

**National Conference of State Legislatures  
Fall Forum 2005**

*Communications, Technology and Interstate Commerce Committee  
Hearing: Local Franchising Authority  
Chicago, Illinois  
December 7, 2005*

**Testimony of Larry Mitchell  
On behalf of  
Alliance for Rural Television**

Members of the Committee:

My name is Larry Mitchell. I am the national Spokesman for the Alliance for Rural Television. Collectively, the organizations I represent speak on behalf of millions of rural Americans, many of whom are family farmers and agricultural businesspersons who support our rural economy.

Those I speak for today are the “have-nots” in the video revolution. They live in rural, typically unincorporated, areas, where cable television has feared to tread. We are on the wrong side of the digital divide. We are on the dusty back road of the information super highway.

In essence, this is the ironic legacy of cable regulation today. Enacted in the 1940s to bring television to those outside metropolitan areas, cable has delivered half a loaf. Although cable has been deployed in some small communities, it has not served those in truly rural areas.

Cable TV does not reach an estimated 14% to 19% of American houses and most of those houses are in rural areas, according to the federal government’s Rural Utility Service. If correct, that is 15 to 20 million households that do not even have access to cable.

Frankly, I believe that number is low. A 2005 survey found that 29% of households in rural areas do not have cable available. (Leichtman Research Group) That would be about 30 million households and perhaps 68 million Americans.

As those 68 million Americans will attest, in very real terms, the goal of cable television franchising—to bring cable TV to rural areas—has fallen short, even though it has had 60 years to succeed.

With the arrival of direct broadcast satellite for television, it is even less likely that cable systems will extend further into the countryside. (NetAction) Satellite is a bandaid, but not a cure.

I do not cast judgment on those in the cable industry, but I do suggest that it is time to reform the Local Franchise regulations to free and inspire alternative providers to deliver on this unfulfilled promise. The free enterprise system depends upon competition, and we must have competitors if we are to have competition.

New technology, generally based on an IP platform, offers hopes for underserved rural America. Already, a number of small rural telephone cooperatives are deploying IP-based systems and delivering superior video services to rural customers. Often, this video is bundled with voice and high-speed data.

But current local franchise rules, which require approval in each of 33,000 jurisdictions where a new entrant wishes to serve, are an antiquated stumbling block. For instance, I am aware of rural providers unable to serve certain areas because of the inability to obtain fair franchise terms. (Canby, Oregon) The Wall Street Journal recently reported on local officials demanding that a new provider buy flower pots if it wanted to serve in its jurisdiction. This is laughable; it also is inexcusable.

It is time to move forward and reform cable franchising rules so that the deployment of new technology is encouraged, not impeded. Our communications infrastructure is too important for this to persist. Companies should succeed based upon their ability to deploy infrastructure and provide cost-effective service, not upon their willingness to do civic landscaping.

Texas legislators already have seen the light. Earlier this year, they overwhelmingly passed legislation that moves the franchising process to the state level. Under that system, plans for new deployment of video broadband are announced almost daily. Perhaps more significant in the short term, cable rates in the first area to see competition dropped 28% overnight.

We are confident that these initiatives will open up opportunities for underserved rural consumers. The combination of enlightened regulation and more cost-effective fiber technology will lead others to follow the lead of those pioneering rural telephone companies in bringing packages of voice, high-speed data and video to rural America.

Legislators in other states and Congress already are advocating for measures similar to Texas. And, as they move forward, rural America will be with them. We have been waiting for 60 years for the promise of cable TV to be delivered to our small communities and farms. With franchise reform and new technology, that time is finally near.