

DETAILS - WHY THERE IS ONLY A SINGLE CABLE TELEVISION SERVICE PROVIDER IN PEPPERELL – Updated 12 March 2021

Cable television service in a town is offered to subscribers by service providers as a profit making business. The providers are not selected or voted on by a town. The cable companies are required by the FCC to operate under franchise agreements (licenses) that are issued by a city or town. These agreements are non-restrictive; that is, any number of providers are free to offer cable services in a town. The only condition is that the licenses have to be offered to all providers on the same terms, which of course Pepperell is very willing to do. Whether a provider serves an area is strictly a business decision that is made by the provider; the terms of the license are for the most part not relevant to that decision.

Cable television licenses for Massachusetts cities and towns are filed at <https://www.mass.gov/lists/cable-television-licenses> and can be downloaded and examined in detail. In January 2021, we correlated the names of the cities and towns, names of cable providers, and 2019 population estimates to characterize the distribution of cable television services in Massachusetts. Table 1 shows that 98.9% (430 licenses) of the cable television licenses in Massachusetts are held by four companies: Comcast, Verizon, Charter and RCN. The remaining 5 licenses (1.1%) are held, one each, by Cox Communications and 4 town departments.

In 2010 Charter's license in Pepperell was up for renewal, and we had started the negotiating process. We also started exploring the possibility of getting other providers to offer competitive services in Pepperell - Comcast serving towns to our immediate west, and Verizon in Groton, Dunstable and Westford seeming the most likely. We had hired an experienced telecommunications attorney to assist us in the renewal negotiations, and back then, and about every two years since, we have asked him to reach out to his senior industry contacts to invite cable competition in Pepperell. The latest status report as of April 2020 was:

Verizon has stopped building or applying for new cable licenses in Massachusetts, despite the fact that Pepperell's Charter license is non-exclusive.

RCN has built competitive cable systems but only in areas that are adjacent or very close to their existing franchises. Pepperell is not on their list.

Comcast has never applied for a single competitive license in New England. It is called "overbuilding" and they don't do it.

Pepperell is at a population of 12,114 (2019 est.), with only about 3,000 cable subscribers. The economics of cable service in a tiny target market like that make it impossible for multiple operators to provide service at a profit. Verizon has told us they've learned that if they set up shop in towns like Pepperell, they'll wind up losing money, and they are not a charitable organization. Unfortunately for Pepperell, Dunstable and Groton were as far as Verizon got in building out FIOS before they decided to pull the plug on any further small town expansion.

Table 2 provides information about the Massachusetts cities and town that have 1, 2, or 3 different cable television providers:

59% of the cities and towns in Massachusetts are served by a single cable provider, and the average population per town in that group is 15,270 (Pepperell is a bit smaller). Pepperell is in the company of the majority of other Massachusetts towns as having only a single cable provider. Low population densities in small towns make the per-subscriber cabling costs higher than in higher population cities and towns.

30.5 % of the cities and towns in Massachusetts are served by more than one cable provider, and the average population per city/town in that group is 34,541 – nearly three times the size of Pepperell. Billerica, for example, has a population of 43,367 (2019 est.) and is served by both Comcast and Verizon. Other large population centers like Lowell, Chelmsford, Tewksbury, Wilmington and others are bordering or close by. The economics of cable service in a large area like that make it practical for multiple operators to provide service at a profit.

A question often asked is whether Pepperell has restrictive licensing requirements that discourage competition. The answer is absolutely no. If a company wants to offer wireless (e.g., satellite or cell) television, internet, or telephone services in a town, they are free to do so without a license from the town. If a company wants to offer any of those services using a hard-wired cable network, the cable legislation passed by Congress in 1984 requires that the company (e.g., Charter, Comcast, Verizon, etc.) must first obtain a cable license from the town. The license is only for the cable network; there are no requirements, specifications or performance standards for the actual television, internet, or telephone service. Negotiations between towns and cable providers for these licenses have been going on now for 35 years, and the license content has evolved into similar template-like standards for all licenses, all towns. Differences among licenses, other than the name of the city or town, are mainly due to identifying local schools and municipal buildings for cable service, and support for local access organizations like Pepperell Community Media. Outside the scope of the cable license, a town might have bylaws that act to restrict competition. Concord for example has an underground bylaw that has stopped Verizon from offering cable service. Pepperell has no bylaws that act to restrict or limit cable competition.

