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February 2, 2006

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Burns, Inouye Release Principles for Video Franchising Reform

Senators seek to foster competition and a fair process that recognizes local needs

WASHINGTON, DC - U.S. Senator Conrad Burns and U.S. Senator Daniel Inouye, Senior Majority Member and Co-Chairman, respectively, of the Senate Commerce, Science, and Transportation Committee, released today a series of principles that they believe are essential for any legislation the Committee might consider on video franchising reform.

“Chairman Stevens deserves a lot of credit for bringing the issue of franchising reform to the forefront of the minds of the Committee members,” said Senator Burns. “The principles we’ve put forth will lay the groundwork for serious reform of franchising that will not only benefit consumers through ensuring honest competition for their business, but will also allow new franchisees to enter markets with level playing fields while maintaining the local control so important to communities around the country. I look forward to the coming debate on this important issue and have every confidence that, with these guiding principles as our guide, the Committee will draft an effective and important bill that will benefit all Americans.”

“I applaud Chairman Stevens for turning the Committee's attention to the issue of franchising reform and ways to increase video competition by promoting competitive entry on fair terms,” said Senator Inouye. “While I look forward to an open and informed debate, I believe that our analysis of these issues should be guided by certain principles, which I hope will contribute to the debate. In the weeks ahead, I look forward to discussing these principles with Chairman Stevens and my colleagues as we consider legislative proposals in the context of telecommunications reform.”

Recognize and Reaffirm the Role of States and Localities in the Video Franchising Process.

- The regulation of video services under Title VI relies upon a type of “deliberately structured dualism” where state and local authorities have primary responsibility for administration of the franchising process within certain federal limits. Because each community may be unique, this framework recognizes that the local franchising authority is uniquely positioned to ensure that video providers meet each community’s needs and interests in a fair and equitable manner, and are most effective in seeing that provider obligations are enforced. The Federal government has neither the resources nor the expertise to address such issues.
- Consistent with existing law, state or local franchise authorities should retain the authority to supervise rights-of-way use and recover the associated costs, to require the payment of a reasonable franchise fee, and to require sufficient outlets for local expression and appropriate institutional network obligations.

Promote Competition by Facilitating Speedy Entry on Fair Terms.

- Video Franchise Reform should promote competition in video services. Obstacles to reform that result in unnecessary procedural delay should be eliminated. If the current process results in unnecessary delay, procedural timetables could be established to ensure a decision by the relevant franchising authority by a date certain.
- Nevertheless, the desire for a process facilitating swift entry should not result in a blank check for would-be competitors. Instead, franchising authorities must ensure that similar (though not necessarily identical) responsibilities attend to any would-be franchisee, so that consumers throughout the franchise area can enjoy the benefits of such services on a non-discriminatory basis.

Promote Competitive Neutrality and a Level Playing Field.

- The regulatory regime should be the same for providers of video services where the operator, and not the consumer, controls the video content offering. Definitional arbitrage on the basis of a particular technology should not be permitted.
- The franchising process should be designed to promote fairness for consumers in local communities and to promote a level playing field for providers. If a competitive entrant negotiates better terms and conditions for a franchise, other providers in that community should be entitled to adopt those same terms and conditions.

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