

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the matter of	)	FCC 17-78
	)	GN Docket No. 17-142
	)	
Improving Competitive Broadband Access	)	
to Multiple Tenant Environments	)	

**SATEL'S COMMENTS IN REPLY TO NOTICE OF INQUIRY**

**1. INTRODUCTION.**

Satel, Inc. hereby submits its replies in response to the Federal communications Commission ("FCC" or "Commission") in response to its June 22, 2017 Notice of Inquiry.

**2. BACKGROUND**

Satel, Inc. ("Satel") was formed in 2003 as an LLC and later evolved into an "S" Corporation in 2005. Based in San Francisco, Satel is a private cable company and Internet Services company providing video, voice and Internet services to 164 apartment and condominium MTE properties along with 46 high-rise office buildings. Residential properties offer service to over 18,000 residential units and over 1,100 floors in commercial properties. Over 80% of our business is within the City of San Francisco. Satel offers DirecTV as our primary video service, flexible SMATV video services and high-speed Internet. We have been in continuous operation for 14 years in the Greater San Francisco Bay Area.

**3. COMMENTS**

Current comments on file appear to be mostly from attorneys representing various differing views from large companies or associations with hopes they can convince the Commission to support their views. Believe it is in the best interest of the Commission and its Inquiry to hear the views of a small service provider.



#### **4. LARGE APARTMENT AND CONDOMINIUM COMPETITION**

We compete with AT&T, Comcast, Webpass (now owned by Google) and a handful of smaller MVPD providers. It is common to have several competitors located in any given larger property. We are able to compete by offering local customer service, DirecTV and lower cost Internet services. Typically a distribution closet in an MTE will have three to four services available to Residents. The existing building-owned horizontal cables that connect the individual units to the distribution closets may be connected to any of the available services. It seems there is more than sufficient MVPD competition with video offered by Comcast, U-Verse, OTT and Satel and Internet services offered by Comcast, U-verse, Webpass and Satel. Over the last ten years or so multiples services have peacefully coexisted with few difficulties among themselves and no consequences whatsoever to the Residents.

#### **5. SMALL APARTMENT AND CONDOMINIUM COMPETITION**

Smaller properties, less than one hundred units, tend to offer fewer choices. While smaller properties likely make up the majority of the market, they tend offer lower returns for operators. We find most of our smaller properties offer only Comcast and DirecTV through Satel for video and Comcast and U-verse for Internet services.

#### **6. BULK BILLING PROPERTIES**

All of our bulk billing agreements are with smaller apartment communities where the owners elected to have Satel provide exclusive video and/or Internet service. It is our view that these owners made their decision based on a variety of factors such as limiting the number of people working in their property, level of service (owners and managers have my personal mobile number) and the convenience of having only one company with which to work. Or perhaps they have had a poor experience in the past with other companies and wish to avoid future problems. Residents in these properties enjoy the same services as Residents in non-bulk properties along with significantly lower monthly fees. Several companies are typically considered by an owner when deciding upon bulk billing. Nothing has changed since the FCC made its initial decision to allow bulk billing, which allowed for beneficially priced deployment of broadband, and Satel is of the opinion that no further action is necessary from the FCC on this matter.

#### **7. Right of Entry Agreements**

Every property Satel serves has an executed Right of Entry Agreement ("ROE") which provides the terms and conditions under which Satel shall operate and provide services within the property. Included in the ROE is language stating that Satel shall "be



the sole provider of satellite delivered television program services". From a practical view there are only two satellite delivered television program services, DirecTV and Dish TV. Both offer similar programming and technology. This language does not in any way constrain or restrict other non-satellite delivered services such as Comcast and U-verse. In fact, a ROE is what allows an owner to ensure that service standards are being met by the providers servicing the property. Without ROEs, owners have no control on how providers would behave in a shared space, which could be problematic for the owners, other service providers and the residents utilizing the services.

## **8. Revenue Sharing Agreements**

Satel has only two revenue sharing agreements. One negotiated when the company was a startup and the other existed in an company we acquired. However, we realize that other small service providers utilize these types of agreements, and that sometimes it ties in with their business model and helps enable the type of investment being made on the property. It seems that if an owner and MVPD agree to revenue sharing, that is their decision. The effect on Residents is neutral so long as rates and services remain competitive with other providers. The MPVD receives less monthly revenue, but their decision was made with full knowledge beforehand. Any new rules or regulations regarding such agreements seem at odds with the concept of a free market.

## **9. Property**

Satel views all of its ROE's as an asset and property. It seems that FCC Rules or local Ordinances unilaterally abrogating those ROE's agreements between Satel and property owners, such as San Francisco's Ordinance Article 52, may be seen as contrary to the Fifteenth Amendment's Taking Clause. It may also be seen by property owners in the same manner.

## **9. Exclusive Marketing Agreements**

Satel has no exclusive marketing agreements. We have been impacted by another's agreement when were prohibited from offering DirecTV in a 750 unit apartment building due to an exclusive marketing agreement between the building owner and one of the large MVPD operators wherein the owner was paid a door fee Satel could not match. This lasted less than year. The owner came back to us asking to install DirecTV. We did so, but were restricted from on-site marketing, thereby greatly reducing our ability to earn a reasonable return on our investment. That particular agreement sunsets next year opening the door on-site marketing.



## **10. New Rules – Bulk Agreements**

It is our view that there are no new regulations required for bulk agreements. Clearly such agreements benefit Residents and owners alike. Service providers are free to compete by offering a better deal to owners and owners are free to make their decision based on their own criteria.

## **11. New Rules – Exclusive Marketing Agreements**

When MVPD's can effectively buy exclusive marketing for properties for sums far greater than a smaller competitor can match, then it does seem there may be a problem. However, the problem is typically short term in that the agreements tend not to exceed three years. Exclusivity in this scenario is restricted to only on-site marketing and does not constrain any of the other marketing avenues. Everyone recognizes the likelihood that exclusive marketing agreements serve as an end run around exclusive ROE's, since the large companies are no longer able to execute those agreements. New regulations may help level the playing field between large and small MVPD's, if again there were some sort of carve-out for smaller, independent companies like ours to be able to have those types of agreements in place if necessary.

## **12. Opinion**

It appears to me this inquiry is driven by two factors. One, very large companies wanting to introduce their new services into a fairly mature market that is currently well regulated and working with providers who successfully work with owners in the MTE space to provide the services they choose for their communities. These companies hope to change the rules in their favor and they have the money to overrun any small providers at will. Two, small providers are striving to compete against the large ones with the hope of not being overrun. Believe the FCC's considered views and future rule-making have the power to decide whether our smaller businesses succeed or fail. Please be careful.

Respectfully submitted,

Satel, Inc.

A handwritten signature in blue ink, appearing to read "R. Hylen", is written over the printed name.

Richard N. Hylen

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August 22, 2017