proceedings
2 will allow for continued
3 transformation of Verizon from being
4 simply the phone call to being the
5 nation's leading telecommunications
6 company. Competition is largely the
7 essential American value in
8 stimulating innovation and business
9 choice. In this case, Verizon will
10 improve customer service and provide
11 continuing innovation to New York City
12 residents.
13 Verizon's need to meet the
14 challenge to provide better cable
15 service is as historic as the
16 agreement itself, and quite frankly
17 necessary. This will, for the first
18 time, put Verizon on a level playing

19 field with the common providers while
20 we provide voice, cable and data
21 service. At that point, the pricing,
22 the quality of the product, and
23 customer service provided will
24 determine which company is chosen by
25 the customer.

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1 Proceedings

2 For the past 18 months Verizon
3 has negotiated in good faith with
4 DOITT, the comptroller, and the CAO to
5 support the agreement in front of you.
6 Verizon's clear technical ability, the
7 financial concessions, and the
8 character of the company all point to
9 the company being approved as a
10 competitive cable provider.

11 Additionally, Verizon would like
12 to repeat that the franchise agreement
13 meets all requirements as set forth in
14 the City Council resolution, Section
15 353 of the Charter, Section 626 of the
16 Cable Act, Section 221 of the Public
17 Service Law, and the regulations of
18 the Public Service Commission.

19 In closing, we ask that you act
20 swiftly and approve Verizon's
21 franchise for cable services in New
22 York City. Thank you.

23 MR. HOLLOWAY: Thank you very
24 much. At this time I'd like to ask if
25 any of the members of the committee

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1 Proceedings

2 have any questions, either of DOITT or
3 Verizon, before we give the
4 opportunity for incumbent providers to
5 speak, and then ultimately open it up
6 to public comment.

7 Borough President of Manhattan.

8 MR. STRINGER: Just following
9 up with my questions. The \$25 missed
10 appointment fee, is there any room in
11 trying to figure out perhaps a little
12 more consumer protection in this
13 negotiation? Would you be open to
14 some further discussion on that?

15 MR. TRAIN: A couple points. We
16 spent 18 months negotiating the
17 agreement. The negotiation was a
18 give-and-take. The provision, the
19 revenue, the \$25 amount, I think, is

20 more than a 50 percent write-off of
21 fee for service that Verizon provides
22 on a monthly basis. The history of
23 the obligations of the incumbents
24 stems from the fact that they had a
25 lengthy history of regularly missed

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1 Proceedings
2 appointments. Yet they were still
3 guaranteed to get customers because
4 they had a monopoly.

5 In a new setting, upon your
6 approval, if Verizon or anybody else
7 doesn't show up they can simply
8 switch. The penalty is much greater
9 -- losing the total value we get from
10 the customer -- than whether we pay
11 for a month or a \$25 fee. Yet the
12 City wanted to find a balance of the
13 incentive; so we agreed to pay more
14 than 50 percent of the basic services
15 to do so, and that's why it has
16 arrived at that point.

17 MR. RODRIGUEZ: I was going to
18 say we're really looking forward to this
19 contract, to this franchise being put in
20 place -- and so people in the Bronx and the
21 people in the rest of the world have an
22 option for their cable services -- which
23 seems to be more and more important to all
24 of us as the time goes on.

25 After review of the contract, I

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1 Proceedings
2 have a question which is more or less
3 a technical question. I'm going to
4 apologize to people in the audience
5 who may not have had a chance to look
6 at the contract or to look at the
7 technical set-up. But one thing that
8 is apparent is that, with respect to
9 the PEG channels, what is on those
10 channels, it appears, will not be
11 provided in a channel guide. So, in
12 other words, when we look at the
13 channel guide we wouldn't be able to
14 know what is on any of the cable
15 access channels or the government
16 channels or the educational channel.

17 Could you describe how we ended
18 up in this place? Because I think
19 it's going to present a problem for
20 people who want to view these

21 channels. If they can't go to the
22 guide and determine what's on the
23 channels, then, I mean, it seems to be
24 a problem. Can you tell us about
25 that?

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MR. TRAIN: Again, this item was
3 discussed at length at the CAO. And
4 what we agreed to do -- because it's
5 technically impossible for us to do,
6 for Verizon to activate programming at
7 this time. And what we agreed to do
8 in the CAO agreement is that, once
9 that becomes technically possible and
10 feasible, we'll do that. But right
11 now we don't have that capability
12 based on the programming. It wasn't
13 ready; it was part of the total
14 negotiation regarding CAO. That was
15 important and when we have the ability
16 to do it we will do it.

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MR. RODRIGUEZ: Is that in the
contract now? That answer?

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MR. TRAIN: Yes, it is. I
believe it's Section 2.8 of the CAO
agreement.

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MR. RODRIGUEZ: If I went
further down this line, if I
understand it correctly, the broadcast
or the signal will be delivered from

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your regional center in Virginia, is
3 that correct? For all of the channels
4 that are going to be on the lineup
5 that we'll be looking at in New York
6 City? Is that accurate programming?

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MR. TRAIN: It will be activated
nationally and will be sent through
here in New York City, and then to
designated CAOs.

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MR. RODRIGUEZ: Now, I had a
last follow-up question here. I was
wondering if you can tell me how you
guys are reading Section 8.10, which
is PEG channel quality. Now what this
says is that each of the PEG channels
will be delivered with the same
transmission quality as the
transmission quality of any other
channel in the franchise proposed
here. Now does that mean if you have

22 one channel that's broadcast at NHD
23 quality that the PEGs will also be in
24 NHD quality? Or will that require all
25 of the channels in that tier to be

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1 Proceedings
2 broadcast in HD quality before they
3 are caught up with them?
4 MR. TRAIN: We spent a great
5 deal of time both with the City and
6 CAO discussing HD's potential arrival.
7 Right now there are many channels on
8 HD. There may be competing platforms
9 in the future with HD, but what we
10 agreed to do in the section you
11 referenced, 8.10, is we agreed to
12 transmit those PEG channels in the
13 same quality as the broadcast channel.
14 What that did was it gave all of us
15 flexibility so that when the basic
16 tier that Verizon would offer would
17 say, for instance, for all HD, at that
18 point the CAO channels, the government
19 channels, would also be broadcast in
20 HD. It was a protection that we
21 negotiated. We understood that HBO
22 had a concern about HD and this
23 particular section helps that.
24 MR. RODRIGUEZ: So that
25 particular language in here, that got

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1 Proceedings
2 changed to a draft of the contract
3 contents with that language.
4 MR. TRAIN: No. The section you
5 referenced in the franchise says that
6 we will transmit your quality
7 programming for the broadcast channels
8 in the same manner that we broadcast
9 the CAO channels, the public access
10 channels. What that means is that
11 when those channels in the broadcast
12 tier become all HD, CAO channels will
13 be broadcasting in HD as well.
14 MR. RODRIGUEZ: Thank you.
15 MR. HOLLOWAY: I think Manhattan
16 Borough President.
17 MR. STRINGER: Thank you. Just
18 a couple more questions. First of
19 all, I want to say that the funds for
20 the public access channels was really
21 great. I really want to thank Verizon
22 for committing to our public access

23 providers through the negotiations. I
24 want to commend you as well. And
25 please understand the question I'm

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1 Proceedings
2 asking today is just be clear for the
3 record. For the life of a 12-year
4 contract, which is a long time, we
5 would be remiss if we don't ask any
6 questions, didn't get this on the
7 record, because we wouldn't be doing
8 our job. So I just have a couple more
9 questions that relate to the contract;
10 so, please, bear with me.
11 First of all, how many high
12 definition channels will Verizon offer
13 to New York City?
14 MR. TRAIN: The service is all
15 digital and it could be up to a
16 hundred, potentially 150 HD channels
17 altogether.
18 MR. STRINGER: And how many
19 Video On Demand channel shows?
20 MR. TRAIN: 10,000 will be the
21 shows on VOD. It's a great number of
22 movies available.
23 MR. STRINGER: And to follow up
24 with the Bronx Borough President's
25 question, you're not going to offer

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1 Proceedings
2 the HD digital function on the PEG
3 channels. And I assume that, talking
4 to your representative, that's because
5 the technology is not there today; is
6 that correct?
7 MR. TRAIN: Correct.
8 MR. STRINGER: It would be
9 impossible to -- it's one standard and
10 it's a significant thought that it
11 could be an emergent standard.
12 MR. TRAIN: We certainly
13 understand the desire of the public
14 access channels and the government
15 access channels to ensure that their
16 quality is good and provided to that
17 channel. That's what Section 8.10
18 does.
19 MR. STRINGER: Do you agree --
20 could you see, though, in the next 12
21 years, given how fast this technology
22 is moving and HD television is
23 changing at a rapid pace, even though

24 it's too expensive, pretty crazy. But
25 this is a 12-year contract and I would

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1 Proceedings
2 assume that over the next couple years
3 we're probably going to have that
4 technology, if not five or four years
5 or three years, so we can get the PEG
6 channels up to HD quality. And would
7 you commit to that technology? And
8 how would you commit to that
9 technology during the life of this
10 contract? Certainly, by the next
11 contract it probably won't even be an
12 issue, right?

13 MR. TRAIN: It probably won't be
14 an issue as we move through this
15 contract. That's what the flexibility
16 in Section 8.1 does.

17 MR. STRINGER: Could you
18 elaborate on that?

19 MR. TRAIN: What the section
20 referenced requires Verizon to do is,
21 when the basic tiers -- which is where
22 the actual channels are carried --
23 when all those broadcast channels
24 become high definition, Verizon will
25 then transmit the PEG channels in high

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1 Proceedings
2 definition as well. As you noted it's
3 rapidly emerging at a substantially
4 rapid rate, yet not all channels are
5 there yet. And what it did, it gave
6 Verizon the flexibility, and it
7 ensures that the access channels, if
8 it came true that channels on the
9 basic tier were all in high
10 definition, then the public access
11 channels would not be left behind.
12 And that's what the entire negotiation
13 was about with the CAO and that
14 particular item.

15 MR. STRINGER: Internal
16 discussions relating to the
17 technology, do you foresee this idea
18 or this technology happening any time
19 soon? Is this something a decade from
20 now or two years from now? Just what
21 are we dealing with?

22 MR. TRAIN: It is clear that
23 high definition channels are emerging,
24 and the fact that customers want it.

25 My guess is that, prior to the end of

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1 Proceedings
2 this contract, there will be more
3 channels, probably another basic tier.
4 And that basic tier and the CAO would
5 be there as well. But, you know,
6 again, technology is changing quickly.
7 There could be alternative platforms
8 to do this off of, but this is ahead
9 for both sides.

10 MR. STRINGER: I don't want to
11 dominate the meeting, but I have one
12 more question. Not that I'm
13 complaining, but can you explain why
14 Manhattan and Staten Island are being
15 wired in a faster way than the Bronx,
16 Brooklyn, and Queens. And, again, I
17 don't want to put it at the end of the
18 pile now, but the reason I ask this
19 question is because, in terms of the
20 build-out and in terms of what has
21 been done, about being able to make
22 sure the communities are all treated
23 the same in build-outs. I know
24 Verizon is very committed to that, but
25 what's the schedule so that we make

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1 Proceedings
2 sure parts of the Bronx, Brooklyn, and
3 Queens are equally built out and why
4 Manhattan and Staten Island are first.

5 MR. TRAIN: Keep in mind,
6 Verizon is a total supervisor in
7 telecommunication and follows rules
8 for protective rights for building
9 out. That's why you either build out
10 in Staten Island and Manhattan and
11 ongoing prior to getting a cable
12 franchise. If Verizon was a
13 traditional satellite cable provider,
14 we would be appearing before you with
15 nothing more. So, we keep as fast as
16 possible additions and build-outs to
17 statutory.

18 We also recognize that we need
19 committed servicing in neighborhoods
20 in all five boroughs. We commenced to
21 build in all five boroughs and, you
22 know, we're committed to adhere in
23 that precedence. In two and a half
24 years we will have half the city
25 built-out and I'd like to note that by

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2012, in 2013, the Bronx and Brooklyn and Queens actually go ahead of Manhattan in the build-out schedule. So we're talking that we need to serve everybody and we're committed to do that.

MR. STRINGER: Thank you. And, finally, as with phone service, consumers have been a little concerned about requiring customers to enter into a minimum contract period, and can you shed light on what your policy would be? And, again, what would be the cancellation fee if a customer, consumer cancelled the contract early?

MR. TRAIN: There is no termination fee for cable service for Verizon and there is no minimum contract for cable service also from Verizon.

MR. STRINGER: You don't anticipate a minimum contract period?

MR. TRAIN: There isn't one now. Keep in mind, I'm sure if Verizon

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offers bundled packages that are special discount rates, that they enter into a contract with the consumer, and the consumer benefits by the lower rate. If those collective bundled services are cancelled there is a termination fee. But this is a cable franchise, cable service only at no termination fee.

MR. STRINGER: So there wouldn't be a cancellation fee if there wasn't a minimum contract period?

MR. TRAIN: Correct.

MR. STRINGER: Thank you for being here and answering the questions.

MR. HOLLOWAY: Thank you. The Borough President of Brooklyn.

MR. SCISSURA: Thank you. First of all, I welcome everybody to Brooklyn. Thank you for having us here today. But just two points I wanted to touch upon. First of all, I echo what the Borough President of

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1 Proceedings
2 Manhattan said about public access
3 television.
4 I want to thank you for your
5 commitment about DCAP's supporting
6 role here in Brooklyn, so we
7 appreciate whatever support you give
8 them. But I do want to follow up on
9 the build-out schedule; and, Borough
10 President Stringer, thank you for
11 noticing that Brooklyn is not being
12 built out as quickly as Manhattan and
13 Staten Island. I will let Marty know
14 that you noticed that. It's really
15 important for us to understand, not
16 just in Brooklyn but in all the
17 boroughs, what type of commitment will
18 Verizon be making to ensure that
19 neighborhoods at all income levels and
20 all racial make-up levels and ethnic
21 make-ups are treated equally -- so we
22 don't have certain neighborhoods built
23 quickly, and then places in Brooklyn,
24 that may not be at a high income level
25 might have to wait until 2012. Do you

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1 Proceedings
2 have a plan of action that will ensure
3 that all neighborhoods will be treated
4 equally regardless of income level?
5 MR. TRAIN: We specifically
6 commit to that in the franchise
7 itself. There's no discrimination on
8 the availability of service, no
9 discrimination on the build. It's
10 been noted that, other than variables
11 on the build-out, the income levels
12 wouldn't be built any differently than
13 average, which was a decision as a
14 whole.
15 The city went to great lengths
16 from learning of the lessons of the
17 past. They wanted to keep building
18 entirely, which had never been done.
19 They wanted to ensure that there was
20 proper protection to require the
21 build-out in every neighborhood.
22 That's already been commenced. We
23 committed to building all five
24 boroughs already. We started already
25 in every type of neighborhood, every

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1 Proceedings
2 type of ethnicity, every type of
3 income. So Verizon surely committed.
4 Any type of multi-billion dollar
5 endeavor can only be achieved by
6 getting as many customers as we can.
7 And the reality with cable service
8 income level, some folks who are
9 already at the lower income levels
10 don't oftentimes have other
11 alternatives. They don't necessarily
12 go to the Nets game or Rangers or
13 other venues, so they use TV as a sort
14 of entertainment. They oftentimes
15 spend more money on cable than those
16 folks at the higher income levels. So
17 we want customers throughout the
18 board, and we're committed to do that,
19 and we've done that in agreement.
20 Keep in mind, we have strict measures
21 in the agreement -- whether it's a \$20
22 million performance bond or a
23 corporate guarantee by Verizon that we
24 have to live up to -- and we committed
25 to do this as quickly as possible but

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1 Proceedings
2 with an absolute cap.
3 MR. HOLLOWAY: Representative
4 from the Comptroller's office.
5 MS. BUDZIK: On behalf of the
6 Comptroller's office I do want to
7 thank Verizon for spending
8 considerable time with the
9 Comptroller's office going over the
10 agreements, Consumer Bill of Rights
11 and amended changes that Verizon made
12 to the agreement in response to the
13 Consumer Bill of Rights.
14 I wanted to touch on a few
15 things Central to the Bill of Rights
16 and consumer information reported
17 regarding service level. And Verizon
18 did commit to the borough reporting in
19 that regard. There are frequent
20 references to the agreement, however,
21 in terms of confidentiality
22 requirements. Could you speak to that
23 a little bit? In our minds consumer
24 information is only useful if it
25 actually gets to the consumer.

