

MORNING SUN

Local governments oppose cable bill

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Many mid-Michigan governments have taken sides in a multi-million dollar battle over an emerging technology, that is pitting giant telephone companies against giant cable television companies.

All 11 member governments of the Mid Michigan Area Cable Consortium have passed resolutions condemning a bill, backed by the telephone companies, that would shift the authority to govern who may operate in local rights-of-way from local governments to the state, according to Jan Howard, the consortium's executive director.

"This is basically creating a monopoly," Howard said.

At issue is an emerging technology called Internet protocol television, or IPTV. Using a system analogous to the World Wide Web, telephone companies hope to deliver digital video signals to homes using the technology.

It's seen as a competitor to cable television, which already delivers video using a completely different technology.

Telecommunication giants such as AT&T and Verizon hope to install broadband connections, such as fiber optics, to homes, enabling them to deliver not just video, but Internet and Internet-based telephone service, as well. But the giant telephone companies say current rules that would require them to negotiate permission – and fees – with every single local government just aren't practical.

"A critical component for this integration to occur in Michigan is to create a statewide franchise-fee structure that quickly allows telecommunications companies to enter the cable TV industry," wrote Gail Torreano, president of AT&T Michigan, in a state chamber of commerce publication.

AT&T says it might take as long as 40 years to reach agreements with every local government.

Local governments are crying foul at the statewide idea. They say they're all in favor of competition, and anyone is welcome to enter the market, as long as they play by the same local rules.

Charter Communications, the local cable provider, pays local fees of more than \$500,000 a year for the right to run its cables in local rights-of-way. That's split between the governments and the cable consortium, which provides local cable access programming, as well as regulatory advice, to local governments.

That could disappear, Howard said.

But Torreano said local governments still should get a share of fees paid by the video deliveries.

"Any statewide structure must ensure that local communities continue to receive a critical revenue stream from video franchise fees," she wrote.

Howard said the bills now before the Legislature don't guarantee that at all.

"With local governments struggling to make ends meet, any additional revenue cuts could be devastating," she said.

Howard also charged the proposal could hurt the ability of local governments to control who uses public rights-of-way.

"Right now, your cities have control over who digs up the streets and public rights of way, and when," she said. She believes the proposal would transfer that control to Lansing, and she doesn't believe any state agency could handle

that.

Backers of IPTV say it will allow consumers wider choices, easier video-on-demand, and multiple feeds to digital video recorders.

"While the video product that telecommunications companies will offer through a build-out of their fiber-optic networks will not be traditional cable TV service, it will provide much needed competition for the cable TV industry," Torreano wrote. "Cable rates have risen a staggering 86 percent nationally over the past 10 years. Cable TV competition will provide relief to Michigan consumers that consumers are demanding."

Opponents say the telephone companies plan to introduce the service only into wealthier neighborhoods, and without local control, some less wealthy areas may never see the service. AT&T denies that, but says it will take time to build the network.

The Senate version of the bill is co-sponsored by Rep. Mike Goschka, R-Brant, who represents Gratiot County in the Senate. Both the House and Senate versions are now before their respective houses' energy and technology committees.

The House version of the bill is HB 5895; the identical Senate version is SB 1157.

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