In the Matter of
Improving Competitive Broadband Access to
Multiple Tenant Environments

GN Docket No. 17-142

COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO

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I. EXECUTIVE SUMMARY AND INTRODUCTION

The City and County of San Francisco (“City” or “San Francisco”) submits these comments in this proceeding in which the Federal Communications Commission (“FCC” or “Commission”) is seeking to “explore ways to facilitate greater consumer choice and enhance broadband deployment in multiple tenant environments (MTEs).”1 Despite efforts by the Commission to prohibit exclusionary agreements between property owners and communications providers, many MTE occupants still have no option other than the single provider chosen by the property owners. Property owners routinely deny access to other providers offering competitive services, even when those providers are responding to requests for service from occupants.

San Francisco believes that competition in MTEs will benefit MTE occupants. For that reason, San Francisco enacted Article 52 of the San Francisco Public Works Code (“Article 52”), which is entitled “Occupant’s Right to Choose a Communications Services Provider.” Because the Commission only regulates communications providers, Article 52 complements the Commission’s actions by prohibiting property owners from denying persons living or working in MTEs in San Francisco their right to choose a communications provider.

San Francisco agrees with the Commission that exclusive marketing agreements, revenue sharing agreements, and bulk-billing arrangements could be stifling competition in MTEs.2 San Francisco also shares the Commission’s concern over the technical feasibility of sharing inside wiring.3 Hopefully, the information the Commission receives in response to this NOI will enable the Commission to determine whether further regulations are required, necessary, or appropriate.

The Commission, however, has no authority to preempt local government regulations that prohibit property owners from denying access to their properties to communications

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2 See NOI, supra, 2017 WL 2790732 at 4-5, ¶¶ 13-14.
3 See NOI, supra, 2017 WL 2790732 at *5, ¶ 15.
providers. So-called “mandatory access” statutes, like San Francisco’s Article 52, have been around for over twenty years. This Commission has never sought to preempt those statutes, perhaps in recognition that such statutes promote the Commission’s goal to bring competition to occupants of MTEs. While the Commission can use its authority under the Communications Act to regulate communications providers, state and local governments can use their police powers to regulate owners of MTEs. The common goal is to benefit consumers by increasing competition.

In particular, the Commission cannot rely on 47 U.S.C. section 253(a) to preempt “state and local regulations that may expressly prohibit or have the effect of prohibiting of telecommunications services in MTEs.” Section 253(a) does not provide a basis for this Commission to preempt state and local laws that regulate the actions of property owners, just because those laws impact the provision of telecommunications services. In addition, many communications providers that serve MTEs are not telecommunications providers. For this reason, any Commission action under section 253(a) would not assist most of the entities seeking access to MTEs to offer their services to occupants.

II. FACTUAL BACKGROUND

A. San Francisco Adopted Article 52 of the Police Code to Enable Occupants of MTEs to Have a Choice of Communications Providers

At least in San Francisco, efforts by this Commission to enhance competition among providers of communications services in MTEs have not been successful. Communications

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4 47 U.S.C. § 253(a); see NOI, supra, 2017 WL 2790732 at *6, ¶ 19.
5 Cable providers are not telecommunications providers. In 2015, the Commission determined that internet service is a “telecommunications service.” In the Matter of Protecting and Promoting the Open Internet, Report and Order on Remand, Declaratory Ruling, and Order, 30 FCC Rcd. 5601 (2015), aff’d, United States Telecom Assn. v. F.C.C., 825 F.3d 674 (D.C. Cir. 2016). The Commission is now looking into whether to reclassify internet service as an “information service.” See In the Matter of Restoring Internet Freedom, 2017 WL 2292181 (2017).
providers—including video providers and telecommunications carriers—have found ways to obtain exclusive access to MTEs without violating federal or state law.  

As a result, the Board of Supervisors determined that it was necessary to adopt a local law requiring owners of “multiple-occupancy buildings” to allow for competition.  

