



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 21, 2016

The Honorable Keith Ellison
U.S. House of Representatives
2263 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Ellison:

Thank you for supporting the Commission's efforts to obey the statutory instruction to bring competition to the set-top box market.

Make no mistake: consumers are increasingly frustrated with their cable bills. And given some of the recent news coming from the cable industry, I can't blame them for feeling this way.

Take for example the recent settlement the Commission's Enforcement Bureau reached with Comcast, the country's largest cable company. The settlement resolved an investigation into whether the company wrongfully charged cable customers for services and equipment that customers never ordered. Notably, some of these complaints alleged that the unauthorized charges were for set-top boxes.

We also learned this month that cable subscription fees continue to increase faster than the rate inflation. The Commission's annual "Report on Cable Industry Prices" found that expanded basic cable service rates increased by almost 3% between 2014 and 2015. This news comes on the heels of a recent Rasmussen Report survey that found that 84 percent of consumers felt their cable bill was too high.

Of course, every cable bill includes more than just the monthly subscription fee. If a consumer wants to actually view their subscription content, they must also pay to rent a set-top box from their cable company. Without competition, the cost of cable set-top boxes has risen 185 percent since 1994. By comparison, the cost of computers, televisions, and mobile phones has dropped by 90 percent during that same time period. Today, pay-tv subscribers are paying \$1.6 billion month after month after month for this equipment. Clearly, consumers deserve better.

While opponents of our proceeding suggest that competition is coming to this market, the facts suggest otherwise. Cable companies have been promising consumers choice and competition for nearly 10 years, yet ninety-nine percent of customers are forced to rent their set-top box from their pay-TV provider because they have no other option in this market. And according to a recent *Bloomberg Businessweek* article, one cable provider alone is installing 40,000 proprietary set-top boxes per day.

The Federal Communications Commission is committed to fulfilling our congressional-mandate and crafting rules that will facilitate competition and provide consumers with meaningful choice. Good faith discussions have been underway for over two years, beginning with the congressionally-mandated Downloadable Security Technology Advisory Committee, to resolve a handful of outstanding issues. We are committed to protecting copyrights and honoring contracts and licensing arrangements.

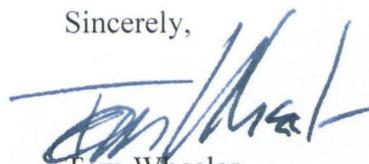
I have long felt that consensus is within sight and will continue in this quest. The statute mandates the Commission to move forward.

As Commissioner Mignon Clyburn, Commissioner Jessica Rosenworcel and I recently expressed in our joint statement, “We have made tremendous progress – and we share the goal of creating a more innovative and inexpensive market for these consumers. We are still working to resolve the remaining technical and legal issues and we are committed to unlocking the set-top box for consumers across this country.”¹

Consumers are counting on us.

Thank you again for your advocacy on behalf of consumers and I look forward to continuing to work with you on this important issue.

Sincerely,



Tom Wheeler

¹ Press Release, FCC, Statement From Chairman Tom Wheeler, Commissioner Mignon Clyburn and Commissioner Jessica Rosenworcel on the Set-Top Box Proposal (Sept. 29, 2016), https://transition.fcc.gov/Daily_Releases/Daily_Business/2016/db0929/DOC-341503A1.pdf.