



Tennessee County Services Association

Representing Tennessee's County Mayors, County Highway Officials, and County Commissioners since 1954

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Pat Mitchell
Executive Secretary

February 14, 2007

The Honorable Mae Beavers
State Senator
308 War Memorial Building
Nashville, TN 37243-0217

Dear Senator Beavers:

We are opposed to Senate Bill 1933/House Bill 1421 entitled the "Competitive Cable and Services Act". Unfortunately this bill has the unintended effect of limiting competition. This is an effort by a company to try and get our state legislature to do what U.S. Congress would not. They want to be allowed to bypass local requirements of local communities. The 1992 Cable Act passed by Congress facilitated entry into local markets and forbid local monopolies. This fact cannot be ignored. Hundreds of local franchises have been awarded all across Tennessee.

If this bill were to pass, it would LIMIT competition to certain areas. Now local governments are allowed to require build-out provisions with their local franchise agreements (LFA) in their service area. This bill would prohibit the ability to have build-out provisions. Other major and important provisions in this bill that are negatively affected include consumer protection; public, educational and governmental information; emergency notification systems; local control of public right of ways and bonding requirements; services to schools and libraries; changes to the existing definition of franchise fee and ability to verify their accuracy of payments; and lack of applicant due diligence. However, none of the provisions are more important than the build-out requirement. When the federally allowed build-out requirement is removed, the last tool and protection to safeguard against "have and have not areas in your county" is removed. **Competition would be limited.** Build-out provisions would no longer be allowed. A company could choose to serve the areas they deem to have the highest density and greatest potential for profit. This will inadvertently ensure a higher probability for the lack of product services and choices for the rest of a county because no mechanism will exist to require build-out.

There are many other important and crucial aspects of this bill that are harmful. These issues are why the federal government allows local franchising agreements. The industry giants can continue to fight the competition battle; we just want it to be conducted on a level playing field. Phone companies arguing that they want to be allowed to enter the cable business the same way cable companies entered the phone business is no reason to leave the local approval authority out of the process. When the cable business entered the phone business, everybody at least had access to a phone. Right now not everybody has access to cable and with the passage of this act it has a greater potential that it could remain that way forever. Passage of this bill would have the unintended effect of helping limit cable competition to only select areas of the state.

Sincerely,

David Seivers, TCSA Executive Director

Doug Goddard, TCCA Executive Director

J. Rodney Carmical, TCHOA Executive Director

Fred Congdon, ACM Executive Director