

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Cebridge Acquisition, L.P. d/b/a Suddenlink) CSR 7553-E & CSR 7554-E
Communications)
)
Petition for Determination of Effective)
Competition in Three West Virginia Communities)

MEMORANDUM OPINION AND ORDER

Adopted: April 16, 2008

Released: April 16, 2008

By the Senior Deputy Chief, Policy Division, Media Bureau:

I. INTRODUCTION AND BACKGROUND

1. Cebridge Acquisition, L.P. d/b/a Suddenlink Communications ("Cebridge"), hereinafter referred to as "Petitioner," has filed with the Commission a petition pursuant to Sections 76.7, 76.905(b)(2), 76.905(b)(1) and 76.907 of the Commission's rules for a determination that Petitioner is subject to effective competition in those communities listed on Attachment A and hereinafter referred to as "Communities." Petitioner alleges that its cable system serving the Communities is subject to effective competition pursuant to Section 623(1) of the Communications Act of 1934, as amended ("Communications Act")¹ and the Commission's implementing rules,² and is therefore exempt from cable rate regulation in the Communities because of the competing service provided by two direct broadcast satellite ("DBS") providers, DirecTV, Inc. ("DirecTV") and Dish Network ("Dish").³ Petitioner alternatively claims to be exempt from cable rate regulation in the Communities listed on Attachment B because the Petitioner serves fewer than 30 percent of the households in the franchise area. The petitions are unopposed.

2. In the absence of a demonstration to the contrary, cable systems are presumed not to be subject to effective competition,⁴ as that term is defined by Section 623(1) of the Communications Act and Section 76.905 of the Commission's rules.⁵ The cable operator bears the burden of rebutting the presumption that effective competition does not exist with evidence that effective competition is present within the relevant franchise area.⁶ For the reasons set forth below, we grant the petitions based on our finding that Petitioner is subject to effective competition in the Communities listed on Attachments (A and B).

¹See 47 U.S.C. § 543(a)(1).

²47 C.F.R. § 76.905(b)(2) and 47 C.F.R. § 76.905(b)(1).

³ Dish is a registered trademark of EchoStar Communications Corporation.

⁴47 C.F.R. § 76.906.

⁵See 47 U.S.C. § 543(l) and 47 C.F.R. § 76.905.

⁶See 47 C.F.R. §§ 76.906 & 907.

II. DISCUSSION

A. The Competing Provider Test

3. Section 623(l)(1)(B) of the Communications Act provides that a cable operator is subject to effective competition if the franchise area is (a) served by at least two unaffiliated multi-channel video programming distributors (“MVPD”) each of which offers comparable video programming to at least 50 percent of the households in the franchise area; and (b) the number of households subscribing to programming services offered by MVPDs other than the largest MVPD exceeds 15 percent of the households in the franchise area;⁷ this test is otherwise referred to as the “competing provider” test.

4. The first prong of this test has three elements: the franchise area must be “served by” at least two unaffiliated MVPDs who offer “comparable programming” to at least “50 percent” of the households in the franchise area.⁸

5. Turning to the first prong of this test, it is undisputed that these Communities are “served by” both DBS providers, DIRECTV and Dish, and that these two MVPD providers are unaffiliated with Petitioner or with each other. A franchise area is considered “served by” an MVPD if that MVPD’s service is both technically and actually available in the franchise area. DBS service is presumed to be technically available due to its nationwide satellite footprint, and presumed to be actually available if households in the franchise area are made reasonably aware of the service’s availability.⁹ The Commission has held that a party may use evidence of penetration rates in the franchise area (the second prong of the competing provider test discussed below) coupled with the ubiquity of DBS services to show that consumers are reasonably aware of the availability of DBS service.¹⁰ We further find that Petitioner has provided sufficient evidence of DBS advertising in local, regional, and national media that serve the Communities to support their assertion that potential customers in the Communities are reasonably aware that they may purchase the service of these MVPD providers.¹¹ The “comparable programming” element is met if a competing MVPD provider offers at least 12 channels of video programming, including at least one channel of nonbroadcast service programming¹² and is supported in this petition with copies of channel lineups for both DIRECTV and Dish.¹³ Also undisputed is Petitioner’s assertion that both DIRECTV and Dish offer service to at least “50 percent” of the households in the Communities because of their national satellite footprint.¹⁴ Accordingly, we find that the first prong of the competing provider test is satisfied.

6. The second prong of the competing provider test requires that the number of households subscribing to MVPDs, other than the largest MVPD, exceed 15 percent of the households in a franchise area. Petitioner asserts that it is the largest MVPD in the Communities.¹⁵ Petitioner sought to determine

⁷47 U.S.C. § 543(l)(1)(B); *see also* 47 C.F.R. § 76.905(b)(2).

⁸47 C.F.R. § 76.905(b)(2)(i).

⁹*See* Petition CSR 7553-E at 3-4; Petition CSR 7554-E at 3-4.

¹⁰Mediacom Illinois LLC et al., *Eleven Petitions for Determination of Effective Competition in Twenty-Two Local Franchise Areas in Illinois and Michigan*, 21 FCC Rcd 1175 (2006).

¹¹47 C.F.R. § 76.905(e)(2).

