

# Today

## VIDEO FRANCHISE REFORM LEGISLATION

Senator Jeff Jacobson (R-Dayton) recently introduced legislation which if passed, will modernize the process to give Ohio consumers more choice for video programming. Substitute Senate Bill 117 addresses the problems faced by telecommunication companies in offering next-generation video services in local communities. More choice means more competition, better service and lower prices.

Currently, companies wishing to provide services must reach an agreement with individual local municipalities. Under SB 117, new providers will be able to compete with existing companies more quickly through a state authorization process administered by the Ohio Department of Commerce.

The legislation streamlines the cumbersome city-by-city authorization process by allowing providers to obtain a single-state authorization to begin offering new services to Ohio consumers.

Today's companies operate in a world of total competition. This bill recognizes the state of today's vibrantly competitive telecommunications environment. Ohio consumers believe cable TV prices are too high, and in a recent survey said they would support legislation for a statewide franchise that would encourage competition for video services.

The version of the bill that left the Senate sets forth two schemes for the provision of PEG channels, and provides that fees assessed by local governments for those channels would be allowed to continue until 2012 or when the local cable service provider agreement expires.

Under the bill, video providers would have to pay municipalities a franchise fee of up to 5% of gross revenues from their video service,

and municipalities would be authorized to conduct an audit once each year to verify the company's calculations. Prior to clearing the Senate, the definition of "gross revenue" was broadened to include advertising revenue.

SB 117 contains provisions that would prohibit service discrimination based on income or race, but would create a defense for a video service provider against an alleged violation of the prohibition if (1) within three years, at least 25% of households with access to the service are considered "low-income" households, or (2) within five years, at least 30% of households with access are "low-income" households -- as defined in the proposal as households with an aggregate income of less than \$35,000.

Meanwhile, the bill would require any wireline phone company that has more than one million access lines in the state, and plans to use its telecom facilities to provide video services, to offer that service to at least 25% of the households in its service area within two years of its initial service launch. Fifty percent of the households would need to have access to the video service within five years -- but SB 117 would not require the company to adhere to the 50% mandate until two years after at least 30% of the households with access subscribe to the service for six consecutive months.

Senate Bill 117 will lead the way for competition by encouraging new providers to enter the market, bringing more choices, innovation, and better products and services to Ohio consumers. Reforming the outdated franchise process will not only help consumers by providing competition and new technologies, but it will also create good-paying jobs and will trigger economic development across Ohio.

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## LAWMAKERS NATIONWIDE HAVE VOTED TO REFORM VIDEO FRANCHISE LAWS

CLOSE TO 94% OF STATE LAWMAKERS WHO HAVE VOTED ON SUCCESSFUL VIDEO FRANCHISE REFORM LEGISLATION HAVE VOTED IN ITS FAVOR\*

### Texas

SB 5 - House 144-1 / Senate 24-3  
Signed by Gov. Perry Sept. 7, 2005

### Virginia

SB 706 - House 93-5 / Senate 38-0  
Signed by Gov. Kaine March 10, 2006

### Indiana

HB 1279 - Senate 42-7 / House 78-18  
Signed by Gov. Daniels March 14, 2006

### Kansas

SB 449 - Senate 40-0 / House 123-0  
Signed by Gov. Sebelius April 7, 2006

### South Carolina

H 4428 - House 106-0 / Senate Unanimous  
Signed by Gov. Sanford May 23, 2006

### North Carolina

H 2047 - House 101-8 / Senate 43-0  
Signed by Gov. Easley July 20, 2006

### New Jersey

A 804/SB 192 - Assembly 61-13 / Senate 32-5;  
Signed by Gov. Corzine August 4, 2006

### California

AB 2987 - Assembly 77-0 / Senate 33-4  
Signed by Gov. Schwarzenegger  
September 29, 2006

### Michigan

HB 6456 - House 80-21 / Senate 26-12  
Signed by Gov. Granholm  
December 21, 2006

### Missouri

SB 284 - House 143-4 / Senate 32-2  
Signed by Gov. Blunt March 22, 2007

### Florida

HB 529 - House 117-2 / Senate 30-3  
Signed by Gov. Crist May 18, 2007

**1796 votes: 164 yea/112 no**

\* Percentage of final votes by state lawmakers who have voted in favor of successful video franchise reform bills.

TELECOM

A Publication of the Ohio Telecom Association

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# A MESSAGE FROM CWA PRESIDENT, FRANK MATTHEWS

My name is Frank Matthews. I am President of the Communications Workers of America Local 4321, and President of the CWA State Council of Ohio. The CWA represents 35,000 workers across Ohio and 700,000 nationwide in telecom, Internet technology, media, publishing, health care, public service, education, airlines, and, manufacturing.

I would like to express CWA's support of Substitute Senate Bill 117 and urge Ohio legislators to do the same.

