

**STATEMENT OF
COMMISSIONER DEBORAH TAYLOR TATE**

Re: Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, MB Docket No. 05-255

First, I would like to applaud the Chairman for holding this meeting in Keller, Texas. I also wish to thank Mayor Tandy and Mayor Moncrief for not only participating in our open meeting but also their leadership in championing competition and consumer choice. I want to specifically acknowledge Commissioner Barry Smitherman from the Texas Public Utilities Commission, my friend and former colleague, for joining us. I look forward to our continuing relationship with state and local officials on these issues which are crucial not only to our nation, but to communities like Fort Worth and Keller. Finally, thank you for the warmth and hospitality that has been shown to us while we've been here in the Great State of Texas.

As stated by the Chairman, I feel it is important for the Commission to take opportunities such as this to travel outside of Washington, D.C. Sometimes getting out into wide open spaces just helps put the issues into perspective; to talk with real people about the innovative products and services that are transforming the way they work, live, and play. And, also, to see areas which may not have access to exciting new services like those we've seen on this trip. I believe that it is critical that we, as policymakers, do not lose touch with how communications technology, and the decisions we make in this arena, affect the lives of all Americans, impact both the local and global economies, and influence investment decisions in the communications marketplace.

And so I am delighted to be here, not simply to talk about video competition in the abstract, but to actually see first-hand the efforts of new entrants into this market and to hear from consumers, local government representatives, and the entities actually providing such services. For example, yesterday we saw a working demonstration of Broadband over Power Line (BPL) in a neighborhood in Dallas. Current Communications Group, LLC and TXU are using this innovative new technology both to provide broadband and to help the electric grid work smarter and more efficiently. At their model home I was able to talk to my assistant, Teri, using a Voice over Internet Protocol (VoIP) phone while watching high-quality video streamed over the Internet. All the while, the electric company is able to use that same technology to monitor exactly how much electricity is being used and identify immediately when and where the power goes out.

This beautiful, new community center in which we are meeting provides more than just a wonderful setting for our open meeting; it also serves as an excellent example of the concept of "bundling." Here, under one roof, the citizens of Keller can enjoy a variety of sports and exercise options, games, a swimming pool, and childcare – all in a family friendly atmosphere. In a similar vein, we are here today to discuss the fact that an increasing number of entities are providing a bundle of communications services that can include voice, data, video, and even wireless. And just as is the case with this

community center, many of us would like to enjoy those bundles – the so-called “triple play” and “grand slam” –in a family friendly atmosphere.

Tennesseans are used to hearing me say this, but since I find myself today in Texas, I will say it again: I am a strong supporter of competition. Efficiently operating competitive markets do a much better job of ensuring that the needs of consumers are met than we could ever hope to accomplish through unnecessary regulatory intervention. Competitive markets force rivals to be more responsive to the needs of consumers; to provide lower prices; to innovate; to offer more choices; and to provide better customer service. To summarize: whatever the concern may be, robust competition is, in virtually every case, the preferred solution to government regulation.

The marketplace for the delivery of video programming provides a perfect example of this point. The significance of video competition cannot be overstated – because it has the ability to play a critical role in a number of high-priority areas:

Cable TV Prices: Competition from Direct Broadcast Satellite (DBS) operators and, as we have witnessed here in Texas, and now traditional phone companies will continue to drive down prices for consumers.

Indecency: In a fully competitive marketplace, there is every reason to be confident that consumers’ concerns about the programming that enters their homes would be met. Unfortunately, however, the video programming marketplace – while much more competitive today than when the 1992 Cable Act was passed, as this year’s Video Competition Report makes plain – so far has been unable to adequately address this issue. But as the number of competitors increases, we are beginning to see signs of progress in this area. Indeed, the recent announcements by cable operators and DBS providers regarding the offering of family tiers, as well as the public statements by AT&T and EchoStar indicating an interest in providing their customers with programming on an a la carte basis, could well represent the initial steps in that very process. But they are only that – initial first steps.

Competition should be not only about more choices, but about **better** choices for our families. I am hopeful that, as competition continues to expand, parents – and concerned viewers generally – will be able to choose from a range of programming options that they find appropriate. In that regard, I am encouraged by the ability of the video delivery platforms we have seen on this trip to provide video programming in customized packages *based on what customers want*. This new technology will eliminate any technical hurdles that may have been asserted in the past as a reason not to allow customer choice.

Broadband Deployment: Greater video competition also can play an important role in ensuring that the benefits that broadband can offer are made available to **all** Americans. Modern telecommunications networks are capable of providing the so-called “triple play” of voice, data, and video – and, when bundled with wireless offerings, the “grand slam.” As a result, the ability to offer video programming services holds the promise of an additional revenue stream from which the substantial capital investment

required for broadband deployment can be recovered. In many cases, including in rural and higher cost areas the additional revenue provided by video programming hopefully will provide the extra push needed to justify the decision to deploy broadband facilities.

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So it seems clear that full and vibrant competition in the delivery of video programming can provide a wide range of benefits. This leads logically to two follow-up questions: (1) how competitive is the multichannel video programming distribution market today, not only here in Texas but throughout the United States?, and (2) what can we do to make it even more competitive?

This year's video competition report describes the current state of the MVPD marketplace. I commend Bureau Chief Gregg and Ms. Glauberman and their colleagues in the Media Bureau's Industry Analysis Division for their good work. We must rely upon your expertise along with real-world experience – like we are obtaining here today – in order to make the best possible decisions. And based upon this report, it appears that although incumbent cable operators remain the leading provider of multichannel video programming, their market shares continue gradually to decline. And while I applaud the DBS providers for the competitive inroads they have made, particularly in rural areas not served by cable, I believe that wireline competition should be encouraged as well.

Which leads me to my second question: what can policymakers do to foster greater video competition envisioned by Congress? Here in Texas, legislation passed last year to facilitate the entry of new providers established a streamlined process by which new entrants can obtain state-issued certificates of franchising authority. Other states are considering enacting similar laws, and franchising reform also is being considered at the federal level. Representative Marsha Blackburn from my home state of Tennessee last June introduced the Video Choice Act of 2005, which would have eliminated cable franchise requirements for companies already authorized to access public rights-of-way.

Meanwhile, the FCC initiated an investigation into the local cable franchising process for competitive entrants last November, prior to my arrival. This Section 621 rulemaking seeks to determine whether the franchising process serves as an unreasonable barrier to entry for new providers and, if so, what remedial steps the Commission might take. Comments are due on Monday, February 13th. I look forward to working with my fellow Commissioners on this proceeding in the months ahead. I also look forward to hearing from consumers and others here today, and interested parties everywhere, regarding what we can do to increase investment, innovation, and deployment of multi-use broadband networks throughout the United States.

Thank you.