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ATTORNEYS AT LAW

# State Franchising: An idea whose time has past, whose benefits have failed to appear, but whose damages we see every day.

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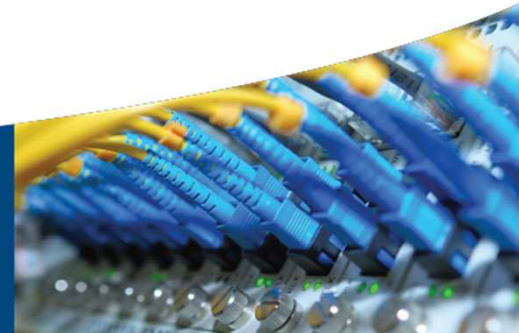
Gerard Lavery Lederer

Of Counsel

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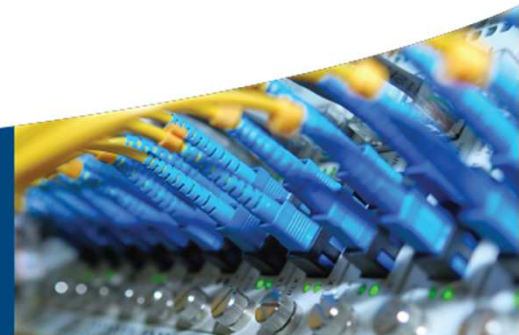


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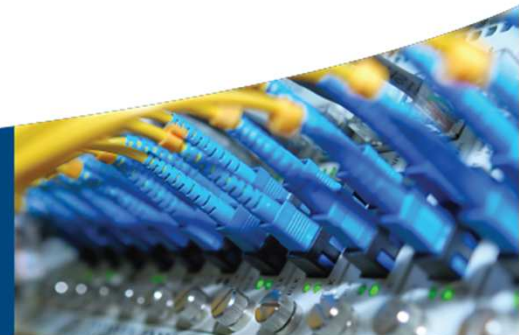


# Promises Made in Support of State Franchising

- Enhanced Consumer Choices
- Lower Prices for Consumers
- Better Quality Programming
- High Quality (union) Jobs
- No Loss of Community Media (claim made in some states.)

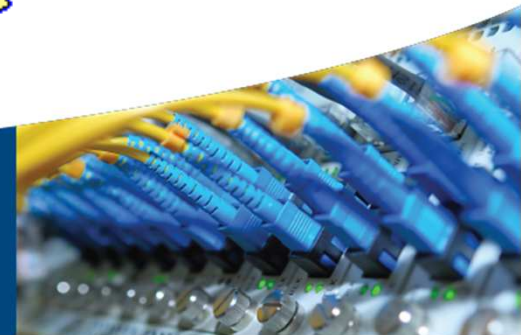


# History of State Franchising

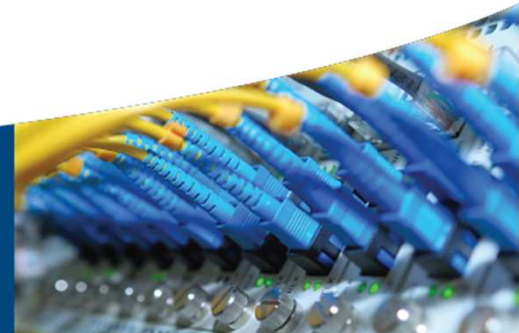
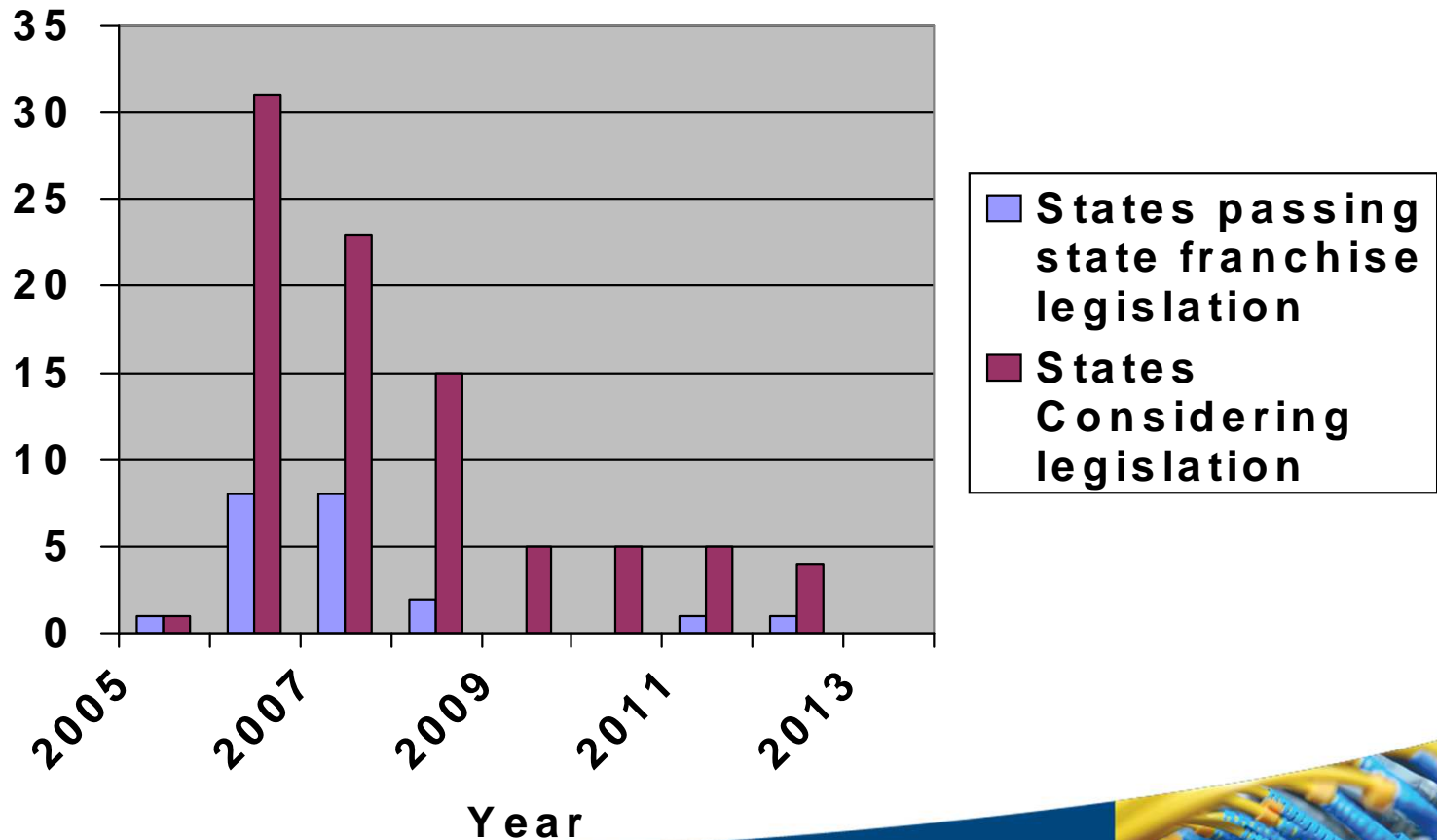