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MR. TRAIN: Understood.
Verizon, in part of the negotiations with DOITT and the City, although we dealt with the Comptroller, it's been about providing the consumer as much information as possible. But the reality is that it creates a competitive environment. There will be documents for Verizon and the incumbents that each of us will consider to be confidential and we will monitor as such. It doesn't mean that all the reporting requirements that we have will be confidential, but some of them at least. What we tried to do is ensure that the informed regulators, DOITT, that they have the tools to ensure that, whether it's our build-out, our customer service or other provisions in the agreement, they have the ability to have information, adjust themselves, and in many instances speak with us discussing the issues. And, quite

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frankly, if they're not corrected they have significant weapons to made sure to compel Verizon to meet their obligations. So there's a balance there between information that's critical to a type of business and information that is generally available to the public.
MS. BUDZIK: The Comptroller's Office will be looking at that issue carefully over the next week when it considers the vote. We'd like to support that agreement, but, again, our view is that most of this information should be available to the public.
MR. TRAIN: You raised a good point. A lot of the issues that we've discussed with you and DOITT, a lot of the issues we've adjusted, we talked about this with DOITT, covered a very sensitive area of privacy -- how the federal law does not protect consumers, but only allows information to be aggregated. There's a balance.

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Proceedings

2 It's not just a competitive nature, as
3 mentioned, but the privacy issues, as
4 I mentioned.

5 MS. BUDZIK: And I also wanted
6 to touch briefly on the issue of the
7 Comptroller's concern that the City
8 not experience, again -- and by city,
9 I mean the residents -- which they
10 have experienced in the past --
11 namely, concerns of programming not
12 being available. I think at this
13 point we're continuing to discuss that
14 issue with Verizon and would
15 appreciate your time. We appreciate
16 the difficult issue, but we would like
17 to see some more protection in the
18 agreement to ensure that what happened
19 in the past doesn't happen again, and
20 all programming should be available in
21 the city.

22 MR. TRAIN: Yes. And we
23 discussed the plan with both DOITT and
24 the City. In the past, when there was
25 an issue about a Yankee program or

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1 Proceedings
2 Mets programming or other programming,
3 the reasons that Cablevision or Time
4 Warner had significant revenue was
5 because they had a monopoly. The
6 customer didn't have a place to go.
7 In our instance, we carry that program
8 now. And if the incumbent is not
9 carrying it, service could simply be
10 switched. And that can work the other
11 way as well.

12 MR. HOLLOWAY: Representative
13 from the Borough of Queens has some
14 questions.

15 MR. McMILLAN: Good afternoon.
16 Acting On behalf of Borough President
17 Helen Marshal, we feel that the
18 communication and the consultations
19 between Verizon and DOITT and the
20 Borough President's Office also has
21 been up front and open. We are
22 anxiously looking forward to the
23 roll-out of Verizon in the Borough of
24 Queens so we do have that competition.
25 I do want to echo, though, a concern

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1 Proceedings
2 that we have that was mentioned by the

3 Bronx Borough President in terms on
4 having listings for the community
5 access channels. I do understand that
6 that is going to be coming forward as
7 the technology and financially are
8 available, but from the consumer
9 standpoint it does make a difference
10 to know what's on there. And we would
11 hope that you push that particular
12 issue, so when the programming comes
13 on we see the TV channel listing so
14 then people know what's on that
15 program. Again, I think that's
16 important, so we ask you what they're
17 putting on.

18 MR. TRAIN: Duly noted.

19 MR. HOLLOWAY: Any other
20 questions or comment from members? If
21 not, before I see if the
22 representatives from Time Warner and
23 Cablevision are here, I would like to
24 say, on behalf of the Mayor's Office,
25 thank you, as well, to Verizon. I

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1 Proceedings
2 know that you've been working closely
3 with the City for a while, but the
4 commitment to consumer protection
5 transparency, and, most of all, the
6 build-out of a network that is
7 city-wide and goes through every area
8 of the city is something that has been
9 a long-term goal of the
10 administration. And this agreement
11 helps us do that, so thank you very
12 much.

13 MR. TRAIN: Thank you.

14 MR. HOLLOWAY: At this time I
15 would like to ask, as the first under
16 the public service rules of the Public
17 Service Commission, that now the
18 incumbent carriers have an opportunity
19 to speak; but I'm not sure if they're
20 here. Is there a representative from
21 Time Warner here?

22 THE CLERK: Howard Szarfare on
23 behalf of Time Warner cable.

24 MR. HOLLOWAY: If you would
25 introduce yourself and speak as you

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1 Proceedings
2 will.
3 MR. SZARFARE: Good afternoon.

4 I'm Howard Szarfare, executive VP for
5 the New York region. Thank you for
6 letting me join here today. I just
7 have some very short comments. Over
8 40 years ago our predecessors in New
9 York City began an urban experiment in
10 cable. And back then that wasn't easy
11 to do because of the unique problems
12 of high-rise buildings and urban cost
13 of building cable. But since then we
14 continuously and extensively have
15 upgraded our infrastructure and
16 reliability in more than 350 cable
17 channels. We now provide services to
18 over 2.2 million homes in Queens,
19 Staten Island, Manhattan and western
20 Brooklyn.

21 We offer options for the
22 community such as community events on
23 demand, HD, DVR, and now a hundred
24 channels of high definition programs
25 that we now will make available

00067

1 Proceedings
2 throughout our franchise areas by the
3 end of this year. This summer we'll
4 also introduce a start-up which is a
5 new service that will bring a lot more
6 channels.

7 Now, some differences. We also
8 offer residents here a choice of three
9 providers of high speed service and
10 that's something that we haven't seen
11 from other competitors. Time Warner
12 provides over one million of our New
13 York City customers with a wider
14 spectrum of services than ever before.
15 Now, while we remain a responsible
16 member of the community, we're proud
17 of our record of contributions to
18 community-based organizations, and our
19 community goals on culture and
20 education in the neighborhoods we
21 service.

22 We're designated to bring
23 quality entertainment in a very
24 diverse New York City area -- and,
25 frankly, in a city that's becoming

00068

1 Proceedings
2 more diverse everyday. An example of
3 how we're meeting that diversity
4 includes our new Spanish website, and

5 our low-cost, one price international
6 calling plan to over 100 countries
7 around the world, and our wide array
8 of ethnic programming multiple-culture
9 communities.

10 I'll also remind you that Time
11 Warner Cable is the home of New York
12 One, the city's award-winning 24/7/365
13 day a year channel. And the
14 groundbreaking New York One has given
15 birth to New York Window TCI -- a
16 separate operation serving our Latino
17 community.

18 I can assure you that we
19 competed for years with Verizon in the
20 area of phone service and internet
21 service. And, additionally, we
22 continue, especially by borough -- and
23 faced competition from the satellite
24 providers, Dish, Direct TV, and in
25 broadband with RCN.

00069

1 Proceedings
2 While we're fully prepared to
3 compete with all comers in the area of
4 cable service, we expect to compete on
5 a level playing field. As matter of
6 fact, New York State, New York City
7 law, under those laws the City is
8 obligated to maintain a level playing
9 field between cable television
10 franchisees and avoid favoring one
11 competitor over another.
12 Our franchise is due to expire
13 on September 16th of this year. We're
14 about to embark on negotiations for
15 the first time. We scheduled some
16 meetings and our expectation is that
17 the level-of-the-playing-field
18 requirement will be met and the rules
19 will be the same for all competitors
20 and all comers. We look forward to
21 continue to provide cable, internet
22 and phone service. And we look
23 forward to a successful renewal, and
24 thank you for the opportunity to speak
25 to you today.

00070

1 Proceedings
2 MR. HOLLOWAY: Thank you very
3 much. I am told that there is no
4 representative from Cablevision here.
5 Let me just ask while you're up, do

6 any of the members of the committee
7 have any questions. Borough President
8 of Manhattan.

9 MR. STRINGER: I just want to
10 thank you and Time Warner for your
11 service to the city and a lot of great
12 things you've done also as relating to
13 our cable public access stations. I
14 just want to ask you, which we asked
15 Verizon, which is: Do you think that
16 technology, HD as it relates to cable
17 public access stations -- you talked a
18 little bit about technology and
19 bringing them up to speed over the
20 life of a contract over the next 12
21 years.

22 MR. SZARFARE: I would echo
23 comments of my comrade from Verizon.
24 The technology is changing very
25 quickly. I would imagine, even for

00071

1 Proceedings
2 us, a hundred channels of HD by the
3 end of this year in all areas. Things
4 are moving very quickly as HD -- if
5 everything becomes HD, I think you
6 might expect, during the life of this
7 franchise I would expect that
8 virtually every channel will be
9 available in HD.

10 MR. STRINGER: Including public
11 access?

12 MR. SZARFARE: If every other
13 channel is in HD I suspect you will
14 see virtually everything at some point
15 in HD. That's why we buy all those
16 wonderful big HD televisions.

17 MR. STRINGER: Which are very
18 expensive. The \$25 fee, and I'm not
19 trying to duke it out with Verizon,
20 would you be willing to commit or talk
21 a little bit about the four-hour
22 window and your ability or your
23 commitment to continue to give one
24 month service to cable subscribers if
25 you miss an appointment?

00072

1 Proceedings
2 MR. SZARFARE: Well, it's
3 difficult for me to address a
4 situation when we're about to enter
5 into a negotiation -- and that
6 negotiation being in what is

7 certainly a hyper-competitive
8 environment. We're looking to compete
9 on a fair basis, so I would call for a
10 level playing field with our
11 competitors. So it's difficult for me
12 to offer my position on a negotiation
13 that is yet to be met.
14 MR. STRINGER: Will you keep it
15 in mind?
16 MR. SZARFARE: Certainly.
17 MR. STRINGER: Thank you.
18 MR. HOLLOWAY: Thank you. Any
19 other questions from members of the
20 committee?
21 MR. SZARFARE: Thank you for
22 your time.
23 MR. HOLLOWAY: Thank you. I am
24 told that we do not have a
25 representative from Cablevision here.

00073

1 Proceedings
2 I just wanted to make sure that that
3 is the case. Before we move to the
4 docket of people who are now on our
5 list, I'm told that Council Member
6 Gail Brenner is here. Council Member,
7 would you like to speak?
8 MS. BRENNER: Thank you very
9 much. My name is Gail Brenner and I
10 represent the constituents on the left
11 side and northern and Clinton in
12 Manhattan and I'm chair of the City
13 Council committee on technology in
14 government. I want to thank,
15 certainly, Commissioner Paul Cosleave
16 and Bruce Regal of Corp. Counsel and
17 the folks at Verizon and Tom Dunne and
18 all of the staff because they have
19 been very up-to-date and I appreciate
20 that. Verizon and Bruce Regal are
21 tough negotiators; that's good.
22 I appreciate the opportunity to
23 speak today on Verizon's pending
24 agreement with the City of New York to
25 offer cable services, and I know it is

00074

1 Proceedings
2 controversial from the perspective of
3 Verizon, but I do think that the
4 Franchise and Concession Review
5 Committee have the perspective that
6 this is a very fast time period in
7 terms of public commentary. The bill

8 was posted, I think, at the end of
9 April but didn't have specifics. And
10 when we did E-mail out to all of our
11 groups who are interested in
12 technology, some of them who are very
13 sophisticated were not aware of the
14 hearing today. And I just point this
15 out because when we had cable hearings
16 20 years ago, 10 years ago or
17 recently, we had many, many hearings
18 and one discussion. And if there is
19 to be a level playing field, I think
20 we should at least have that kind of
21 five-borough hearing, and much more
22 discussion.
23 This is one of the most
24 important deals the City will make
25 this year, and probably in the next 20

00075

1 Proceedings
2 years, in terms of communications.
3 And, as I have told Verizon, cable
4 competition in New York is very
5 wanted. People are looking forward to
6 it. But there are some areas that
7 need to be worked out. Number one,
8 digital functionality for the PEG,
9 also known as Public Educational and
10 Government Channels. You'll hear this
11 over and over again, but this is a
12 long contract, 12 years, and the
13 ability of cable companies to provide
14 interactive and high definition
15 technology while that's being improved
16 is a long time period.
17 The public access channels, most
18 of which really came up to many of the
19 hearings, will also benefit from these
20 future developments. Currently there
21 is no language in the contract
22 indicating a commitment from Verizon
23 to provide high definition
24 functionality, particularly in the
25 channels that represent the E and G,

00076

1 Proceedings
2 which is Education and Government.
3 And the issue is how we could include
4 that before a final commitment is made
5 to Verizon.
6 High definition will be
7 something that will be necessary
8 within a very short period of time in

9 the future. We all know that the PEG
10 channels are invaluable community
11 resources providing a voice and
12 station for New Yorkers for this not
13 found elsewhere. It requires the same
14 continual platform capability as the
15 commercial channels. And I think the
16 State of Oregon and California,
17 Arizona and other states have
18 negotiated so that they are not left
19 behind in the PEG world. And I think
20 this: In terms of the City, I want to
21 thank you the borough president had a
22 great idea with the specific channels
23 and I just left the bulk of the
24 negotiation committee and I hate to
25 tell the commissioner, but the speaker

00077

1 Proceedings
2 would like one also.
3 There are a number of
4 possibilities for build-out
5 extensions. I want to talk about
6 build-out now being provided to
7 Verizon in the contract, allowing for
8 the delayed delivery of the city-wide
9 digital infrastructure. At this
10 point, I don't know that there's any
11 substantial penalty, although there
12 are penalties for missing a
13 checkpoint. There is a \$50 million
14 performance bond which would be
15 charged up to 35 million with the
16 actual signing of the contract. Some
17 feel this is inconsequential giving
18 the scope of the franchise,
19 Also, assuming the 35 benchmark
20 for the checkpoint extensions are
21 reasonable, we hope that DOITT will
22 announce to the public when the
23 franchisee has applied for a
24 checkpoint extension and when the
25 extension has been granted or

00078

1 Proceedings
2 rejected. The public should be
3 notified as it is going to be a delay
4 in the build-out. New Yorkers of all
5 five boroughs have a right to know
6 whether they will be waiting for three
7 years or six, so they have a chance on
8 getting service. Obviously they're
9 excited about getting it. And to

10 facilitate this, DOITT should maintain
11 up to date and publically accessible
12 upgrade schedules.

13 I am encouraged about the
14 process of having another cable
15 provider in the market; however, I
16 want those benefits to be enjoyed
17 absolutely by all New Yorkers. The
18 current contract mandates that the
19 median household income of houses
20 passed on the street that Verizon in
21 their FIOS build-out, should not be
22 greater than the average household
23 income city-wide. Comparing the
24 median income to average income is a
25 statistical sleight at hand -- and

00079

1 Proceedings
2 \$25,000 difference between median and
3 average income throughout the five
4 boroughs. It needs to be median to
5 medium. I knows there was a great
6 deal of discussion about it, but
7 there's still a lot of concern.
8 As consumer issues, again, I
9 don't know -- there was lot of
10 discussion and a lot of hard work
11 about the proposed franchise, how it
12 would significantly reduce the
13 established penalty for a cable
14 company missing a scheduled
15 installation or repair appointment
16 window. My understanding is currently
17 the benefits for a missed appointment
18 is free installation for an
19 installation call and one month credit
20 based on the preceding month's bill.
21 I know that because my next door
22 neighbor with her cable, currently
23 that's what she got. In Appendix A of
24 the proposed agreement this penalty is
25 reduced to \$25. A current month of

00080

1 Proceedings
2 video service can be closer to a
3 hundred -- and that's a big
4 difference.
5 It's also important that the
6 penalty for poor customer service
7 should be increased not decreased.
8 For example, the credit of 130 of a
9 bill for other should be tripled so it
10 actually functions as a penalty,

11 encouraging a focus on better customer
12 service by the cable company.

13 There should not be any sort of
14 minimum contract or cancellation fee
15 applied to users who choose to leave
16 Verizon FIOS for another service.
17 Verizon should not allowed to lock
18 customers in. And I know this has
19 been the custom in some cases for cell
20 phone contracts, but it is not
21 necessarily something that we should
22 have in the video world.

23 In terms of technology education
24 and municipal facilities to grant,
25 we're very lenient. I think it was a

00081

1 Proceedings
2 very innovative way to try to address
3 the digital technology fund and I know
4 that the \$4 million over seven years
5 is a very good beginning. We hope to
6 supplement it with private money, but
7 I would hope that if there was some
8 way of providing even more to the
9 initial fund that would be much
10 preferred.

11 As I think the commissioner and
12 others have responded to the bill, the
13 creators of the bill and the
14 advisement committee, and we've been
15 meeting in all five boroughs to
16 discuss just this topic, how do we
17 digitalize in our city. We don't have
18 a lot of support right now just by
19 amazing amount of work. And so I hope
20 that this fund could, in fact, assist
21 us in what we're trying to accomplish;
22 but we need more support.

23 The consulting group which
24 worked with the agency suggested that
25 digital inclusion and digital

00082

1 Proceedings
2 infrastructure are incredibly
3 important points. Digital inclusion
4 consists of supporting technology
5 adoption by all households, expanding
6 public access points and encouraging
7 the provision of broadband service and
8 affordable household service. Also,
9 digital infrastructure of service
10 options in commercial and in
11 industrial areas and support for a

12 wireless development in public places.
13 In order to do that we need more
14 funding. And this is why this one
15 area, not the only area, but it's
16 something that needs to be expanded
17 on.

