

**STATEMENT OF
CHAIRMAN JULIUS GENACHOWSKI**

Re: *Amendment of the Commission's Rules Related to Retransmission Consent*, MB
Docket No. 10-71

I am pleased that the Commission is undertaking, for the first time in more than a decade, an evaluation of its retransmission consent rules.

Retransmission consent negotiations have become more contentious recently, and consumers have gotten caught in the middle. Last fall, millions of cable subscribers lost access to baseball playoff and World Series games, and many other viewers have been blindsided by less publicized disputes. Even as we vote this item, there's a looming retransmission consent impasse between a nationwide satellite TV provider and a large broadcast group with major network affiliates.

Consumers have real and completely understandable concerns. There are also legitimate issues on the different sides of the business table.

Broadcasters provide valuable content to pay television providers and point to a statutory framework that recognizes broadcasters' right to seek compensation for carriage. Broadcasters also compete with cable and satellite networks with two revenue streams, but face similar programming costs and the challenges of audience fragmentation -- challenges exacerbated by today's difficult economic environment.

Cable and satellite operators too face a tough economic environment, and are correct that the marketplace has changed significantly since the retransmission framework was first adopted by Congress almost 20 years ago.

It's time to take a fresh look and explore whether there are measures we can take to allow the market-based process contemplated by the retransmission consent laws to operate more smoothly, and serve consumers and the marketplace.

The current statutory framework limits the Commission's tools to respond to retransmission consent impasses. For example, the statute doesn't give the Commission the authority to order interim carriage of broadcast programming or mandatory arbitration. The jury is still out on whether those measures are necessary or desirable, but if they are, it will require statutory change, and we will serve as a resource to Congress.

The Notice we issue today asks whether there are changes within the Commission's existing authority that can improve the process for companies negotiating commercial deals, while protecting consumers from the uncertainty and disruption they experience when negotiations break down.

No one should interpret our initiation of this proceeding as a signal – or an excuse – to drag their feet on reaching retransmission consent agreements. Foot dragging or any

bad-faith conduct won't be tolerated under our existing rules or any new rules we adopt in this proceeding.

I'd like to thank Bill Lake and the Media Bureau, as well as Rick Kaplan and Marilyn Sonn, for their excellent work in this important area.