# HISTORIC TABLES

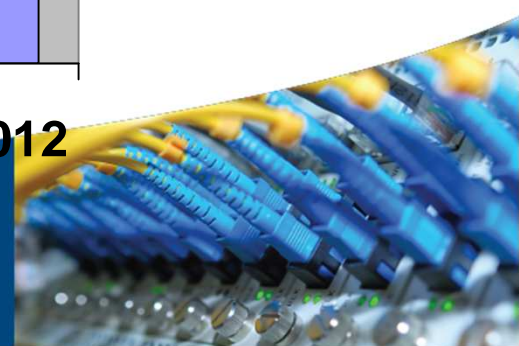
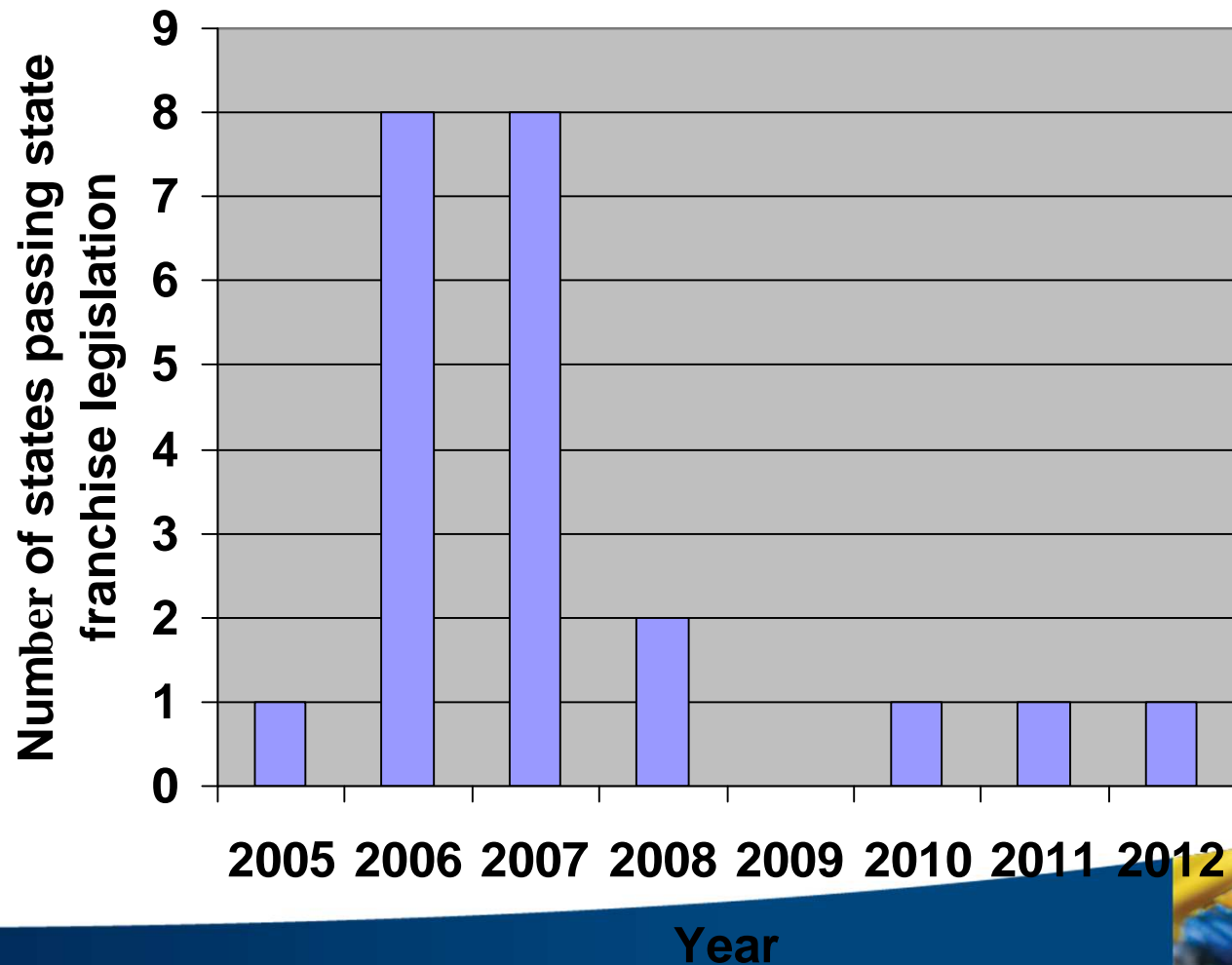
PRIOR TO 2005, 10 STATES HAD SOME STATE LEVEL  
OVERSIGHT WITH THREE STATES SERVING AS  
FRANCHISING AUTHORITY