¹²*See* 47 C.F.R. § 76.905(g). *See also* Petition CSR 7553-E at 4-5; Petition CSR 7554-E at 4-5.

¹³*See* Petition CSR 7553-E at 5 and Exhibits 1 and 2; CSR 7554-E at 5 and Exhibits 1 and 2.

¹⁴*See* Petition CSR 7553-E at 3; Petition CSR 7554-E at 3.

¹⁵Petition CSR 7553-E at 5-6; Petition CSR 7554-E at 5-6. Cebridge is unable to determine which MVPD is the largest in Fayette County because the DBS subscribership data obtained from SBCA is aggregated and does not break down the individual subscribership of each DBS provider. Nevertheless, Cebridge argues that it is subject to

(continued....)

the competing provider penetration in the Communities by purchasing a subscriber tracking report from the Satellite Broadcasting and Communications Association (“SBCA”) that identified the number of subscribers attributable to the DBS providers within the Communities on a zip code plus four basis.¹⁶

7. Based upon the aggregate DBS subscriber penetration levels that were calculated using Census 2000 household data,¹⁷ as reflected in Attachment A, we find that Petitioner has demonstrated that the number of households subscribing to programming services offered by MVPDs, other than the largest MVPD, exceeds 15 percent of the households in the Communities. Therefore, the second prong of the competing provider test is satisfied for each of the Communities.

8. Based on the foregoing, we conclude that Petitioner has submitted sufficient evidence demonstrating that both prongs of the competing provider test are satisfied and Petitioner is subject to effective competition in the Communities listed on Attachment A.

B. The Low Penetration Test

9. Section 623(l)(1)(A) of the Communications Act provides that a cable operator is subject to effective competition if the Petitioner serves fewer than 30 percent of the households in the franchise area; this test is otherwise referred to as the “low penetration” test.¹⁸ Petitioner alleges that it is subject to effective competition under the low penetration effective competition test because it serves less than 30 percent of the households in the franchise area.

10. Based upon the subscriber penetration level calculated by Petitioner, as reflected in Attachment B, we find that Petitioner has demonstrated the percentage of households subscribing to its cable service is less than 30 percent of the households in the Communities listed on Attachment B. Therefore, the low penetration test is also satisfied as to the Communities.

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effective competition because, in addition to DBS penetration exceeding 15 percent of the occupied households, the number of Cebridge subscribers also exceed 15 percent and the Commission has recognized that in such cases the second prong of the competing provider test is satisfied.

¹⁶Petition CSR 7553-E at 6-8; Petition CSR 7554-E at 6-8.

¹⁷Petition CSR 7553-E at 8 and Exhibit 6; Petition CSR 7554-E at 8 and Exhibit 6.

¹⁸47 U.S.C. § 543(l)(1)(A).

III. ORDERING CLAUSES

11. Accordingly, **IT IS ORDERED** that the petitions for a determination of effective competition filed in the captioned proceeding by Cebridge Acquisition, L.P. d/b/a Suddenlink Communications **ARE GRANTED**.

12. **IT IS FURTHER ORDERED** that the certification to regulate basic cable service rates granted to any of the Communities set forth on Attachment A **IS REVOKED**.

13. This action is taken pursuant to delegated authority pursuant to Section 0.283 of the Commission's rules.¹⁹

FEDERAL COMMUNICATIONS COMMISSION

Steven A. Broeckaert
Senior Deputy Chief, Policy Division, Media Bureau

¹⁹47 C.F.R. § 0.283.

ATTACHMENT A

CSR 7553-E & CSR 7554-E

COMMUNITIES SERVED BY CEBRIDGE ACQUISITION, L.P. D/B/A SUDDENLINK
COMMUNICATIONS

Communities	CUID(S)	CPR*	2000 Census Household	Estimated DBS Subscribers
Fayette County**	WV0045 WV0050 WV0060 WV0244 WV0255 WV0868 WV1017 WV1165 WV0164 WV1033	20.97%	11830	2481***
Fayetteville Town	WV0159	21.29%	1151	245
Pax Town	WV0598	17.95%	78	14

*CPR = Percent of competitive DBS penetration rate.

** Cebridge operates two cable systems in Fayette County, West Virginia and therefore each has its own CSR number herein, 7553-E and 7554-E. The two systems operate pursuant to one franchise, however, and therefore Cebridge reports a common set of numbers for both of them.

*** Numbers are for all CUIDS combined.

ATTACHMENT B

CSR 7553-E & CSCR 7554-E

COMMUNITIES SERVED BY CEBRIDGE ACQUISITION, L.P. D/B/A SUDDENLINK COMMUNICATIONS

Communities	CUID(S)	Franchise Area Households	Cable Subscribers	Penetration Percentage
Fayette County*	WV0045 WV0050 WV0060 WV0244 WV0255 WV0868 WV1017 WV1165 WV0164 WV1033	11830	2323**	19.64%

* Cebridge operates two cable systems in Fayette County, West Virginia and therefore each has its own CSR number herein, 7553-E and 7554-E. The two systems operate pursuant to one franchise, however, and therefore Cebridge reports a common set of numbers for both of them

** Numbers are for all CUIDs combined.