

Cable TV Regulation

Regulatory framework

The provision of cable television services is regulated by all three levels of government—federal, state, and local. However, the price of cable services purchased by most households is not regulated at all.

The federal role in cable TV regulation

The Federal Communications Commission (FCC) has developed a set of customer service standards that cable TV providers must follow. These standards govern activities such as billing practices; information cable providers are required to supply to customers; and cable providers' response times to customer complaints, installation requests, and service interruptions. Franchising authorities at the local level are responsible for adopting and enforcing these federal standards.

The FCC also regulates:

- indecency and obscenity in cable TV programming;
- the amount of commercials that may be broadcast during children's programs;
- the maximum fee a municipality may charge a cable TV provider to obtain authority to serve its residents; and
- "signal leakage" that may interfere with other broadcast media.

While in the past the FCC had authority to regulate the price of the most popular cable TV services—expanded cable channel packages, premium movie channels, and pay-per-view sporting events—that authority was revoked by Congress in the Telecommunications Act of 1996. Prices for those services are now unregulated.

The local government role in cable TV regulation

A cable TV provider must obtain authority to serve a community from its local unit of government by negotiating and signing a contract, called a franchise agreement, containing the terms and conditions under which the cable TV provider will operate. In exchange for this franchise, the cable TV provider agrees to pay an annual franchise fee to the municipality, which federal law restricts to a maximum of 5 percent of the annual gross revenues realized by the provider from that community. The agreement also specifies the number of cable channels for local community programming, called PEG (public, educational, and governmental) channels, the provider agrees to provide.

A municipality may regulate the price of basic cable service, and of the equipment and installation needed to provide it, unless the FCC has determined that the cable TV provider is subject to "effective competition" in that market. Basic cable service is the lowest level of service offered, including only local broadcast stations and PEG channels.

***The state
government role in
cable TV regulation***

In Minnesota, the state role in regulating cable TV service has been quite limited. State law prohibits a municipality from granting a cable TV provider an exclusive franchise. The statute provides that any competitor must face the same terms and conditions—with respect to the geographical area served, the number of PEG channels required, and fees—as an incumbent provider.

State law also addresses:

- provisions that must be included in franchise agreements, including the minimum number of PEG channels that must be provided;
- the conditions for access to buildings to install and repair cable TV infrastructure;
- the use of public infrastructure for cable facilities;
- the sale or transfer of a cable TV franchise; and
- procedures for extending service to a new area.

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