



## TENNESSEE MUNICIPAL LEAGUE

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**Ms. Margaret Mahery, Executive Director, Tennessee Municipal League, offered the following statement in response to the introduction of SB1933 /HB1421, the "Competitive Cable and Video Services Act."**

### AT&T BILL FAILS CONSUMERS

NASHVILLE – Like a bad blind date, AT&T's cable and video service legislation fails to live up to the grand promises and high expectations which preceded its introduction.

The municipal leaders of this state believe the proposal offered by AT&T is bad for consumers and, therefore, is not in the best interests of the constituents they serve. For this reason, the Tennessee Municipal League and its member-municipalities oppose the "Competitive Cable and Video Services Act."

AT&T promises this legislation will benefit consumers by assuring all Tennesseans have access to cable or video service and an expanded choice of providers. Yet, the legislation proposes to eliminate the process by which local governments establish and enforce requirements that protect our citizens and ensure that all residents are assured access to cable or video services. In fact, the bill expressly prohibits the state and local governments from enacting any consumer quality and service standards or requiring that all neighborhoods in a municipality are served.

A consumer's access to cable should not be determined by where they live, how much money they make, whether they rent or own their home, or by an individual provider's corporate business plans and strategies.

Our goal should be to ensure every Tennessean, especially those residing in smaller cities and towns and the more rural parts of this state, has access to quality cable or video service at affordable prices. Eliminating the only meaningful process we have in place to address consumers' access increases the likelihood that cable and video providers will cherry pick customers and will make it more difficult to accomplish this goal.

Competition is good for our communities. Municipalities welcome fair and open competition between cable and telephone companies, but competition must come through a process that protects consumers.

If AT&T is sincere in its desire to bring competition to every corner of Tennessee and provide all Tennesseans access to quality cable or video service at affordable prices, then all they have to do is ask. Our cities and towns are eager to work with the company to facilitate competition through the existing local franchise process.

Upon reflection, this legislation leaves me pondering two questions: First, if there are more than 600 cable franchise agreements that have been entered into between cable and telephone companies and local governments under the existing local franchising process, then why is AT&T determined to take such extraordinary measures to avoid a process that works quite well? Second, if AT&T is as committed to bringing video service to all Tennesseans as they claim, then why are they so opposed to system build out requirements?

### **Background**

*The federal government has established procedures and standards in order to foster competition and encourage the growth and development of cable systems, assure that cable systems are responsive to the needs and interests of the local community, assure that cable companies provide and are encouraged to provide the widest possible diversity of services to all, and provide for the orderly renewal of cable television franchises. Having determined that local governments are best suited to decide what is in the best interest of the citizens of their respective city, town, or county, the federal government has granted cable franchising authority to local governments. While provision of cable television service through local franchising was originally reserved for cable companies, the cable market was opened to telephone companies in 1996.*

*Pursuant to this authority, cable and telephone companies desiring to provide cable and video service in a municipality or county must apply for a cable franchise with the city, town, or county they are seeking to serve. The provider and local government then negotiate an agreement (cable franchise agreement). This agreement provides a non-exclusive grant of authority allowing the provider to deliver service to subscribers within the municipality's or county's jurisdiction, under terms and conditions that enable local governments to ensure its citizens are afforded meaningful consumer protections, make certain the service provided is available to all of its citizens, provide for the health, safety and welfare of its citizens, and guarantee the rightful authority and enforcement powers of a municipality or county are preserved.*

*The BellSouth/AT&T cable and video franchising bill terminates local government's franchising authority and replaces the existing franchising process with a single, statewide certificate. In addition, the legislation contains a provision which specifically prohibits the state or local governments from imposing "build-out" requirements on providers that secure a state certificate.*

*AT&T (then BellSouth) filed an application with the City of Bartlett to provide video service to city residents. The application was approved and a local franchise agreement was entered into in October of 1996. This agreement authorized AT&T (BellSouth) to provide video service for a ten-year period. This agreement has expired. At no point during the ten-year period did AT&T (BellSouth) attempt to provide such service. To our knowledge, this is the only local franchise the company has sought with a municipality in Tennessee.*