

SERVICE ELECTRIC

CABLE TV & COMMUNICATIONS

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Corporate Offices
2200 Avenue A • Bethlehem, PA 18017
www.sectv.com • (610) 865-9100

February 1, 2019

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
455 12th Street, S.W.
Washington, DC 20554

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Received & Inspected

FEB 05 2019

FCC Mailroom

Re: Notice of Ex Parte, *Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992*, MB Docket No. 05-311

Dear Ms. Dortch:

We are small and mid-size cable operators who have invested billions in private risk capital to bring high-speed broadband to all corners of rural America. While we have made tremendous progress towards that goal, an urban-rural digital divide remains that can leave rural Americans struggling to take advantage of the economic, educational, and social opportunities that high-speed broadband provides.

We have been working hard to close that divide and will continue to do so. That means not only investing in initial deployment of our physical plant, but continuing to upgrade our networks to support new, innovative, and bandwidth-hungry services. Importantly, those upgrades generally impose no additional burdens on the public rights-of-way because they are typically (and efficiently) provided over the same wire as our legacy video services.

Given our companies' deep connections to the communities we serve, we have generally been able to work effectively and collaboratively with our local franchising authority partners. Unfortunately, however, many of us are increasingly encountering demands from some franchising authorities to obtain and pay for new rights-of-way authority to offer broadband and other new services over our already authorized facilities. We have also faced requirements for in-kind exactions (e.g., free cable and/or broadband service to government buildings) above the five percent franchise fee cap under the Cable Act. Both types of demands can impose excessive, burdensome costs on smaller operators that will inevitably make the rollout and upgrading of rural broadband slower and less ubiquitous. Every dollar we pay in excessive fees and taxes is a dollar that cannot be invested in broadband.

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Reduced and slowed deployment are not the only harms that stem from these practices. Dedicating additional resources to provide free service or other in-kind requirements and paying additional fees to provide new services over our existing plant can raise rates for consumers. And since many of our competitors are not subject to these requirements, these demands distort competition in rural areas.

The Commission's proposals in the *Second FNPRM*^{1/} would help curtail these harmful franchising practices. We urge the Commission to adopt its tentative conclusions promptly and to apply its findings to state franchising authorities as well.

Respectfully submitted,



John J. Capparell
General Manager

^{1/} *Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992, Second Further Notice of Proposed Rulemaking, FCC 18-131 (rel. Sept. 25, 2018) ("Second FNPRM").*