



December 22, 2022

Wisconsin Governor Tony Evers
P.O. Box 7863
Madison, WI 53707

DELIVERED VIA EMAIL

Dear Governor Evers,

Wisconsin Community Media represents 54 municipalities, colleges, and non-profits who have cable television channels that they fill with locally produced programming such as city council meetings, mayor's reports, coverage of community events, issues discussions, local music, and high school football. You yourself recently appeared via Zoom on an episode of **Western Wisconsin Journal** with Atty. Jamie Johnson. The show was produced during the recent campaign season by the River Channel, a local cable channel programmed jointly by the City of Hudson and the Village of North Hudson. This program was shared with all our member stations across the state.

These local cable channels are known in federal law as "PEG" channels – Public, Education, and Government Access channels. The 1984 Cable Act codified the right of local franchising authorities, typically municipalities, to request these channels from cable television companies, as well as require funding to capitalize them.

Our PEG channel members take seriously our mission to inform local residents about what is happening in their community. With the decline of local media like newspapers, what we do is more important than ever. An estimated 50% to 60% of households subscribe to cable television today, making cable television one of the best ways to get information to local residents.

Wisconsin Law 2007 Act 42 shifted control over cable television companies and other Video Service Providers like AT&T from our municipalities to the state. Instead of municipalities negotiating 15-year franchise agreements with cable companies and overseeing performance, Wisconsin State Law now governs all aspects of the relationship between municipalities and Video Service Providers.

Two requirements established under now defunct local franchise agreements were grandfathered with the passage of Act 42. The first is the franchise fee percentage a municipality could collect from a Video Service Provider; it was permanently set at the level that had last been negotiated. The second is the number of PEG channels a Video Service Provider must provide a municipality and the continued transmission of these channels from their origination points (like a city hall or a high school) to the Video Service Provider at no charge to municipalities. Any capital or operating funding for PEG channels a local franchising authority had negotiated was sunset after three years.

In the intervening fifteen years, both of these provisions – the right to collect the negotiated cable franchise fee (now called a Video Service Provider Fee) and the right to program PEG channels -- have eroded.

WCM writes to you today to help us hold the line to prevent the elimination of PEG channels and asks for two provisions to be put in the state budget.

- 1. State Aid to make up for the lowered Video Service Provider Fee rate.** In the 2019-2020 State Budget, the Wisconsin State Legislature decreased the amount of the Video Service Provider Fee in two steps by one point. In year two and going forward, if a municipality had been collecting a 5% fee, it became a 4% fee. If a municipality was collecting a 3% fee, it became a 2% fee. Due to your partial veto, the law provides for state aid to municipalities to make up for the loss without the ten-year limit that was originally in the budget as passed. **We sincerely appreciate this.** This state aid was fully funded in the last state budget as a “sum certain” amount and we urge you to put this state aid in your biennial budget once again. The amount needed is likely to be very close to what the Department of Revenue reported in 2022 or \$10,007,925.
- 2. State Aid to pay for Transmission Equipment, Line Upgrades, and Monthly Transmission Fees charged by Video Service Providers.** Because State Law allows Video Service Providers to transmit PEG channels in the cheapest way they know how, one company, Charter Communications also known as Spectrum, has chosen not to upgrade how PEG programming is transmitted on their systems. If a municipality wants the programming they produce in HD transmitted in HD on Charter’s system, the company has told them they will have to pay for the transmission equipment, the line upgrade and an ongoing transmission fee. (It is worth noting here that all municipalities produce programs in HD because for some years, production equipment has not been manufactured in the old SD format.) Other Video Service Providers offer HD carriage at no charge to municipalities. The capital expense and ongoing operating costs associated with Charter’s proposal is unaffordable for many municipalities and will, in the next few years, cause a lot of PEG channels to go dark. WCM is asking for state aid to cover the upgrade.

WCM suggests setting aside \$1 million in Year One (enough for approximately 40 PEG channels) and \$1.3 million in Year Two (enough for capital expenses for another 40 PEG channels plus ongoing transmission fees). Grants would need to continue in succeeding years to pay for the ongoing transmission fees and to upgrade additional PEG channels. WCM estimates there could be as many as 200 PEG channels in the state. WCM recommends a grant system that would be tailored to the price given to each municipality by the Video Service Provider. WCM sees this as an ongoing grant.

Current Law Allows Inferior Transmission. Wisconsin State Law allows Video Service Providers to use the “most economically and technologically efficient means of providing such [PEG] transmission capacity” [66.0420\(5\)\(d\)1.](#) and it requires municipalities to find and pay for the transmission equipment needed to be “compatible” with the Video Service Provider’s system. [66.0420\(5\)\(c\)3.a.](#) For Charter, the “most economically and technologically efficient means of providing such [PEG] transmission capacity” is to simply carry PEG channels with transmission equipment that is no longer being manufactured that outputs a “standard definition (SD)” signal -- like old episodes of “Columbo.”

PEG Channels Exist on Borrowed Time. While PEG media centers now all produce programs in HD or even 4K, unfortunately, in order to be “compatible” with Charter’s system, they must degrade their

programming to SD and feed it into the obsolete transmission equipment the company requires. If this decades-old transmission equipment breaks, a replacement is hard to find – and may not be found. For example, the City of Green Bay could not find a replacement and thus no longer programs a PEG channel.