18 So, in summary, I'm very pleased
19 that there will be competition in New
20 York City's cable market. But it must
21 set a high bar in digital
22 functionality for public access
23 channels and for protection of the
24 public consumer service -- which must
25 include an equitable build-out for all

00083

1 Proceedings

2 New Yorkers and work with us and end
3 the digital divide. Thank you very
4 much.

5 MR. HOLLOWAY: Thank you very
6 much, Council Member Brenner. And now
7 I'd like to proceed to open it up to
8 the floor and speakers. We will
9 proceed here in the order that people
10 have signed in, which has been set by
11 the clerk. And I would ask if you do
12 come up to testify that you identify
13 yourself for the record. And the
14 speaker will be limited to three
15 minutes because we want to make sure
16 we give everyone the opportunity to be
17 heard; so please try to keep with that
18 time limit. And with that...

19 THE CLERK: The first member from
20 the public, Mr. Joseph Gordon.

21 MR. GORDON: Good afternoon. My
22 name is Joseph Gordon, I'm a New York
23 chapter coordinator for the Hearing
24 Loss Association of America. We are
25 the largest membership organization in

00084

1 Proceedings

2 the country for people with hearing
3 loss. There's something I would like
4 to talk about, which is closed
5 captioning of all programming. The
6 FCC mandates that the provider of
7 television service, in this case
8 Verizon, is responsible for the
9 pass-through of closed captioning.
10 Should Verizon's application be
11 approved, Verizon must be prepared
12 with technical and support personnel

13 to assure subscribers that quality
14 closed captioning will be provided.
15 Digital television will bring many
16 benefits to the television viewing
17 experience. There will be better
18 quality, more agility, more control.
19 However, for the deaf and hard of
20 hearing population, 31 million
21 nationwide, the technology most
22 beneficial and most supportive is
23 closed captioning. Captions are
24 essential for an enjoyable TV viewing
25 and comprehension experience.

00085

1 Proceedings
2 It's important to point out
3 Verizon is to bring TV programming to
4 New York City at an historic time.
5 The change from analog to digital TV
6 is set for February 17, 2009, so there
7 are two time periods. There is the
8 transition period with analog and the
9 post-17th of February 2009 with
10 digital. Each time period will
11 present different challenges. Verizon
12 must be prepared with technical and
13 support people to service subscribers
14 who have problems.
15 If closed captioning is not
16 properly received by subscribers with
17 hearing loss, that is considered an
18 interruption of service. And
19 subscribers will need to have their
20 problems be dealt with properly. I
21 would hope Verizon would want to be
22 constant in providing TV programming.
23 Therefore, I would suggest that
24 Verizon begin to commence a
25 closed-captioning hotline. Such a

00086

1 Proceedings
2 hotline would enable reporting of bits
3 of captioning, or garbage in, or
4 inconsistent captioning. Hotline
5 personnel should be available by
6 E-mail as well as by telephone. I'm
7 sure Verizon would want to market this
8 E-mail. Hotline availability should
9 be posted on the Verizon website and
10 on monthly statements.
11 As I made my comments I'd like
12 to point out that a significantly
13 large number of people require or

14 benefit from captioning. In addition
15 to the deaf and hard of hearing
16 people, there are other groups. For
17 example, those that need it as a
18 second language. It should be placed
19 inside homes where captions are
20 desired. This should exist in airport
21 lobbies, hotel lobbies, restaurants
22 and other large areas.
23 The FCC mandates availability of
24 closed captioning. The providers of
25 TV programming such as Verizon are

00087

1 Proceedings
2 required to pass through the
3 captioning. Complaints about captions
4 are made directly to Verizon. Verizon
5 must have excellent trained technical
6 support people. A hotline available
7 by E-mail or telephone would be a good
8 resolution.
9 It does not matter whether
10 programming is analog or digital.
11 Subscribers expect quality closed
12 captioning in order for the deaf and
13 hard of hearing to have access to
14 television. If the subscriber's
15 complaints to Verizon is not resolved,
16 then there is a procedure to complain
17 to the FCC. Thank you for your time.
18 MR. HOLLOWAY: Thank you, sir.
19 I actually would like to ask our
20 representative from DOITT, the general
21 counsel, how would you address this in
22 the agreement? And then, obviously,
23 Verizon?
24 MR. ALBERTSON: With respect to
25 closed captioning itself, the

00088

1 Proceedings
2 agreement, with respect to the
3 customer service entity, that Verizon
4 shall supply closed captioning
5 decoders to subscribers at a fee that
6 is not to exceed Verizon's cost. With
7 respect to multilingual services, that
8 support is part of the agreement under
9 Verizon -- as well as the hotline and
10 as well as their walk-in customer
11 service centers. I don't know if
12 Verizon has additional points.
13 MR. HOLLOWAY: Thank you very
14 much. Next speaker.

15 THE CLERK: The next speaker is
16 Lucius Lindsey to be followed by
17 William Woodly .

18 MR. HOLLOWAY: Lucius Lindsey,
19 is that person here?

20 MR. LINDSEY: Hello, I'm Lucius
21 Lindsey. I currently reside in
22 Brooklyn. And I am looking forward to
23 Verizon's proposal. I hope it will
24 come through. I think it's a great
25 opportunity and I support your forum.

00089

1 Proceedings

2 And I support the process of
3 protecting the consumer, and this
4 gives us a chance to choose. I'm a
5 little nervous. But what form we
6 really would want to choose I support
7 it. I just want to make my voice
8 heard for the borough of Brooklyn,
9 that's all.

10 MR. HOLLOWAY: Thank you very
11 much.

12 THE CLERK: Next speaker is
13 William Woodly, followed by Yvonne
14 Brown.

15 MR. WOODLY: Good afternoon.
16 I'm William Woodly. I am a Brooklyn
17 resident. And in 2002 cable blackout
18 kept the Yankees off the air and in
19 2005 cable blackout also kept the Mets
20 off the air. We need to make sure
21 that that never happens again. Thank
22 you.

23 MR. HOLLOWAY: I thank you.

24 THE CLERK: The next speaker is
25 Yvonne Brown, to be followed by Phil

00090

1 Proceedings

2 Banks, Junior.

3 MS. BROWN: Good afternoon. My
4 name is Yvonne Brown. I represent the
5 Borough of Brooklyn. The arbitration
6 is fair and will protect the service
7 from getting dragged into programming
8 changes. I represent Brooklyn and I
9 do hope that Verizon comes to Brooklyn
10 and the other boroughs. Thank you.

11 THE CLERK: The next speaker is
12 Phil Banks, Junior, followed by Dwayne
13 Woods.

14 MR. BANKS: Good afternoon. My
15 name is Phil Banks, Junior. I'm the

16 president of an organization known as
17 A Hundred Black Men. A Hundred Black
18 Men is a city organization that's been
19 serving the City of New York for over
20 45 years. We've given out thousands
21 of dollars in scholarships to hundreds
22 of students. We started a high school
23 in the South Bronx and we're getting
24 ready to start our second high school
25 here in Brooklyn.

00091

1 Proceedings

2 I'm here to tell you that we're
3 here to support the application by
4 Verizon, a cable franchise. I'd like
5 to read into the record a letter that
6 was written to the Borough President
7 of Manhattan to further strengthen our
8 support, if you don't mind.

9 Dear Borough President Stringer,
10 A Hundred Black Men, Incorporated of
11 New York strongly support the Verizon
12 application for a cable franchise. We
13 have a longstanding working
14 partnership with the company and we
15 view them as a good student of public
16 choice.

17 Diversity and incorporated
18 managing has ranked Verizon number one
19 for the second straight year. The
20 company has also been featured in
21 Black Enterprise magazine for their
22 superior record in the area of
23 minority hiring and contracting.
24 While others talk about commitment to
25 the various communities in New York,

00092

1 Proceedings

2 Verizon has taken action.
3 Thank you for your time and
4 consideration for this matter. And I
5 thank each and every one of you for
6 your positive consideration of this
7 application. Thank you.

8 THE CLERK: Next speaker is
9 Dwayne Woods, to be followed by Holly
10 Kenny.

11 MR. WOODS: I'm Dwayne Woods of
12 Brooklyn. I'm a disabled veteran. I
13 want the best cable that's available,
14 you know, because they don't do right.
15 They don't do right. You start out at
16 29.99 where you get and it goes up

17 like 180 over four years. And another
18 thing, Verizon Company, they make a
19 different statement. Brooklyn is the
20 biggest borough, Brooklyn is New York,
21 so come to Brooklyn first. Come to
22 Brooklyn first. Brooklyn is New York.
23 There's no doubt about it. Thank you.
24 MR. HOLLOWAY: The next speaker
25 is Holly Kenny, followed by Clifford

00093

1 Proceedings
2 Jacobs.
3 MS. KENNY: Good evening. My
4 name is Holly Kenny. I also represent
5 Brooklyn. I would like to say that
6 the Verizon franchise will be good for
7 Brooklyn because of the communication,
8 and it gives the consumers more
9 options and protection. I hope that
10 this franchise comes through as they
11 proposed and I wish all of you the
12 best of luck and the best of luck for
13 the community that are -- I'm a little
14 nervous, for the consumers. I have a
15 sore throat also. For the consumers
16 that have depended on the service.
17 And I wish all of you the best of luck
18 and I hope everything goes smoothly
19 and that comes from the very soul.
20 Thank you very much.
21 THE CLERK: The next speaker is
22 Clifford Jacobs, to be followed by
23 Eric Silverstadt.
24 MR. JACOBS: Good afternoon. My
25 name is Clifford Jacobs. I'm the

00094

1 Proceedings
2 deputy executive director of Queens
3 Public Television. I'm here
4 representing our executive director
5 Dan Leoni who prepared a statement
6 that he just asked me to read.
7 The recent months have focused
8 QPTs attention on the Verizon cable
9 television grant agreement as it
10 relates to QPT. There have been
11 innumerable discussions and complex
12 negotiations between QPT and Verizon.
13 QPT represents that Verizon will be
14 approved to function as a provider of
15 cable television service. We believe
16 that this approval falls to support
17 for community television and is

18 beneficial for cable television
19 subscribers. While the agreement
20 between QPT and Verizon leaves room
21 for interpretation, as it relates to
22 the level playing field cause, and
23 does not specifically define
24 telecommunication technology such as
25 Video On Demand and High Definition

00095

1 Proceedings
2 television, it is a contract that
3 strongly facilitates community
4 television. And Verizon has
5 demonstrated a commitment to work with
6 and develop a longlasting relationship
7 with the Community Access
8 Organization.

9 Notwithstanding that our
10 agreement with Verizon leaves some
11 unanswered questions, we are confident
12 that our relationship will flourish
13 over the years as there has been good
14 will shown in our extensive
15 negotiations. We trust that the
16 statement will be of assistance in
17 your deliberations. And once again we
18 recommend approval of Verizon's
19 request to operate a cable television
20 system. And we also wish Verizon
21 success in its future cable endeavors.
22 Thank you.

23 THE CLERK: The next speaker is
24 Eric Silverstadt, followed by Lorraine
25 Foot.

00096

1 Proceedings
2 MR. SILVERSTADT: Good afternoon
3 gentlemen, women. For the last 20
4 years I'm a native of Brooklyn, a
5 resident of Manhattan, also a small
6 business owner. I'm not here simply
7 as a business owner but also as a
8 consumer. Over the last four years I
9 felt hostage; basically, you have no
10 choice in who to choose as to
11 providers. I had an opportunity a
12 couple years ago when RCN slipped into
13 the city for a bit of a minute. And I
14 think the competition will be
15 wonderful for the city, wonderful for
16 the consumer.

17 And to give a very small example
18 of a recent experience with Time

19 Warner. As a small business owner, as
20 I mentioned, I do a lot of overseas
21 business. They have a very careful
22 tendency of shutting down assistance
23 for business service between midnight
24 and two a.m., which affects my
25 business tremendously -- which

00097

1 Proceedings
2 constantly results in my paying for
3 rebates or preprogramming or whatever
4 it is they tend to offer.
5 So I highly endorse Verizon's
6 introduction into the workplace here
7 and open it up. And it is not just
8 myself as a business owner and as a
9 consumer, but to everybody in general.
10 Thank you.
11 THE CLERK: The next speaker is
12 Lorraine Foot, followed by Clifford
13 Clark.
14 MS. FOOT: Good evening. My
15 name is Lorraine Foot from Brooklyn
16 and I'm very excited about Verizon
17 coming to Brooklyn, because it gives
18 us an alternative over Cablevision.
19 We are so sick of Cablevision.
20 THE CLERK: The next speaker is
21 Clifford Clark, to be followed by
22 Paula Coyle.
23 MR. CLARK: Good day everyone.
24 My name is Clifford Clark. I reside
25 in Staten Island. I hope council

00098

1 Proceedings
2 members are truly concerned for the
3 residents of New York City. I hope I
4 am not the only one who has heard that
5 the airways belong to the public.
6 Actions, however, speak louder than
7 words. I hope a consolidation such as
8 1,300 regular state conglomerates
9 speaks for itself. Consumer choice is
10 no less served in a town of 50 or 100
11 or 500-plus stations are forced down
12 the public's throat and prerequisite
13 packages and programs and bundled
14 mediocrity are allowed to honorable
15 public service and yourself. And
16 promoted by Verizon states here to
17 truly serve its residents.
18 Verizon FIOS only becomes an
19 available alternative if consumers are

20 allowed outside programming when
21 consistent competitive pricing is the
22 same quality service replaces
23 contractual imprisonment to inferior
24 service. Treated fairly we do not
25 remain with your provider.

00099

1 Proceedings

2 This very day, with two people
3 in front of me, and two, and then one,
4 for an employee it requires 57 minutes
5 for me to return equipment. And the
6 person in charge was unable at that
7 point to resolve my service issue with
8 my current cable provider, which is
9 Time Warner. How long the 11:00
10 customer behind me waited I cannot
11 know. We all hope that these
12 conditions require fair competitive
13 service to your constituents now on
14 the very airways only you can return
15 to the public.

16 And I'd like to know why these
17 meetings aren't scheduled in every
18 borough. Thank you and good day.

19 THE CLERK: The next speaker is
20 Paula Coyle, followed by Thomas J.
21 Hillgardner.

22 MS. COYLE: Good afternoon. My
23 name is Paula Coyle; I'm project
24 manager with Staten Island Economic
25 Development Corporation. We are a

00100

1 Proceedings

2 50163 not-for-profit, and we are
3 premiere advocates of the economic
4 interests of the Staten Island
5 business community. On behalf of
6 Staten Island Economic Development
7 Corporation I wish to express our
8 unequivocal support for the Verizon
9 city-wide cable television franchise
10 agreement now before the New York City
11 Franchise and Concession Review
12 Assessment Review Committee. I urge
13 you to cast your vote to approve this
14 agreement that will benefit Staten
15 Island and all New Yorkers.

16 The SEDC applauds Verizon for
17 its commitment to provide cable choice
18 and competition throughout the
19 boroughs. And in no uncertain terms
20 this is an historic and unparalleled

21 development for New Yorkers and long,
22 long over due. We are especially
23 pleased that Staten Island will be
24 among the first New Yorkers to enjoy
25 the benefits of video choice and the

00101

1 Proceedings
2 next-generation all-five-borough
3 communications network.
4 We also applaud that the
5 franchise agreement will directly
6 benefit the local community by
7 providing support to community access
8 organizations, expanding public access
9 and ensuring a state of the art
10 communications infrastructure for all
11 of our residents. Thank you.
12 THE CLERK: The next speaker is
13 Thomas J. Hillgardner, to be followed
14 by Henry Calderon.
15 MR. HILLGARDNER: Good
16 afternoon. Thank you for hearing us
17 today. It's a shame that this is the
18 first opportunity for the public to
19 get any input of this process.
20 Eighteen months of secret negotiations
21 and no opportunity to submit various
22 comments -- and only three minutes to
23 speak about what we think about this
24 agreement.
25 Who can't be against

00102

1 Proceedings
2 competition. This is wonderful that
3 somebody is going to come in and
4 compete in the market with cable
5 service. With that having been said,
6 I'm not opposed to this.
7 I forgot to identify myself.
8 I'm speaking on behalf of the
9 Association of Cable Access Producers,
10 which is an association of independent
11 public access television program
12 providers.
13 I do want to point out that I do
14 think the build-out decisions were
15 really clever, with the exception of
16 the head start a couple boroughs are
17 getting -- that I thought that was
18 really good in terms of preventing
19 red-lining, something good to
20 negotiate -- so we thought that you
21 did a good job. But I see -- and it

22 was a very short time, given the
23 amount of the length in this agreement
24 in the time that we have here today,
25 tackling this agreement for the

00103

1 Proceedings
2 public. Maybe people who have plenty
3 of time to review it, the cable
4 comments in television. I looked at
5 the agreement briefly. There are a
6 few problems I saw and just a couple
7 I'd like to identify here. I think
8 there are three provisions that are
9 contrary to the proposed resolution.
10 And there are also conflicts in,
11 basically, the level playing field
12 sought by the resolution.
13 The prior incumbent cable
14 providers have a third-party penalty
15 figure clause that, as some expressed,
16 there's some expressed provisions in
17 the incumbent franchise agreement that
18 say, yes, there may be a third-party
19 beneficiary that has certain rights of
20 action that are especially provided in
21 that agreement. This agreement
22 provides absolutely no third-party
23 beneficiary right. That doesn't sound
24 like a level playing field. Also,
25 there is pay give-back in this case.

