STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN

Re: Exclusive Service Contracts for Provision of Video Services in Multiple Dwelling Units and Other Real Estate Developments, *Notice of Proposed Rule Making.*

I am pleased to support this Notice of Proposed Rulemaking (NPRM) on the benefits and detriments of various exclusive agreements between multichannel video programming distributors (MVPDs) and private real estate developers and owners of multiple dwelling unit properties (MDUs) for video services. Robust and fair competition across the communications landscape, and particularly among MPVDs, remains as an important policy objective of mine, and this NPRM will allow us to examine whether certain exclusive arrangements amount to anticompetitive practices that prevent potential providers from entering the video distribution marketplace.

While the Commission considered this specific issue in 1997 and 2003, and decided against taking any action regarding exclusive agreements, it is appropriate for us to refresh the record and re-examine the issue in light of the specific allegations made by competitive providers and continued increases in cable rates. According to the Commission's most recent Cable Price Survey Report, the average monthly price for basic-plus-expanded basic service has increased by ninety-three percent over a ten-year period.[1] And, cable rates were seventeen percent lower where wireline cable competition was present.[2]

The entry of some of the largest incumbent local exchange companies into the video marketplace is a major and positive new development. Verizon, for example, is upgrading its facilities to fiber-based platforms in many areas across the country so that it can offer a suite of video, voice, and data services. This and other investments by phone companies could bring substantial new competition into the video marketplace that could prove historic.

Equally significant is the potential for this new revenue stream to drive broadband deployment, which can benefit consumers and foster the free flow of information beyond the video marketplace. Consumers will benefit not only from more choices, better service, and lower prices, but they also stand to gain from a more robust exchange in the marketplace of ideas. If these exclusive contracts do in fact unreasonably impede the Commission's goals of enhancing multichannel video competition and accelerating the deployment of broadband, then I believe we must act.

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[1] Implementation of Section 3 of the Cable Television Consumer Protection and Competition Act of 1992, Statistical Report on Average Prices for Basic Service, Cable Programming Services, and Equipment, 21 FCC Rcd 1, 15087, ¶ 2 (2006).

[2] Id. at 15090, ¶ 10.

I have long expressed grave concerns about the negative effects of media consolidation in this country, and have focused on the problems raised by growing vertical integration of programming and distribution. Vast new distribution networks promise to limit the ability of any vertically integrated conglomerates from imposing an economic, cultural, or political agenda on a public with few alternative choices. I truly believe the benefits of this new competition extend beyond even the many typical ones that accrue to consumers, and can actually improve the health of our overall democracy.

Accordingly, I support this NPRM, hoping that our examination remains mindful of our regulatory authority and the policy objective to promote fair competition throughout the communications landscape.