

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *Modernization of Media Regulation Initiative*, MB Docket No. 17-105; *Revisions to Cable Television Rate Regulations*, MB Docket No. 02-144; *Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992: Rate Regulation*, MM Docket Nos. 92-266 and 93-215; *Adoption of Uniform Accounting System for the Provision of Regulated Cable Service*, CS Docket No. 94-28; *Cable Pricing Flexibility*, CS Docket No. 96-157.

I really appreciate the Chairman's efforts in this Notice to update the framework for calculating basic cable service rates, to the extent any local franchise authority (LFA) has the desire and requisite facts to pursue a case. In particular, I applaud the proposal to exempt small cable systems from rate regulation.

Thankfully, the universe of situations in which this proposed structure would apply is fairly narrow, as very few LFAs currently regulate basic cable rates and few are unlikely to do so going forward. Because of the development of competition in the offering of video services, which is a far better arbitrator and protector of consumers than bureaucratic calculations, the need and value for such regulation is limited. Moreover, the Commission's work on the presumptive burden and closing old rate petitions has made most of this discussion moot – but still important.

On that note, I appreciate my colleagues' willingness to clarify the draft to ensure our presumptive burden on local franchise authorities was not affected by this item. Having made the right decision and survived a court challenge, I have no intention of allowing that rule to be reversed.

From a larger perspective, we need to acknowledge and substantially deregulate “cable operators” to reflect the current state of the video marketplace, which includes well-funded and highly successful over-the-top providers that are rightfully not governed by archaic rules designed to implement woefully outdated statutory provisions. Here are just a few reforms the Commission should consider: (1) limit the shenanigans of LFAs during franchise transfers and renewals; (2) prevent mandated new broadband network builds for use by LFAs; (3) state that GAAP accounting is appropriate when determining franchise fees; (4) allow cable operators to modify their franchises so that they can better respond to market conditions; and (5) allow cable operators to offer “skinny bundles” to respond to market demands. This list is far from exclusive but would go a long way towards removing added burdens placed on cable operators at the expense of consumers.