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U. S. CONF. MAYORS->

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June 13, 1996

TO: The Mayor

FROM: Michael Guido, Mayor of Dearborn
 Chair, Subcommittee on Telecommunications

RE: FCC "Open Video System" (OVS) Rule

Thank you for your response to my recent letter asking that you contact the FCC on the "Open Video System" rules. Your response was tremendous. While our efforts didn't produce the result we wanted, it is clear that the Commission now recognizes that mayors care about agency actions that intrude upon local government prerogatives.

The FCC released the final OVS rule on June 3, 1996. (It was published in the Federal Register on June 5, 1996.) Unfortunately, the decision goes to great length to dismiss our arguments, refuses most of what we requested, and may greatly complicate our day to day right-of-way management and compensation arrangements. But for now, you need to know:

- 1) An OVS will be similar to a cable television system without a cable or any other franchise;
- 2) "Any person" will be able to get authority from the FCC to operate an OVS in your community;
- 3) The FCC caps and then reduces overtime compensation paid by OVS providers for use of local rights-of-way;
- 4) The FCC totally confuses but retains authority to oversee how we manage rights-of-way;
- 5) The rules may wipe out cable operators' incentive to bargain in good faith for cable franchise renewals; and
- 6) The rules create a loophole that telephone and long distance companies may use to avoid negotiating compensation for their other uses of rights-of-way.

Please look for a package from the National Office next week that will provide an analysis of the FCC's decision, model letters for you to send to FCC's Commissioners, your Congressional representatives and your Governor and other related information. Mayors will also be reviewing this issue during the Cleveland Annual Meeting at the Transportation and Communications Committee meeting on Saturday, June 22.

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