

Centre TV Inc. and Powhatan Point Cable Co., LLC
510 Warwood Avenue
Wheeling, West Virginia 26003

December 24, 2014

Via ECFS

Ms. Marlene H. Dortch
Secretary, Office of the Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, DC 20554

Re: MB Docket 14-57

Dear Ms. Dortch:

Centre TV Inc. and Powhatan Point Cable Co., LLC (collectively "Operators") are small cable operators that serve portions of Brooke and Ohio Counties, West Virginia and Belmont County, Ohio respectively. Collectively, Operators serve less than 1,600 subscribers.

Operators compete with Comcast in certain portions of their service areas. Operators' service areas are heavily made up of people living in poverty,¹ and the number of people ages 65 years or older in Operators' service areas exceeds the national average.² The greater incidence of poverty and fixed incomes make the amount of subscriber rates critically important. Thus, the availability of similar programming that Comcast offers at the rates Comcast pays programmers is vital to Operators' continued ability to offer consumers choice among terrestrial multichannel video programming distributors ("MVPDs").

Operators submit this letter to respond to Comcast's suggestion that the while "[t]here may well be differences between smaller MVPDs and MVPDs the size of TWC, DirecTV, or Comcast, . . . major price differentials appear to be flattening out with the industry moving to more standard pricing."³ Operators' have simply not experienced a "flattening out" of pricing for programming as Comcast/TWC suggests. Instead, they continue to find programmers unwilling to offer comparable or even slightly higher rates than those given Comcast.

¹ The poverty rate of residents of the counties served by the Operators ranges from 14.6% to 18.1%. *See Mapping Poverty in America*, N.Y. Times, January 4, 2014 at <http://www.nytimes.com/newsgraphics/2014/01/05/poverty-map/> (last visited December 22, 2014). The national average is 14.5 percent of U.S. households, with Ohio's poverty rate at 13.7% and West Virginia's at 17.3%.

² The national average of persons 65 years and over for 2013 was 14.1%. The percentage of persons 65 years or older in Operators' service areas ranges from 18.5% to 20.6%.

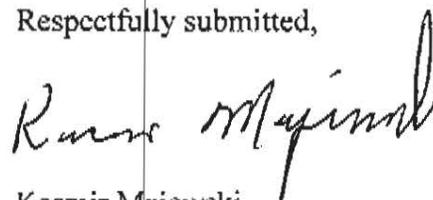
³ *See* Opposition to Petitions to Deny and Responses to Comments, Comcast Corporation and Time Warner Cable Inc., MB Docket No. 14-57 (September 23, 2014) ("Comcast/TWC Opposition") at 158.

As the American Cable Association has noted, “[i]n the cable industry, programmers traditionally offer volume discounts based on the number of subscribers an MVPD serves.”⁴ In some programming contexts, federal law contemplates programming vendors being able to establish “different prices, terms and conditions to take into account actual and reasonable differences in the cost of creation, sale, delivery, or transmission . . . or which take into account economics of scale, cost savings or other direct and legitimate economic benefits reasonably attributable to the number of subscribers served by the distributor.”⁵ However, as Mediacom noted in its recent Petition for Expedited Rulemaking to amend the Commission’s rules governing the practices of video programming vendors, “while the programmers broadly allege that size does matter – *i.e.*, that there are economic benefits from dealing with larger MVPDs – there has never been any concrete evidence put forward to sustain those claims, either a general matter or in a specific case.”⁶

Operators’ experience is consistent with the assertion Mediacom made. While confidentiality provisions prevent programmers from disclosing to Operators the specific rates Comcast pays, even upon telling the programmer that Operators and Comcast compete head-to-head and proposing to pay the same rates as Comcast, whatever they may be, or even a little bit higher, programmers consistently have told Operators that it is not possible to do so.

Operators therefore encourage the Commission to carefully review the proposed transaction in the above-mentioned proceeding, in particular with respect to Comcast’s ability post-closing to extract rates on programming that are detrimental to local competition. To the extent the Commission finds the lack of service parity between local, small MVPDs and Comcast, particularly with respect to economic terms, Operators recommend that the Commission impose conditions to correct this competitive imbalance.

Respectfully submitted,



Kasmir Majewski

⁴ See Comments, American Cable Association, MB Docket No. 14-57 (August 25, 2014) (“ACA Comments”)

⁵ See, *e.g.*, 47 U.S.C. § 548(c)(2)(B)(ii) and (iii) (2013).

⁶ See, Petition for Expedited Rulemaking, Mediacom Communications Corporation, RM 11728 (July 21, 2014) at 20.