

**STATEMENT OF
COMMISSIONER MICHAEL J. COPPS**

Re: *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*

I commend Chairman Martin for holding this Commission meeting outside of Washington. This is something I have long advocated us doing. We can learn so much more from getting outside the Beltway to hear directly from those on the ground who are working to make video competition a reality. Yesterday and this morning, we have had the opportunity to see and learn first-hand about a whole new range of video services that are becoming reality for America's consumers. These visits in Texas will help us make better decisions as we go about our work in Washington. Equally important, hearings like this bring the FCC to the American people, giving them a closer look at issues that inevitably affect them. I look forward to more such meetings in communities across the country that can provide greater perspective and information as we address the complex and difficult issues in front of us. I believe, in fact, that a regulatory commission like ours has an obligation to do regularly what we are doing here this week.

Today's report grows out of our duty to report to Congress annually on the status of competition in the market for the delivery of video programming. Here, as throughout the Communications Act, Congress recognized and emphasized that competition in the delivery of services is the surest road for bringing significant benefits to consumers. When people have more options, they reap big rewards—better services, higher technology, lower prices and more varied content.

Today's report shows an enormous potential for increased competition in the video programming market. We are seeing large investments not only from existing participants in the market, but also from telephone companies and others that are expanding their efforts to deliver video programming. Cable and telephone companies are beginning to compete to offer consumers the much-heralded triple play—bundles of telephone, video and Internet services. The erosion of old industry boundaries can give way to a more consumer-friendly future, but arriving at that future will demand not only creative entrepreneurship and considerable investment, but also FCC policy founded foursquare on advancing the public interest—our primary charge from Congress.

I am happy that this year's report is more rigorous than some of its predecessors. For example, we admit the limitations of the data we have received and we go in search of additional comment. We also build on the discussion in last year's report by, for example, considering what is happening in certain other countries and including a separate section that focuses specifically on video program distribution in rural areas. But we must always look for ways to improve these reports to provide a more solid foundation for Commission and Congressional actions. For our next report, I hope we will undertake more pro-active and comprehensive information gathering efforts in order to obtain independent, verified data. I also believe we need to conduct some audits of the data we receive because we need to be sure of its accuracy.

This is an especially important report this year because it delves into issues relevant to numerous other pending Commission proceedings. These include horizontal and vertical cable ownership rules, an area where Commission action is overdue.

I note with concern that last year—and this seems to be an annual story—cable rates rose again, out-stripping inflation by a significant margin. Different interests cite different reasons for these never-ending consumer cost increases. I know two things. First, consumers are feeling the pain and paying the cost and not liking it. And, secondly, we need to better understand what's going on here. We need to determine which factors are primarily responsible for these escalating consumer bills, and I would like to see us get a handle on this important issue in time for the next annual report on cable rates.

In another area still requiring work, we need to nail down the percentage of U.S. households which receive their programming from cable. Congress instructed us in the statute to be attentive to this because of our obligation to ensure diversity of information sources. Finally, in the months ahead, I believe we need to understand more clearly how such things as program access, retransmission consent, and vertical and horizontal integration affect the state of video competition. Congress seems to be turning its attention to these interactions and it is important for us to develop the data and analysis Congress needs for its consideration and that the Commission requires for its proceedings.

So this is a major report and we need to ensure that we use it well in the months ahead because it can help us in so many other proceedings. The world of program delivery is going through such wide-ranging, even staggering, changes that the Commission cannot afford to miss a beat as we attempt to exercise our responsibilities.

My thanks to the Bureau for this report and for its many improvements, and I look forward to being able to cite next year's annual report as even better than this year's.