

ISSUE	AT&T BILL (as filed in 2007)	SPEAKER NAIFEH NEGOTIATED COMPROMISE
Treatment of Incumbent Cable Providers	<p>Incumbent cable providers required to abide by terms and conditions of local franchise and could only opt for a state franchise once the local franchise had expired or a competitor offered service within the municipality.</p>	<p>All providers are free to choose either a local franchise or a state franchise.</p> <p>State holder may define (draw boundaries) its franchise area, which could encompass more than one municipality and/or county.</p> <p>An incumbent cable provider may elect to terminate its existing local franchise in favor of a state franchise; however, the incumbent is required to honor many of the conditions under the local franchise agreement until the natural expiration (the expiration date of the franchise agreement) of such agreement.</p> <p>If an incumbent is operating under an expired agreement, then the incumbent must continue to abide by the terms of the local agreement, until one of the following occurs:</p> <ol style="list-style-type: none"> 1. Is granted a state franchise. 2. Negotiates a renewal of a

		<p>local franchise. If after 180 days, the municipality has not successfully negotiated a renewal, then the municipality may require the incumbent to obtain a state franchise.</p>
<p>“Cherry-picking”</p> <p><i>Build out</i></p>	<p>Did not contain a build out requirement</p>	<p>If AT&T is going to apply for a state franchise, then it must do so within one year.</p> <p>AT&T and any new entrant to the market must begin to provide service in the state within 24 months of receiving a state franchise.</p> <p>AT&T is required to offer video service to approximately 570,000 households within its existing telephone customer base no later than 3 ½ years following receipt of a state franchise.</p> <p>Cable would have to offer service to 30% of households, if expanded into an area it is not currently serving under a local franchise.</p> <p>Providers can count any customers provided access to the Internet against the build out requirement.</p> <p>If an incumbent cable provider elects to terminate its local franchise in favor of a state franchise, then the</p>

<p><i>Anti-discrimination</i></p>	<p>Prohibited discrimination but included loopholes that negated affect of prohibition</p>	<p>incumbent must continue to offer service to every household within the municipality that was subscribing to its service on the effective date, until the natural expiration of the franchise.</p> <p>Prohibits discrimination based on race or income and includes meaningful penalties if providers discriminate.</p> <p>Requires at least 25% of households offered service must have an annual household income below \$35,000</p>
<p>Rights of Way</p>	<p>Preempted or altered existing rights-of- way ordinances.</p> <p>Precluded cities from enforcing ROW ordinances</p>	<p>Requires all providers to abide by local rights-of-way ordinances.</p> <p>Allows local government to enforce its ordinances</p> <p>Includes additional protections for private property owners with regards to placement of facilities</p> <p>Grants local government authority to regulate the placement of facilities for aesthetic purposes.</p>
<p>Customer Service</p>	<p>Provided that the only customer service standards were those provided in the customers' service</p>	<p>Requires providers to comply with federal customer service requirements and allows the</p>

	<p>agreement.</p> <p>Municipalities lacked enforcement authority and could only seek voluntary resolution of complaint. The only binding avenue to recourse was through the courts.</p> <p>The only option available to the courts was to require the violating provider to cure the problem.</p>	<p>state to adopt additional requirements.</p> <p>Allows an individual or municipality, on behalf of an individual, to bring complaint to Tennessee Regulatory Authority (TRA).</p> <p>TRA reviews complaint and is empowered to levy civil penalties against violating provider and to award service credits to customer.</p>
<p>PEG channels</p>	<p>Transferred costs currently paid by cable providers to the municipality.</p> <p>Provided for additional responsibilities and costs to be borne by the municipality.</p> <p>Did not provide for continued funding or provider capital and operating grants included in existing local franchise agreements.</p> <p>Imposed utilization requirement that would have allowed state holders to terminate any channel currently in existence.</p> <p>Eliminated character-generated programming (community bulletin boards and power point programming).</p> <p>Allowed state holders to</p>	<p>Costs not currently borne by the municipality will continue to be paid by the provider.</p> <p>The costs of any equipment and costs associated with the transmission of the PEG signal will be borne by the provider.</p> <p>Provides for the continuation of existing PEG grants until the expiration of the franchise.</p> <p>Provides for continued capital and operations funding beyond expiration as well as funding for new channels.</p> <p>Imposes more reasonable utilization requirements and allows municipality to cure any deficiency prior to losing use of the channel.</p> <p>Allows for character-</p>