00104

1 Proceedings
2 Under the incumbent agreement it was
3 recognized that when television went
4 digital there would be -- that the
5 City would be entitled to a percentage
6 of the bandwidth that they had at the
7 present time, prorating a channel that
8 they had under the analog system with
9 what they had at that time. Now we're
10 back to just counting channels. It
11 seems like you're giving channels and
12 passing it away. And, again, that
13 seems like not being on the level
14 playing field.
15 Also the third item pointed out
16 by Borough President Stringer with
17 regard to the fees. I also think that
18 the city is hanging itself in here by
19 acting on this agreement now on the
20 threshold of being about to approve
21 this renewal agreement. And I think
22 that you really should figure

23 something out to make a rich agreement
24 to allow to give Verizon a sense of
25 build-out, which they're already doing

00105

1 Proceedings
2 for their own benefit because they're
3 entitled to have -- and at the same
4 time assure them that they would get a
5 cable contract. But I think you're
6 going to hang yourselves in here on
7 some of the level-playing-field
8 provisions. You're going to have
9 Cablevision on some of these givebacks
10 that I'm talking about. Asking less
11 of the people means you are going to
12 get less.

13 I also think that it is
14 obnoxious that there's a "whereas
15 clause" that it says that "the city's
16 present needs." I don't know how they
17 did that, there was no public process.
18 Unless they did it under the guise of
19 the incumbent renewal project we were
20 hearing in February and March.

21 The PEG channels -- there should
22 be a provision that requires the PEG
23 channels to be put on a low channel
24 number. They're going to end up being
25 on Channel 900 and nobody ever goes

00106

1 Proceedings
2 that high.
3 It's a shame that there's no
4 educational capacity designated. And
5 you should put a system in so that
6 presenters can have their own channel,
7 just like on the public access it's
8 provided in the five boroughs. One of
9 the governmental channels should be
10 put up to discuss the borough
11 residents use. The governmental
12 channel passes and you don't feel like
13 you have to wait on public access
14 channels to get the channel time you
15 want. And thank you very much.

16 MR. HOLLOWAY: Thank you, sir.
17 I do wants to let you know if you do
18 want to submit written comments to the
19 committee you're more than welcome to
20 do that. You can get the address from
21 the clerk and you can submit those.

22 MR. HILLGARDNER: Thank you.
23 THE CLERK: Next speaker is

24 Henry Calderon, to be followed by
25 Joshua Breitbart.

00107

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Proceedings

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MR. CALDERON: Good afternoon, community members. My name is Henry Calderon, president of the East Harlem Chamber of Commerce. I'm here today to give my support and support of about 225 small business owners to the Verizon video agreement. One of our most important missions in the chamber is to support the legislation and public policy that benefits economic development.

This agreement represents the policy this committee should promote. It will encourage investment in the communication infrastructure and promote job growth and cable TV competition.

Many of you in the committee are well aware that the city at various occasions has made agreements with corporations in order to retain jobs in New York City, hopefully to also increase jobs. This type of corporation turns around and says

00108

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Proceedings

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after a couple years to the taxpayers of New York: Thanks for the memories; thanks for the millions. Verizon is the type of company that I don't think will pull up their roots and leave. They're a New York City type of company, a company that I as an individual, as far as anyone can believe in a giant corporation, has shareholders on one side and regulators on other side, sometimes sitting in different directions. I think Verizon will always try to do the right thing. So I urge the committee to support this agreement. Thank you.

THE CLERK: Next speaker is Joshua Breitbart.

MR. HOLLOWAY: Actually I propose that we take a five-minute break after which we will reconvene. In fact, we are going to take a five-minute break.

00109

1 Proceedings
2 THE CLERK: The next speaker is
3 Joshua Breitbart, to be followed by
4 Michael Maxknobbe.
5 MR. Breitbart: Good afternoon.
6 My name is Joshua Breitbart, I'm the
7 policy director of Peoples Production
8 House. We're a not-for-profit
9 organization at the teachers public
10 assistance and immigrants and
11 journalists, and we are currently
12 conducting a participatory information
13 in communications technology in New
14 York City.
15 A number of my points have
16 actually been addressed by some of my
17 constituents; I appreciate that. I
18 want to be on the record going with
19 what other people said, that there's
20 not sufficient public notice for this
21 hearing and insufficient opportunity
22 to review the franchise agreement.
23 And I think that there needs to be a
24 delay before a decision is made to
25 provide for outside public notice and

00110

1 Proceedings
2 public interest in this proceeding.
3 So, if you got my written
4 testimony which details a number of
5 the specific provisions that I would
6 suggest in the short amount of time
7 that I was able to review the
8 agreement. The references and
9 specific section numbers mostly
10 suggest an alternatelanguage,
11 particularly with respect to the
12 consumer section and also the PEG
13 treatment. So I want to second what
14 Council Member Brenner and Borough
15 Presidents of Manhattan and the Bronx
16 about percentage. One additional item
17 is the requirement for eight percent
18 of original programming before the
19 digital channels are provided. I
20 believe that was solicited for the
21 public access channel. I believe that
22 restriction and requirement should be
23 lifted for the educational and
24 governmental channel as well. That
25 burden should be lifted.

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Proceedings

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I would also -- as I said there was testimony that the, not the franchisee, not the income figures, should be spelled out sooner rather than later before any sort of conflict arises, especially in terms of the substantial number of nominal speakers who, I don't know if there was discussion about what substantial means, but I think to solve those conflicts down the road before that sits, and be at least discussed.

As the representative of the comptroller said, I think that disclosure is really important and that the presumption should be with disclosure not with confidentiality. And what that means is that if in the event that details, details and things of the information cannot be disclosed, than a summary of information should be disclosed. And if a summary would also violate confidentiality, then notice of the

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change of information should be posted. The public should understand how good is exercising its role with respect to oversight of this deal.

Again, there is more detail in my written testimony and I do appreciate the opportunity to speak with you today. Thank you.

THE CLERK: The next speaker is Michael Maxknobbe, to be followed by Dan Coughlin.

MR. MAXKNOBBE: Distinguished members of the committee, thank you for your work on behalf of the citizens of New York City. Bronx Net is an independent 501C not-for-profit serving the people of the Bronx for training in media access, access to media production equipment, technology and channels. We have a diverse spotting programming produced by the natives of the Bronx that reflects the diversity of the beautiful Bronx. And we also produce quality programming by New York and the South Bronx, and award the

00113

1 Proceedings
2 programming telling the story of the people
3 of the Bronx, helping Bronx residents tell
4 our stories, as well as connecting the
5 Bronx to the world. We believe what we do
6 is community development through media and
7 the training that we provide. We train
8 thousands of Bronx residents and over a
9 thousand intermediate school, high school
10 and college students in media production,
11 and contribute to work in production as
12 well.

13 The agreement with New York City
14 and the community access organizations
15 and Verizon will help us enhance our
16 services for the public. We train
17 24/7 on four channels and there have
18 been increased demands over the years
19 for our training services and access
20 to our field production and studio
21 production equipment. So, we support
22 the agreement. Thank you very.

23 THE CLERK: Next speaker is Dan
24 Coughlin, followed by Greg Sutton.

25 MR. COUGHLIN: Good afternoon.

00114

1 Proceedings
2 My name is Dan Coughlin, I'm the
3 executive director of Manhattan
4 Neighborhood Network, the cable public
5 access serving the Borough of
6 Manhattan. I'd like to thank the City
7 of New York, Department of Information
8 Technology and Telecommunications
9 program for all their efforts on this
10 agreement. I'd also like to thank the
11 Comptroller's Office, all the Borough
12 Presidents -- in particular, the
13 Manhattan Borough President -- for all
14 of their work -- as well as our
15 Council Members, especially Gail
16 Brenner, who is our Local Council
17 Member on West 59th Street.

18 I'm here to express MNN support
19 for the community access organization
20 grant and hugh agreement to the public
21 franchise agreement. We believe that
22 the funding formula in the agreement
23 is one that begins to address the
24 financial shortfalls that public
25 access centers have been facing in

00115

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Proceedings

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recent years. At the same time, I
3 also want to add my own voice and that
4 of our community, the MNN access
5 producers community groups and others,
6 that we believe it is vitally
7 important for cable providers to
8 ensure a level playing field between
9 local voices and local channels and
10 the commercial cable providers,
11 commercial content providers. We have
12 concerns that the public educational
13 and government access channels are not
14 relegated to second-class status in
15 terms of technology available on the
16 channels.

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We note that the cable video
industry is increasingly moving toward
HD video format. We are hopeful that
in a period that these functionalities
can be developed and extended to PEG.
We believe support for PEG and the
public is critical in any franchise
agreement with cable providers. To
this end we believe that the funding

00116

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Proceedings

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and channel capacity formulas in the
3 Verizon agreement could provide a
4 template to be embraced by the
5 incumbent providers when their
6 franchise rules are discussed later
7 this year.

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Once again, thank you for your
time and all your support for public
interest programming and cable in New
York City. Thank you.

THE CLERK: Next speaker is Greg
Sutton, followed by Wellington Chen.

MR. SUTTON: Good afternoon.
Thank you so much for this opportunity
to address you. And thank you so much
to all of you for the work that you've
done over the past many months to get
us where we are today. I'd like to
especially thank Borough President
Markowitz and his chief of staff for
the the guidance that they've shown us
throughout this process.

Welcome to Brooklyn. My name is
Greg Sutton, I'm director of media

00117

1 Proceedings
2 programming for Web Art Media in
3 Brooklyn and I'm the executive
4 producer of Web's Brooklyn Community
5 Access television program. We are a
6 multidisciplinary arts and media
7 non-profit dedicated to presenting
8 digital performing and media arts
9 programming that are reflective of
10 Brooklyn's diverse community and to
11 support the creative process. Web
12 Brooklyn includes in the performing
13 arts subway of Brooklyn and some
14 studio and some additional art and of
15 course in the media art Brooklyn
16 community access television.
17 At the community access
18 organization for the Borough of
19 Brooklyn we'd like you to know that
20 Media Arts supports cable choice and
21 competition in New York City. As a
22 non-profit cultural organization, we'd
23 also like to take this opportunity to
24 commend Verizon for its longstanding
25 dedication to non-profit organizations

00118

1 Proceedings
2 such yours as ours. Over the years
3 Verizon has provided FIOS support for
4 our visual arts and media education
5 program and most recently for the
6 summer-long free performance that we
7 celebrated, the Brooklyn Performing
8 Arts Festival at the Prospect Park.
9 Perhaps mostly importantly we'd
10 like to inform you that Media Access
11 Program has reached agreement with
12 Verizon, the financial terms of which
13 will enable us to greatly enhance the
14 public access television services we
15 provide to the community. We're
16 grateful that Verizon does demonstrate
17 its financial commitment to enhance
18 public access programming in Brooklyn,
19 including greatly expanding many
20 educational offerings, greater
21 coverages of all things in Brooklyn
22 and improved, expanded facilities for
23 our community and producers.
24 Once again, thank you for this
25 opportunity.

00119

1 Proceedings

2 THE CLERK: The next speaker is
3 Wellington Chen, to be followed by Joe
4 Kelleher.
5 MR. CHEN: Good afternoon.
6 Thank you for this opportunity to
7 speak before the committee. My name
8 is Wellington Chen. I'm the executive
9 director of the Chinatown Partnership,
10 a local development corporation. We
11 are a 501C not-for-profit
12 organization. I ask for you to vote
13 for the Verizon agreement today. The
14 Chinatown Partnership is a small group
15 of residents, business owners,
16 community groups, put together to
17 rebuild Manhattan following 9/11.
18 Verizon has been the economic and
19 for-profit force in New York City --
20 as a major employer and taxpayer
21 profit organization -- and more
22 importantly as a corporate partner to
23 numerous non-profit organizations in
24 Chinatown or Manhattan. In the
25 record, it is a well-known

00120

1 Proceedings
2 organization member active in all five
3 boroughs.
4 As director of the Chinatown
5 Partnership, we are a firm believer in
6 investing in infrastructure.
7 Supplementally, what we want to do for
8 Chinatown is to have accessibility.
9 We don't believe in short-term
10 process; we don't believe in
11 short-term solutions. We believe in
12 making Chinatown relevant. And the
13 one way we can do that is by building
14 the long-term infrastructure so that
15 Chinatown can be relevant to lower
16 Manhattan -- and to make lower
17 Manhattan, in years to come when
18 Ground Zero reopens, when the Freedom
19 Tower reopens, which I firmly believe
20 it will. We do invest in the
21 interchange, pass change, travel
22 compensation, the Chinatown as a great
23 memorial. So, in years to come, we
24 are anxious about the city because we
25 are speaking of the worldwide on a

00121

1 Proceedings
2 strong basis of terms of worldwide

3 competition. We firmly believe that
4 the city has invested more in
5 infrastructure and more choices so
6 that we can achieve our role.

7 Thank you very much.

8 THE CLERK: The next speaker is
9 Joe Kelleher, to be followed by Thomas
10 Edward.

11 MR. KELLEHER: Good evening. My
12 name is Joe Kelleher, and I'm the
13 president of the Bronx Chamber of
14 Commerce. I would like to thank the
15 committee for the opportunity to
16 appear before you today. On behalf of
17 the Bronx Chamber of Commerce, I would
18 like to add our support for a Verizon
19 Cable Franchise. The Bronx Chamber of
20 Commerce promotes business initiatives
21 and economics opportunities in the
22 Bronx for its over 500 members.

23 We work to connect many
24 businesses to more a profitable and
25 successful tomorrow. Competition is

00122

1 Proceedings
2 the hallmark of American business, as
3 businesses, both large and small,
4 understand the benefits that
5 competition brings. The majority of
6 our members operate small businesses,
7 some of which are home-based. We all
8 know well that state of the art
9 technology is what makes our
10 businesses competitive.

11 We support bringing competition
12 to the cable market in New York City.
13 It's good for jobs. It's good for
14 economic development and it's good for
15 the budget of our many businesses in
16 the Bronx and the City of New York to
17 be given the choice.

18 The cable franchise before you
19 today should be voted on immediately,
20 and I respectfully ask you to approve
21 it without delay. Thank you.

22 THE CLERK: The next speaker is
23 Thomas Edwards, to be followed by
24 Maritsa Jayas.

25 MR. EDWARDS: Good evening. My

00123

1 Proceedings
2 name is Thomas J. Edwards and I'm the
3 chairman of the board of both

4 Teleservice for the Blind and Lutheran
5 Health Care, two long-established
6 non-profit organizations in Brooklyn.
7 I should add that my brief comments
8 this evening is subsequent to
9 correspondence which has previously
10 been sent to Borough President
11 Markowitz, Comptroller Thompson and
12 Commissioner Contrey in support of
13 the Verizon application.

14 Both the organization and
15 Verizon represent long-term non-profit
16 groups that serve thousands of clients
17 and patients a year, and as such we
18 are strongly in favor of any and all
19 market forces that offer the prospect
20 of greater choice and reducing
21 pricing. We are supportive of the
22 committee to improve both the quality
23 and responsibilities of all types of
24 communication products and services,
25 particularly where they can bring

00124

1 Proceedings
2 competitively lower prices.
3 As we evaluate the Verizon
4 application, we see the prospect for
5 improved technology, improved
6 innovation, improved competition in
7 the marketplace -- as well as the
8 exciting possibility to enhance our
9 service delivery effectiveness in the
10 traditional work setting and also to
11 our homes.

12 We see this application, in
13 plain English, as a real win/win for
14 all concerned and we enthusiastically
15 support its prompt approval. Thank
16 you.

17 THE CLERK: The next speaker is
18 Maritza Jayas, to be followed by Laura
19 Bucko.

20 MS. JAYAS: Good afternoon.
21 Thank you for the opportunity to
22 appear before the committee today. My
23 name is Maritza Jayas. I am the
24 development coordinator for the Puerto
25 Rican Family Institute. We are

00125

1 Proceedings
2 located on Park Place -- located in
3 New York City, Jersey City and Puerto
4 Rico.

5 The institute provides
6 cultural-sensitive family-wide health
7 and community services to children and
8 adults and families. We, the Puerto
9 Rican Family Institute, are the
10 largest Hispanic New York-based
11 non-profit organization, providing
12 local services and mental health
13 assistance to thousands of New York
14 city residents. We hope to build more
15 productive lives to contribute to our
16 society.

17 I'm sure that you agree that
18 healthy self-sufficient employed
19 residents are the lifeblood throughout
20 our community. Similarly, I'm sure
21 you'll agree we need to keep pace with
22 the changing technology and service
23 interest that we need.

24 That's why I'm asking you to
25 vote for more competition in the city

00126

1 Proceedings
2 of cable TV. Verizon's initiative to
3 transform its network to all fiber
4 optic broadband will deliver the kind
5 of technology that would serve our
6 initiative and clients. The potential
7 benefits are numerous. In fact, a
8 high-capacity interactive broadband
9 network will someday deliver
10 individual freedom and end two-way
11 communication services -- services
12 that will help us keep our clientele
13 on the path for continued success.

