

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

What a difference a decade makes. At the close of 1993, the cable industry, holding a monopoly in nearly every local market, dominated the pay television landscape—serving nearly 95% of the market with mostly one-way analog cable systems capable of delivering thirty or so television channels. In hindsight, however, 1993 would prove to be a watershed year that marked the beginning of dramatic shifts in the communications industry that would unleash a decade of benefits to the American public arising from increased competition, investment, innovation, and diversity in the video delivery and programming markets.

The transformation started in earnest that year, as we oversaw the launch of the first high-power DBS service in the United States and over the course of the decade have seen DBS services compete to whittle away cable's former near monopoly status. Today, DBS has over 21% of the pay-television market and cable's 95% share in 1993 now stands at 75 percent.

Much like in the wireless and long-distance industries, the American public has been the primary beneficiary of the advancement of facilities-based competition in the television industry. Increased DBS competition to cable, the steady loss of market share, and Congress' broad deregulation of the cable industry allowed cable operators across the country to invest some \$75 billion to upgrade their infrastructure into a two-way digital broadband platform. As a result, at the dawn of 2004, broadband Internet services, cable telephony services, including Internet telephony, high-definition television, personal video recorders and video on demand services are increasingly available to the public. This investment has, in turn, spurred further investment by other segments of the communications industry, most notably in the broadband Internet space as traditional telephone companies and traditional and emerging wireless providers throughout the country continue to invest in upgrading their infrastructure to compete in today's converging communications marketplace. Competition in the pay television market has had a domino effect of enhancing competition and innovation across the communications industry. In addition to these new services, competition is constraining and, at times, lowering prices (most notably in equipment costs) and forcing operators in the pay-television market to improve the quality of their service.

These benefits have been significant, but it may be that the greatest benefits stemming from the investments of DBS and cable operators over the last ten years has been the expanding diversity of programming, ideas and opinions that come across our television screens on a daily basis. Increased infrastructure investment has meant increased channel capacity and with it more diversity. The thirty channel systems of a decade ago are today cable and satellite systems offering literally hundreds of channels. It is unquestioned that this increased channel capacity has allowed the biggest of our nation's media companies to get bigger, but it is equally undeniable that it has also provided opportunities for new, independent cable networks and programmers—sparking intense competition in the video programming market as well.

Big and small media companies are bringing more program diversity to more Americans, serving our individual and diverse interests in abundance. Whether your interests lie in sports, history, homemaking, Hollywood, culture, technology, politics, minority programming, religion, the outdoors or countless other categories, I believe that there is more on television today, from a greater variety of sources than at any

time in history.

In addition, news, political and public discourse continues to expand on television. The last ten years has seen the rise of news networks such as BBC America, Bloomberg TV, the Fox News Channel and MSNBC as well as many others, serving, along with more established players, as outlets for opinions from across the political, social and economic spectrum. We live in a world where every debate amongst presidential candidates is now on television and where opposing viewpoints can be found making their case on the topics of the day -- from segment to segment on political program to program. And as our ability to find diverse programming and viewpoints on our television screens increases, so too does the amount of local and regional programming. Local cable news and sports programming continues to proliferate on cable and satellite television systems.

Over this past decade Americans have responded and taken advantage of the increased competition, investment, innovation and diversity in the pay-television and programming markets. More Americans pay for television today than they did a decade ago. Today, 85% of television households (94.1 million households) pay for television, as compared to 63% of TV households (60.3 million households) in 1993. As more diverse and higher quality programming has emerged on cable and satellite systems, more people are watching. For the second year in a row (and only the second time in history), cable programming networks collectively brought more viewers to their channels throughout the day than did the seven broadcast networks and in primetime, cable networks brought in a viewing share of over 50% of all television viewers (vs. 44.7% of the seven networks). The shift in viewing should come as no surprise as the quality of cable programming has also been recognized as award nominations and wins continue to reach new heights for cable programming.

The emergence of DBS as a competitive alternative to cable, however, was not the only innovation of 1993 to forever change the video marketplace. That year also produced the commercialization of the Internet that has not only fundamentally changed the life and course of many Americans, but that will have a tremendous impact on the video delivery and programming markets in the next decade. Largely non-existent a decade ago, today, we are beginning to see the possibilities that Internet video streaming can offer and as this Commission continues its push to bring universal, affordable and competitive broadband Internet access to every American, the use of the Internet to deliver even more competitive and diverse video offerings can and should be realized in the future. This past year, for instance, sports had a banner year in Internet video streaming as Major League Baseball made over 1,500 games available over the Internet. The WNBA, and several college programs including Texas Tech and the University of Connecticut's women's basketball team have begun webcasting their games over the last year. Video streaming of news, movies and other programming have also made great strides over the past year. The Internet and broadband platforms of tomorrow should continue to provide producers of programming with increasing opportunities to serve the individual and diverse interests of the American people.

Although the past decade in the markets for pay-television and programming have produced an explosion of benefits for the American public and the decade ahead looks even brighter, our work is far from done. Despite the highly competitive nature of this industry, we must continue to provide investment opportunities for new providers of video distribution and producers of new networks and programming. We must continue to allow the Internet's innovators to bring broadband and video streaming to the masses. And, I, along with my colleagues will continue to reach out to interested stakeholders to ensure that the Commission improves and updates its data collection mechanisms to better understand this changing, competitive and dynamic marketplace. The fact remains that the United States has the most competitive and diverse media marketplace the world has ever seen and we must continue to bring the

benefits of that competition and diversity to our citizenry.