Charter Communications is Offering Modern Transmission -- For a Price. Charter is now offering to upgrade transmission of PEG Channels, although the company has not followed through on providing HD service to any PEG channel yet. Charter is telling municipalities they would need to pay for:

- HD transmission equipment. [66.0420\(5\)\(c\)3.a.](#)
- Construction costs when line improvements are needed. Charter is asking for this even from origination points in existence in 2008, which are supposed to be maintained by the Video Service Provider per Wisconsin Law. [66.0420\(5\)\(d\)1.](#)
- Monthly transmission fees set at a retail price. State Law clearly says municipalities are not supposed to pay for “the costs associated with the transmission of PEG programming,” however, a Video Service Provider “may recover these costs from subscribers.” [66.0420\(5\)\(d\)1.](#)

Effect of Charter’s treatment of PEG Channels. Charter serves about 90% of the state’s municipalities. One by one, these municipalities are being approached by the company with a pricing proposal. Several municipalities have agreed to the terms, but have been waiting months, in some cases over a year, for HD connections. Some have been waiting months just for a quote. PEG channel reception is poor in some municipalities and unreliable in others due to the old transmission equipment, but they are being forced to wait. And as they wait, they wonder if their old transmission equipment will hold up. Some have become tired of waiting and have given up their channels. Some with very tight budgets have decided to give up their PEG channels when faced with the company’s quote.

State Law never envisioned municipalities having to pay for PEG channels, but State Law is being twisted into this happening. Municipalities can choose free transmission from Charter using obsolete and unreliable technology that carries their HD programs in fuzzy old-fashioned SD and stay on the cable TV lineup until the transmission equipment breaks, or they can agree to an upgrade and pay a premium retail price.

Wisconsin Community Media wants to save the PEG channels in our state and the valuable public information they provide to cable television audiences. We see two options:

- A. **Change State Law** to create a modern carriage standard for PEG channels, with HD as the base standard, strike “most economically and technologically efficient means of providing such [PEG] transmission capacity” and require Video Service Providers to pick up the cost of upgrading transmission lines from current points of origination to carry PEG programs in HD and allow Video Service Providers to (as current State Law allows) “recover its **costs** to provide transmission capacity...by identifying and collecting a “PEG Transport Fee” as a separate line item on customer bills,” but only if the VSP’s costs exceed a 5% cap on Video Service Provider Fees (as federal law is currently being interpreted). See Mary Cardona’s article, [Change State Law to Save PEG Channels](#) in **The Municipality**, October 2022, for more on federal law.

B. **Provide municipalities with state aid** to cover the price Charter is charging municipalities to upgrade to HD and transmit in HD. This would necessarily include other Video Service Providers like TDS and Solarus, who have not charged cities for HD in a similar way.

Example Price Quote from Charter. If the proposal to the City of Oshkosh is to be a general measure, the per channel price could be \$4,700 for transmission equipment, \$780 per month or \$9,360 per year in operating costs for transmission fees, and an unknown amount for a line construction upgrade; this figure has varied from city to city between \$5,000 and \$20,000. First year cost per channel: between \$20,000 and \$35,000. Succeeding years: \$9,360.

Number of PEG Channels in the State. Roughly half of the state's PEG channels have already gone dark. WCM estimates that there are between 150 and 180 PEG channels on Video Service Provider systems in the state at this time (including AT&T's channel 99 and PEG channels on competing systems in the same municipality). Among WCM's 54 member stations, 48 manage 80 channels on Charter. The other five manage 31 channels collectively on AT&T, Comcast, Tri-County Communications Cooperative, Reedsburg Utility Commission, Mount Horeb Telephone Company, Mosaic, TDS, and Solarus. A growing number are on TDS systems – approximately five municipalities have PEG channels on TDS today.

WCM appreciates your demonstrated support for state aid to make up for the decreased Video Service Provider fee rate assessed on cable TV gross revenue (as distinct from broadband revenue).

We hope to have your support either for state aid to assist PEG channels to modernize on terms set by Charter or to update Wisconsin State Law to require Video Service Providers to modernize their systems.

Having local PEG channels on Video Service Provider systems should remain a viable option for municipalities who want to enhance communication on the local level for all residents – whatever their media choices are.

Sincerely,



Mary Cardona
Executive Director

cc: Toni Herkert, League of Wisconsin Municipalities
WCM Members

WCM Member PEG Stations:

CITIES: Algoma, Baraboo, Beloit, Columbus, De Pere, Dodgeville, Fitchburg, Hudson, Janesville, Jefferson, Juneau, Lake Mills, Madison, Marshfield, Merrill, Milwaukee, Monona, New London, Oshkosh, Plymouth, Portage, Prescott, Reedsburg, Rice Lake, Ripon, Sheboygan, Stevens Point, Stoughton, Sun Prairie, Superior, Waterloo, Watertown, Waukesha, Waupaca, Wausau, West Allis, West Bend, Whitewater, and Wisconsin Rapids.

TOWNS: Rome and Sevastopol.

VILLAGES: Cottage Grove, Deerfield, Hartland, Howards Grove, McFarland, Mount Horeb, North Hudson, and Pleasant Prairie.

UNIVERSITIES: UW-Oshkosh and Beloit College.

NON-PROFITS: Eau Claire Converge Media, Kenosha Community Media, and Oregon Community Media.