14 We, the Puerto Rican Family
15 Institute, equally support Verizon's
16 effort to deliver competitive video
17 services -- and are asking you to do
18 the same by approving the Verizon
19 Cable Franchise. Thank you.

20 THE CLERK: The next speaker is
21 Laura Bucko, to be followed by C.
22 Robinson.

23 MS. BUCKO: Good afternoon.
24 Thank you for the opportunity to
25 appear before the committee. My name

00127

1 Proceedings
2 is Laura Bucko. I'm the director of
3 communications for the Manhattan
4 Chamber of Commerce. We are in New
5 City, Manhattan, to provide services

6 to small businesses and the business
7 community in general.
8 I'm here today to support the
9 Verizon FIOS Franchise agreement. The
10 Chamber of Commerce represents over
11 100,000 businesses in Manhattan. We
12 are here to support the Verizon Cable
13 Franchise agreement without delay.
14 This is a very important contract for
15 all of us in New York.
16 Cable TV competition is alive
17 and well in northern New Jersey,
18 Westchester and Rockland County, and
19 now Long Island. When cable companies
20 compete consumers have a choice. They
21 can select the best value for the
22 money. All the five boroughs have
23 wanted cable TV competition as well.
24 Communities set up with FIOS TV also
25 have the benefit of a broadband

00128

1 Proceedings
2 network. Thousands of companies have
3 made the investment and commit to New
4 York's high-tech future in the way
5 Verizon acts. This company should be
6 complimented for its use of technology
7 development, and the agreement should
8 be approved as soon as possible.
9 Thank you.
10 THE CLERK: The next speaker is
11 C. Robinson, to be followed by Robyn
12 Bellamy.
13 MR. HOLLOWAY: Mr. Robinson is
14 not here. Who is the next speaker?
15 THE CLERK: The next speaker is
16 Robyn Bellamy, to be followed by
17 Charles Sorrentino.
18 MS. BELLAMY: Good afternoon.
19 Name is Robyn Bellamy and I am with
20 the Prospect Park Alliance. The
21 alliance is a non-profit fundraising
22 and FEC partner for Brooklyn Prospect
23 Park. The Alliance commends
24 Verizon's commitment to deliver cable
25 choice and competition to Brooklyn and

00129

1 Proceedings
2 the other boroughs. As an
3 organization that's dedicated to
4 educating our youths about nature and
5 the environment, the Alliance is eager
6 to see Verizon FIOS and other network

7 service as powerful platforms for
8 education programs offered at Prospect
9 Park. Media approval on this
10 franchise agreement means also
11 ushering in new efficiencies and
12 capabilities for persons working from
13 artists, telecommuters, educators,
14 small business and start-ups.

15 Please vote in favor of the
16 cable franchise without delay. Thank
17 you.

18 THE CLERK: The next speaker is
19 Charles Sorrentino, to be followed by
20 Heidi Wirth.

21 MR. SORRENTINO: Hello. My
22 name is Charles Sorrentino. I'm a
23 homeowner and registered voter from
24 Staten Island. I'm here to offer
25 testimony and support of a cable

00130

1 Proceedings
2 franchise to Verizon.
3 In February of 1997 my family
4 switched from Time Warner Cable, known
5 as Staten Island Cable on Staten
6 Island for franchise branding
7 purposes, to the satellite company,
8 Direct TV, for our television service
9 over ten years ago. The reason for
10 the switch was Staten Island Cable at
11 the time was moving channels we
12 watched in our then existing service
13 plan to a premium upgraded service
14 plan -- in short, paying more money
15 for the same service. Fortunately for
16 us we were able to get the satellite
17 TV service and drop Time Warner Cable
18 immediately. After the switch to
19 satellite, I recommended it to many of
20 my friends and family who were also
21 dissatisfied with their Time Warner
22 Cable service package, so that they
23 switched over to satellite. Some of
24 them considered the switch and
25 attempted to do so. However, due to

00131

1 Proceedings
2 the physical constraints such as large
3 buildings, condensed tree foliage
4 blocking the wire sights, they were
5 forced to stay with Time Warner Cable.
6 As a result, they either had to keep
7 that existing service plan and receive

8 less channels, or went to the upgraded
9 package and maintained their existing
10 channels and ultimately paid more.

11 My satellite service had been
12 cheaper when I was offered more
13 stations for one basic reason --
14 competition. Competition between Dish
15 and Time Warner Cable and the
16 competition between the two satellite
17 companies, Direct TV and Dish Network
18 specifically.

19 While it can be argued that Time
20 Warner Cable and Cablevision are in
21 concert, that they are in competition
22 with satellite companies, that due to
23 the circumstances I previously
24 mentioned -- the previous obstruction,
25 the physical obstruction, excuse me --

00132

1 Proceedings
2 and others not mentioned, is not
3 entirely true. In those areas where
4 satellite service is unavailable, Time
5 Warner Cable runs its cable service
6 the way the former Soviet Union
7 provided service to its people: Take
8 it or leave it.

9 For this reason, the lack of
10 options at competitive prices, I urge
11 the commission to grant Verizon the
12 ability to operate a cable franchise
13 within the City of New York. Granting
14 Verizon its franchise license will
15 result in immediate benefits --
16 particularly for my friends and family
17 who currently to have put up with Time
18 Warner Cable and the way they conduct
19 business. It will force the existing
20 cable franchises either to offer more
21 services at existing prices or force
22 them to curtail price increases in
23 order to limit subscription defection.

24 One of the immediate things
25 that comes to mind with the incident

00133

1 Proceedings
2 that occurred a few years back when
3 Time Warner Cable and the New York
4 Yankees Yes network couldn't
5 renegotiate the new broadcast contract
6 and Time Warner Cable stopped
7 broadcasting the Yankee games in the
8 meantime. It was amusing to a

9 satellite TV subscriber on Staten
10 Island, who's using Staten Island
11 cable subscribers about how the cable
12 operator had total disregard for its
13 customers since Direct TV was
14 broadcasting the game as part of its
15 regular local package. Needless to
16 say, Direct TV took the opportunity to
17 advocate that and signed up new
18 subscribers defecting from Time Warner
19 Cable.

20 In closing, I must remark that
21 the granting of the franchise will
22 result in true competition and a true
23 level playing field. It did so in the
24 regulation of the telephone business,
25 the break-up of Ma Bell. Time Warner

00134

1 Proceedings

2 Cable was able to offer telephone,
3 internet and television to Verizon
4 customers -- therefore, forcing
5 Verizon into a pricing and service
6 war, in order to maintain customers.
7 It would be a tragedy if the committee
8 denied Verizon a license to compete in
9 the field of cablevision. A
10 cablevision field, excuse me, that the
11 existing cable service providers use
12 in their own vitality. Again, I thank
13 the commission for the opportunity to
14 comment in favor of granting the
15 franchise to Verizon. Thank you.

16 THE CLERK: The next speaker is
17 Heidi Wirth, to be followed by Linda
18 Baron.

19 MS. WIRTH: Good afternoon. My
20 name is Heidi Wirth; I'm the director
21 of the Foundation for Government
22 Grants for the State of New York
23 Historical Societies, located on
24 Central Park Lafayette 77th Street.
25 On behalf on the New York Historical

00135

1 Proceedings

2 Society, I would say we grant support
3 for the Verizon broadband fiber optic
4 project.

5 As a non-profit cultural
6 institution with education at heart of
7 all we do, the Society strives to
8 provide to hundreds of thousands of
9 visitors, including New Yorkers, as

10 well as teachers and students, with
11 enhancement of access to our extremely
12 selective activation to public
13 programming and educational activities
14 that increasingly leverage and rely on
15 use of the broadband technology and
16 other new media.

17 Additional provider choice and,
18 ultimately, lower cost would help the
19 Society to more efficiently and
20 effectively fulfill its public service
21 mandates to make history matter -- by
22 ensuring that our holdings and
23 educational materials and curriculum
24 reach the broadest possible audience
25 in New York, Manhattan and the Bronx.

00136

1 Proceedings

2 We hope that you will approve
3 the Verizon Cable Franchise now before
4 you. Thank you.

5 THE CLERK: The next speaker is
6 Linda Baron, to be followed by Iesha
7 Sekou.

8 MS. BARON: Good evening. My
9 name is Linda Baron, a member of the
10 Staten Island Chamber of Commerce.
11 The Staten Island Chamber of Commerce
12 supports the agreement foremost with
13 the performance of additional
14 competition in the market, along with
15 more choices, followed by better
16 service. We are happy for cable
17 competition for all residents and
18 businesses on Staten Island, as well
19 as all New Yorkers.

20 At least one quarter of all city
21 residents are not happy with their
22 current cable company or pricing as
23 you heard today. We look forward to
24 the increased competition to the
25 marketplace for residential and

00137

1 Proceedings

2 business customers. Verizon supports
3 employment in all five boroughs, and
4 its all state-of-the-art
5 communications network on Staten
6 Island has been already demonstrated
7 to Staten Island consumers and
8 businesses.

9 Verizon has been a long-time
10 member of the Chamber and has been an

11 outstanding corporate partner here in
12 Staten Island. We are confident in
13 their involvement in the community and
14 their level of service to offer fiber
15 optic television service. Therefore,
16 we would like to grant our support to
17 the Franchise Agreement to permit
18 Verizon to offer video services on
19 Staten Island. It's a win/win for
20 businesses and residents and the
21 community of Staten Island and New
22 York City. Thank you.

23 THE CLERK: The next speaker is
24 Iesha Sekow, to be followed by Greg
25 Bishop.

00138

1 Proceedings

2 MS. SEKOU: Good evening. My
3 name is Iesha Sekou, executive
4 director of Second Hope Group Service
5 and the Hopes of the Home live radio
6 show, and also the Bronx Association
7 President for Information Services.
8 I'd first like to thank the Manhattan
9 Borough President and his office for
10 allowing him to be a regular guest on
11 my radio show. We've talked about
12 issues such as this, what we're
13 addressing today. I'm glad to be here
14 to express approval for Verizon's
15 video program and to really urge your
16 support.

17 First, Verizon is a real friend
18 and partner to our community. Its
19 technology and education center offers
20 free computer training and broadband
21 access to all -- it's free. Now,
22 relative to this franchise agreement
23 before you, Street Corner Resources,
24 which is my program, has GED classes
25 and other self-education programs

00139

1 Proceedings

2 around the city as well. It is
3 extremely eager to see the benefits of
4 cable television competition reach our
5 neighborhood. Also, the fiberoptic
6 network that Verizon is building in
7 our city will help organizations such
8 as mine and others in providing
9 expanded learning opportunities to
10 those who otherwise might not ever
11 have had a second chance to improve

12 their lives.
13 Without question, this advanced
14 high-speed fiber optic network with
15 video capability will help us
16 strengthen our community, our future
17 work force, and our city. So please
18 join our organization in supporting
19 this franchise by saying yes. Thank
20 you.

21 THE CLERK: The next speaker is
22 Greg Bishop, to be followed Max
23 McVicant.

24 MR. BISHOP: Good afternoon. My
25 name is Greg Bishop. I'm here on

00140

1 Proceedings
2 behalf of Manpower. I'm here to speak
3 for CO Barbara Chang. Thank you for
4 the opportunity to appear before the
5 committee. Manpower is located in
6 Manhattan and Brooklyn. We provide
7 technology assistance for non-profits
8 in the New York City area. We also
9 have a free technology training
10 program for athletes, young adults 18
11 to 25 living in the New York City
12 area. The disconnected youth are
13 trained to enter the work force as
14 computer support specialists.

15 I'm here today to support
16 Verizon in the franchise agreement.

17 As part of the Manpower network,
18 we're very well aware of the need for
19 adequate cable and broadband coverage
20 in the city, and we believe that this
21 addition of Verizon will give
22 consumers and businesses an important
23 choice in this critical service.
24 Please ensure that this agreement is
25 approved.

00141

1 Proceedings
2 Brooklyn is a borough with
3 millions of residents and small
4 businesses that will benefit greatly
5 from a choice of cable providers in
6 their neighborhood. The fiber optic
7 network that Verizon is building in
8 our city will offer unprecedented
9 services to New Yorkers and give us
10 new and in-touch communication and
11 entertainment capabilities.

12 If we get this right, part of

13 the power of the network is a
14 lifeline. Verizon FIOS could also
15 better the opportunity to enable us to
16 build a more productive work force in
17 the future. As a provider of
18 technology skills training, we know
19 how important to have adequate steps
20 to a robust service is to the
21 functioning of our classroom and the
22 training of our young people, not only
23 at our facility, but in their
24 neighborhood. Competition spurs
25 innovation and innovation provides

00142

1 Proceedings
2 opportunity.
3 I stand here not only
4 representing the company, but as an
5 example of this. As a member of the
6 Flatbush community of Brooklyn,
7 broadband was delivered to our
8 community first by Verizon. Having
9 this access helped me break down a
10 complex area by learning a new skill
11 that would not have been afforded to
12 me. Technology should not be
13 contained in certain neighborhoods if
14 done correctly. We are excited that
15 this new cable franchise will continue
16 to eliminate technical concerns
17 throughout Brooklyn.
18 Thank you for your ongoing
19 support to maintain a thriving
20 community. I thank you for your
21 ongoing support of Manpower and our
22 mission. Thank you.
23 THE CLERK: Thank you. The next
24 speaker is Max McVicant, to be
25 followed by Ken Adams.

00143

1 Proceedings
2 MR. McVICANT: Members of the
3 committee, my name Max McVicant and
4 I'm here for the Greater Jamaica
5 Development Corporation located in the
6 Borough of Queens and on behalf of
7 President Carlyle Bowery. I thank you
8 for this opportunity to appear before
9 you today. We urge your support for
10 this application of Verizon to operate
11 a cable television franchise in New
12 York City.
13 Greater Jamaica is one of the

14 oldest local development corporations,
15 working to improve the quality of life
16 for all those who live, work and shop
17 in downtown Jamaica, Queens for over
18 four years. Verizon and its
19 predecessor companies have been
20 long-time consistent in supporting of
21 our work, the higher public purpose of
22 the Greater Jamaica Development
23 Corporation.
24 We urge you to support the cable
25 franchise agreement with Verizon now

00144

1 Proceedings
2 under consideration. An additional
3 cable provider would create greater
4 competition, benefiting the consumer.
5 With a cable franchise, Verizon
6 promises more choices, more
7 innovation, expanded services and
8 better customer services. All this
9 would contribute to improvement of the
10 economic climate and quality of life
11 for the majority of people that live,
12 work and shop in Jamaica. Thank you
13 for this opportunity to appear before
14 you.
15 MR. HOLLOWAY: Thank you. I see
16 that Council Member LaBlacio is with
17 us. Council Member, would you like to
18 speak?
19 MR. LABLACIO: Thank you very
20 much for the opportunity to speak to
21 you today and thank you for holding
22 this hearing in Brooklyn. I want to
23 speak to you from the perspective of
24 someone representing the outer
25 boroughs, particularly in Brooklyn.

00145

1 Proceedings
2 And let me say that I fully support
3 Verizon entering this market. I
4 support the franchise approval, and,
5 like many people around the city, my
6 hope is that this will be a real step
7 forward for the consumer; that it will
8 lead not only to competition, but that
9 competition will lead to improved
10 services. So I'm very comfortable
11 with the Verizon proposal, and hope
12 that it be acted on very quickly
13 pursuant.
14 I do have concerns that I want

15 to raise, but I want to say at the
16 outset that I don't think they are the
17 kind of concerns that need to prolong
18 the process. I think they're concerns
19 that can be addressed, from my vantage
20 point, to a very straightforward
21 matter. And the concerns really
22 relate to the question of how each
23 borough is treated in this proposal,
24 whether they are treated fairly and
25 equally. So the question I'm

00146

1 Proceedings
2 concerned about, obviously, is how the
3 boroughs compare in the build-out plan
4 that Verizon is proposing.
5 It's my understanding that
6 they're in the early stages of the
7 build-out; that Manhattan and Staten
8 Island will be well ahead of Brooklyn
9 and Queens and the Bronx. And I for
10 one don't understand what is the cause
11 for that disparity. Specifically, I
12 understand that, by 2010, 67 percent
13 of Manhattan residents will be able to
14 choose Verizon and a hundred percent
15 of Staten Island residents; but only
16 45 percent of Bronx, Queens and
17 Brooklyn residents would have the
18 option in that same time frame.
19 I also understand that Verizon
20 can request delays up to three years
21 in dealing with the build-out process
22 if they find in the city that market
23 share doesn't meet certain targets.
24 So, by way of raising the concerns,
25 Brooklyn may not see FIOS until as

00147

1 Proceedings
2 late even as 2017 -- which means that
3 Brooklyn, for example, will be wired
4 for FIOS nearly ten years after Staten
5 Island.
6 To me that's a question of
7 equity, especially because Brooklyn is
8 so diverse as we are economically. I
9 would be concerned that we ensure that
10 particularly the lower income
11 residents of Brooklyn who would most
12 benefit from the competition are
13 reached. And I would not want to see
14 a situation in which the higher-income
15 parts of the city were able to enjoy

16 the services well in advance of areas
17 that are more economically diverse.
18 In addition, I would urge
19 Verizon to provide more transparency
20 in this process. They should provide
21 a public schedule of which
22 neighborhoods will be wired first in
23 each borough -- and make it clear what
24 criteria is used to prioritize
25 service. I think if there were a

00148

1 Proceedings
2 public schedule it would help delay
3 fears, again, that certain more
4 advantaged neighborhoods would receive
5 the process earlier than others.
6 I can't emphasize enough, not
7 only are we all concerned about
8 improved service, but, to the extent
9 that this competition could lead to
10 lower prices, that's a huge impact,
11 particularly in the lower-income
12 neighborhoods. For that reason,
13 again, I would urge us to, I would
14 urge you absolutely to approve this
15 franchise proposal. But we need to
16 ensure the additional transparency;
17 and we need to ensure that the
18 build-out is as consistent and
19 equitable as possible all across the
20 five boroughs. Thank you very much.
21 MR. HOLLOWAY: Thank you, Council
22 Member.
23 THE CLERK: The next speaker is
24 Ken Adams, to be followed by Robert
25 Bell.

