

## Prince George's County Council

### Agenda Item Summary

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**Meeting Date:** 11/28/2006  
**Reference No.:** CB-082-2006  
**Draft No.:** 2  
**Proposer(s):** County Executive  
**Sponsor(s):** Dean, Knotts, Peters, Hendershot, Harrington, Campos, Bland, Dernoga  
**Item Title:** An Act granting a cable franchise for the operation of a cable television system in the County by prescribing certain terms and conditions to be included in a franchise agreement with Verizon Maryland Inc.

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**Drafter:** Edwin Raynor, Office of Law  
**Resource Personnel:** Charles Wilson, OITC

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#### LEGISLATIVE HISTORY:

<b>Date Presented:</b>	10/10/2006	<b>Executive Action:</b>	12/10/2006 S
<b>Committee Referral:</b>	10/10/2006 - C.O.W.	<b>Effective Date:</b>	1/25/2007

#### Committee Action:

**Date Introduced:** 10/31/2006  
**Public Hearing:** 11/28/2006 - 10:00 AM

**Council Action (1)** 11/28/2006 - ENACTED  
**Council Votes:** MB:A, WC:A, SHD:A, TD:A, CE:A, DCH:A, TH:A, TK:A, DP:-  
**Pass/Fail:** P  
**Remarks:**

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#### AFFECTED CODE SECTIONS:

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#### COMMITTEE REPORTS:

##### COMMITTEE OF THE WHOLE

**Date 11/14/2006**

This Legislation will award a cable television franchise to Verizon Maryland Inc. With the award of a cable television franchise to Verizon Maryland Inc., cable customers in Prince Georges County will have a choice of companies. The franchise agreement which is attached to the legislation outlines the terms and conditions for the operation of a cable television system in the County.

The Committee expressed concerns with the absence of a local office, PEG's, lack of senior discount and the need for a level playing field. A summary of Verizon response to issues raised at the C.O.W meeting is listed below:

1. Per the County Code, Verizon is required to have a local Office once the company reaches 50,000 subsidiaries. Verizon has a zero subscriber rate in the County and a local office is not required until Verizon has critical mass justifying the establishment of an office to serve its subscribers.
2. Verizon matches or exceeds the Comcast requirements on all material aspect of the agreement on the number of PEG channels.

3. Verizon will enter the market with more channels, more HDTV and MASN in its first digital tier. The cost of this tier at less than \$43 is a dramatically lower price that will be extended to all County residents, including those with low or fixed income.

4. At the present time Comcast has a strong presence in the Cable TV marketplace with over 100,000 subscribers in the County. Conversely, Verizon is the new entrant with a zero subsidiary base therefore this is not a level playing field by any means.

During the discussion representatives from Verizon agreed to amend the Franchise Agreement to comply with the Cable Ordinance and to provide the Council with monthly progress reports.

The Office of Audits and Investigations Fiscal impact statement is of the opinion that their preliminary analysis suggests that the County Cable Television and PEG/I Net revenues may decline in the short term, as Verizon Cable Television services are initially offered. They do not anticipate that the revenue losses during this initial transition period will be material. If the market penetration rate increases significantly the recovery of revenue losses will be realized more quickly and increased Cable Television revenues will increase beyond what would be expected based upon recent and current trends.

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**BACKGROUND INFORMATION/FISCAL IMPACT:**

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation will award a cable television franchise to Verizon Maryland Inc.

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**CODE INDEX TOPICS:**

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**INCLUSION FILES:**

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