Cable was first installed in Pepperell by Continental Cablevision many years ago. At some point those assets were acquired by Charter Communications. This was strictly a business arrangement between the cable companies and the Town was not involved. In 2014, a pending merger of Comcast and Time Warner was announced and some re-alignment of cable company assets was expected. In New England, Charter's franchise licenses would have been transferred to Comcast. In time, the proposed merger collapsed, and ultimately it was Charter that eventually acquired Time Warner.

We have concluded that a competing cable television service is not in the anytime soon cards for Pepperell. Any change in Pepperell's cable provider will most likely depend on a future territory re-alignment associated with cable company mergers or acquisitions over which we have no control. New technologies like video and internet via low-orbit satellites are being developed and in time are likely to provide the competition to cable service in Pepperell. For example, Starlink is now offering initial beta satellite internet service in Pepperell. During beta, users can expect data speeds varying from 50 Mb/s to 150 Mb/s, but there will also be brief periods of no connectivity at all. As Starlink grows, performance is expected to improve dramatically.

Our best strategy for now is to work with our current cable provider to get them to improve their offerings and quality of service. That is a role for the Cable TV Advisory Committee of the Town of Pepperell, and volunteers to serve on that committee are always welcome.

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www.pepperellchannel.org

| Table 1 - Cable Television Providers Operating in Massachusetts as of January 2021 | | |
|---|-----|--------|
| Column A = Name of cable television provider | | |
| Column B = Number of Massachusetts Towns Served | | |
| Column C = Average Population (2019 est.) of Towns Served | | |
| (A) | (B) | (C) |
| Comcast | 235 | 24,836 |
| Verizon | 104 | 30,784 |
| Charter (& Time Warner) | 74 | 24,787 |
| No cable television provider | 37 | 965 |
| RCN | 17 | 44,640 |
| BELD (Braintree) | 1 | 37,190 |
| Cox | 1 | 2,482 |
| NLD (Norwood) | 1 | 29,725 |
| Russell Muni TV (Russell) | 1 | 1,792 |
| SELCO (Shrewsbury) | 1 | 38,526 |

**Table 2 - Cable Television Licenses per City/Town
in Massachusetts as of January 2021**

| Number of Cable Television Licenses in a City/Town | Number of Cities/Towns | Percent of Cities/Towns | Average City/Town Population | Number of Cable TV Licenses |
|--|------------------------|-------------------------|------------------------------|-----------------------------|
| 0 | 37 | 10.5 | 965 | 0 |
| 1 | 207 | 59.0 | 15,270 | 207 |
| 2 | 93 | 26.5 | 26,965 | 186 |
| 3 | 14 | 4.0 | 84,867 | 42 |
| Totals | 351 | 100.0 | | 435 |

Notes for Tables 1 and 2::

1. Matched names of towns and cable providers were extracted on 13 January 2021 from [mass.gov/lists/cable-television-licenses](https://www.mass.gov/lists/cable-television-licenses)
2. For towns not appearing in mass.gov/lists, internet searches were used to investigate whether a cable television/internet network might exist, but was just not included or shown in mass.gov/lists
3. For Charter, towns added were Belchertown, Boston, East Brookfield, Hampden, Hancock, Holyoke, Lenox, New Bedford, and Springfield
4. For Comcast, towns added were Amesbury, Berkley, Duxbury, Sharon, Shirley, and Swansea
5. For Verizon, town added was Duxbury
6. Of the 37 towns identified as having no cable television provider, 27 of those towns were found to be at various stages of participation in the Broadband Initiative, installing networks for internet, not cable television, delivery.
7. UMASS Donahue Institute was the source for 2019 population estimates