

**STATEMENT OF
CHAIRMAN TOM WHEELER**

Re: *Amendment to the Commission's Rules Concerning Effective Competition; Implementation of Section 111 of the STELA Reauthorization Act*, MB Docket No. 15-53.

Where There is “Competition, Competition, Competition,” the Need for Cable Rate Regulation is Diminished

In the Cable Television Consumer Protection and Competition Act of 1992, Congress instructed that where “Effective Competition” existed among pay-TV providers, such competition was preferable to using local rate regulation to protect consumers. Congress determined that Effective Competition existed in communities where there are more than one pay-tv provider in the market serving more than 15 percent of the community.

Under the Act, pay-tv providers may petition the FCC to determine if Effective Competition exists, relieving them from basic service tier rate regulation. This is a costly process for small and large operators, and resource-intensive for the Commission. Since 1992, the Commission has found that “Effective Competition” exists in more than 10,000 communities under Congress’s standard. Recently, the FCC has confirmed the presence of Effective Competition in more than 99.5 percent of the communities evaluated. These include the majority of communities served by cable systems with over 5,000 subscribers.

In the more than twenty years since Congress’s 1992 instructions, competition in the video marketplace has increased dramatically. Direct broadcast satellite (DBS) providers, like DIRECTV and DISH Network, now have a ubiquitous nationwide presence providing competition in virtually all markets. This is in addition to the competition increasingly being provided by other pay –TV providers. It should, therefore, come as no surprise that the Commission found, in almost all cases, that Effective Competition did exist and that most cable operators who petitioned the FCC met the statutory test. Where there is “Competition, Competition, Competition,” the need for basic service tier rate regulation is diminished.

Last year, the STELA Reauthorization Act further instructed the Commission to make it easier for small cable operators to petition the FCC to determine Effective Competition in their markets. The size of the cable system, however, bears little relationship to whether it has Effective Competition. Thus, it is only appropriate for the Commission to adopt a process that reflects the reality that Effective Competition exists throughout the nation, and provides relief to operators both large and small.

For the last several years, we have been able to watch real world examples of what happens when cable rate regulation is removed. In the thousands of cable systems subject to Effective Competition, we have a sizable cohort of real life examples, not hypotheses. Significantly, our most recent report on cable industry prices concludes that the average rate for basic service is lower in communities with a finding of Effective Competition than in those without such a finding. This is not surprising since competitive choice is the most efficient market regulator.

Similarly, there has been no evidence in this proceeding to suggest that our previous findings of Effective Competition in thousands of communities led to any changes in the tier placement of local broadcast stations.

This is our presumption: competition results in lower prices for consumers. However, any local franchising authority is free to come to the FCC and rebut this new presumption for its service area, and, where successful, regulate basic tier cable rates. In addition, nothing in this Order affects other franchising authority responsibilities including the collection of franchise fees, provisions relating to PEG channels and I-Nets, and the creation and enforcement of customer service standards.