

Texas Video Competition: Senate Bill 5 Highlights
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The Public Utility Commission of Texas
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- Video Provisions of Senate Bill 5 (new Chapter 66 of PURA, eff. Sept. 1, 2005)
 - State-issued franchises
 - Incumbent local-franchise holders may apply for state franchises upon expiration of their current local franchises
 - Exception: Overbuilders such as Grande Communications may switch to state franchises immediately
 - PUC must issue a franchise within 16 days of receipt of a complete application
 - Applicants define the franchise territories they seek
 - No build-out requirements, *but* economic redlining within chosen franchise territories is forbidden
 - Alternative technologies (e.g., satellite) may be used to satisfy the non-discrimination requirements
 - PEG (Public, Educational, Government) Channels
 - State-franchised providers must offer at least as many PEG channels as existing (cable) providers
 - Cities must deliver PEG broadcasts in “transmission-ready” format
 - New entrants must provide transport beyond 200 feet from the PEG distribution point to the new entrant’s location (not a change from existing law for local-franchised cable companies)
 - State-franchise holders must pay a franchise fee to each municipality in which they operate
 - Fee is 5% of gross revenues attributable to that municipality
 - Definition of gross revenues is standardized in the statute
 - Video providers are permitted to flow all franchise fees and payments through to subscribers
 - Municipalities retain police-power authority to manage rights-of-way
 - *But* municipalities may not discriminate against state franchisees by denying access to access to the public right-of-way
 - Application statistics thus far (As of February 2, 2006)
 - 16 companies have sought franchises for a total of 144 unique communities
 - Grande: 27 communities
 - Verizon: 22
 - Time Warner: 22
 - AT&T: 21
 - ETS Cablevision: 21
 - Guadalupe Valley: 20

- Customer Protection
 - FCC customer-service standards (47 C.F.R. § 76.309(c)) apply in any municipality until there are two or more providers (including satellite providers) offering service in that municipality
 - PUCT began tracking cable complaints January 1, 2006
 - 34 complaints logged in 2006 thus far; all have been referred to municipalities and/or service providers
 - Exactly who, if anyone, should receive complaints about state-franchised video providers is an open question
- Study
 - The PUCT, and a Telecommunications Competitiveness Legislative Oversight Committee, will issue a joint report on how Senate Bill 5 is working by December 31, 2006
- Legal Challenges
 - The Texas Cable and Telecommunications Association (TCTA) has two challenges pending, one in federal court and one in state court
- Other Provisions of Senate Bill 5
 - Tiered deregulation of local telephone exchanges
 - Exchanges > 100,000 population = Deregulated
 - Exchanges < 100,000 but > 30,000 subject to market test
 - Three competitors: One certificated, one CMRS, one facilities-based
 - Exchanges < 30,000: May be deregulated, or not, per standards in forthcoming Commission rule
 - Review of universal service funding
 - Intrastate switched access rates reduced over a period of years to parity with interstate access rates