



February 1, 2006

## **An Open Letter to the Virginia General Assembly: Consumers, Taxpayers Deserve the Benefits of Video Services Competition**

Dear Legislator:

On behalf of the more than 9,500 members of the National Taxpayers Union in Virginia, I urge you to support comprehensive reforms to the video services regulatory system that prevails in the Commonwealth. A pending agreement based on bills before the Assembly (HB1404 and SB706) comprises the first admittedly imperfect but significant step in this process.

As the 10-year anniversary of the signing of the federal Telecommunications Act of 1996 draws near, consumers find competition is thriving in every area of communications except one – video services to the home. Cable companies continue to dominate this industry to such a degree that they can set prices with very little fear of losing market share to others. And they know it – in this same 10-year time span, cable firms have raised rates more than 45 percent – almost three times the rate of inflation.

You have before you the opportunity to lay the foundations for competition in this last frontier of communications by working to overhaul (or even do away with) the franchising process. These regulations were set decades ago and have outlived their usefulness. They now serve to block competition, as new entrants into this market must negotiate franchises in every city and town in which they want to do business. Only a handful of such franchises have been reached in the past year, and at this rate Virginians will still be at the mercy of the cable companies when the 20-year anniversary of the Telecommunications Act rolls around.

We've seen the benefits of competition in other communications markets. Long-distance rates have fallen to mere pennies a minute, insofar as separate charges for such calls even exist anymore. Local rates have even stabilized, and with competitors offering calls over the Internet, consumers find lower prices still. We have a broad choice of cellular companies that offer not only affordability, but also a variety of packages designed to meet the needs of families, teenagers, business travelers, and those who just want the security of knowing they can make a call in an emergency.

Consumers need these same benefits in the video services sector. Customers should have all the numerous options that the market can and would provide, and not be forced to pay for programming they never watch and in some cases even find objectionable.

Our members hope you will support the strongest legislation possible to reform these outdated regulations without adding cumbersome new hurdles to innovation. Virginians have waited too long for the lower prices, improved customer service, and new offerings that competition can bring.

Sincerely,

Kristina Rasmussen  
Government Affairs Manager