



Presentation To The Senate Utilities Committee

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My name is John Federico and I serve as the President of the Kansas Cable Telecommunications Association. KCTA members provide advanced telecommunications services including video, voice and broadband to both urban and rural communities across Kansas.

INVESTMENT

Since the inception of cable television, cable operators both nationally and in Kansas have been innovators in the development and deployment of advanced telecommunication technologies to meet customers' needs and demands. Since 1996, the cable industry has invested over \$230 billion dollars in infrastructure trying to deliver, *better* and *faster* to our customers. The cable and telecommunications industries combined, are the largest contributor to the US economy totaling more than \$46B annually.

There is a similar commitment to our own Kansas communities, by Kansas cable providers. You will hear firsthand from Eagle Communications headquartered in Hays and their commitment to their customers and the communities they serve, often in the face of very difficult challenges because of population density and subsidized competition that upsets the competitive playing field.

The largest cable provider in Kansas is Cox Communications, headquartered in Wichita. They serve 91 communities, both large and small, employ more than 1,100 Kansans, pay on average more than \$11M in franchise fees to local municipalities, and \$17M annually to contractors and vendors. Since 2012, Cox Communications infrastructure investment in Kansas communities totals nearly \$75M. 100% of the Kansas communities they serve have access to state of the art, broadband fiber technology.

BROADBAND

All cable operators in Kansas are doing their part. They provide more broadband services to Kansas homes and businesses than anyone else. Nationally, cable's high speed internet product is available to 93% of US households. In response to customer demand, top tier speeds of

cable's broadband product have increased 50% a year. Individual cable operators are also designing programs to offer free or reduced-cost services to people who might not otherwise be able to afford internet access. As an example, Comcast, through their *Internet Essentials* program allows schoolchildren who qualify for the National School Lunch Program, the opportunity to purchase a desktop computer or a laptop at a significantly reduced price, and/or internet services for less than \$10 per month.

STATE OF COMPETITION

Currently, there are 660 cable operators nationally, and over 5,200 cable systems. On a national scale, cable has 54M video subscribers, 54M broadband subscribers, and 28M voice subscribers. Cable's pay TV market share peaked in the early 90's at 98% and now stands at 53%. The notion of a cable television monopoly has been long ago dismissed. Competition is very real and very robust. There are currently 36M subscribers to Netflix. There are 34.5M subscribers to satellite TV services. Comcast and Time Warner Cable, COMBINED have 34M subscribers, and AT&T's Uverse product captures 5.7M subscribers nationally.

Competition comes at us from all sides, and we embrace it. We relish the fight where a company's price, product and service is what wins customers. At the end of the day cable, and most telecommunication providers operate best under a "light" regulatory touch. Well-intentioned federal and state subsidies to one competitor, to the detriment of another is crippling to the state of competition. In spite of that, rare is the circumstance that prompts the cable industry to come to the statehouse and seek relief. Rather, we welcome opportunities such as this to share information about our industry and the opportunity for you to hear from cable operators who can share actual experiences about providing services in Kansas communities.

Thank you for the time Mr. Chairman, and I am happy to stand for questions at the appropriate time.