

March 1, 2006

GUEST COMMENTARY: Consumers Save Where There is Cable TV Competition

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An important issue for homeowners is being discussed in the Senate – cable TV franchise reform. Consumers save a lot of money where there is competition in TV services. Yet the cable TV monopolies face competition in only about of 2 percent of the markets because they have managed to preserve an antiquated system that continues to slow new competition to a crawl. As the potential consumer savings through competition continue to increase, the need for cable TV reform is more obvious than ever.

Cable rates have steadily increased virtually everywhere across the nation -- 60 percent since 1999, nearly triple the rate of inflation. The actual savings when other providers are allowed to compete directly with cable TV monopolies is also soaring. The Government Accountability Office found several years ago that prices were 15 percent lower in those areas where the local cable TV company faced competition. At today's average cable TV subscription rates – rapidly approaching \$50 per month – American homeowners would save nearly \$100 a year if the cable TV monopolies had to compete. More recent data reveals that even greater savings than that are likely. A recent Bank of America study found that in three different markets the average annual TV services subscription price reduction upon telephone company entry into cable TV markets was \$242.23, or 36 percent. And in Keller, Texas, the incumbent cable provider dropped their premium service package rates by 50 percent when a telephone company announced plans to enter their market late last year, a price cut of \$50 a month or \$600 a year.

We could be on the cusp of a price war in TV services that will save a typical American homeowner hundreds of dollars annually if the Senate Commerce Committee will open the floodgates of competition!

An annual savings of \$240 - \$600 for the typical consumer, impressive though it will be, is only part of the reason that the Senate Commerce Committee should get the cable monopoly's hands out of our wallets. The same copper wires or fiber optic cables that bring in television can also bring in Internet access and other broadband services, and the new fiber optic cable technology can bring it in at far faster rates than the cable TV companies' old copper wires.

The U.S. is rapidly falling behind other countries in the deployment of broadband technology, and new broadband technology offers incredible additional potential benefits

to American homeowners and other consumers. As more powerful broadband alternatives proliferate more employees will be able to work from home and the number and the technological sophistication of home-based businesses will grow even more dramatically. Teleworking and home-based businesses both contribute to the quality of homeowner's lives and reduce pollution.

Wider home use of wearable broadband-enabled integrated health monitoring and intervention systems for patients with chronic illnesses will allow many seniors and other homeowners to remain in their own homes, instead of being forced into nursing homes. A homeowner can then lead a reasonably normal life while health professionals remotely monitor their condition 24/7. Telemedicine (two-way video communication via broadband between patients and health care providers) will also eliminate the need for many in-person visits to health care providers and save homeowners and the federal government billions of dollars in health care costs.

The consumer benefits of more competition in both TV services and other areas of broadband overwhelm any arguments for continued excessive regulation of TV services. Experts have estimated that it will take another 15 years to bring full competition to TV services unless our legislators break the logjam. That's why the American Homeowners Grassroots Alliance has written to members of the Senate Commerce Committee asking them to pass federal legislation to reform the archaic TV services franchise laws.

A copy of the letter we sent to your Senator and other members of the Senate Finance Committee making these points is available at [www.AmericanHomeowners.org](http://www.AmericanHomeowners.org). There's also a U.S. Senate directory on the site if you would like to look up your Senator and express your own views.