

memorandum

DATE: December 14, 2006

TO: William Sharkey

FROM: Donna Gregg

SUBJECT: Peer Review of Phoenix Center Public Policy Paper Number 22, *The Consumer Welfare Cost of Cable "Build-out" Rules*.

The Commission is considering a Report and Order regarding the *Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992* (MB Docket No. 05-311). The Commission may adopt rules and provide guidance to implement Section 621(a)(1) of the Communications Act of 1934, as amended, which prohibits franchising authorities from unreasonably refusing to award competitive franchises for the provision of cable services. Among the prohibitions under consideration is one that prohibits local franchise authorities from requiring that a new entrant build out its cable facilities in any particular fashion. The Commission has been presented with a third-party study that concludes that build-out requirements lower the number of communities that are likely to see competitive entry. The study concludes that consumer welfare is likely to be higher without a build-out requirement.

Under the Information Improvement Act, OMB requires that influential scientific information be subject to peer review to enhance the quality and credibility of the government's scientific information. The Media Bureau requests a peer review of Phoenix Center Public Policy Paper Number 22. The Bureau requests that you review this study to determine whether it follows generally accepted practices in the economics field.

I ask that you provide a written report of your review, findings and recommendations with regard to this Report by December 20, 2006.

Thank for your assistance in this matter.

Attachment