



October 24, 2017

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: Notice of Ex Parte Communication, GN Docket No. 16-142

Dear Ms. Dortch:

On October 19, 2017, Verizon submitted a letter in the above-referenced proceeding urging the Commission to impose various regulatory restrictions on broadcasters choosing to deploy service using the Next Generation TV transmission standard. According to this letter, Verizon requires FCC protection from local broadcasters to ensure Verizon is not “forced” to incur costs associated with carrying Next Gen signals during retransmission consent negotiations.<sup>1</sup>

It is amusing that Verizon attempts to portray itself as the powerless little guy when dealing with local broadcasters. One might be tempted to check to see if the letter was filed on April 1, 2017. Verizon is not your local neighborhood mom-and-pop show; rather, it is a multinational telecommunications conglomerate with well over \$250 billion in assets and quarterly revenues of more than \$31 billion.<sup>2</sup> It is absurd to suggest that a company with that kind of size, revenue and market power can be “forced” by its programming partners to agree to unacceptable terms in voluntary, free-market negotiations.

Beyond the farce that Verizon can be brought to its knees by local broadcasters during negotiations, Verizon’s letter lacks self-awareness regarding Verizon’s own business practices. For example, Verizon purports to be concerned that subscribers may need to buy

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<sup>1</sup> Letter from Leora Hochstein to Marlene H. Dortch at 2, GN Docket No. 16-142 (October 19, 2017) (Verizon Letter).

<sup>2</sup> Verizon Communications Inc, Securities and Exchange Commission Form 8-K, Exhibit 99 (October 19, 2017) available at: <https://www.sec.gov/Archives/edgar/data/732712/000073271217000006/a2017q38-k.htm>.

new equipment to receive Next Gen signals.<sup>3</sup> Yet Verizon itself sticks customers with a mandatory fee for \$12 per month for a set-top box that allows them to view the HD programming *included in their subscription*.<sup>4</sup>

Similarly, Verizon asks the Commission to impose a one-year period prior to the expiration of retransmission consent agreements during which broadcasters should not even be allowed to *negotiate* for carriage of Next Gen signals. Perhaps the Commission should consider, if and when Verizon ultimately begins rolling out 5G service, not allowing Verizon to offer such service to customers for a year as well.

Verizon undoubtedly has a motive to hamstring such innovation by imposing needless and unreasonable regulatory burdens on broadcasters. According to press reports, Verizon has begun testing the delivery of 4K television service.<sup>5</sup> It is thus understandable why Verizon is concerned about a free over-the-air 4K competitor. Restricting the ability of broadcasters to deliver a competing 4K service, which will require adoption of a new transmission standard, could be one strategy for stemming Verizon's losses of pay-TV subscribers.<sup>6</sup>

We urge the Commission to reject Verizon's needlessly burdensome proposals for shackling its competitors in the market for video programming delivery.

Respectfully Submitted,



Patrick McFadden  
Associate General Counsel,  
National Association of Broadcasters

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<sup>3</sup> Verizon Letter at 2.

<sup>4</sup> See "Fios TV plans and channels," available at: <https://www.verizon.com/home/fiostv/>.

<sup>5</sup> See Micah Singleton, "Verizon will start testing 4K streams on its Fios TV service," The Verge (March 27, 2017), available at: <https://www.theverge.com/2017/3/27/15075206/verizon-4k-streams-fios-tv-trial-ses>; Jon Fingas, "Verizon plans to test 4K TV for its FiOS customers," engadget (March 27, 2017) available at: <https://www.engadget.com/2017/03/27/verizon-plans-to-test-4k-tv-for-its-fios-customers/>.

<sup>6</sup> Todd Spangler, "Verizon Blames Pay-TV Loss in Q3 on Cord-Cutting, Sees Delay on OTT Plans," Variety (October 19, 2017) available at: <http://variety.com/2017/digital/news/verizon-q3-2017-cord-cutting-ott-service-1202594015/>.