As reported in the press:

In an urban setting like San Francisco, eliminating the ability for landlords and ISPs to lock tenants into a take-it-or-leave-it scenario will create choice for a huge swath of people: “The reality in San Francisco is that tens of thousands of residents have been denied access to different internet service providers,” said Mark Farrell of the San Francisco Board of Supervisors. “I fundamentally believe competition is a good thing that will ultimately drive prices down and improve internet access across all of San Francisco.”

Article 52’s title makes its purpose clear: “Occupant’s Right to Choose a Communications Services Provider.” The Legislative Digest to Article 52 further shows the reasons the Board of Supervisors chose to act:

Many occupants of residential and commercial multiple occupancy buildings are unable to choose between service providers because in some such buildings property owners allow only one provider to install the facilities and equipment necessary to provide services to occupants. State and federal regulatory agencies have adopted policies that promote competition among service providers, believing that this competition will benefit all consumers by incentivizing lower costs and better service. As the Federal Communications Commission (“FCC”) has noted, “contractual agreements granting . . . exclusivity to cable operators harm competition

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6 See NOI, supra, 2017 WL 2790732 at **4-5, ¶¶ 12-16.
7 San Francisco uses the term “multiple-occupancy building” in Article 52 because its provisions apply both to residential and commercial properties. S.F. Police Code § 5200. It is similar to the Commission’s use of the term multiple tenant environments.
8 See Community Networks, San Francisco Passes Ordinance: Tenants Have ISP Choice At Last (Dec. 20, 2016) (https://muninetworks.org/content/san-francisco-passes-ordinance-tenants-have-isp-choice-last).
9 Id.
10 S.F. Police Code art. 52; see also S.F. Police Code § 5201 (“No Interference by Property Owner”); and S.F. Police Code § 5202 (“No Discrimination by Property Owner Against Occupant”).
and broadband deployment and . . . any benefits to consumers are outweighed by the harms of such [agreements].” (Citation.)

In 1998, the California Public Utilities Commission (“CPUC”) prohibited telecommunications carriers from “entering into any type of arrangement with private property owners that has the effect of restricting the access of other [telecommunications] carriers to the owners’ properties or discriminating against the facilities of other carriers.” (Citation).

Article 52 supports these goals by prohibiting a “property owner” from interfering with the right of an occupant of a “multiple occupancy building” to choose a “communications services provider.” Under Article 52, a property owner “interferes with the occupant’s choice of communications services provider” by “refusing to allow a communications services provider to install the facilities and equipment necessary to provide communications services or use any existing wiring to provide communications services.”

Existing mandatory access statutes all require competitive providers to install their own facilities. Article 52 expanded the mandatory access provision by requiring property owners

12 S.F. Police Code § 5200 defines “property owner” as “a person that owns a multiple occupancy building or controls or manages a multiple occupancy building on behalf of other persons.”
13 S.F. Police Code § 5200 defines “occupant” as a person “occupying a unit in a multiple occupancy building.”
14 S.F. Police Code § 5200 defines “multiple occupancy building” to include both residential and commercial properties. It also includes rental properties and cooperatively owned properties.
15 S.F. Police Code § 5200 defines “communications services provider” as a person authorized by the California Public Utilities Commission to provide video or telecommunications services or is a “telephone corporation” as that term is defined in state law.
16 S.F. Police Code § 5200 (emphasis added) defines “existing wiring” as “both home run wiring and cable home wiring, as those terms are defined by the Federal Communications Commission in 47 C.F.R. § 76.800(d) and 47 C.F.R. § 76.5(l) respectively, except that those terms as used herein shall apply only to the home run wiring or cable home wiring owned by a property owner.”
17 S.F. Police Code § 5201(b).
18 See http://www.imcc-online.org/blog/mandatory-access (stating that existing mandatory access statutes do “not say or imply that the cable operator has a legal right to access or utilize any wiring or other infrastructure that belongs to the MDU owner”).
to allow communications providers to access their existing wiring to provide service. San Francisco did this to address two specific concerns.

The first is that cable providers and telecommunications carriers had found ways to circumvent the prohibition on exclusive access agreements established by this Commission and the California Public Utilities Commission “by deeding ownership to their inside wires to the building owner, and then getting an exclusive license back from the owner to use those wires.”