00149

1 Proceedings
2 MR. ADAMS: Good afternoon.
3 Members of the committee, I'm Ken
4 Adams and I'm from BCC, Business
5 Council of New York City. The
6 Business Council is the largest
7 business organization and the leading
8 advocate for economic development in
9 New York City. Its membership is
10 comprised of thousands of member
11 companies, both large and small, along
12 with the local Chamber of Commerce and
13 professional and trade organizations.
14 For the New York business
15 community all across the state,
16 advanced data and video technology is

17 a critical factor in deciding whether
18 to start up now or relocate a business
19 in this state.

20 The video franchise agreement
21 now pending approval before this
22 committee demonstrates that New York
23 City is committed to its business
24 community by considering a
25 next-generation data network for its

00150

1 Proceedings
2 data communication infrastructure --
3 along with robust competition, as many
4 other speakers before you have
5 acknowledged.

6 Probably no organization
7 understands the value of choice in
8 competition better than the Business
9 Council. Everyday our members are
10 competing for customers and
11 businesses.

12 Verizon's all-fiber network
13 delivered right to the door is unique.
14 It has enough capacity to accommodate
15 all kinds of video applications, which
16 include video conferencing, employee
17 training, interactive web sites, home
18 health care reporting and much, much
19 more. It also affords the opportunity
20 for businesses to more efficiently
21 enter customers, read and manage
22 databases, and interconnect with all
23 type of business units. These
24 technologies are enormous and
25 beneficial to our members in the

00151

1 Proceedings
2 Business Council and truly assist
3 small business owners across the city
4 where this approval will have an
5 effect. As a representative of the
6 New York business community all across
7 the state, I ask you on this committee
8 to give your support to the Verizon
9 video franchise.

10 Thank you very much for your
11 attention this afternoon.

12 THE CLERK: The next speaker is
13 Robert Bell, to be followed by Maritta
14 Dunne.

15 MR. BELL: Good afternoon
16 members of the committee. My name is
17 Robert Bell, I'm executive director of

18 a business called The Forum, which is
19 a sorter of uses of information
20 technology and broadband in New York
21 and around the world right now to
22 developers. And I want to
23 congratulate you all -- and you're
24 going to hold your heads upright for
25 this for a long period of time.

00152

1 Proceedings

2 I strongly am in support for the
3 Verizon proposal and the decision of
4 the mayor's office through DOITT to
5 soon to award the city-wide cable
6 television franchise to Verizon -- for
7 the simple reason that it's going to
8 bring an enormous amount of
9 much-needed investment in
10 state-of-the-art fiber infrastructure
11 to the City of New York and to bring a
12 string in every borough within six
13 years, according to the agreement.

14 Now, of course, for consumers
15 who are small businesses who need
16 access to hundreds of cable television
17 channels, the availability of very
18 high-speed broadband, it's difficult
19 to overestimate the ultimate
20 commercial impact this will have. As
21 the Chamber of Commerce and other
22 areas of broadband are the ticket to
23 jobs, new jobs, as well, will be
24 created in New York City. And so I
25 commend the government for

00153

1 Proceedings

2 understanding that need. And I look
3 forward to a decade of the creation of
4 a brand new application in television
5 entertainment and commerce, in health
6 care delivery, in the education and
7 health community for the creation of
8 middle-class jobs, health care,
9 dissimulation [sic] of
10 entrepreneurship, and, quite frankly,
11 increasing more community improvement
12 in learning -- where our export
13 remains human innovation in the areas
14 of finance, health care, and so many
15 other topics. So, on behalf of my
16 fellow New Yorkers, I urge the
17 committee to approve this franchise
18 agreement. Thank you for your help.

19 THE CLERK: Next speaker is
20 Maritta Dunne, to be followed by Jack
21 Friedman.
22 MS. DUNNE: Good afternoon. My
23 name is Maritta Dunne, no
24 relationship. Let's get that
25 straight. I am the executive director

00154

1 Proceedings
2 of the Manhattan Duration and
3 president of the Peer Group, a
4 division of the Hall Valley High
5 School Community Development Program.
6 Our organization advocates for some 60
7 small and mid-size businesses in
8 Manhattan.
9 We welcome the arrival of FIOS
10 TV in West Harlem and I do think we
11 should take advantage of the programs
12 and prices that they will be offering:
13 Access to technology; supporting
14 enhancement in the entire community;
15 and increased information, which is
16 truly a great success endeavor.
17 Verizon's commitment to deliver
18 this important service to our area and
19 all the five boroughs within six years
20 is currently for our support. We look
21 forward to the competition, the great
22 amount of opportunity and prosperity
23 that this technology will bring, and
24 encourage you to vote for Verizon's
25 request. Thank you.

00155

1 Proceedings
2 THE CLERK: The next speaker is
3 Jack Friedman, to be followed by Nancy
4 O'Connolly.
5 MR. FRIEDMAN: Good afternoon.
6 On behalf of the Queens Chamber of
7 Commerce representing nearly 1,500
8 hundred business and business
9 organizations, I add my support for
10 the Verizon Cable TV franchise
11 agreement now before you. This is a
12 very important contract for all of us
13 here today, and especially for us in
14 Queens County. Verizon's new FIOS
15 network offers hundreds of data of
16 video applications far beyond the
17 reach of the copper and quantum cable
18 networks.
19 This is a critical time. Queens

20 has been growing the need for
21 bandwidth to accommodate its advanced
22 calendar and video in our schools,
23 colleges, hospitals and cultural
24 institutions and businesses.
25 Verizon's broadband services can help

00156

1 Proceedings
2 meet this demand now and in years
3 ahead.
4 New York welcomes a new,
5 world-class competitor on the cutting
6 edge of technology and consumer
7 choice. Queens interconnects with its
8 neighboring communities and the rest
9 of the world with communications
10 infrastructure. An advanced
11 telecommunication for video network
12 means our borough can operate more
13 efficiently and competitively in
14 both[sic] education, health care,
15 government and especially in business.
16 The new Verizon network will
17 create enhancement and opportunity of
18 our community to work more
19 efficiently. And Verizon's investment
20 in New York City will redefine the way
21 New Yorkers live and work for years to
22 come. It's good for business; it's
23 good for the residents; and it's good
24 for the city economy. And it's
25 another chance to show our competitive

00157

1 Proceedings
2 advantage over neighboring states to
3 continue as a high-tech leader and
4 innovator.
5 This both massive and important
6 infrastructure process put the first
7 telephone wires in greater New York
8 100 years ago. The high-speed network
9 Verizon has promised to build will
10 create jobs, ranking from construction
11 jobs to IT jobs, and will help protect
12 New York from future economic
13 downsizing.
14 Thank you for the opportunity to
15 provide my views and I ask that you
16 support without delay to accept the
17 franchise agreement that has been
18 presented to you by the City and by
19 Verizon. It is good for every New
20 Yorker. A Verizon fiber optic network

21 for all five boroughs will be
22 unprecedented and positive and will
23 position each borough to compete for
24 job opportunities and economic
25 development in a way that no other

00158

1 Proceedings
2 great city has. Thank you.
3 THE CLERK: The next speaker is
4 Nancy O'Connellly, to be followed by
5 Kathryn McConvey.
6 MS. O'CONNOLLY: Thank you for
7 this opportunity to speak to you
8 today. I ask for your support for
9 Verizon video vbranchise application.
10 My name is Nancy O'Connellly, and I am
11 the executive director for the
12 Organization of Urban Development Site
13 Creator Network. Verizon may gear New
14 York to fiber optic technology to all
15 five boroughs. This is important to
16 us to get Verizon because it will help
17 us carry out our mission to implement
18 job development and managing the
19 skills to members of the disability
20 community.
21 We help individuals who are
22 blind, visually impaired or otherwise
23 inhibited to address this really
24 important issue and we had formed an
25 ad hoc based-on-line class designed to

00159

1 Proceedings
2 help numerous members of our community
3 to share, develop and practice
4 on-line skills to get internships and
5 jobs. We are a personal branding
6 network. We believe that healthy,
7 self-sufficient, employed residents
8 are the lifeblood of our community.
9 Verizon's commitment to transmit
10 its cable service to all five
11 boroughs, its broadband service, will
12 deliver the kind of technology that
13 will serve our mission and clients for
14 years to come.
15 The potential benefits are
16 enormous. In fact, the high capacity
17 interactive broadband network is
18 something delivered and a source of
19 communications services that will help
20 empower clients on a path that will
21 continue to create success. This is

22 an exciting time in technology
23 advancement. I act in favor of the
24 Verizon franchise.
25 THE CLERK: Next speaker is

00160

1 Proceedings
2 Kathryn McConvey, to be followed by
3 Marilyn Hoyt.
4 MS. McCONVEY: Good afternoon.
5 I appreciate the opportunity to speak
6 before this committee. My name is
7 Kathryn McConvey, I'm an assistant
8 U.S. founder of K&M
9 Telecommunications, a minority-owned
10 New York City-based company. I'm also
11 a proud vendor to Verizon
12 Communications. I'm here to lend my
13 support of Verizon's new franchise now
14 before the Concession Review
15 Committee.
16 When I say my company had a hand
17 in the network, it carries Verizon
18 FIOS TV. I'm proud to tell you that
19 K&M members are part of the growing
20 team of Verizon employees and vendors
21 for creating the network of the future
22 in New York City. To vendors like us,
23 this franchisee means job growth in
24 New York city in the years ahead.
25 My company might not exist today

00161

1 Proceedings
2 without the mentoring and
3 information-sharing Verizon provided
4 when I started with this company 14
5 years ago. Thanks to Verizon, its
6 employees, and lots of continuity on
7 our part, K&M now employs 225 people
8 and does \$300 million a year with
9 Verizon Telecommunications. We are
10 here to say we are excited about the
11 future in New York City.
12 Today's advances in telephone
13 are outstanding and applications for
14 the future are unlimited. By approval
15 of this cable franchise you will
16 enable Verizon and others to deliver
17 cable TV competition to our residents,
18 make substantial future investment in
19 the network, and provide opportunities
20 and services. This benefits our
21 workers and all of New Yorkers.
22 I ask you to approve this

23 franchise. Thank you.
24 THE CLERK: The next speaker is
25 Marilyn Hoyt, to be followed Harold

00162

1 Proceedings
2 Channer.
3 MS. HOYT: Thank you for this
4 hearing this afternoon. My name is
5 Marilyn Hoyt, and I'm the president
6 and CEO of the New York Hall of
7 Science, New York's hands-on science
8 museum. So we're hearing from
9 everyone this afternoon that this is
10 an exceptional time and an exceptional
11 opportunity. With Verizon to roll out
12 its FIOS service, and cable franchise
13 agreements between the City and Time
14 Warner and Cablevision and others
15 about to be renegotiated, this is a
16 time of great opportunity to ensure
17 competition and multiple choices for
18 all New Yorkers. And we've been
19 hearing that story all the way across
20 this afternoon.
21 We support New Yorkers having a
22 fair and competitive marketplace with
23 as many options as possible for both
24 business and residential customers.
25 As the Hall serves one out of

00163

1 Proceedings
2 every eight public school students and
3 trainees, 4,500 teachers each year, it is
4 clear to us that bringing this digital
5 divide to an end is the key to New
6 York's competitive stature, both now
7 and as the world situation points
8 forward. In this community, we are
9 seeing the digital community rapidly
10 evolving, and we must take part with
11 those partners that have enough
12 capital to make a difference across
13 all of the city. The cities across
14 the world are taking both steps to
15 improve digital clarity and
16 productivity. This year is New York's
17 year.
18 We know that each business model
19 is unique and must be understood in
20 its own right, and we encourage the
21 crafting of policies that encourage
22 access to a competitive innovative
23 communication marketplace -- and also

24 provide for FIOS government and
25 educational services across the five

00164

1 Proceedings
2 boroughs.
3 It's important to get this part
4 of this entire process right so that
5 justifiable profits, health and
6 competition and a connection of
7 digital-literate diversity can result.
8 We have the capacity to analyze these
9 issues and make the right choices.
10 The agency is behind you. This is a
11 great time for New York. Thank you.
12 THE CLERK: The next speaker is
13 Harold Channer, to be followed by
14 Gertrude Pajaron.
15 MR. CHANNER: I'm Harold
16 Channer from the Borough of Staten
17 Island. I'm a former university
18 professor who is doing public access
19 cable television production. We are
20 the longest-run public access
21 programmer in the country, so we've
22 got a lot of seniority on this side in
23 terms of that. I go back to about
24 1970 when things were just getting
25 started in New York City. The Sloan

00165

1 Proceedings
2 Commission Report made, in terms of
3 cable which was coming, Urban Com
4 which was here. They were just
5 bringing cable and they made a report
6 to telecommunications people at all
7 levels, business and so forth, called
8 the Sloan Commission -- and it says
9 meet cable television, The Medium of
10 Abundance, which was the title of the
11 site. That was done and widely
12 studied.
13 It was the age of cable first
14 coming and Brian Land had just started
15 his C-SPAN. I remember he was telling
16 me that on an envelope that it was
17 going to be called C-SPAN.
18 And I am of the opinion that
19 cable -- one of the things that
20 bothers me a little bit about the
21 hearing here is that there seem to be
22 short strips even from my perspective.
23 I also might just say, as the interim
24 president of an organization called

00166

1 Proceedings
2 Producers, that producers across the
3 country are getting together using the
4 internet and so forth; so that's an
5 interesting development. But I'm sort
6 of the mind that Brian Land may be the
7 -- the citizens pay for it through the
8 process, to confront the world in an
9 age that enables weapons systems.
10 We have such a tremendous
11 capability. We're all coming to adopt
12 a qualitative transformation of our
13 ability to bring new capabilities.
14 Democracy is real; democracy may be in
15 the air necessarily. These kinds of
16 questions are really important; and it
17 seems to me that cable television or
18 communication, the means of
19 communication is really the DNA of the
20 political, economic, and social
21 organizing of the planet. Questions
22 are -- you have to have an outreach
23 for a lot of ITs. Looking for ITs
24 that are going to come markedly
25 improve business, just as children

00167

1 Proceedings
2 walking in the streets to console are
3 top solving in physics because they
4 have means of communication that we've
5 lost along the way.
6 Democracy is coming. It's in the
7 air, real democracy is coming. I'm of the
8 opinion having been in it for a long time,
9 that the real jewel in the crown of the
10 communications world is coming from cable
11 or now coming from the internet. That sort
12 of thing is public access cable television
13 or public access. And the people are going
14 to be heard from. And it seems to me that
15 we're not giving that sufficient attention.
16 I heard somebody say that if we
17 get HD for American Idol or something
18 like that, whatever is going to be
19 delivered, and finally if everything
20 gets done to apply we may get it over
21 to public access. I think it's really
22 incumbent, if only in the name of
23 public relations, I think C-SPAN is
24 probably the best public relations
25 going in terms of providing

00168

1 Proceedings
2 information relevant to the citizens
3 who participate and you ought to give
4 it the same kind of concern -- or to
5 public access -- rather than thinking
6 of it as the second-class thing that
7 we'll deal with at the back of the bus
8 somewhere behind all the important
9 things that are market-delivered.

10 I just want to think there
11 should be technologically as fair and
12 level a playing field for the people.
13 And I think it's going to be a PR
14 thing for the whole communications
15 industry to start bringing in people
16 into it, rather than just
17 bureaucratically-oriented kind of
18 programming to mark the decision.

19 So that's my input for here.
20 It's going to tell you that the thing
21 along with everybody else and I
22 wondered when comments were going to,
23 still be able to be presented to your
24 committee in the time we have. Thank
25 you.

00169

1 Proceedings
2 MR. HOLLOWAY: If you want to
3 submit written comments you certainly
4 can.
5 MR. CHANNER: What is the
6 deadline?

7 MR. HOLLOWAY: The vote is
8 scheduled for a week from today, so
9 you would want to get them in by next
10 Monday.

11 THE CLERK: The next speaker is
12 Gertrude Pajaron, to be followed by
13 Susan Lerner.

14 MS. PAJARON: Good afternoon.
15 Thank you for the chance to be before
16 this committee. My name is Gertrude
17 Pajaron. I'm the director of
18 development of the Asian and Pacific
19 Islander Coalition and HIV/Aids. We
20 are located at 400 Broadway in
21 Manhattan. We provide a team of
22 HIV/Aids services to our largely
23 immigrant population.

