

DEBBIE DINGELL
12TH DISTRICT, MICHIGAN

118 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4071

HOUSE COMMITTEE ON
ENERGY AND COMMERCE
SUBCOMMITTEES ON
HEALTH
ENVIRONMENT AND CLIMATE CHANGE
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NATIONAL PARKS, FORESTS AND PUBLIC LANDS
OVERSIGHT AND INVESTIGATIONS

Congress of the United States
House of Representatives
Washington, DC 20515

DISTRICT OFFICES:
18855 WEST OUTER DRIVE
SUITE 103-E
DEARBORN, MI 48124
(313) 278-2936

301 WEST MICHIGAN AVENUE
SUITE 400
YPSILANTI, MI 48197
(734) 481-1100

WEBSITE: DEBBIEDINGELL.HOUSE.GOV

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July 25, 2019

The Honorable Ajit V. Pai
Chairman
Federal Communications Commission
455 12th Street, SW
Washington, DC 20544

Dear Chairman Pai,

I write regarding the Federal Communications Commission's (FCC) docket titled *"Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection Act of 1992."* Community leaders in Washtenaw County and other neighboring communities have contacted my office concerned that your proposal will jeopardize public, education and government (PEG) programming offered in my district. My constituents rely on these programs as a vital resource to stay current with events, activities, and for public accountability of local governments.

Under the Cable Communications Act of 1984, towns and cities can require cable operators to pay franchise fees and provide other community support as part of franchise agreements to use public rights-of-way. Our local governments often rely on franchise agreement financial support to fund PEG stations and other local services. The FCC's current proposal would significantly reduce this support by allowing cable operators to assign a value to PEG stations and deduct that amount from their financial obligation. I have concerns that this proposal could potentially create an unlevel playing field for local governments and put funding for PEG stations and other services in jeopardy.

As the FCC continues to deliberate, I strongly urge you to be mindful of the risks your proposal poses to PEG stations in my district and across the country, and the communities they serve.

Sincerely,



Debbie Dingell
Member of Congress



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 30, 2019

The Honorable Debbie Dingell
U.S. House of Representatives
116 Cannon House Office Building
Washington, DC 20515

Dear Congresswoman Dingell:

Thank you for your letter regarding the impact that the statutory cap on franchise fees has on funding for public, educational, or governmental (PEG) channels. The Commission recently released the attached draft *Third Report and Order*, which the Commission plans to consider during its upcoming August meeting. While this draft may change in response to further input from stakeholders and Commissioners, you will see that it addresses in detail each of the concerns raised in your letter.

As you know, the Communications Act limits franchise fees to five percent of cable revenues and defines “franchise fee” to include “any tax, fee, or assessment of any kind imposed by a franchising authority or other governmental entity on a cable operator or cable subscriber, or both, solely because of their status as such.” 47 U.S.C. § 542(g)(1). In *Montgomery County, Md. et al. v. FCC*, the U.S. Court of Appeals for the Sixth Circuit held that the terms “tax” and “assessment” were broad enough to encompass nonmonetary exactions—such as cable-related, in-kind contributions. 863 F.3d 485, 490-91 (6th Cir. 2017). But the court held that just because the statutory definition of “franchise fee” *could* include such nonmonetary contributions did not necessarily mean that it *did* include them, and it remanded the issue to the Commission for further consideration. *See id.* at 491-92.

In response to this remand, the Commission unanimously issued its *Second Further Notice of Proposed Rulemaking* to consider the scope of the congressionally-mandated statutory limit on franchise fees. The Commission developed a voluminous record in response to this notice, including numerous submissions from local franchising authorities, providers of PEG programming, and cable operators.

The draft order is the product of our careful consideration of this record. The result, we believe, is both consistent with the Act and responsive to your concerns regarding PEG programming. Among other things, the Commission observed that Congress broadly defined franchise fees; indeed, with respect to PEG channels, it only excluded support payments with respect to franchises granted prior to October 30, 1984 as well as certain capital costs required by franchises granted after that date. 47 U.S.C. §§ 542(g)(2)(B) & (C). The draft order therefore concludes that cable-related, in-kind contributions—including PEG-related contributions—are “franchise fees” subject to the Act’s five-percent cap unless otherwise expressly excluded.

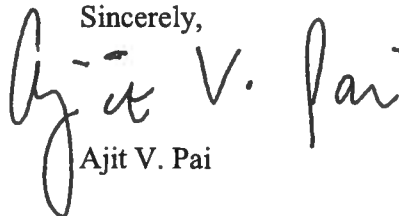
At the same time, the order defers ruling on the complex issues raised by PEG channel capacity and concludes that the costs of providing PEG channel capacity should not be offset against the franchise fee cap until the Commission can address the issue on a more complete record. The draft order also broadens the Commission’s interpretation of an exclusion for certain PEG-

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related capital costs. These latter two conclusions directly address the concerns raised in your letter concerning the order's potential impact on PEG programming.

Again, thank you for your letter. Your views have been entered into the record of the proceeding and have been considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, stylized 'A' and 'j'. The middle initial "V." is written with a simple 'V' followed by a period. The last name "Pai" is written with a large, stylized 'P' and 'i'.

Ajit V. Pai

Attachment