October 30, 2017

Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554


Dear Ms. Dortch:

On Thursday, October 26, 2017, John Nettles, President of Pine Belt Communications ("Pine Belt"), along with Clare Liedquist and the undersigned, as counsel, met with Raelynn Remy, Martha Heller and Steve Broeckaert of the Media Bureau of the Federal Communications Commission ("FCC" or "Commission").

During the meeting, Mr. Nettles discussed the extreme increases in broadcast retransmission rates and the overall lack of good faith negotiations. Mr. Nettles explained that such unbridled rate increases are a detriment to low income, rural consumers that live in areas where they cannot receive free, over the air reception of the broadcast channels. He provided the attending Media Bureau staff with charts (attached hereto) showing the median family income and percentage of families below the poverty line in Pine Belt’s coverage area and a chart...
showing the average costs to Pine Belt’s consumers for off air network broadcasts from 2012 to presently proposed 2020 rates.¹

Mr. Nettles also discussed the inherent disadvantage that rural video operators face when negotiating retransmission agreements and the lack of willingness by some broadcasters to negotiate in good faith. As such, the attendees discussed how the current DMA boundaries and restrictions further impede good faith retransmission negotiations. At the conclusion of the meeting, in order to protect rural consumers from continuous rate increases, Pine Belt proposed that the Commission cap the current retransmission rates that broadcasters impose on independently owned cable companies, which serve less than 250,000 subscribers in predominately rural areas. The annual increase for those rates should not be higher than the annual rate of inflation. Pine Belt also suggested that, if approved, the combined Sinclair-Tribune entity should be barred from increasing its retransmission rates to the same independent cable companies for a period of ten (10) years.

Pursuant to Section 1.1206(b) of the Commission’s Rules, we are filing this letter electronically in the above-captioned dockets. Please contact the undersigned if you have any questions.

Respectfully submitted,

Donald L. Herman, Jr.
Counsel for Pine Belt

cc: Raelynn Remy (via e-mail)
    Martha Heller (via e-mail)
    Steve Broeckaert (via e-mail)

¹ Please find copies of the charts in Exhibit I included herein.
Rates are the average sum of retransmission costs accrued by Pine Belt for the big four networks that are passed on to Pine Belt’s customers.

"Negotiated" rates have been received for only 3 of 4 network stations in both DMA’s. This illustration assumes the costs for the 4th network will remain the same as that charged in 2017 - a likely invalid assumption that understate the actual expected consumer burden.