24 I am here today to read to you a
25 statement from the executive director

00170

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Proceedings

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of my organization in support of the Verizon video franchise agreement. Verizon entering into cable TV market here in the city means that we can all look forward to the benefits of more competition, more choices, more reasonable prices, services and better service. But, more important, I believe our clients and information at large can benefit from the extensive programming available over the years.

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There's many language channels that will be a rich source for both educators and education for Asian and Pacific Islanders, as well as support for tens of thousands of immigrants in the city.

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I urge you to approve Verizon's cable franchise agreement without delay. It is a very important contract for all of us in New York. Thank you.

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THE CLERK: The next speaker is Susan Lerner, to be followed by Bob

00171

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Proceedings

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Master.

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MS. LERNER: Good evening and thank you for your patience. My name is Susan Lerner, and I'm the executive director of Promise Hope New York. Promise Hope is a nonpartisan, non-profit citizens organization. I thank you for this opportunity to address the commission this evening.

The franchise agreement is a valuable opportunity for New Yorkers to gain improved service and greatly expanded access to prepare us for government information and access to the information superhighway. Comments by New York strongly support the concept of this agreement, but as an entity negotiating contracts, the our organization needs the details.

Our primary point this evening is that we believe a vote next work is premature.

I'd like to comment on, pick up on some of the things which the

00172

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Proceedings

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representatives of Verizon and Time Warner pointed out. It was extremely interesting to hear the representative from Verizon describe the process leading up to this contract as an 18-month process. I'd like to point out that city's request for proposals for this franchise agreement was issued on April the 11th of 2008, and then the contract was announced barely three weeks later.

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It does raise questions in the minds of the public and those who watch what's going on as to whether this was a sweetheart deal, with the request for proposals being crafted after the contract had been arrived at, rather than a needs assessment of done on behalf of the public and then going out to find the necessary vendor. So the process raises some questions in our minds.

We urge the commission to extend the date of approval from next week

00173

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Proceedings

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scheduled meeting by 120 days to mid-September. Very few groups that have the expertise to truly understand the contract have had an opportunity to review it. Such an extension would afford the public an opportunity to fully review the commitment making important suggestions.

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It was clear to us from the comments made by Verizon and by the Time Warner representatives, that this is going to serve as a model for pattern negotiations in the cable industry. Right now the City has, I think, an unusual and felicitive situation where Verizon's business needs are very much consummate within the communication needs of the community. And that provides the City with an opportunity to reach the improvement and strengthen this agreement.

We haven't had much time to look at the details of the contract, but

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there are seven different areas which I detailed in my written testimony which I will leave with you. And I won't at this late hour go into great detail on any of them. But certainly other speakers have talked to the question of the public programming being a second class citizen. We do believe that there should be Video On Demand, and think that it is wrong to wait to provide digital coverage until every single other channel has achieved digital status.

An area that has not been addressed by any of the other speakers is the entire question of net neutrality. Verizon's desire to the cable franchise is in order as they have very plainly said, to institute the FIOS program which is a package that includes internet access as well. Verizon does have a history of opposing net neutrality. It has, in other markets, interfered with the

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contents that have been provided through its modality. And we believe this hearing in New York City, Verizon should be required, either contractually or in representations to the public, to affirm that it will respect net neutrality and the freedom of speech rights of all New Yorkers should it be granted this franchise.

I have longer remarks, but I will leave them in written form. Thank you.

MR. HOLLOWAY: Thank you.
THE CLERK: The next speaker is Bob Master, to be followed by Valerie Oliver Durrans.

MR. MASTER: I want to say good afternoon, but it's probably a good time to say evening. My name is Bob Master, and I am the legislative political director for the Communications Workers of America, District One, which represents about 30,000 members who live and work here

00176

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Proceedings

2 in New York City. Among these are
3 about 15,000 who work for Verizon in
4 the five boroughs and who will be
5 building and servicing the new FIOS
6 network in the years to come.

7 Let me begin by assuring you
8 that our interests in this matter are
9 not merely parochial. We are a union
10 that has always prided itself on
11 seeking to advance the interest of all
12 working families. We are consistently
13 advocating in Albany on behalf of the
14 most stringent possible services,
15 quality standards to protect telephone
16 consumers, and have always sought to
17 meld our interest with those of the
18 public.

19 Our union firmly believes that
20 it is in everyone's interest for
21 Verizon to expand the video services.
22 Asymmetrical regulation of video,
23 voice and data services in an outmoded
24 relic of advanced technology.
25 Traditional cable TV companies have

00177

1 Proceedings
2 been able to freely offer voice and
3 data services to their customers for
4 years. It is clearly time for a
5 traditional voice and data company to
6 be allowed to offer video as well.

7 As the day has gone on, there's
8 been a lot of talk about the level
9 playing field in terms of regulation
10 of cable and telephone. And I would
11 submit to you that the real unlevel
12 playing field has been that the cable
13 companies have been able to offer
14 voice services, virtually since the
15 technology was available, while our
16 employer, a unionized employer, has
17 been prohibited by the particularities
18 in the way regulation has evolved from
19 competing in the video arena. And we
20 think that's entirely unfair.

21 I'm of course here today because
22 this proposal is of unique importance
23 to the membership of our community.
24 Verizon's work force in New York City
25 is diverse, highly skilled and, most

00178

1 Proceedings
2 importantly from our perspective,

3 highly unionized. From Maine to
4 Virginia more than 75,000 Verizon
5 workers are union members, including
6 60,000 who belong to our union of
7 Communications Workers of America.

8 Our members of Verizon are
9 highly-skilled professionals who
10 install and maintain cable, sustain
11 the company's telecom infrastructure
12 and provide exceptional customer
13 service. Women and people of color
14 make up a substantial component of
15 Verizon's work force.

16 In New York, Verizon and its
17 predecessors have been unionized for
18 nearly 70 years. While we certainly
19 have had our fair share of differences
20 with management during this time
21 period, and although some disputes
22 continue to this day, we believe that
23 it's important to recognize that
24 Verizon is a union employer, whose
25 ability to complete is severely

00179

1 Proceedings
2 restricted by its inability to offer
3 video services. Accordingly, if you
4 support the united union workers, I
5 hope you will support Verizon in its
6 effort to secure a cable video
7 franchise.

8 Verizon has spent well over a
9 year negotiating the terms of its New
10 York City FIOS build-out. The
11 universal build-out to every home in
12 the city over six years represents an
13 unprecedented commitment to ensure
14 every citizen regardless of race or
15 income level access to the
16 highest-speed broadband services
17 available. This kind of \$4 billion
18 investment does not come along
19 everyday.

20 The FIOS build will be good for
21 New York City consumers and it will be
22 cored by one of the largest
23 high-perspective union work forces in
24 the state. There is absolutely no
25 reason to delay the beginning of this

00180

1 Proceedings
2 historic project any further. The
3 Communications Workers of America urge

4 you to approve this franchise proposal
5 at the earliest possible date. Thank
6 you for allowing me to testify this
7 afternoon.

8 THE CLERK: The next speaker is
9 Valerie Oliver Durrans, to be followed
10 by David Liss.

11 MS. DURRANS: Good evening
12 members of the committee. My name is
13 Valerie Oliver Durrans, and I'm
14 president of the Neighborhood
15 Technical Assistance Planning and I'm
16 a trustee of the great Bethany Baptist
17 Church, where Dr. David Hampton is --
18 we have over 10,000 members of our
19 congregation -- who sends his regards
20 and support for this FIOS program.

21 As president of the Neighborhood
22 Technical Assistance Planning based in
23 Brooklyn, we were founded in 1998 to
24 help some individuals and
25 organizations to develop support and

00181

1 Proceedings
2 maintain technically a safe base
3 program. Today our practice has
4 expanded to include non-profits at
5 work, to improve programs and services
6 supplied to neighborhoods. My
7 organization represents and serves
8 more than 25,000 grad students, and
9 organizations across the five
10 boroughs; and over 10,000 reside here
11 in Brooklyn.

12 We wholeheartedly support this
13 cable franchise. We believe that
14 Verizon FIOS TV service can be a new
15 resource for education and training.
16 We also believe that it would benefit
17 the neighborhoods by providing
18 alternative and competitive prices for
19 cable TV. It is a given that video-
20 based technology is the future for our
21 community, our residents, and
22 especially our youth.

23 I have a son who is
24 24-years-old, a recent graduate of
25 Duke University, and he said he

00182

1 Proceedings
2 thought this was the best thing since
3 cupcakes. And, in fact, I talked to
4 about a hundred young people before I

5 came here and they all said, you all
6 should listen to them because they're
7 the ones that are going to benefit
8 from this in years to come; and they
9 thought it was great. I just thought
10 I should add that note.

11 Delivering this service can make
12 a difference between being onboard
13 with the technology train or being
14 left behind at the station. You have
15 a challenge before you today to put
16 the delivery of technology and cable
17 TV choice on the fast track and into
18 the hands of people who need it the
19 most, right here in Brooklyn and
20 throughout our city. Verizon has made
21 that promise to you in their agreement
22 and I ask that you please support it
23 without delay. Thank you.

24 THE CLERK: The next speaker is
25 David Liss, to be followed by Howard

00183

1 Proceedings

2 Friedman.

3 MR. LISS: Thank you very much
4 for the opportunity to speak and for
5 not making me the last speaker. My
6 name is David Liss, I'm the vice
7 president for Government Relations and
8 Strategic Initiatives at New York
9 Presbyterian. We're the city's
10 largest hospital. Our Manhattan
11 emergency rooms alone see 230,000
12 visitors, another 12,000 inpatient
13 patients per year. We deliver 11,000
14 babies every year and we have 1.6
15 million outpatient visits per year.

16 I am here to support the Verizon
17 application. I believe that if
18 Verizon is able to offer video
19 services it will encourage investments
20 in network infrastructure in the city.
21 That would be very, very beneficial
22 for health care.

23 The most promising technology in
24 health care is MRIs, X-ray machines.
25 Its telecommunications can help

00184

1 Proceedings

2 information in technology because this
3 technology can drive the care to its
4 appropriate setting. In some ways
5 it's the most clearly effective

6 studies and others the most
7 inexpensive study, and that's critical
8 for all of us. It's particularly
9 critical for the City of New York
10 which absorbs the rates of Medicaid
11 costs.

12 Health and Human Services
13 estimates that 20 percent of radiology
14 tests are redundant. They don't need
15 to be done. Imagine the city share of
16 Medicaid to be paid, 20 percent of lab
17 tests and 20 percent of radiology
18 tests, out of that share. So we have
19 a technology that by driving care the
20 to the most appropriate setting, can
21 give the best clinical care, open up
22 access to care and drive some costs
23 out of the system. That would be
24 great for everybody.

25 The State of New York itself

00185

1 Proceedings
2 recognizes which is purely health
3 programs. It gives all these dollars
4 to Health IT, the types of regional
5 networks that can carry health care
6 information. We at New York
7 Presbyterian have a project where
8 we're leaving our own academic medical
9 center with community hospitals and
10 community additions that aren't even
11 affiliated with us, with long-term
12 care settings, so that we can share
13 data about the patient, and have the
14 appropriate respective confidentiality
15 fully-covered by all appropriate laws.
16 But the data is where it needs to be
17 to take care of the patient the best
18 possible way. We're doing this under
19 a funded project.

20 If we had Verizon providing
21 fiber to the homes, fiber to the
22 various care settings, this would be
23 incredibly more respected. And so we
24 very, very strenuously support this.
25 We support the technology to be used

00186

1 Proceedings
2 for home monitoring, which is
3 management. How much of the city's
4 own Medicaid cost involves people who
5 are chronically ill with diabetes or
6 asthma, whose care is simply to be

7 monitored? The technology will allow
8 for home monitoring, and so make it
9 much more effective even out of the
10 emergency room, out of the hospital
11 and at home.

12 So, this technology has enormous
13 providence for health care. My
14 hospital has enormous respect for it.
15 We think that by granting Verizon the
16 ability to offer cable TV, that will
17 incentive them to put this
18 infrastructure in the ground where
19 it's able to be utilized by health
20 care. And we support it. Thank you.

21 THE CLERK: The next speaker is
22 Howard Friedman, to be followed by
23 Ricardo Garcia.

24 MR. FRIEDMAN: Good evening. My
25 name is Howard Friedman. I'm the

00187

1 Proceedings
2 president of the Harlem A Topic of
3 Aids. This is a general program. I
4 think this would help everybody, the
5 young eventually and the old right
6 now. So, I thank you for this
7 opportunity to be here.

8 Most of my families are low
9 income on fixed income. We provide
10 plenty of service for educational
11 entertainment, but mostly they rely on
12 television -- especially my senior
13 citizens, the homebound people, who
14 rely on TV 15 hours a day sometimes.

15 We support Verizon entering the
16 cable TV market because they will
17 provide better service, offer new
18 programming and, most importantly, the
19 competition will help keep pricing in
20 check. In addition, my service
21 recognizes Verizon's great service to
22 the community and things other than
23 their actual programs that we put on.
24 The things that the Verizon people
25 have done for us, many programs that

00188

1 Proceedings
2 don't have to do with their business.
3 This community involvement has helped
4 us in ways with literacy; they give us
5 books, lots of things. They come to
6 my center individually. Whatever they
7 can service, whatever is available,

8 whatever new things they have. They
9 will come to my center in front of 50,
10 60, 100 seniors and will meet with
11 them.

12 I appreciate all they've done
13 for us and I look forward to working
14 with them in the future. On behalf of
15 my members, I ask you to support this
16 agreement. Thank you very much.

17 THE CLERK: The next speaker is
18 Ricardo Garcia, to be followed by
19 Andrew Albert.

20 MR. GARCIA: Good evening,
21 committee members. My name is Ricardo
22 Garcia. I'm the executive vice
23 president of Latino and Information
24 Signs and Technology Association of
25 New York. We are based in New York

00189

1 Proceedings
2 City. We offer support for all
3 Latinos working in science, math,
4 information science and technology.

5 FIOS TV is an exciting and
6 important technology that will bring
7 advancement to our community.
8 Verizon's new FIOS service, the
9 network means that Verizon provides
10 hundreds for constant creation and
11 technology and ability that hasn't
12 been seen in our field in many years.
13 As our expansion to build a premiere
14 technology telecommunications
15 organization, it's critical that the
16 capacity the FIOS network and
17 individual procedures are impressive.
18 The Verizon cable franchise will help
19 put this technology in the hands of
20 all New Yorkers, and at the same time
21 sponsor a cable TV choice and
22 competition. I urge you to act
23 favorably with this agreement. Thank
24 you.

25 THE CLERK: The next speaker is

00190

1 Proceedings
2 Andrew Albert, to be followed by Kevin
3 Jackson.

4 MR. ALBERT: So many people have
5 been so eloquent here today that I'm
6 going to give the short version of
7 this. I'm sure you're happy to hear
8 that given the late hour.

9 My name is Andrew Albert, I'm
10 executive director of the West
11 Manhattan Chamber of Commerce.
12 Probably no type of organization
13 understands the value of choice and
14 competition better than chambers of
15 commerce. Our members are on the
16 frontline of the American economy
17 every day competing for customers and
18 business. We know better than anyone
19 that competition reduces prices,
20 enhances qualitative innovation; it
21 improves quality and enhances customer
22 service.
23 As a representative of the
24 business community, I ask the
25 Franchise Concession Review Committee

00191

1 Proceedings
2 to support this video franchise
3 agreement. It promises to bring to
4 our great city innovative technology
5 and all the benefits associated with
6 choice and competition. Verizon is a
7 great member of the community and
8 always has been. I hope, I am sure
9 they will continue to be, as someone
10 who proposed a product offering that
11 they are bringing to us are just
12 amazing and everyone should get the
13 benefit of this. So we ask you to
14 approve this video franchise without
15 delay and thank you for the
16 opportunity to comment today.
17 THE CLERK: The next speaker is
18 Kevin Jackson, to be followed by Lynn
19 Stirrup.
20 MR. JACKSON: Good evening.
21 Thank you for the opportunity to speak
22 in support of the Verizon Cable
23 Franchise. My name is Kevin Jackson.
24 I am the executive director of the
25 Legal Academy Foundation, and

00192

1 Proceedings
2 part-time I'm a professor of business
3 development and management at New York
4 University. The academy is an
5 innovative alternative city high
6 school based in the Bronx serving
7 about 500 economically underprivileged
8 students.
9 We are proud to say that we are

10 an academic concentrator among public
11 schools in the Bronx and throughout
12 the city. In fact, other academies
13 are underway in other boroughs based
14 on the eagle model. We're opening a
15 school in Bronxville and Brooklyn in
16 the fall.

