

## **Senate Utilities Committee**

**February 2, 2015**

**Gary Shorman: President/CEO; Eagle Communications, Inc.**

Thank-you to the committee for allowing us a few minutes to tell you about our Kansas owned/employee-owned company. Our success is based on meeting the needs of our customers, focusing on solving their connection problems, and allow them to enjoy fast, reliable internet service and their favorite entertainment choices. We also serve many businesses and communities where we do the work connecting them to the world so they can then focus on meeting the needs of their customers.

In addition to my “day” job, I have the opportunity to serve on two national boards. One, the National Cable and Telecommunications Association (NCTA), represents the industry and many video programmers on national issues faced in Washington, DC. My current role as Chair of the Rural & Small System Operators Committee allows me to advocate on behalf of many operators our size who have common issues and concerns. I also serve a Vice-Chair of the National Cable Television Cooperative which is the purchasing arm of more than 900 smaller and medium sized companies like ours. The NCTC is a Kansas Cooperative based in Lenexa. These positions give me a unique view of challenges and opportunities across our country.

While Kurt directed his comments more towards Eagle’s commitment to connect our communities, I would like to discuss a couple of national issues which will hinder the progress we are all trying to achieve in Kansas.

Providing everyone in Kansas with quality broadband is a universal goal everyone in this room would like to achieve. I believe some of you have heard me talk about the concerns our company has about governmental funding of broadband projects that compete with private “at-risk” businesses. Specifically, it is not the issue of governmental funding, but governmental funding of projects which compete, and in some cases, destroy the private companies who are providing the same or better services. Governmental funding should be targeted first in those areas with no service before overbuilding communities who already have a quality service.

The Federal government is currently reviewing several areas which will affect all of the providers in Kansas. Here are just a few of the initiatives being addressed by the FCC that I would like to discuss from a national perspective.

- **Net Neutrality/Title II**

At the FCC, we expect action on net neutrality in the short term. The Chairman has indicated that he plans to bring new rules to a vote at the FCC’s February 26 meeting, and as I’m sure you all know, the President has called on the Chairman to adopt rules that include reclassification of broadband as a Title II service. Republican leadership in the House and Senate have already announced legislative proposals to find a solution

without Title II if the FCC takes that route. The draft legislation would establish basic principles of Internet fairness without dragging the process back to the monopoly telephone era of Title II. A Title II decision by the FCC will result in years of litigation and uncertainty. Providers, big and small, will then need to focus attention towards regulation and away from innovation and Internet expansion.

- **Municipally-owned broadband deployment**

Most recently, the President, during a visit to a municipally-owned utility, called on the FCC to take steps to remove barriers to municipal broadband deployment. It is possible that the FCC will also take action on this issue during its February 26<sup>th</sup> meeting. At Eagle, we compete with government financed networks in some of the communities we serve. While these investments may be appropriate in some cases, it diverts scarce resources from other pressing local needs such as schools and social services. In many cases, government run networks have ended up in failure, saddling taxpayers with significant long-term financial liabilities. We have said this over and over, scarce taxpayer resources should not be used to fund the overbuilding of broadband networks built with private risk capital.

- **Increased Wi-Fi Spectrum**

It is important to push for increasing the amount of unlicensed spectrum that is available to help meet our customers' demand for Wi-Fi, to relieve congestion in existing Wi-Fi bands and to enable the deployment of expanded Wi-Fi across the country. In March 2014, the FCC unanimously adopted an Order to open up an additional 100 MHz of spectrum in the 5 GHz band, effectively doubling the amount of spectrum in the band that is usable for Wi-Fi.

- **25 Megabit Benchmark**

The cable industry, including smaller companies like Eagle, have consistently delivered faster Internet speeds to American consumers with networks that offer 50 Mbps to 85 percent of U.S. homes, widely available tiers that exceed 100 Mbps and Gigabit speeds in some communities. While cable network Internet speeds already meet and exceed the FCC's new broadband description, it is troubling that the Commission majority has arbitrarily chosen a definition of broadband in its Section 706 report that ignores how millions of consumers currently access the Internet. Instead of an accurate assessment of America's broadband marketplace and the needs and uses of consumers, the FCC action is industrial policy that is not faithful to Congress' direction in Section 706 to assess the market, but a clear effort to justify and expand the bounds of the FCC's own authority.

As we have highlighted today, Eagle is excited to help connect our customers to the future. We will do it efficiently and in partnership with the communities and businesses we serve. I hope none of us believe that a government owned and operated Internet is the right thing for Kansans. So as you debate the broadband issues, keep companies like ours in mind as a reference to what can truly be accomplished by working together. We are not afraid to compete, we just want a fair opportunity and we should be a part of every discussion.

Again, I appreciate the time and energy you give as you represent us all.

We would be happy to answer any questions.