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## When Competition Doesn't Quite Cut It

By *Harold Feld* -- *Broadcasting & Cable*, 11/5/2007

At its open meeting last week, the FCC took two steps to promote competition for video and voice services. First it banned exclusive contracts between providers and owners of “multiple dwelling units” (MDUs), such as rental apartments. That allows those residents to have their choice among any provider in the neighborhood.

Second, the FCC expanded the right of telephone subscribers to keep their phone number, called “number portability,” to include voice over IP (VOIP) services. The former will primarily help phone companies trying to capture customers away from incumbent cable operators, while the later will primarily help cable operators and stand alone VOIP providers trying to capture customers away from incumbent local telephone companies. These two actions should make the video/voice/ broadband “triple play” market more competitive

So was the meeting a total win for consumers? No. The FCC issued a third order, limiting the ability of a municipality's local franchise authority (LFA) to impose conditions on cable franchises. A similar order last December—on appeal to a federal court—granted franchise “relief” to new video providers like the phone companies. While designed to help consumers by bringing in new competitors, “franchise relief” takes away a valuable safety net for subscribers.

Because when individual subscribers fall through the cracks, or when communities face special circumstances that don't fit the standard business plan for these multi-billion dollar corporations, subscribers need someone local who can force big companies to pay attention.

A case in point is Mona “the Hammer” Shaw. Although everyone would agree that Manassas, Va., is as competitive a region for video as you can find anywhere in the country, Mrs. Shaw got such a run around from Comcast that—to make them pay attention—she smashed up the computers in Comcast's regional office with a hammer. From the reaction in the local press and online hailing Mrs. Shaw as a rebel hero, I don't think she's alone in feeling that big companies like Comcast sometimes fall short on their commitment to customer service. What happens in markets not as well served as Northern Virginia?

I think even Comcast would agree that we prefer the Mona Shaw's of the world to go to LFAs rather than take matters in their own hands. That's why Congress gave LFAs such a big role to play when it re-regulated cable in 1992, and why it's a mistake for the FCC to take away that safety net.

### Author Information

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