Reforming the decades old video franchise process in Ohio will better reflect today's constantly improving technologies. Today, telephone companies are not the only ones offering phone service and because of newer technologies, cable companies are not the only ones capable of providing video service. The outdated laws and processes associated with cable franchising are

stifling competition in the video market and delaying the benefits of competition to Ohio's workers and consumers.

This bill is a great way to remove the barriers to competition and bring much needed investment to Ohio. New investment will benefit Ohio consumers, but it will also help working families across Ohio, especially those who are part of the CWA family.

Bringing new investment to Ohio will spur the creation of high tech jobs in the telecom sector throughout the state. This is the one sector of our economy which has been consistently leading the way when it comes to job creation.

Other states, including neighboring states of Michigan and Indiana have passed similar legislation and are seeking the benefits of not only increased competition, but also tremendous investment in

upgrading of networks and more jobs for working families in those states.

Ohio cannot afford to fall behind other states across the country as those even as close as Michigan and Indiana are reaping the benefits of a streamlined video franchise process.

The CWA, along with the Ohio AFL-CIO, the SEIU, Cleveland's NorthShore Federation and the Southeastern Ohio Area Labor Federation have all passed resolutions in support of S.B. 117.

The passage of S.B. 117 will mean more jobs and job security for our members and future members who will be working in cities across Ohio to build and maintain the network. Ohio can only benefit from having the latest technology infrastructure, which will lead to more competitive pricing for consumers.



## SUBSTITUTE SENATE BILL 117 FACTS

### PURPOSE

- To bring to Ohio consumers the benefits of video competition including a real choice among video providers, competitive pricing, better service and expanded choices for advanced voice and Internet services.
- Infuse Ohio's economy with new infrastructure investment, job growth and innovation in broadband and Internet protocol technologies.
- Establishes uniform standards and procedures on a statewide basis to streamline the video provider authorization process, thereby encouraging competition and new investment.

### BILL SUMMARY

- Establishes a state authorization process for video providers, administered by the Ohio Department of Commerce
- Preserves local government revenues and right-of-way powers
- Grandfathers all PEG (public, educational and governmental) access channels now actually in use, and provides a procedure for establishing new PEG channels.
- Fair and equitable video service deployment
- Establishes high customer service standards

# STUDY SHOWS OHIO CONSUMERS FAVOR VIDEO REFORM AND COMPETITION FOR VIDEO SERVICES

Ohio consumers believe cable TV prices are too high and say they would support legislation for a statewide franchise that would encourage competition for video services, according to a recent poll conducted for the Ohio Telecom Association by the public opinion research firm, Peter D. Hart Associates.

According to the survey, 70% of voters say not enough competition exists to

keep prices down. Seventy-four percent of Ohio voters feel cable television prices are too high, including 41% who say much too high. Only 16% of voters believe the price of cable TV services is about right and only 5% say these services are a good buy.

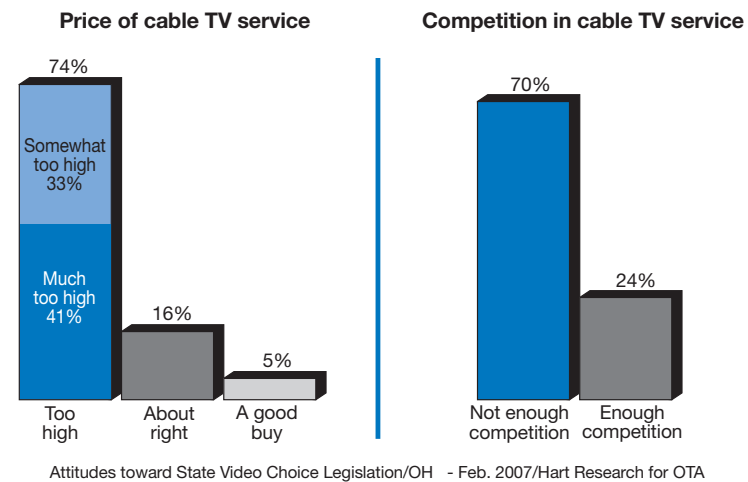
The same survey found that voters overwhelmingly support a proposal for statewide video franchise legislation. A description of potential video reform

legislation shows support from more than seven in 10 Ohio voters; 72% favor (29% strongly, 42% somewhat), 23% oppose, and 5% are not sure.

The survey also shows that the issue does not break along party lines, as large majorities of Republican (76%), Democrat (69%), and Independent (70%) voters support it. The opinion of voters is consistently strong among voters in various metropolitan areas of the state. For example, 76% of voters in the Cleveland media market, 70% in the Cincinnati media market, 70% in the Dayton media market and 68% in the Columbus media market favor legislative reform.

Peter D. Hart Associates, one of the leading research firms in the country, interviewed 602 registered Ohio voters on behalf of the Ohio Telecom Association. The survey findings have a margin of error of +/- 4.1 percentage points.

### Overall View of Cable TV Service



### Survey Results – Ohioans' Views of Competitive Cable TV Market

