

**EXPERTS: LACK OF CABLE/VIDEO COMPETITION COSTS U.S. CONSUMERS \$22 MILLION A DAY, ALSO MEANS LOSS OF CHOICES**

*Panel Finds That Cable/Video Franchise Reform is Key to Lowering Prices, Expanding Choices for Consumers; \$8.2 Billion in Higher Costs Linked to Each Year of Delayed Franchise Overhaul.*

**WASHINGTON, D.C.//May 3, 2006//**Three leading telecommunications experts today said that expanded competition for cable/video services could save consumers \$22 million a day, as well as delivering a wide range of other social and economic benefits for individuals and the communities in which they live.

Participating in a New Millennium Research Council (NMRC) panel, the scholars and industry experts made their comments after independently studying how reformed franchising requirements will change the video service market. The panel concluded that further delay in cable/video franchise reform could cost consumers and communities \$8.2 billion in the first year and \$35 billion over five years.

George Ford, chief economist, Phoenix Center for Advanced Legal and Economic Public Policy Studies, said that Americans stand to lose \$8.2 billion in lower costs if the cable/video franchising is delayed by one year. Ford said: "If the bubble of the 1990's taught us anything, it is that entry is extremely expensive and that there is no guarantee of success. As video is the key economic driver to justify the huge expense of deploying advanced broadband networks to residential consumers, so long as the local franchise process continues to raise entry costs for new firms, we may end up with no entry at all."

Robert Johnson, president, Consumers for Cable Choice, noted how both consumers and small businesses are missing benefits of the technological revolution. In a study of small businesses, Consumers for Cable Choice found a majority would subscribe to video services offered by competitive providers if they were available. Noting how delaying competition is an economic mistake, Johnson pointed out: "\$22 million a day. That is how much consumers lose each day there is not a competitive cable market. Consumers are demanding a solution, and they want it now."

David P. McClure, president and CEO, U.S. Internet Industry Association (USIIA) cited numerous examples of how increased competition can spur broadband and video usage by populations traditionally underserved by the incumbent cable companies. McClure said: "Video choice represents a thoughtful and balanced approach to spurring broadband through video competition. The nation cannot afford to have its plans for broadband derailed by the financial needs of the few; rather, Congress must act expeditiously in the best interest of consumers and the nation."

The experts also cited data from the American Consumer Institute showing that consumers in Texas' newly competitive markets are enjoying lower prices from both the new providers and the incumbent cable company, ranging between \$22.30 and \$26.83 in monthly savings.

Presentations from the panel discussion are available on the NMRC's website at [www.thenmrc.org](http://www.thenmrc.org)

### **ABOUT NMRC**

The New Millennium Research Council (NMRC) was created in 1999. Its mission is to develop workable, real-world solutions to the issues and challenges confronting policy makers, primarily in the fields of telecommunications and technology.

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