# Majority of States Considering Legislation Rejected State Franchising

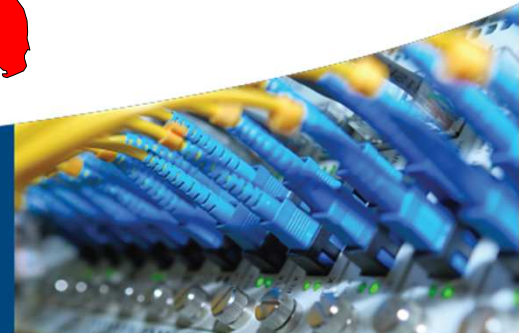
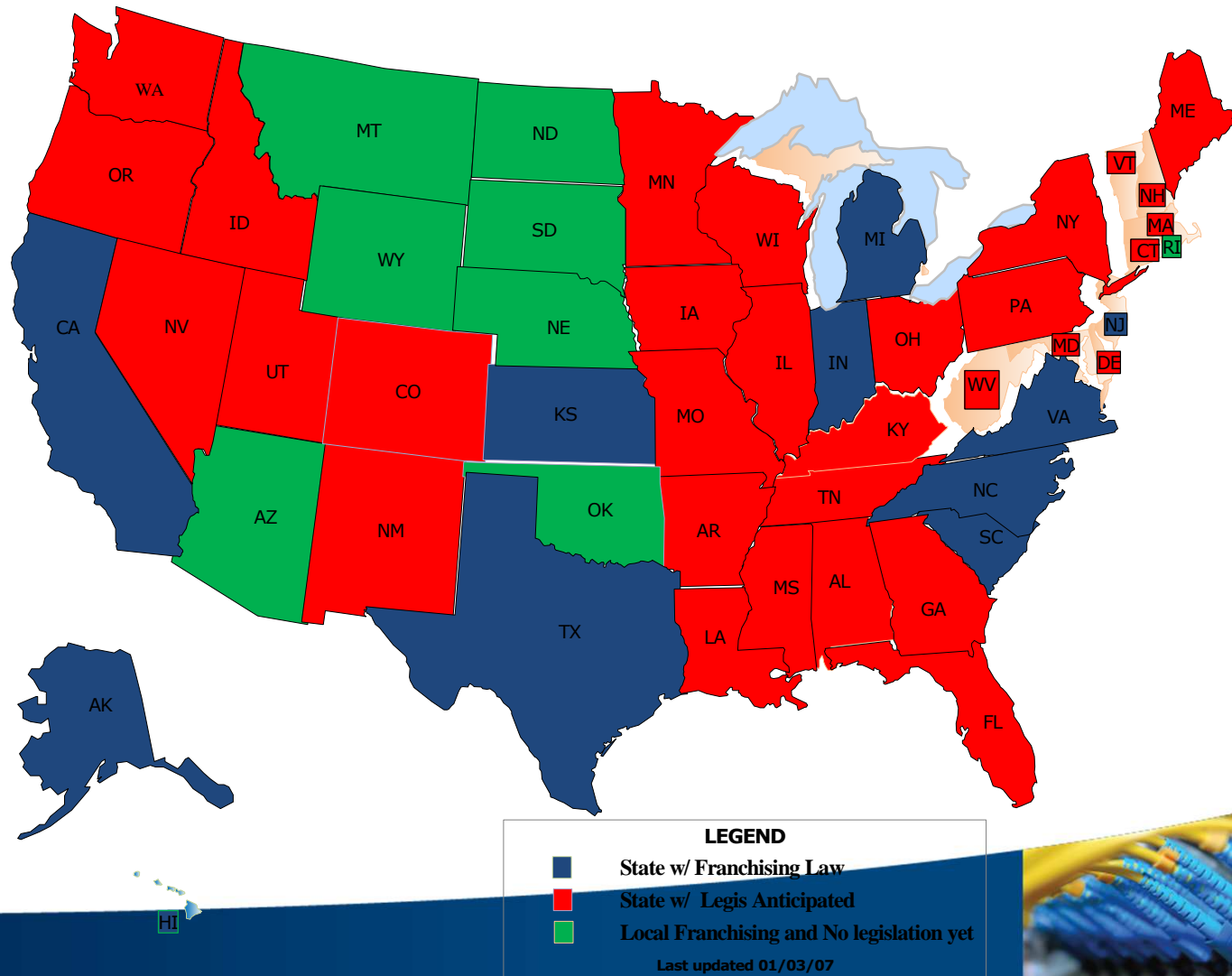


