

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

| | | |
|---|---|----------------------------------|
| In the Matter of |) | |
| |) | |
| Comcast Cable Communications, LLC |) | CSR 7733-E, 7745-E, 7809, 7823-E |
| |) | |
| Petitions for Determination of Effective |) | |
| Competition in various Colorado Communities |) | |

MEMORANDUM OPINION AND ORDER

Adopted: September 28, 2010

Released: September 29, 2010

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

I. INTRODUCTION AND BACKGROUND

1. Comcast Cable Communications, LLC, hereinafter referred to as “Petitioner,” has filed with the Commission petitions 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 listed on Attachment B and hereinafter referred to as Group B 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”). Petitioner additionally claims to be exempt from cable rate regulation in the Communities listed on Attachment C and hereinafter referred to as Group C Communities 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,³ as that term is defined by Section 623(1) of the Communications Act and Section 76.905 of the Commission’s rules.⁴ 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.⁵ 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 Attachment A.

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).

³47 C.F.R. § 76.906.

⁴See 47 U.S.C. § 543(l) and 47 C.F.R. § 76.905.

⁵See 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 (“MVPDs”) 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;⁶ 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.⁷

5. Turning to the first prong of this test, it is undisputed that these Group B 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.⁸ 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.⁹ We further find that Petitioner has provided sufficient evidence of DBS advertising in local, regional, and national media that serve the Group B Communities to support its assertion that potential customers in the Group B Communities are reasonably aware that they may purchase the service of these MVPD providers.¹⁰ 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 programming¹¹ and is supported in the petitions with copies of channel lineups for both DIRECTV and Dish.¹² Also undisputed is Petitioner’s assertion that both DIRECTV and Dish offer service to at least “50 percent” of the households in the Group B Communities because of their national satellite footprint.¹³ 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 most of the Group B Communities.¹⁴ Petitioner

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

⁷47 C.F.R. § 76.905(b)(2)(i).

⁸*See* Petitions at 3.

⁹Mediacom 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).

¹⁰47 C.F.R. § 76.905(e)(2).

¹¹*See* 47 C.F.R. § 76.905(g). *See also* Petitions at 4.

¹²*See* Petitions at 4-5.

¹³*Id.* at 3.

¹⁴*Id.* at 5-6. In the Communities of Las Animas County (CSR 7733-E), Routt County (CSR 7809-E) and Carbondale (CSR 7823-E), both the Comcast penetration figure and the aggregate DBS figure clearly exceed 15 percent. Comcast argues that it is subject to effective competition because in addition to DBS penetration exceeding 15 (continued....)

sought to determine the competing provider penetration in the Group B 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 Group B Communities on a five-digit or nine-digit zip code basis.¹⁵

7. Based upon the aggregate DBS subscriber penetration levels that were calculated using Census 2000 household data,¹⁶ as reflected in Attachment B, 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 Group B Communities. Therefore, the second prong of the competing provider test is satisfied for each of the Group B 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 Group B Communities.

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.¹⁷ 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 C, 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 Group C Communities. Therefore, the low penetration test is also satisfied as to the Group C Communities.

(...continued from previous page)

percent of the occupied households, the number of Comcast subscribers also exceed 15 percent and the Commission has recognized that in such cases the second prong of the competing provider test is satisfied.

¹⁵Petitions at 6-7.

¹⁶*Id.* at 7-8.

¹⁷47 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 Comcast Cable Communications, LLC **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.¹⁸

FEDERAL COMMUNICATIONS COMMISSION

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

¹⁸47 C.F.R. § 0.283.

ATTACHMENT A

CSR(s) 7733-E, 7745-E, 7809-E, 7823-E

COMMUNITIES SERVED BY COMCAST CABLE COMMUNICATIONS, LLC

| Communities | CUID(s) |
|--------------------------|----------------|
| <u>CSR 7733-E</u> | |
| Las Animas County | CO0088 |
| <u>CSR 7745-E</u> | |
| Kremmling | CO0087 |
| <u>CSR 7809-E</u> | |
| Routt County | CO0303 |
| Steamboat Springs | CO0176 |
| <u>CSR 7823-E</u> | |
| Aspen | CO0003 |
| Basalt | CO0113 |
| Glenwood Springs | CO0032 |
| Carbondale | CO0109 |
| Eagle County | CO0110 |
| Pitkin County | CO0111 |
| | CO0117 |

ATTACHMENT B

CSR(s) 7733-E, 7809-E, 7823-E

COMMUNITIES SERVED BY COMCAST CABLE COMMUNICATIONS, LLC

| Communities | CUID(s) | CPR* | 2000 Census Households | Estimated DBS Subscribers |
|--------------------------|------------------|--------|------------------------------|---------------------------------|
| <u>CSR 7733-E</u> | | | | |
| Las Animas County | CO0088 | 62.50% | 2,050 | 1,281 |
| <u>CSR 7809-E</u> | | | | |
| Routt County | CO0303 | 56.66% | 2,698 | 1,529 |
| Steamboat Springs | CO0176 | 40.85% | 4,084 | 1,668 |
| <u>CSR 7823-E</u> | | | | |
| Aspen | CO0003 | 29.63% | 2,903 | 860 |
| Basalt | CO0113 | 41.85% | 1,052 | 440 |
| Carbondale | CO0109 | 63.44% | 1,744 | 1,106 |
| Eagle County | CO0110 | 44.59% | 7,620 | 3,398 |
| Glenwood Springs | CO0032 | 45.97% | 3,216 | 1,478 |
| Pitkin County | CO0111 CO0117 | 45.84% | 2,739 | 1,256 |

*CPR = Percent of competitive DBS penetration rate.

ATTACHMENT C

CSR(s) 7733-E, 7745-E, 7809-E

COMMUNITIES SERVED BY COMCAST CABLE COMMUNICATIONS, LLC

| Communities | CUID(s) | Franchise Area Households | Cable Subscribers | Penetration Percentage |
|--|----------------|--------------------------------------|------------------------------|-----------------------------------|
| <u>CSR 7733-E</u> Las Animas County | CO0088 | 2,050 | 364 | 17.76% |
| <u>CSR 7745-E</u> Kremmling | CO0087 | 595 | 155 | 26.05% |
| <u>CSR 7809-E</u> Routt County | CO0303 | 2,698 | 438 | 16.23% |