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FCC MAIL ROOM

The Honorable Reed Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, NW  
Room 814  
Washington, DC 20554

RE: Cable Competition Report  
CS Docket No. 94-48

Dear Chairman Hundt:

I am writing this letter in support of the Comments of the National Rural Telecommunications Cooperative (NRTC) in the matter of Implementation of Section 19 of the Cable Television Consumer Protection and Competition Act of 1992, Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, CS Docket No. 94-48.

As a rural cable television provider, affiliate of the NRTC and provider/distributor of DIRECTV™ direct broadcast satellite (DBS) television service, my company is directly involved in bringing satellite television to rural consumers.

However, despite passage of the 1992 Cable Act, my company's ability to compete in our local DBS marketplace is being hampered by our lack of access to programming owned by Time Warner and Viacom.

This programming, which includes some of the most popular cable networks such as HBO, Showtime, Cinemax, The Movie Channel, MTV, Nickelodeon and others is available to my principal competitors, United States Satellite Broadcasting Company (USSB) and Primestar. It is not available to Pegasus (or DIRECTV™) as a result of an "exclusive" contract signed between USSB and Time Warner/Viacom.

In contrast, none of the programming distribution contracts signed by DIRECTV™ are exclusive in nature, and USSB is free to obtain distribution rights for any of the channels available on DIRECTV™.

Mr. Hundt, my organization agrees with the NRTC that these exclusive programming contracts run counter to the intent of the 1992 Cable Act. I believe that the Act prohibits any arrangement that prevents any distributor from gaining access to

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programming to serve non-cabled rural areas. Under the present circumstance, if one of my DIRECTV™ subscribers also wishes to receive Time Warner/Viacom product, that subscriber must purchase a second subscription to the USSB service. This hinders effective competition, and as a consequence keeps the price of the Time Warner/Viacom channels unnecessarily high. It also increases consumer confusion at the retail level.

Not having access to the Time Warner/Viacom services has also adversely affected my ability to compete against other sources for television in my area.

We believe very strongly that the 1992 Cable Act flatly prohibits any exclusive arrangements that prevent any distributor from gaining access to cable programming to serve rural non-cabled areas. That is why we supported the Tauzin Amendment, embodied in Section 19 of the Act.

We ask the FCC to remedy these problems so that the effective competition requirements of Section 19 become a reality in rural America. I strongly urge you to banish the type of exclusionary arrangements represented by the USSB/Time Warner/Viacom deal.

Thank you for your consideration in this matter.

Sincerely,



Marshall W. Pagon  
President, CEO

cc: **William F. Catton, Secretary**  
The Hon. James H. Quello  
The Hon. Andrew C. Barrett  
The Hon. Susan Ness  
The Hon. Rachelle B. Chong