# Number of States Adopting Legislation Has Fallen Dramatically



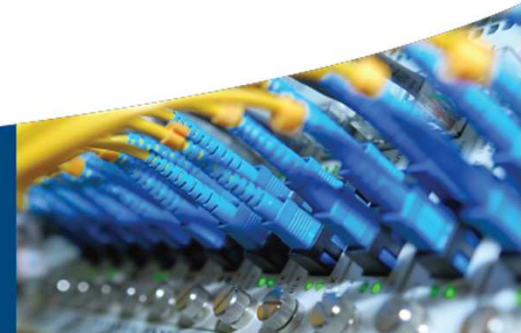
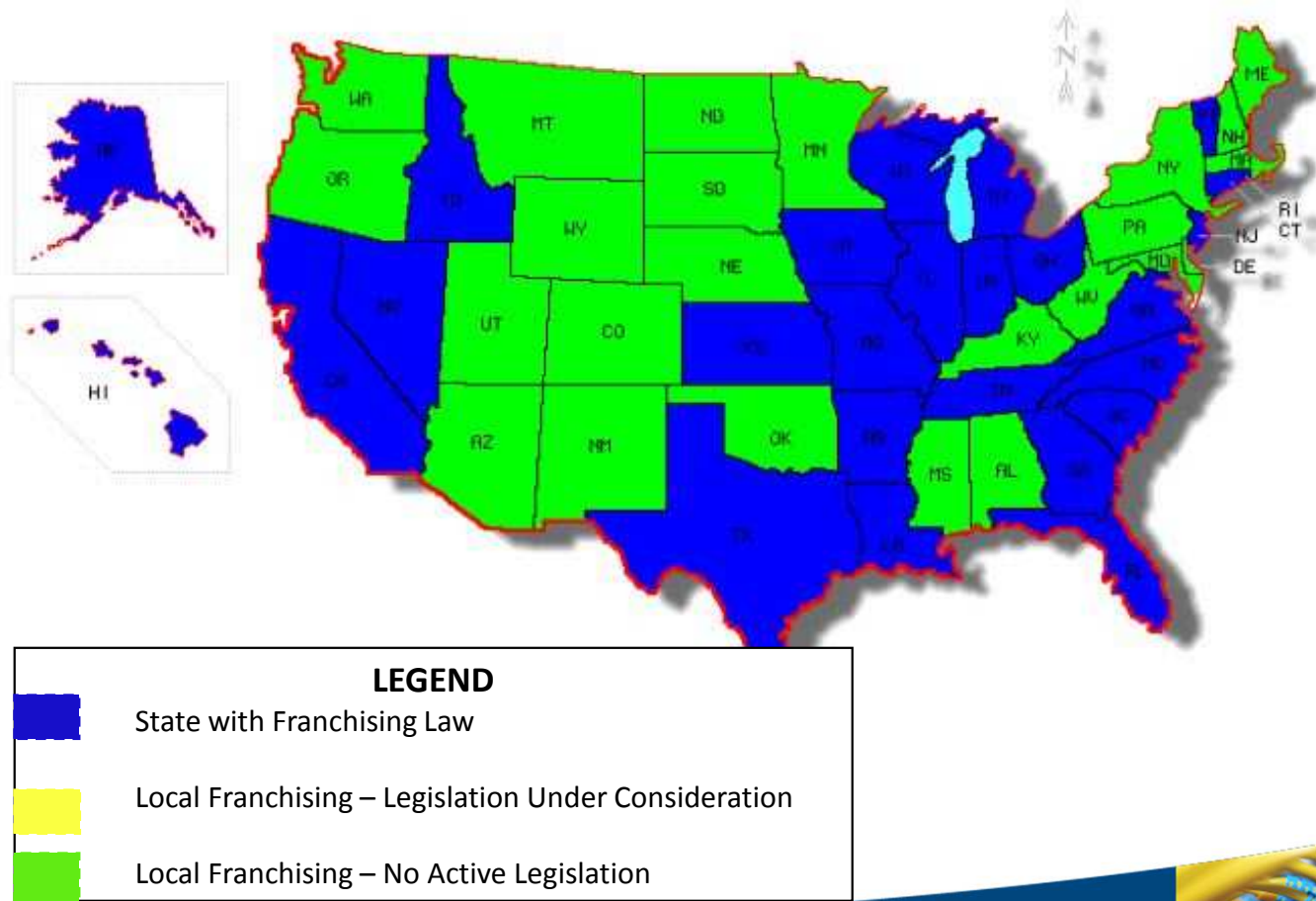