The second is that the cost of replicating existing wiring can make it cost-prohibitive for many competitive carriers to provide service. The City hoped to eliminate that barrier by allowing a new provider to use that existing wiring where it was feasible to do so.

B. Article 52 Establishes a Collaborative Process Requiring the Property Owner’s Permission to Inspect a Property or Provide Service

In order to facilitate competition, Article 52 establishes a process for a communications services provider to seek access to a property. There are four lynchpins to that process. First, the communications services provider must be “authorized to provide communications services” in San Francisco. Second, the communications provider must have “received a request from one or more occupants” of the property. Third, the communications provider must obtain the consent of the property owner to inspect the property or provide services. Fourth, the communications provider must agree to pay “just and reasonable compensation” for accessing the property to provide services.

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22 S.F. Police Code §§ 5204(c)(4), 5205(b)(4).
23 S.F. Police Code § 5208.
A communications services provider can begin the process by sending a notice to a property owner requesting access to the property for an inspection. Among other things, the notice must identify: (i) the communications services to be offered; (ii) the facilities and equipment the “provider anticipates installing on the property”; (iii) the space generally needed to serve the property; and (iv) the expected electrical demand.24 The provider must also agree to comply with the property owner’s “reasonable” health and safety conditions and to indemnify the property owner.25

If a provider wishes to provide service, it must send the property owner a notice of intent to provide service.26 That notice must contain detailed information concerning how the provider intends to serve the property.27 The property owner may refuse the request for a number of reasons including: (i) “physical limitations” prevent the provider from installing its own facilities or using the existing wiring to provide service; (ii) granting access to the property would “have a significant, adverse effect on the continued ability of existing communications services providers to provide services on the property”; (iii) the provider will not agree to comply with the property owner’s “reasonable” health and safety conditions; or (iv) the provider and the property owner cannot reach agreement on just and reasonable compensation.28

C. The Commission Should Continue its Policy of Refusing to Preempt Mandatory Access Statutes

San Francisco did not break new ground by requiring property owners to allow new communications providers to obtain access to their properties to provide services to occupants.

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24 S.F. Police Code § 5204(c)(2).
25 S.F. Police Code § 5204(c)(1).
26 S.F. Police Code § 5205.
27 S.F. Police Code § 5205(b)(2) (provider must include its “plans and specifications for any work to be performed and facilities and equipment and be installed on the property”).
28 S.F. Police Code §§ 5206(b).
Such mandatory access statutes have been around for quite some time. For example, since 1995 New York State has barred a property owner from “interfer[ing] with the installation of cable television facilities upon his property or premise.” Since 2002, the District of Columbia Code has provided that a residential landlord may not “[i]nterfere with the installation, operation, upgrade, or maintenance of cable television facilities upon a property or premises.” In 2006, the Rhode Island Legislature declared that “a tenant in a multiple dwelling unit shall have the freedom and right to select the provider of cable television, telephone, telecommunications or information service to their living unit, without any restraints, limitations or conditions imposed by a landlord.”

The Commission has never found that federal law preempts these mandatory access statutes. In 1997, in declining to preempt state mandatory access statutes under the Cable Act of 1992, the Commission found:

>We believe that the record in this proceeding does not support the preemption of state mandatory access laws at this time. While commenters opposing state mandatory access laws argue that these laws act as a barrier to entry, the record also indicates that property owners deny access for reasons unrelated to the state laws, including property damage, aesthetic considerations and space limitations.

