

BUSINESS

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Other states see big picture on cable

Deregulation can cut bills,
spread broadband service

If more companies could compete for your business, your cable TV bill would not land with such a heavy thud.

And more businesses, particularly small ones in out-of-the-way places, would finally get a high-speed foothold on the Internet highway.

Those, in a nutshell, are conclusions of a Lawrence



**NANCY
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BUSINESS EDITOR

Technological University study released last week by the Southfield school.

It seems obvious that competition drives down price and opens markets, though the issue is more complicated than that. But, as with all things tech, it really comes down to who gets what slice of the money pie.

The fight in this case is over whether phone companies AT&T and Verizon can get into the broadband action of Comcast Corp. and Charter Communications without the tedious job of going town-to-town to pay for franchises.

Deregulation proposals have floated around Lansing for a while, but the issue will heat up again, maybe as early as this week, when the chairman of the House committee on energy and technology, Mike Nofs, R-Battle Creek, is expected to introduce bills.

A new initiative, which follows one

that went nowhere, would explain the rash of cable-choice ads that cropped up around the state out of the blue. And maybe explain the timing of the Lawrence Tech study, though the authors say AT&T or Verizon did not finance it.

The study was written by the director of the university's Professional Development Center Benjamin Benson, and school researchers Eugene Epshteyn and Timothy Meloche.

The school said it was financed with a grant from Ball State

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University, which studied deregulation in Indiana and wanted to see how it would play out in Michigan.

"It turned out the impact was even greater in Michigan than in Indiana, which kind of surprised us and them," said Meloche, whose resume includes stints as news director at Detroit TV stations.

Using an econometric model, they found statewide franchising could cut monthly cable bills by \$10 to \$25 and let a half million more households "become full members of the information age."

The \$269 million to \$673 million a year consumers would save could, in turn, free up household cash to be spent elsewhere.

The researchers say others have found the same benefits. They cite a U.S. General Accounting Office study that found cable rates decline as much as 40 percent with more competition. Supporters point out Indiana already has benefited, less than a year after deregulation. AT&T announced it would invest \$250 million to bring high-speed Internet and its cable-like TV to 33 small communities that would not otherwise have service.

Opponents, however, warn statewide franchising could let phone companies cherry pick territories, choosing better-heeled customers when selling a bundle of phone, Internet and cable TV, and avoiding the poor.

They also point out communities could lose fee revenues at a time they desperately need every buck. Grand Rapids alone received about \$1.4 million in annual franchise fees from Comcast.

Meloche said this is more than an argument about who will deliver ESPN or HBO.

"Look at the delivery of education. People are not sitting in a classroom anymore. Learning is taking place where people are, in the workplace or home," he said. More broadband would allow more long-distance education, particularly of laid-off workers who need retraining.

"And look at the delivery of technology," he said. Receiving and sending designs, bids, and blueprints over broadband allows nearly instant communication with people all around the world.

"We don't need to focus our technology in pockets. We can focus where more people are, where there are more opportunities," he said.

As Texas and Indiana already have jumped into deregulation, it seems Michigan lawmakers should take a close look at their experience.

Lawrence Tech's researchers warn the state should not take too long, however, for a trend that they expect to sweep across the nation.

"If Michigan fails to act while other states move forward, its economic competitiveness will be further eroded," they said.

This battle is far from over, but arguments for expanding broadband services and lowering consumer costs are going to be hard for lawmakers to ignore in such a hard-pressed state as Michigan.

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