# High-water Mark for Franchise Consideration was 2007

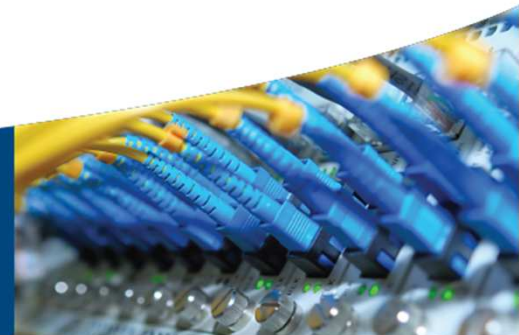




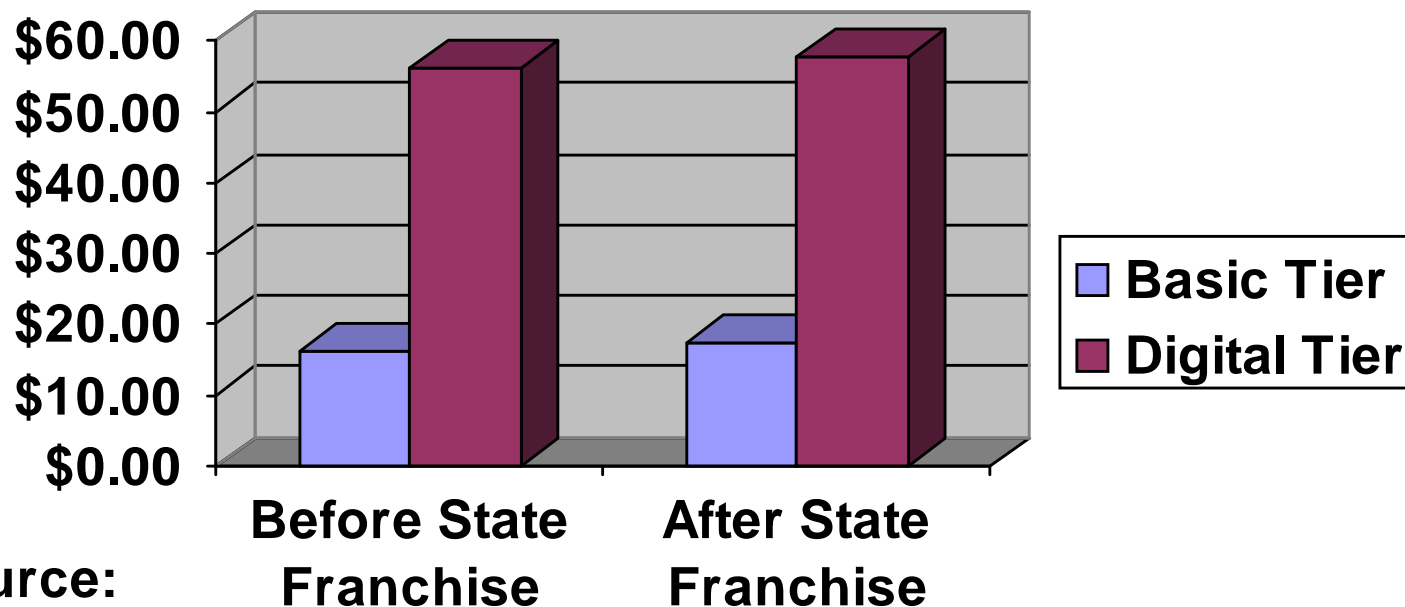
# State Franchising Status Today – Majority Preserve Local Franchise