17 This is in no small part due to
18 the support from companies like
19 Verizon who have provided after-school
20 programs. Verizon has provided us a
21 computer support center, robotic team
22 support and on-line resources for
23 teachers called Extended. The fiber
24 optic data and video network that
25 Verizon is committed to build in

00193

1 Proceedings
2 underserved areas of the Bronx and
3 throughout the city, can only lead to
4 additional and unprecedented learning
5 opportunities for Bronx students and
6 the residents and millions of other
7 New Yorkers -- New Yorkers who
8 otherwise might not have the chance to
9 receive access to computer training,
10 literacy skills and overall higher
11 education.

12 As an educational institution,
13 we know that advanced high-speed
14 internet and video services are
15 powerful learning tools that can help
16 break the digital divide by providing
17 instance access to global information,
18 interactivities, creative programming,
19 distance learning and a range of
20 next-generation educational services.
21 In addition, educators, parents,
22 students and consumers throughout the
23 Bronx and the city are also extremely
24 eager to see the benefits of cable
25 television competition reach our

00194

1 Proceedings
2 neighborhood -- something all New
3 Yorkers have waited for a long time.
4 Verizon is now positioned to
5 deliver the benefit of the most
6 sophisticated next-generation voice,
7 data and video network to our city.
8 This committee can help make that
9 happen. I ask that you approve the
10 Verizon video franchise agreement

11 without delay. Thank you.
12 THE CLERK: The next speaker is
13 Lynn Stirrup, to be followed by Carl
14 Hum.
15 MS. STIRRUP: Good afternoon
16 ladies and gentlemen. I'm Lynn
17 Stirrup, the vice president for
18 planning and the executive director
19 for campaigns for Brooklyn Academy of
20 Music. You may be wondering why a
21 cultural institution is supporting an
22 initiative by a telecommunications
23 company. The reason is simple.
24 Verizon's video network could
25 offer us an entirely new avenue for

00195

1 Proceedings
2 reaching out in the community for the
3 power of technology. A subscriber to
4 FIOS TV could point the remote, click
5 and call up any or all advanced
6 programs and services at any time.
7 This can assist our outreach and help
8 the disabled and seniors, the
9 underserved, and any others who might
10 not have access to our performances
11 and other services.
12 As a premiere cultural
13 institution in the largest borough, we
14 want to harness the power of
15 technology and extend the reach and
16 access of our offerings within our
17 community and beyond.
18 I ask you to vote yes on
19 Verizon's cable franchise. Thanks for
20 your consideration.
21 THE CLERK: The next speaker is
22 Carl Hum.
23 MR. HUM: Good evening members
24 of the committee. My name is Carl
25 Hum. I am the president and CEO of

00196

1 Proceedings
2 the Brooklyn Chamber of Commerce. We
3 are a 90-year-old business advocacy
4 and economic development organization
5 with over 1,500 members through the
6 borough and the city. Our membership
7 is centered in every business sector
8 of the borough, from large health care
9 organizations, bank facilities to
10 small manufacturing and retail shops.
11 Not too long ago the Brooklyn

12 Chamber voiced its strong support for
13 Verizon entering the cable television
14 marketplace. Our stance has not
15 changed and we urge, again, the
16 committee to vote yes on Verizon cable
17 franchise contract.

18 Verizon is installing all highly
19 advanced fiber optic technology,
20 providing the greatest capacity and
21 downloading speeds that existing cable
22 television technology can't currently
23 deliver. Moreover, Verizon will pay
24 the City a franchise fee of five
25 percent of the revenue sharing from

00197

1 Proceedings

2 the City to, sorry, within the City to
3 from its cable television services, in
4 addition to other infrastructure
5 improvement that Verizon will do under
6 the proposed agreement.

7 As you know, New York City cable
8 television service is administered by
9 primarily two wire companies, each
10 operating independently within the
11 franchise territory. Not only will
12 Verizon's entry bring new product to
13 the marketplace, it will create
14 healthy competition, which in the end
15 could mean better service and lower
16 prices for Brooklyn consumers. The
17 Brooklyn Chamber of Commerce has
18 always supported the concept in the
19 marketplace, that it should be fair
20 and geared toward creating the best
21 outcome to our consumers.

22 The Franchise and Review
23 Committee has the ability to do just
24 that for the borough, and I urge you
25 to take this opportunity to do that.

00198

1 Proceedings

2 Thank you very much.

3 THE CLERK: That was the last
4 speaker.

5 MR. HOLLOWAY: All right then.
6 Yes, sir.

7 MR. BELL: I signed up but you
8 didn't read my name.

9 MR. HOLLOWAY: Okay. You may
10 come to speak. Please state your name
11 for the record.

12 MR. BELL: I'm Charles Bell, I'm

13 the programs director for Consumers
14 Union and we're the non-profit
15 publisher for consumer reports. And
16 as part of our consumer protection
17 activities, we advocate for affordable
18 competitive cable and
19 telecommunications services. And
20 we're a non-profit group. We don't
21 take any corporate funding and we
22 don't have any business relationships
23 with corporations, including Verizon
24 or any other telecommunications
25 company. Also the New York Public

00199

1 Proceedings
2 Interests Research Group is joining us
3 in our comments here today.
4 We're very pleased to be here
5 today to testify regarding an
6 opportunity to enhance consumer
7 protection and public access
8 provisions in the proposed cable
9 franchise agreement with Verizon New
10 York. We welcome the committee's
11 interest in the agreement for greater
12 consumer choice by promoting
13 competition in the cable marketplace.
14 However, we are quite disappointed in
15 the level of secrecy and the lack of
16 public disclosure regarding these
17 negotiations.
18 We've been paying, we think,
19 fairly close attention to these
20 issues. We were not able to find an
21 official posting of the draft
22 agreement on the Department of
23 Information Technology and
24 Telecommunications web site or on the
25 FDRC web site. And, while we're

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1 Proceedings
2 pleased to have very brief opportunity
3 to review that agreement -- I actually
4 got a copy today from the
5 MediaSource -- we really haven't had
6 sufficient time to review the full
7 provisions. And so, along with the
8 other public interest organizations
9 that were here today, we're very
10 concerned that the spirit and perhaps
11 the statutory requirements for advance
12 public notice of this hearing have not
13 been met, and that this type of a

14 process will potentially undermine
15 public confidence in the franchise
16 review process being filed here in New
17 York City -- both with Verizon and for
18 other cable companies that may be
19 subject to it later on.

20 As was noted earlier, this
21 agreement has been one year in the
22 making. Surely we can have more than
23 a couple days to review the
24 provisions. I would also like to note
25 the long term that this agreement will

00201

1 Proceedings
2 be in effect of 12 years. It's really
3 a pretty big deal, you know. If we
4 look back 12 years ago, we had a
5 rapidly different telecommunications
6 environment than we have today. This
7 agreement really has to anticipate a
8 lot of development that may come in
9 the marketplace.

10 In general, we think there's
11 potentially a lot of good things that
12 can come out of opening up the video
13 marketplace in New York City to the
14 FIOS and Verizon service. And in
15 areas around the country where
16 competition exists, consumers enjoy
17 prices that are 15 percent lower than
18 non-competitive markets.

19 And, also, we are very pleased
20 to have been able to work with New
21 York City Comptroller William Thompson
22 and EIFER to develop a cable consumer
23 bill of rights; and we're pleased to
24 see that many of the provisions that
25 have been recommended by Comptroller

00202

1 Proceedings
2 Thompson and our groups do seem to
3 have been incorporated in the
4 agreement. So we commend those and
5 Verizon and others who worked to make
6 Comptroller's Thompson's office to
7 incorporate those provisions. But we
8 really haven't had the opportunity to
9 go through them and we understand
10 there are certain changes, for
11 example, in what type of penalty
12 Verizon might pay for service outages.
13 That might switch back from a free
14 month of service for the consumer to

15 \$25 to the consumer. And, as was
16 mentioned by the Common Cause speaker,
17 the details of this really matter to
18 us. We would really like the
19 opportunity to go through this
20 agreement and provide that level of
21 confidence. And we can't do it in a
22 process that doesn't have sufficient
23 public disclosure review time for us
24 or for other public interest groups or
25 for citizens to participate. I

00203

1 Proceedings
2 expect we'll have a lot of good things
3 to say about this agreement, but I
4 would say for those speakers who said
5 today that the agreement should be
6 approved without delay, that's really
7 not appropriate because the community
8 has not had sufficient time to form an
9 informed judgment about what the
10 contents of this agreement are. So I
11 would say it's premature to really
12 reach an agreement as to whether, a
13 conclusion as to whether it should be
14 approved or disapproved; and we will
15 join with other public interest
16 organizations in calling for more
17 time, a reasonable amount of time for
18 the community to agree, to have an
19 opportunity to review these
20 provisions.

21 Also, we understand that there is
22 some significant level of funding that will
23 be provided to the PEG channels and we
24 commend both the negotiators and Verizon
25 for that. We are concerned, though, about,

00204

1 Proceedings
2 again, about the long term of the agreement
3 that lasts for 12 years and that the PEG
4 channels may not have access to high
5 technology features such as high
6 definition, and Video On Demand, which are
7 being made widely available to other
8 commercial and entertainment channels.
9 Such features would be very useful both for
10 citizens and for the producers and for
11 publicly-oriented programming that's made
12 by the City of New York or by non-profits
13 in the city. And so we come to the long
14 term of this agreement and we're concerned
15 about a situation where the technology

16 continues to evolve but the PEG channels
17 could be frozen out of certain
18 opportunities that become standard packages
19 for other channels.

20 Thank you for the opportunity to
21 testify, given my remarks, and you've
22 laid out a number of general
23 principles that we favor for
24 negotiation of the franchise
25 agreement. And, given enough time, we

00205

1 Proceedings
2 will provide more detailed comments on
3 our views, but we do urge you to
4 provide more time for citizens to
5 review this agreement.

6 MR. HOLLOWAY: I would just
7 like to say, sir, if you have
8 additional comments you'd like to
9 submit to the committee, you're more
10 than welcome to do that. Does the
11 representative from Verizon wish to
12 say something?

13 MR. TRAIN: Just very briefly.
14 I'm Paul Train from the
15 telecommunications group representing
16 Verizon New York. I just want to take
17 a minute to thank Bruce Regal and
18 Mitchel from DOITT and Marla Simpson
19 from the Mayor's Office of Contracts
20 for conducting such a professional
21 public hearing planning process that
22 included a proposal that was open to
23 all companies.

24 The Verizon application in
25 agreement has been on public display

00206

1 Proceedings
2 for over five weeks. A process that
3 has allowed for over a thousand
4 letters and other written testimony
5 from informed New Yorkers; adequate
6 notice on Verizon's publication, as
7 well as the event of a public hearing
8 that allowed for over 50 speakers,
9 comments from our competitors, and
10 public officials.

11 On behalf of Verizon New York I
12 wholly join the overwhelming majority
13 of speakers and those who provided
14 great testimony to pass the Verizon
15 agreement before you. Thank you.

16 MR. HOLLOWAY: Thank you.

17 Actually, this issue of the
18 negotiation periods has arisen a
19 couple of times. I just wanted to ask
20 DOITT if they would comment on that.
21 Does this arrangement preclude anyone
22 else from, you know, agreeing to the
23 terms of solicitations? You should
24 say something about that.
25 MR. REGAL: Bruce Regal, from

00207

1 Proceedings
2 the New York City Law Department.
3 Just to make it clear, the
4 solicitation that Verizon responded to
5 remains open and available to any
6 other company who is willing and able
7 to respond to it -- provide service
8 and competition with Verizon. So
9 there's no question about favoritism
10 or advance notice. Anyone going
11 forward has the opportunity to respond
12 as Verizon did.
13 MR. HOLLOWAY: Thank you.
14 THE SPEAKER: It's a little
15 disturbing that, given the
16 significance of this agreement, I
17 would certainly urge the city to vote
18 this agreement on the DOITT web site
19 and certainly the MOSS web site. They
20 should be readily easily available for
21 someone that's speaking after to get
22 those.
23 MR. REGAL: I know about that.
24 These agreements have been available
25 electronically to the public for over

00208

1 Proceedings
2 three weeks now as noticed in the
3 record and public newspapers and
4 E-mails to get all of these agreements
5 electronically have been available for
6 weeks.
7 MR. HOLLOWAY: What web site,
8 NYC dot gov.
9 MR. REGAL: No. I mailed a lot
10 of E-mails through electronic E-mail
11 request to DOITT and we would respond.
12 MR. HOLLOWAY: Okay.
13 THE SPEAKER: I think we have to
14 support the Comptroller. The facts
15 were available. These documents were
16 available per request. There really
17 is reason why they couldn't be posted.

18 MR. HOLLOWAY: Sure, we can
19 certainly make them available. We
20 will make them available on the web.
21 Okay. I think we have a couple more
22 speakers.
23 THE CLERK: The next speaker is
24 Ingrid Martin on behalf of New York
25 State Senator Adams' Office, followed

00209

1 Proceedings
2 by Edward Gould.
3 MS. MARTIN: Good evening. I'm
4 Ingrid Lewis Martin on behalf of New
5 York State Senator Eric Adams. The
6 Senator has two letters; he asked me
7 to read one letter in regard to the
8 hearing today. This letter was
9 addressed to Mayor Michael Bloomberg,
10 City Hall. Honorable Mayor Bloomberg:
11 The New York City Charter empowers the
12 Franchise and Concession Review
13 Committee to review and approve the
14 franchisee in the franchise agreement
15 in the City of New York. Pursuant to
16 this authorization, the FDRC will
17 convene a special public hearing on
18 Tuesday, May 20, 2008 in the matter of
19 the proposed 12-year franchise
20 agreement under which Verizon will
21 provide cable television access
22 services city-wide.
23 As New York State representative
24 in Brooklyn we are requesting an
25 opportunity to participate in the

00210

1 Proceedings
2 special hearing. Since the Senate and
3 Assembly are officially present every
4 Monday, Tuesday and Wednesday during
5 the month of May, we will be in
6 Albany, on Tuesday May 20th, the
7 hearing date. We are urging,
8 therefore, that the special public
9 hearing be rescheduled for a Thursday
10 or Friday in order to afford elected
11 officials the opportunity to be
12 present.
13 We are dismayed, moreover, by
14 the upgrade schedule in Appendix F of
15 the draft of the Verizon New York City
16 cable franchise agreement. By the end
17 of this year, 98 percent of Staten
18 Island residents and 57 percent of

19 Manhattan residents will be able to
20 avail themselves of the Verizon
21 service while only 12 percent of
22 Brooklyn residents will be able to do
23 so. A more equitable upgrading
24 schedule is surely appropriate,
25 especially one that will meet the

00211

1 Proceedings

2 provision allowing to provide the
3 latitude to delay completion of
4 Brooklyn until 2017.

5 As Mayor, you are officially the
6 chairman of the FDRC, and we,
7 therefore, bring these two very
8 important matters to your attention.

9 And the letter was signed by the
10 Brooklyn Assembly Delegation and the
11 Senate Delegation. The senator
12 understands the importance of fiber
13 optic and believes and supports the
14 important things you have, but he also
15 feels that Brooklyn needs to be a part
16 of the first phase. Brooklyn was left
17 out when Cablevision came in, when
18 Time Warner came, and we feel as if
19 the same thing is occurring again. So
20 we would like for you to take a
21 minute, take a moment before you sign
22 on to this agreement, and to maybe ask
23 Verizon is there something that you
24 can do that's more equitable where you
25 can bring some of the lower-end

00212

1 Proceedings

2 communities into the fold, not just
3 Manhattan, not just Staten Island, but
4 Brooklyn, the Bronx, the inner parts
5 of Queens. It's very important that
6 this is taken into consideration.

7 Today I sat and I listened to
8 people from Manhattan talk about
9 hospitals, how they would benefit from
10 it. We have five hospitals in our
11 district, so we would love to benefit
12 from this. But we do not want to wait
13 until 2017 in order to benefit from
14 it. So we hope that you would give it
15 real consideration and let Verizon
16 know that we are with you and we are
17 happy about fiber optic, but we need
18 to be in Brooklyn as readily as it is
19 in Manhattan and as readily as it is

20 in Staten Island. Thank you.
21 THE CLERK: The final speaker I
22 have is Edward Gould.
23 MR. GOULD: Good evening. My
24 name is Edwardo Giulardo, I represent
25 the Queens Chamber of Commerce. We

00213

1 Proceedings
2 are for Verizon. We think that it's a
3 fantastic idea. It makes competition
4 better for the consumers and small
5 businesses and we look forward, so we
6 give our support. Thank you.

7 MR. HOLLOWAY: That's final
8 speaker. We have no one else who
9 wishes to speak. This public hearing
10 is hereby closed.

11 (Whereupon, at 6:00 p.m., the
12 above matter concluded.)
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3 C E R T I F I C A T I O N
4

5 I, SHERRY SPALLIERO, a Shorthand
6 Reporter and Notary Public, within and for
7 the State of New York, do hereby certify
8 that I reported the proceedings in the
9 within-entitled matter, on Tuesday, May 20,
10 2008, at NYC Tech College, 285 Jay Street,
11 Brooklyn, New York, and that this is an
12 accurate transcription of these
13 proceedings.

14 IN WITNESS WHEREOF, I have
15 hereunto set my hand this day
16 of , 2008.
17
18
19

20 SHERRY SPALLIERO

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