In 2003, the Commission again “declined” to preempt such laws due to the “possibility” that absent such laws some MTEs would have no cable service whatsoever—let alone access to

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30 N.Y.Pub.Serv.Law § 228.
31 D.C.Stat. § 34-1261.01.
multiple providers.\textsuperscript{34} As the Commission held: “States and local jurisdictions are well-positioned to decide whether the need for mandatory access laws outweighs the anti-competitive effects of such laws.”\textsuperscript{35} Finally, in 2007 the Commission found that the question of whether property owners could deny access to MTEs to competitive providers was best left to state law.\textsuperscript{36} The Commission refrained from issuing any order that would “require MDU owners to provide access to all MVPDs,” while noting that same states had allowed for such access.\textsuperscript{37} The Commission instead affirmed its prior holding that the rights of property owners should be determined under “relevant state law.”\textsuperscript{38} Importantly, the Commission noted that its jurisdiction did not extend to regulating property owners:

> Because the prohibition that we adopt today applies only to cable operators, common carriers or their affiliates that provide video programming directly to subscribers, and operators of open video systems, and does not require MDU owners to provide access to all MVPDs, we do not address comments raising concerns about the Commission’s authority to mandate such access. However, we reject arguments suggesting that the Commission has no authority to regulate such entities’ contractual conduct because of the tangential effect of such regulation on MDU owners.\textsuperscript{39}

Clearly, the Commission has recognized that mandatory access statutes complement the Commission’s policy to ensure that occupants of MTEs can choose among the various providers serving their community. The Commission should continue to allow those state and local regulations to stand, even though they might touch on the Commission’s authority to regulate communications providers.

\textsuperscript{34} In the Matter of Telecommunications Services Inside Wiring, First Order on Reconsideration and Second Report and Order, 18 FCC Rcd. 1342, 1358–1359, ¶¶ 37, 39 (2003).

\textsuperscript{35} Id. at 1358, ¶ 39.


\textsuperscript{37} Id. at 20253, ¶ 37, 20263, ¶ 60.

\textsuperscript{38} Id. at 20253, ¶ 37.

\textsuperscript{39} Id. at 20263, ¶ 60 (footnote omitted).
III. SAN FRANCISCO SUPPORTS THE COMMISSION’S INQUIRY INTO BARRIERS TO COMPETITION AT MULTIPLE TENANT ENVIRONMENTS

Since Congress enacted the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, the Commission has attempted to ensure that there was competition in MTEs by barring exclusive access agreements between building owners and cable and telecommunications services providers.\(^\text{40}\) In those proceedings, however, the Commission largely addressed competition within the given industries. That was because until recently there was no competition among the different types of providers. Telecommunications providers offered telecommunications services and cable providers offered cable services.\(^\text{41}\)

Today, the competitive landscape has completely changed. In San Francisco, Comcast, AT&T, and Wave Broadband offer triple play packages to their customers, combining television, telephone, and internet services.\(^\text{42}\) Sonic offers telephone and internet services with speeds up to one gigabit and makes DIRECTV service available to its customers.\(^\text{43}\) Monkeybrains and Webpass offer internet services to residential and commercial customers at prices that


\(^{41}\) Because broadband internet services were just beginning to be offered—and were classified as “information services”—the Commission did not address competition from internet service providers. But see, fn. 5, supra.


\(^{43}\) See Sonic offers (https://www.sonic.com/).
compete with Comcast and AT&T.44 Today, internet service is sufficient for many residential customers that have chosen to “cut the cord” and use services like Netflix, Amazon Prime, Hulu DIRECTV Now, fuboTV, Sling TV rather than purchasing cable services.45

In light of these changes, which now give consumers some real choices, it is appropriate for the Commission to revisit its determination in the 2010 Exclusivity Order that exclusive marketing agreements and bulk-billing arrangements do not harm competition.46 The questions the Commission asks in this NOI with regard to those issues should provide the Commission with the information it needs to determine whether the time has come for the Commission to regulate those types of practices to make sure all occupants of MTEs have the right to choose their communications provider.

San Francisco also commends the Commission’s efforts to look into the effects that “revenue sharing arrangements” and “exclusive wiring arrangements” might have on competition within MTEs.47 Again, the questions the Commission has asked should provide the Commission with the information it needs to move forward. To the extent the Commission finds such arrangements harm competition, San Francisco would support the Commission implementing regulations to prohibit or limit such practices.

