

# Utilities and Cable Companies: What's a Monopoly To Do?

by

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Reading Martin Lamonica's [Will Utilities Embrace Distributed Energy?](#) from **MIT Technology Review** brought a wry smile to my lips. In it the author discusses how some energy companies in the US might be feeling threatened by the nascent "personal energy production" movement.



The article describes increasing availability of low-cost solar energy systems, wind power, and natural gas driven energy production. Whereas in the past some energy utilities promoted home-based electricity generation with excess sold back to "the grid," now there's a dawning recognition by energy companies that, if this movement actually takes off, their revenues might be threatened. If that happens, logic suggests that money for updating or expanding outdated infrastructure will be reduced as regulatory agencies look increasingly askance at allowing rates to increase.

What should utilities do about this "disruption?" The article doesn't discuss what the possible solutions might be. Nevertheless, anyone familiar with how regulated monopolies behave might guess one solution: increase regulation, or reduce incentives for local energy production, perhaps even make local energy production illegal or more highly taxed.

I'm not a student of the theory of regulated monopolies but with this article did make me think about my recent experience with another "regulated" monopoly, Comcast, which I wrote about recently in [Comcast Must Die](#).

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Comcast is what you get when true competitors don't exist in a market: poor customer service, constantly rising prices, lack of desirable product unbundling, and deceptive and occasionally misleading sales techniques.

Perhaps energy companies and cable/internet utilities will find themselves in similar situations when faced by technology enabled disruption. Longstanding legal, regulatory, and financial interrelationships will be difficult to overcome. One effect might be that the monopoly will find it difficult to respond quickly to disruptive competition. Built up over many years, these old interrelationships form an almost-insoluble Gordian Knot that resists the rapid changes that new technology and new business models enable (or demand).

My hope is that, eventually, an "adapt or die" mentality will prevail, even among the protected monopolies that increasingly see new businesses nibbling around their edges. Take home power generation, for example. There are some regions in the Northeastern United States, for example, where failure to have backup power generators installed in expensive upscale single family houses is seen as bad for resale value, given the long periods in recent years that power has gone out due to down power lines. Do you seriously believe that such homeowners, faced with a \$10,000+ bill for initiating home power generation, are going to look kindly at local power companies hassling them for generating their own power? I certainly hope not.

I know, there are many factors to be considered in such cases -- universal access, subsidies, multiyear license agreements. These seemingly intractable problems are also the very reasons why the whole concept of "disruption" makes so much sense. Aereo understands this as it [slogs its way in the courts](#) to build on its tiny rentable antennas as the basis for its Internet based distribution of local over-the-air TV signals. So does Netflix and its move to produce and distribute such quality programming as [House of Cards](#).

For me the bottom line is simple: government regulation, initially implemented to protect public interest, is now viewed by many as protecting special interests instead. This needs to change.

All of which is one reason I haven't yet responded to ["ComcastMark" from Comcast National Customer Operations](#). My real belief is that the only solution is to bring *more* competition to Alexandria Virginia from sources such as Aereo or [Google Fiber](#). Somehow, though, I don't think Comcast Mark is going to help with either of these solutions!

***Related reading:***

- [A Positive Spin on Higher Cable TV Prices](#)
- [Using Roku: Week 4](#)

- [\*Three Things I Hate Most About Cable TV\*](#)
- [\*Can You Avoid Subscribing to Cable TV?\*](#)
- [\*How Computers and TV Cohabit in the Living Room - May 2012\*](#)
- [\*Smart TV Will Change Your Living Room -- But How?\*](#)