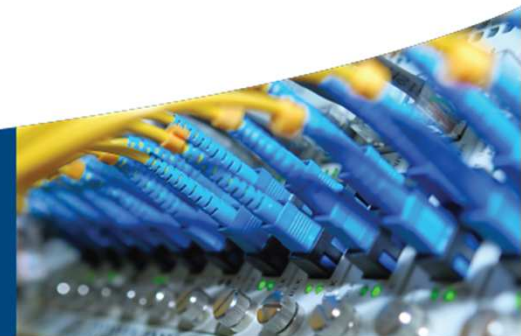
# Evaluation of Benefits/Promises



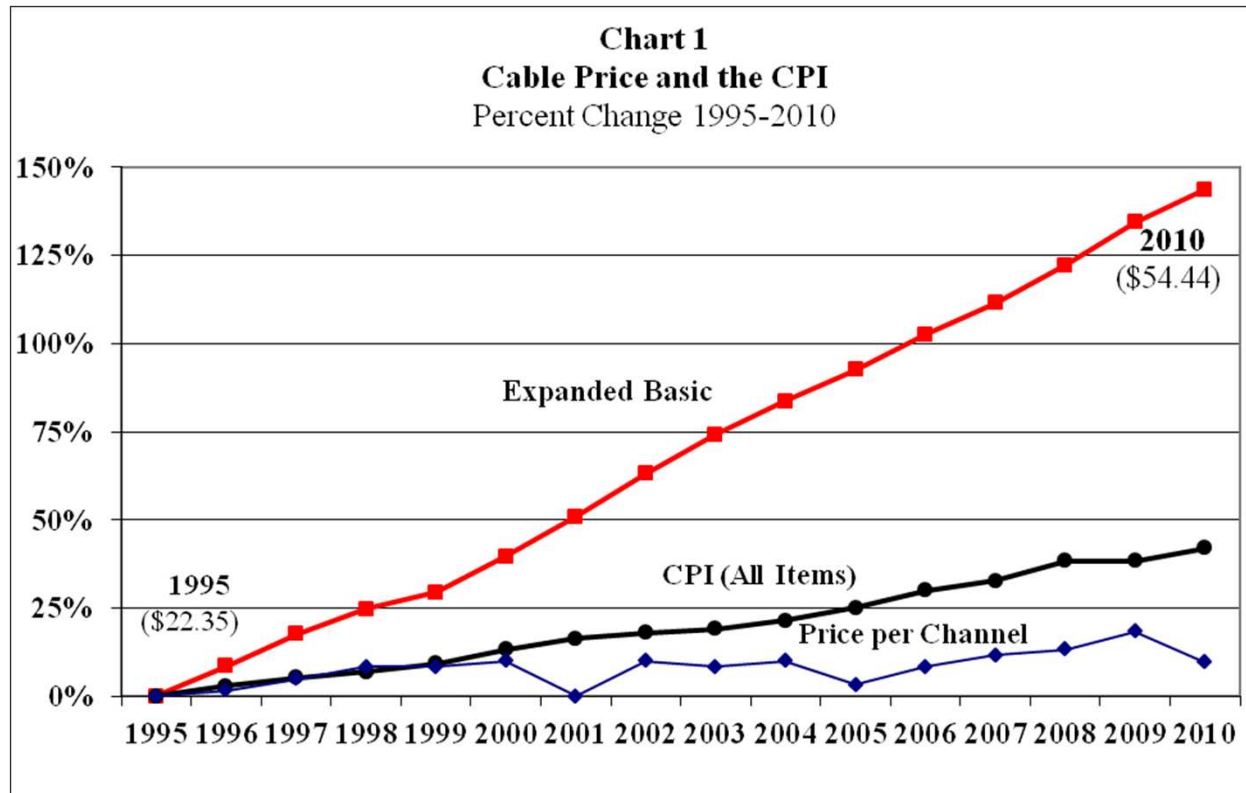
# Failure of Benefits: Prices Continue to Rise



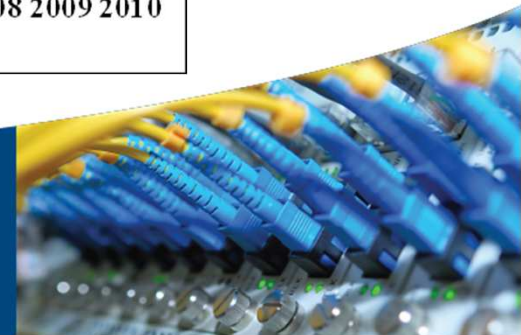
Source:  
NATOA



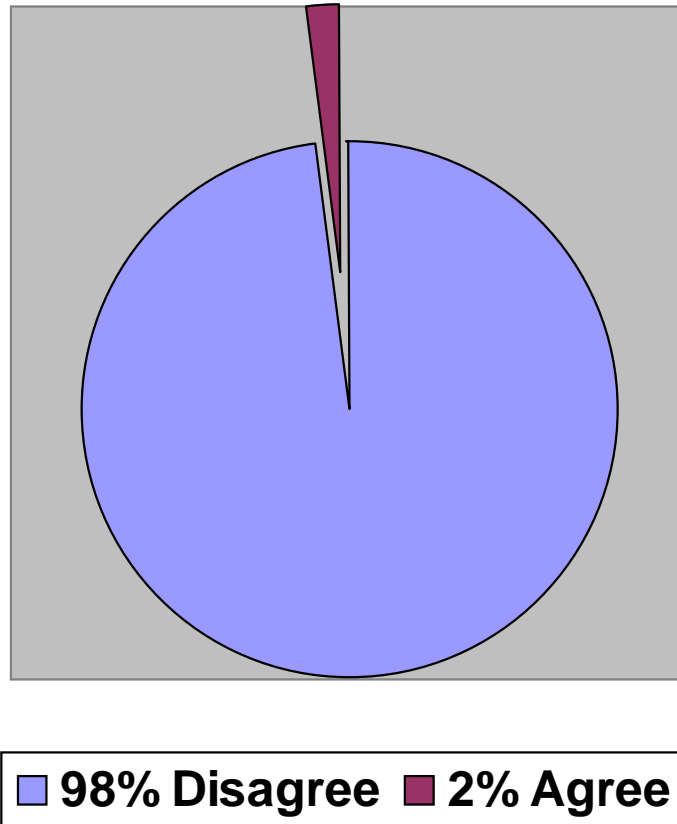
# Failure of Benefits: No Change In Price Slope Post 2006



