



**American Homeowners
Grassroots Alliance**

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Defending the Interests of 75 Million U.S. Homeowners

September 6, 2006



Ms. Alicia Matthews
Director, Cable Division
Department of Telecommunications and Energy
One South Station
Boston, MA 02110
Re: Competitive Franchising Rulemaking, CTV 06-1

Dear Director Matthews:

Thank you for the opportunity to offer additional comments on the proposal to encourage more cable choice and competition in Massachusetts. As outlined in our July 11 comments, the American Homeowners Grassroots Alliance is a nonprofit consumer advocacy organization that supports local, state and federal policies encouraging home ownership or which significantly benefit the nation's 75 million homeowners. We urge you to keep in mind the best interests of the approximately 1.7 million Massachusetts homeowners as you evaluate the proposal to streamline franchising by attaching a clear timeline for municipal action.

We strongly favor streamlining this process because it speeds tangible benefits to consumers by giving them choice among providers and competition for their cable dollars. Cable TV companies have a dismal record of consumer satisfaction, yet in many areas they have been raising their fees at triple the rate of inflation over this last decade. Speeding the franchising process can only be good for thousands of Massachusetts consumers who want real cable competition.

Recent experience across the country shows that competition works. Where consumers get an alternative to the local cable TV monopoly, incumbents have cut their prices or offered better services. ~~Several independent studies~~ — including one by the federal government — have repeatedly demonstrated that head-on cable competition can drop cable prices by 30% or more.

The municipal franchise approval process has become a barrier to consumers enjoying full cable competition. While some municipalities have done a good job of getting cable monopolies to improve their service and hold down rate increases, far too many others have let their constituents down in both regards. Homeowners and other consumers ultimately pay for any fees that municipalities can extract from TV service providers. With substantial and well documented consumer savings readily at hand we see no benefit in deferring those savings any longer. While municipalities might prefer to elongate the process in hopes of extracting higher total provider payments, such payments effectively constitute an indirect tax which is ultimately borne by consumers anyway. We think this approach is misguided, and the Division should not allow a few narrow interests to hijack the process to the detriment of the interests of Massachusetts consumers.

Over the past year, a growing number of states have helped consumers by encouraging cable competition through administrative, regulatory or legislative policy changes. California last week became the most recent forward-thinking state to join this list. The public officials behind these decisions — often passed with overwhelming majorities — have recognized the true return to consumers from policies that urge more technology deployment, greater competition and choice. While the proposal before you covers only a fraction of the issues considered in other states (namely, a time limit for a franchise decisions, versus the move in others states to standardize the terms applied to competitive licenses, including franchise fees, local channels and equipment support), you can still have a positive and lasting impact on consumers. Through this single administrative change, you can give Massachusetts consumers what they want — a real choice for cable TV.

Please act now to adopt the proposal to speed up the benefits of cable competition, before the next annual round of cable rate increases hits Massachusetts consumers.

Sincerely,

Bruce Hahn
President and CEO