Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming	)))	MB Docket No. 17-214
	)	

REPLY COMMENTS OF CHARTER COMMUNICATIONS, INC.

Charter Communications, Inc. ("Charter") hereby submits its reply comments in response to the Public Notice in the above-captioned proceeding, which seeks information for the Commission's Nineteenth Report on the Status of Competition in the Market for Delivery of Video Programming ("*19th Report*").[1]

I. Introduction

As numerous other commenters have noted and the Federal Communications Commission's ("FCC's" or "Commission's") annual reports have confirmed, competition in the video programming marketplace is stronger and more robust than at any time in the past. Consumers now have a choice of video programming from a wide range of sources, from traditional multichannel video programming distributors ("MVPDs") to streaming video services offered by a wide array of companies, as well as the ability to purchase content directly from programmers themselves. Consistent with its objective to offer customers access to video programming when, where, and how they want it, Charter has responded to this dynamic and

[1] *Media Bureau Seeks Comment on the Status of Competition in the Market for the Delivery of Video Programming*, Public Notice, 32 FCC Rcd 6654 (2017) ("Notice").

competitive marketplace by offering new and innovative services that give consumers increased flexibility, choice, and access to programming.

Despite the unprecedented choice and competition in today's video marketplaces, cable operators remain uniquely burdened with regulations that have their origins in the 1950s and 1960s and were codified a third of a century ago. Charter therefore strongly agrees with NCTA – The Internet & Television Association ("NCTA") that the Commission should use the *19th Report* to conclude that the marketplace is highly competitive, eliminate regulations premised on a lack of competition in the video market, and explore ways to ensure regulatory parity so that all competitors are on a level playing field.[2]

II. Robust Competition in the Marketplace Has Led to Increased Diversity and Availability of Video Programming

As the Commission itself has recognized,[3] the market for video programming has undergone changes and become increasingly competitive in recent years. Competition among MVPDs, or "intragroup competition," is robust, with both direct broadcast satellite ("DBS") providers and local telephone companies challenging cable operators in the market. Indeed, according to NCTA data, satellite and telephone company video providers served nearly 50 percent of MVPD subscribers in 2016—an increase from only 2 percent in 1992.[4]

Additionally, competition between MVPDs and online video distributors ("OVDs"), or "intergroup competition," has grown dramatically in recent years as fast broadband networks

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[2] Comments of NCTA – The Internet & Television Association, MB Docket No. 17-214 (filed Oct. 10, 2017) ("NCTA Comments").

[3] *See In the Matter of Amendment to the Commission's Rules Concerning Effective Competition, Implementation of Section 111 of STELA Reauthorization Act,* Report and Order, 30 FCC Rcd 6574 (2015) (finding that cable operators' MVPD competitors have at least 15 percent market share in each of the 210 Designated Market Areas across the nation).

[4] *See* NCTA, Then & Now: Pay TV Connection, https://www.ncta.com/industry-data?share_redirect=undefined#colorbox=node-2786 (last visited Oct. 24, 2017).

have become ubiquitous throughout America. Netflix, the largest OVD, has become an entertainment powerhouse with 50.9 million U.S. subscribers, more than the entire cable industry.[5] As Comcast notes, online video accounted for 79 percent of consumer Internet traffic in the United States in 2016, and over 78 percent of American consumers subscribe to one or more streaming services.[6] Intergroup competition will continue to intensify as OVDs play a bigger role in the market and consumers use their Internet connections to supplement or replace traditional video services with streaming services, linear online programming, and standalone video services.[7] In addition to Netflix, Charter estimates that 38 percent of its Internet-only customers (and 25 percent of its video customers) subscribe to Amazon Prime for video, and 32 percent of its Internet-Only customers (and 11 percent of its video customers) subscribe to Hulu for video. At the same time, since 2015, at least 8-10 new virtual MVPDs and/or Direct-to-Consumer programmer services have launched, offering content similar to Charter via the Internet.

Competition in the marketplace has prompted video providers in all categories to offer new content and create diverse ways for their customers to access that content as a way to distinguish themselves from their competitors. As NCTA notes, the amount of video programming available to consumers has greatly increased in recent years as a result of increased spending on programming—particularly on unique and original programming.[8] For example, Netflix, Amazon, Hulu, and more recently, Apple all have multi-billion dollar content budgets

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[5] *Id.*

[6] Comments of Comcast Corporation NBCUniversal Media, LLC, MB Docket No. 17-124, at 3 (filed Oct. 10, 2017) ("Comcast Comments").

[7] *See* NCTA Comments at 5-7.