	<p>move PEG channels to a service tier that is not available to all subscribers.</p> <p>Required PEG channels to pay costs associated with providing signal in a format that is compatible with AT&T's technology.</p> <p>Allowed AT&T to degrade signal quality and functionality.</p>	<p>generated programming on one PEG channel per municipality.</p> <p>Allows providers to move PEG channels to a tier available to at least 50% of its subscribers within its franchise area incrementally, provided the local franchise agreement does not prohibit such a move. Preserves at least one PEG channel in each municipality on the basic tier that is available to all subscribers.</p> <p>A provider may move PEG channels more rapidly than allotted schedule provided the provider makes equipment available to subscribers, at a nominal cost, that enables all subscribers to view PEG channels.</p> <p>Requires AT&T to pay for encoding equipment necessary to ensure PEG signal is compatible with its technology.</p> <p>Provides that any provider that degrades or alters PEG signal must provide public notice on Web site, marketing materials and customer contracts.</p>
Franchise Fees	AT&T and any other state holder would pay a municipality the same	AT&T and any other new market entrant will pay a franchise fee equal to 5% of

	<p>franchise fee rate paid by the incumbent cable provider operating under a local franchise.</p> <p>Defined “gross revenues” in such a way as to reduce fees for some cities while increasing fees for others.</p>	<p>its gross revenues generated within the municipality.</p> <p>Incumbent cable provider will pay a municipality a franchise fee as follows:</p> <ol style="list-style-type: none"> 1. If incumbent cable provider elects to preserve its local franchise, then it will pay the agreed upon rate until such agreement expires. 2. If an incumbent cable provider elects to terminate its local agreement in favor of a state franchise, then: <ol style="list-style-type: none"> A. The city may allow the incumbent to continue to pay the agreed upon rate until the agreement would have expired, provided the incumbent continues to abide by the build out provisions included in the local franchise agreement; or, B. A municipality may, by duly adopted resolution, increase the franchise fee paid by an incumbent cable to 5%; however, the incumbent would be relieved of any build out requirements with respect to future growth in the municipality, under the local franchise agreement. <p>Once an existing local franchise agreement reaches its expiration date, even if the incumbent has</p>
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<p>Audits</p>	<p>Limited the frequency of municipal audits of franchise fees paid by cable/video providers.</p> <p>Reduced statute of limitations for franchise fee audits.</p> <p>Required municipality to sue provider to resolve disputes regarding fees owed.</p> <p>Prohibited contingency fee audits.</p>	<p>Allows a municipality to audit franchise fee payments annually.</p> <p>Each audit may cover the 3 most recent years; however, a municipality may not audit the same records more than once.</p> <p>Restores statute of limitations regarding municipality’s right to pursue a claim for underpayment of franchise fees to 6 years.</p> <p>Grants authority for municipality to request TRA resolve disputes concerning unpaid fees.</p> <p>Preserves right to file suit to recover fees owed.</p>

		<p>Allows municipalities to contract with the state comptroller's office for audit or to contract with other third-party, but prohibits such contracts from being based on contingency.</p>
<p>Enforcement Authority</p>	<p>Provided TRA no enforcement authority; therefore municipalities were at the mercy of the providers.</p> <p>Only enforcement occurred through court action and only remedy was cure – no civil penalties.</p> <p>TRA had no authority to deny an application for any reason other than its “completeness.”</p> <p>TRA had no authority to revoke a state franchise.</p>	<p>Provides TRA the authority to enforce a number of important requirements.</p> <p>TRA may deny an amendment to an application if the holder has acted in bad faith.</p> <p>TRA may levy civil penalty of up to \$5,000 per violation (discrimination against each individual constitutes a separate violation) of the anti-discrimination provision (“low-income” households).</p> <p>TRA may levy civil penalty of up to \$10,000 per day per violation not to exceed \$2 million for violation of the build out requirement.</p> <p>TRA may levy civil penalty of up to \$1,000/day per violation, not to exceed \$10,000 (counting all subscribers as a single violation) for all other covered violations.</p> <p>TRA may revoke a state franchise if the holder has</p>

		repeatedly and knowingly failed to comply with the anti-discrimination and build-out requirements.
Effective Date	Upon Enactment	July 1, 2008