IV. THE COMMISSION CANNOT RELY ON 47 U.S.C. SECTION 253(a) TO PREEMPT MANDATORY ACCESS STATUTES

The Commission seeks comment on the question of whether 47 U.S.C. section 253(a) “can serve as a basis for the Commission to address state or local regulations with respect to

45 See Peter Kafka, Another half-million Americans cut the cord last quarter (May 3, 2017) (https://www.recode.net/2017/5/3/15533136/cord-cutting-q1-half-million-tv-moffett); Cord Cutting 2017, the definitive guide with everything you need to know (https://cordcuttingreport.com/cord-cutting-guide/).
facilities deployment and competition in MTEs.”48 The answer to the question is no for a number of reasons.49

First, mandatory access statutes regulate property owners, not telecommunications providers; the Commission has no authority under section 253(a) to preempt those laws. Second, as this Commission held in In re California Payphone Association, section 253(a) preempts a state or local ordinance that “materially inhibits or limits the ability of any competitor or potential competitor to compete in a fair and balanced legal and regulatory environment.”50 The caselaw construing section 253(a) makes clear that this section applies to local ordinances that deny competitive process access to the public right-of-way to provide telecommunications services.51

Third, that section 253(a) has a limited scope is apparent from section 253(c), which provides as follows:

(b) State regulatory authority
Nothing in this section shall affect the ability of a State to impose, on a competitively neutral basis and consistent with section 254 of this title, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.

(c) State and local government authority
Nothing in this section affects the authority of a State or local government to manage the public rights-of-way or to require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis, for use of public rights-of-way on a nondiscriminatory basis, if the compensation required is publicly disclosed by such government.

48 See NOI, 2017 WL 279073 at *6, ¶ 19.
49 Section 253(a) provides that: “No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.” 47 U.S.C. § 253(a). By its very terms, section 253(a) does not apply to cable television providers. Section 253(a)’s applicability to internet service providers is imperiled. See fn. 5, supra.
51 See, e.g., Qwest Corp. v. City of Santa Fe, 380 F.3d 12 (10th Cir. 2004); New Jersey Payphone Assn., Inc. v. Town of West New York, 299 F.3d 235 (3d Cir. 2002); and TCG New York, Inc. v. City of White Plains, 305 F.3d 67 (2d Cir. 2002).
It is well settled that section 253(c) provides a “safe harbor” for state and local regulations that are preempted by section 253(a), provided those regulations: (i) concern local management of the public rights-of-way; or (ii) “require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis, for use of public rights-of-way on a nondiscriminatory basis.”52 As the Eighth Circuit explained:

Subsection (a), a rule of preemption, articulates a reasonably broad limitation on state and local governments’ authority to regulate telecommunications providers. Subsection (c) begins with the phrase “Nothing in this section affects” and then enumerates various protected state and local government acts. Thus, section 253(a) states the general rule and section 253(c) provides the exception—a safe harbor functioning as an affirmative defense to that rule.53

These safe harbor provisions are important for the Commission to consider in its analysis of the section 253(a) preemption question. They reinforce the point made above that section 253(a) only prohibits state and local requirements that have the effect of barring entry—not state or local laws that might prevent an entrenched provider from exclusively serving one or more MTEs. They show that section 253’s reach extends only to state and local regulations that exceed local authority to manage the public right-of-way and impose fees. Finally, at least with respect to state mandatory access statutes, they would likely be saved from preemption, because they are intended to “ensure the continued quality of telecommunications services” and “safeguard the rights of consumers.”

For all of these reasons, the Commission cannot rely on section 253(a) to preempt state and local mandatory access statutes.

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52 Qwest Corp., supra, 380 F.3d at 1271–1272.
53 Level 3 Commc’ns, L.L.C. v. City of St. Louis, 477 F.3d 528, 531–532 (8th Cir. 2007) (citations omitted).
V. CONCLUSION

San Francisco appreciates the Commission’s efforts in this proceeding to seek ways to enhance competition in the provision of communications services in multiple tenant environments. In so doing, however, the Commission should recognize that state and local governments can use their police powers to adopt laws that complement the Commission’s efforts. The Commission should continue to work with state and local governments to make sure that occupants of such buildings can choose their communications services provider, regardless of the types of services they are seeking to purchase.

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