



November 19, 2020

The Honorable Barry Hobbins
Maine Office of Public Advocate
112 SHS
Augusta, Maine 04333-0122

Dear Public Advocate Hobbins,

Comcast wishes to extend our appreciation to the Public Advocate's Office for its convening a group of stakeholders to explore and consider issues related to Maine adopting a single statewide cable franchise. This charge was made by the Joint Standing Committee on Energy, Utilities and Technology during the 129th Maine Legislature, and the Advocate's office should be credited for thoughtful and thorough process that allowed all stakeholders to share information and ideas freely. We would also like to recognize the contributions of all the participants who stayed committed to this worthwhile process during unique and challenging times.

By way of background, franchises are nonexclusive and revocable authorizations to operate within the public right of way. The Federal Cable Act, 47 U.S.C. §521, et seq., provides the substantive and procedural framework for this cable franchising. In Maine, these franchises are granted by municipalities through a grant of authority from the state. In addition to being nonexclusive they must be nondiscriminatory. In return for this franchise to utilize the public right of way, municipalities may request certain types of compensation based on an assessment of the unique needs of the community but within the parameters of the Federal Cable Act. This compensation may take the form of a franchise fee, and in some cases funds for infrastructure to provision Public, Educational and Government Access Channels (PEG). All costs associated with this compensation including the franchise fee, which can be up to 5% of gross video revenue, are recoverable from customers through a separate line item on the monthly bill.

Some participants argued that a state issued franchise would encourage rural broadband deployment. Maine can look to other states' experiences to judge whether this might be true. When certain large telephone providers attempted to offer cable video services over their networks approximately 15 years ago, they argued that they needed state issued franchises to speed their market entry. Approximately half the states accepted this premise and changed their laws. An analysis of rural broadband availability today shows little statistical difference between the two. Rural availability in local control state's is 72.8% while it is 73.5% in state issued states with the median in each group being the same at 73%. Maine's rural broadband availability in contrast is 89.6%. While the evidence does not suggest that state issued franchises lead to greater rural deployment, we do agree that a consistent, timely and efficient process with a minimum of regulatory requirements will encourage investment.

Other participants argued that municipalities were ill equipped to negotiate favorable terms because of their size and many competing duties and priorities. Maine's cable providers flatly reject that notion, as our experience in working with Maine communities and their elected leaders is that they understand the needs of the communities and are prepared to balance competing interests when franchise terms are negotiated. The Federal Cable Act provides a clear guideline for municipalities in carrying out this function. Further, the same proponents argued for a model which presupposes that every community wants to invest limited resources in PEG channels, employees, studios and equipment. But that model does not work for all communities. Maine municipalities clearly have access to the resources and expertise necessary for them to determine and negotiate for their interests.

Further, since franchise fees are remitted to the franchise authority, the state of Maine in the model discussed, a move to a state issued franchise may result in franchise revenues no longer going directly to municipalities. Although the stakeholder group discussed ways to ensure that municipalities could be assured revenue sharing between the state and communities no model ensured municipalities would continue to receive the \$10,000,000 they currently receive. Consequently, cable providers agree with the Maine Municipal Association that now is the wrong time to reduce resources at the local level.

Lastly, cable providers highlighted the challenge presented by efforts to impose a one size fits all approach. Attempting to do so at the state level in a state as diverse as Maine is likely impossible. Determining where line extensions occur, what towns receive community television studios and connectivity between government facilities and how limited channel capacity is utilized when considering increasingly limited resources is best done at the local level.

This summary letter only covers in part the information and issues the cable participants highlighted in our presentations and documents. For more information please review the documents we provided regarding a recent franchise-related order from the FCC, franchising's impact on broadband deployment, and the policy considerations and implications of a change in issuing authority.

Again, we would like to thank the Public Advocate and the Office's staff for their efforts shepherding this discussion and we recognize everyone's contribution to this effort.

Sincerely,

Chris Hodgdon
Vice President Government Affairs
Comcast Northeast Division

Bryan Christiansen
Senior Manager of Government Affairs
Comcast Greater Boston Region