[8] *See id*. at 9.

and produce original shows that their subscribers can stream.[9] Most of this content is available online, and the devices that allow consumers to view online programming on their televisions, such as Internet streaming devices marketed by Roku, Apple, and Google, "have become ubiquitous and inexpensive."[10]

III. Charter Has Responded to Competition by Providing New and Innovative Services

In response to the robust competition in the video services marketplace, Charter has sought to distinguish itself as an industry leader with a customer focused approach by offering its customers innovative services, investing in new products and technologies, and prioritizing policies that consumers care about. Charter is committed to providing innovative products that offer flexible access to extensive amounts of video programming. Charter is the leader in high definition ("HD") content, offering at least 200 HD channels throughout its footprint—more than its competitors.

For instance, using a first-of-its-kind cloud-based user interface, Charter's Spectrum TV app is available on Samsung Smart TVs, Roku, Xbox devices, and all Android and Apple tablets and smartphones. The Spectrum TV app allows all subscribers to immediately access Charter's cable television programming, including up to 300 high quality live TV channels and over 25,000 streaming On Demand shows and movies—more than Netflix and Hulu combined. The Spectrum TV app offers HD quality, and delivers local broadcast channels in 95 percent of its footprint—expanding footprint-wide by January of 2018. This is significantly more than any non-traditional virtual video provider. The Spectrum TV app also allows customers on the go to use their mobile devices to manage their DVR recordings, and access over 150 live TV channels

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[9] *See* Comcast Comments at 10.

[10] NCTA Comments at 8.

and more than 20,000 On Demand titles. Charter is rapidly expanding its On Demand content and will increase the selection dramatically over the next year.

Charter is also committed to investing in infrastructure and advancing technologies that will spur further growth in the video services marketplace. As noted above, the Internet has provided infinitely more opportunities for both new and traditional providers to offer video programming, but consumers must have high quality broadband Internet access to take advantage of these offerings. A 2016 Commission report estimates that approximately 10 percent of the population does not have adequate in-home fixed broadband.[11] To provide better and faster broadband to more Americans, and encouraged by today's pro-business/deregulatory environment, Charter has committed to invest $25 billion in broadband infrastructure over the next four years.[12] Charter's infrastructure investments are the key to its ability to offer an industry-leading base broadband speed. One hundred Mbps is the slowest speed Charter sells in 75 percent of its footprint, with 60 Mbps as the minimum speed sold in the remaining markets. Charter plans to offer a minimum speed of 100 Mbps in all of its markets across its 41 state footprint in 2018. In addition, Charter plans to launch a one gigabit offering in several markets by the end of 2017, with additional markets planned for 2018. Charter also offers a low-income broadband service, which delivers the fastest speeds of any comparable industry offering—30/4 Mbps for $14.99 per month—to eligible families and seniors that meets, and even exceeds, the FCC's definition of high-speed broadband.

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[11] *Id.* (citing *International Comparison Requirements Pursuant to the Broadband Data Improvement Act*, International Broadband Data Report, 31 FCC Rcd 2667 (2016)).

[12] *See* Jim Puzzanghera, *Charter Promises Trump something new ($25 billion investment) and something old (20,000 jobs)*, LOS ANGELES TIMES, Mar. 24, 2017, http://www.latimes.com/business/la-fi-trump-charter-jobs-20170324-story.html.

Charter's high speed broadband offering is designed for customers to use for video streaming. In addition to industry-leading speeds, Charter does not impose data caps, price based on usage, or charge modem fees or early termination fees. Charter's nationally uniform pricing model has also simplified purchasing broadband and means that Charter's customers pay the same no matter whether they live in a big city or a rural town. As video continues to be the dominant form of traffic on the Internet,[13] Charter is committed to ensuring that its customers have a great experience streaming video using and valuing Charter's broadband service.

IV. Conclusion

As demonstrated above, developments in the video programming marketplace have given consumers more options in MVPD service providers, and provided MVPD subscribers the ability to supplement or replace existing video plans with endless amounts of diverse online programming. Providers, including Charter, have responded to the increased competition in the marketplace by innovating and investing in new services and technologies. The market looks drastically different than it used to, and now offers countless benefits to consumers.

The regulatory landscape, however, remains tied to the past. Cable regulation that may have been appropriate 30 or 40 years ago has long since outlived its usefulness, and serves now only to create an unwarranted asymmetry between cable operators and the nimble competitors they face in today's marketplace. Charter therefore joins with NCTA in urging the Commission not only to conclude that the marketplace is highly competitive, but also to take aggressive steps to eliminate regulations premised on a lack of competition in the video marketplace and to

[13] *See* BI Intelligence, *Here's How Much IP Traffic Will be Video by 2021,* BUSINESS INSIDER, Jun. 12, 2017, www.businessinsider.com/heres-how-much-ip-traffic-will-be-video-by-2021-2017-6 (noting that video will represent 82 percent of all IP traffic in 2021, including consumer and business IP traffic, amounting to a million minutes of video transmitted through networks every second).

explore ways to ensure regulatory parity so that all competitors in today's video marketplace are treated the same.

Respectfully submitted,

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