

U. S. House of Representatives  
Washington, D. C. 20515

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Consumers  
Retransmission

May 13, 2015

The Honorable Tom Wheeler, Chairman  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Dear Chairman Wheeler,

As champions for reforming the video marketplace, we're writing to express our support for the FCC's proposal to update the "effective competition" provision of the 1992 Cable Television Consumer Protection and Competition Act.

According to a recent estimate by SNL Kagan, retransmission consent fees are expected to increase from \$4.9 billion to \$9.3 billion by the end of the decade.<sup>1</sup> Recognizing the increased fees and the frustrations of consumers with rising monthly service bills, during the previous Congress we respectively introduced H.R. 3719, the *Video CHOICE Act* and H.R. 3720, the *Next Generation Television Marketplace Act*.

The introduction of these bills reflected our belief that consumers should benefit from a truly balanced marketplace in which rules and regulations do not limit consumer choice or force them to buy certain tiers of channels before they can buy anything else. Unfortunately, one of the impediments to enhanced flexibility and choice comes from legacy regulations that were written at a time when most consumers had just one choice for video programming. Over the past 20 years, we've seen the addition of two national satellite video providers as well as the entry of incumbent telephone providers into the video business. As a result of this enhanced competition, today 99 percent of American homes have access to at least three pay-TV providers.<sup>2</sup>

We are also sensitive to the time-consuming and costly requirements that the "effective competition" provision places on cable operators, particularly small cable companies operating in rural areas. To date, the FCC has already granted effective competition petitions covering over 10,000 communities, and the FCC has approved 99.5 percent of all the petitions filed since 2013.<sup>3</sup> By adopting a rebuttable presumption, cable operators will not have to engage in long and costly proceedings to offer subscribers more flexible packaging options or engage in pro-consumer pricing practices, such as offering certain discounts and they will incur fewer costs that will ultimately be passed on to consumers. Moreover, by reforming the petition process which occupies extensive FCC time and resources, the FCC could save taxpayer dollars.

<sup>1</sup> Multichannel News, *Kagan: Retrans Fees Rise to \$9.3B By 2020* (October 27, 2014).

<sup>2</sup> *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming* at Table 2, Federal Communications Commission (Adopted: March 31, 2015).

<sup>3</sup> *Notice of Proposed Rulemaking in the Matter of Amendment to the Commission's Rules Concerning Effective Competition* at Footnote 4, Federal Communications Commission (Adopted: March 16, 2015).

We hope this will be the first of many common sense steps taken by the Commission to ensure its rules reflect today's video marketplace. Thank you for your continued efforts to promote healthy competition, consumer choice and continued innovation across the video marketplace.

Sincerely,



Anna G. Eshoo  
Member of Congress



Steve Scalise  
Member of Congress