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August 22, 2016

Chairman Tom Wheeler
Commissioner Mignon Clyburn
Commissioner Michael O'Rielly
Commissioner Ajit Pai
Commissioner Jessica Rosenworcel
Federal Communications Commission
445 12th Street SW
Washington DC, 20554

Dear Chairman Wheeler and Commissioners Clyburn, O'Rielly, Pai, and Rosenworcel:

I am writing on behalf of Dumont Telephone Company, a small multichannel video programming distributor (MVPD) providing digital service in Iowa, about the Federal Communications Commission's (Commission) Navigation Device proceeding (MB Docket No. 16-42/CS Docket No. 97-80). Dumont Telephone Company has been in business since 1902. We are locally owned and have 7 employees with 340 video subscribers. We are troubled by the Commission's proposed rules and other potential substitute rules because, if adopted, the substantial implementation costs would force my company to cease offering video service. Accordingly, we urge you not to apply new rules to smaller MVPDs.

Like other smaller MVPDs, Dumont Telephone Company faces major challenges in our pay-TV business. **Programmers are demanding significant and growing fees and increasing carriage of "unwanted" networks**. We have streamlined as much as possible by using shared headends and middleware but our customers have more video choices both from much larger, traditional pay-TV providers and from over-the-top video sources, which often provide comparable services at lower costs. As a result, our margins are slim and continue to erode. Yet despite our troubles, our customers appreciate receiving video service from us because our offerings and customer service meets their needs. We offer a bundled service with no credit check, no contracts and local content insertion which is not available from our competitors.

Given this daunting business environment, our company cannot afford the additional regulatory costs of the proposed Navigation Device rules, estimated to be at least $1 million per system, or any other proposals that require such substantial costs.[1] Simply put, we could not offset or otherwise tolerate these costs even if we diverted our limited capital spending and spent our cash reserves. And, raising customer prices significantly is out of the question. Should the Commission mandate that small providers spend this much money to comply with such rules, we would be forced to cease offering video service. This outcome is certain even if the deadline for compliance is delayed because any solutions that the industry will, if ever, develop for smaller MVPDs are still going to be unaffordable for a company of our size.

On behalf of our customers and our employees, we urge the Commission not to apply any new Navigation Device requirements to smaller MVPDs. Forcing our company to cease offering video service does not advance the asserted purpose of the proposed rules – to promote innovation and lower consumer prices. Instead, it eliminates a local service option for consumers, and it means the loss of jobs and tax and fee revenues for our community, among other harms.

Thank you for your consideration.

Sincerely,

Roger Kregel

Roger Kregel
General Manager
Dumont Telephone Company

Cc: Senator Charles Grassley
Senator Joni Ernst
Representative Steve King

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[1] This estimate covers those requirements that are known and sufficiently refined and are based on cable operators satisfying the Commission's proposal at the lowest overall cost possible (i.e. by deploying a gateway device in the customers' homes using third party devices). As others have explained, the Commission's proposal is more a framework with many elements still to be defined and fleshed out. Therefore, one cannot determine whether the predicted lowest cost means is ultimately technologically feasible, what additional costs are necessary and the size of those additional costs, and when this solution would be available to implement. Moreover, given that many larger cable operators are making investments to deliver their services in an all-IP format, there is doubt whether vendors will invest in developing this lowest cost solution when only mid-sized and smaller MVPDs would be utilizing it as a means of complying with the Commission's proposal. If such a solution does not materialize in the market, mid-sized and smaller MVPDs may need to incur far greater costs to satisfy the Commission's proposal by offering their services in all-IP.