Source: FCC

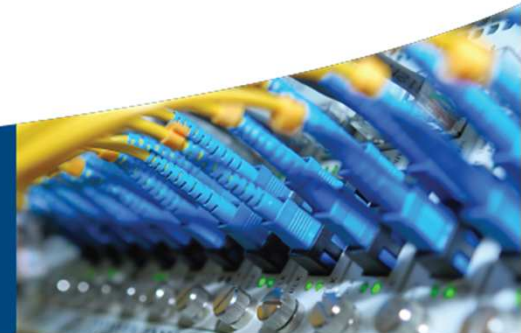


# Failure of Benefits: Consumer Satisfaction



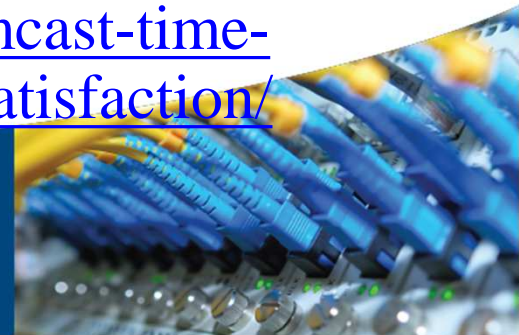
- Ninety eight percent (98%) of local regulators in state franchise states when surveyed disagreed with the statement “Customer service is working better now than it was before the implementation of state franchising.”

Source: NATOA



# Failure of Benefits: 2013 American Customer Satisfaction Index

- Subscription TV industry satisfaction rose from 66 in 2012 to 68% approval in 2013, as an industry only newspapers and Internet service providers have a worse industry index score.
- Verizon FiOS came out on top of the rankings for a second year, while Charter jumped out of the cellar and over Comcast and Time Warner.
- Call center satisfaction was dismal, with a low, low score of 65 — a full nine points below the ACSI average of 74.
- Study anticipates that next year's Worst Company In America bracket will be full of cable and Internet providers.
- Source: <http://consumerist.com/2013/05/21/comcast-time-warner-cable-bring-up-rear-in-cable-customer-satisfaction/>





# Failure of Benefits: Jobs

- According to CWA report, even if there were gains from state franchising, the approved deal between Verizon Wireless and the big cable companies will cost workers and communities 72,000 jobs.
- Its clear there were no such gains
  - According to the Bureau of Labor Statistics, the domestic call center industry continues to shed jobs, losing over 500,000 since 2006.
  - According to Bureau of Labor Statistics there were about 309,000 “Line Installer” jobs in 1996, but only 269,100 in 2010. That’s a decrease.



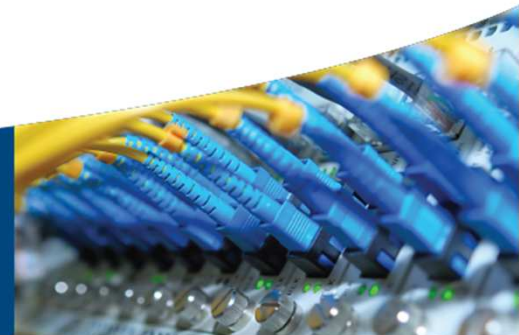


# Failure of Benefits to Arrive: Choice

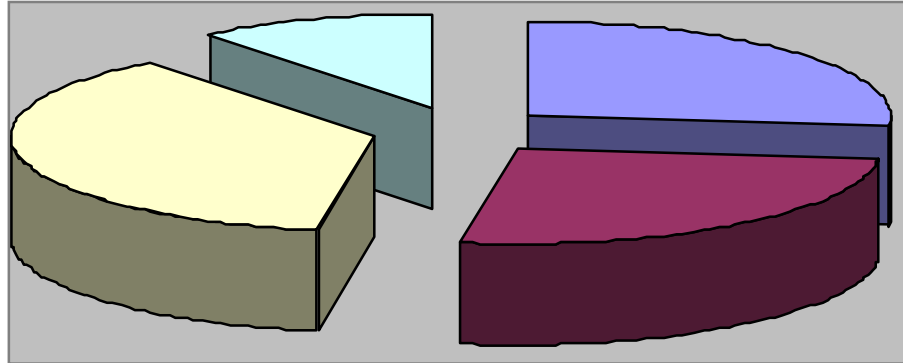
- New state entrants have not appeared at all, or only to a limited degree in some states (North Carolina), and for largest entrants, competition is limited to telephone footprint
- Rural areas are losing wireline even in states with statewide franchising
- Does state franchising make a difference? Verizon has entered without state franchises and is expected to pass 18 million premises by 2018 - 70 percent of the Verizon wireline footprint
- No state has made any significant effort to enforce build-out requirements



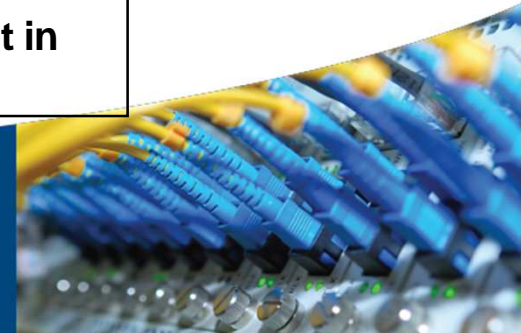
# Losses That Can Be Documented



# Failure of Benefits: 60% of States Cut PEG Support



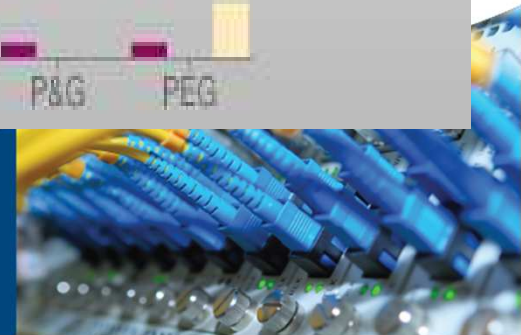
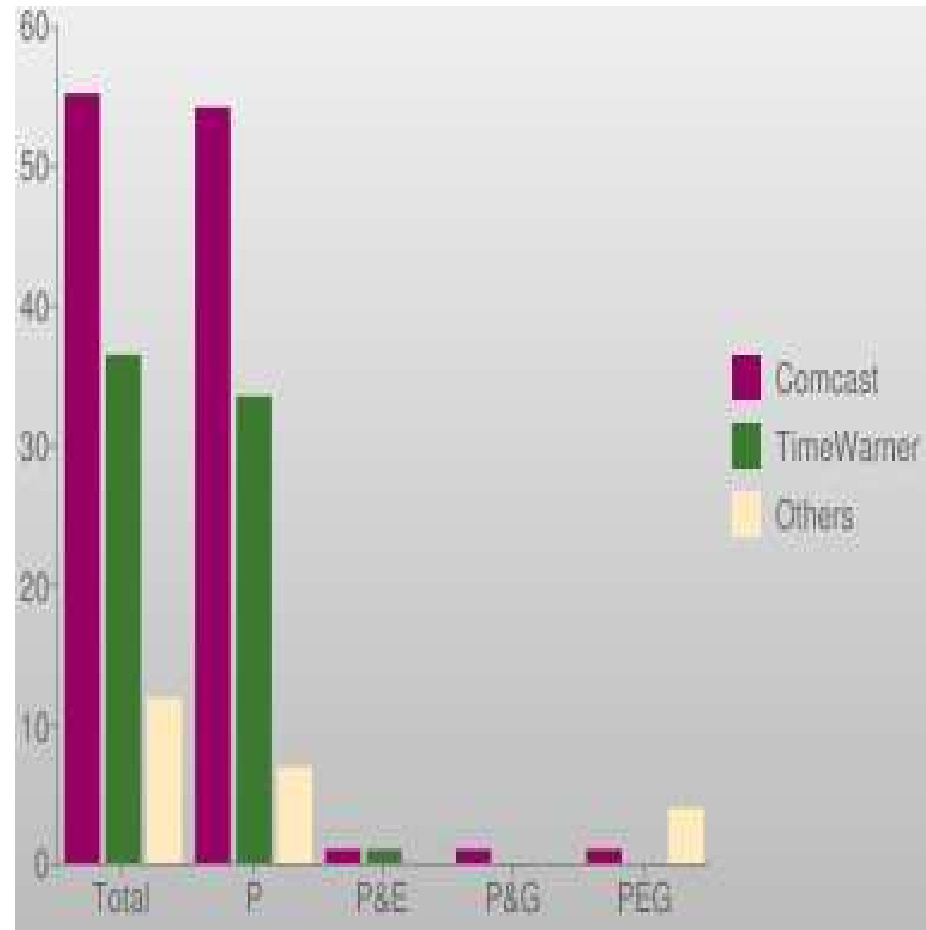
- 5 States zero out PEG Support
- 5 States require provider to match Incumbent until franchise has expired or 2012, whichever is sooner.
- 7 States require state franchisee to match incumbent or provide set percentage in support.
- 2 states provide support in a new format that cannot fit in neat description.



# Failure of Benefits: Loss of Centers

- Over 100 PEG centers have closed
  - Large majority are public access.
  - California has lost no less than 51
- Nearly half of PEG centers who provided financial information to Buske Group reported an average funding decrease of nearly 40 percent 2005-2010
  - 20 percent reported in-kind support has been cut back or eliminated during this five-year period
- 165 PEG centers reported that they expect elimination or reductions in funding within 3 years

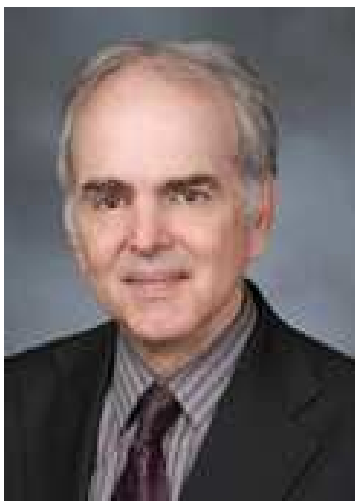
Source: Buske Group Report





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