Remarks of Patrick Gottsch, Founder, RFD-TV
FCC's Second Public Workshop on the State of the Video Marketplace
April 25, 2016

I want to thank the FCC for hosting this workshop and inviting RFD-TV to speak about the critical issues impacting independent programmers in today's video marketplace. I am here today not only in my capacity as the founder of RFD-TV, but also as a representative of the public who, out of frustration and a growing concern with their cable company, have filed more than 100,000 comments with the FCC over the past three years in support of the rural- and senior-oriented programming that RFD-TV provides.

Coincidentally, our own frustration reached a climax the day before the FCC announced this NOI when RFD-TV, as a last resort, placed full-page ads in both the NY Times and Washington Post in an attempt to stop Verizon from dropping RFD-TV from its FiOS lineup. Verizon ignored the ads, as well as over 50,000 customer requests sent directly to Verizon's NY offices, and after eight years Verizon unceremoniously removed RFD-TV from over 5.3 million homes. Only FCC intervention can fix this critical problem for independent channels who now lack any leverage against these media giants, and whose distribution can be wiped out with a 30-day notice.

RFD-TV is a true independent programmer that brings original, unduplicated content to consumers, not only in rural markets, but also in urban and

suburban markets with the goal of reconnecting city with country again. For the past fifteen years, RFD-TV has been the nation's only 24-hour television network featuring programming focused on agribusiness, equine, rural lifestyle, western sports, and traditional family-friendly entertainment. Nielsen and Rentrak rated, RFD-TV is consistently ranked in the Top 100 for all cable channels in prime time, and embraces the fact that this channel attracts its largest percentage of viewers from senior citizens.

RFD-TV has become the news and information programming channel representing rural America. We produce more than thirty hours per week of rural-focused live newscasts, including daily reports from our news bureau at the U.S. Department of Agriculture here in Washington, D.C., which provides information relevant to rural interests about developments from the White House, Capitol Hill and at Federal agencies.

Never has there been a more glaring need for such a service than in the current presidential races. In all the debates and town hall broadcasts to date, the urban-based national media has failed to ask a single question concerning any rural issue. By contrast, in 2015, RFD-TV launched its Rural Town Hall series that provides voters with an opportunity to see every U.S. presidential candidate appear before a live audience while responding to questions affecting agriculture and rural

interests. Yet this unique programming has no chance to be seen in over 60 million American television homes.

RFD-TV also meets the programming needs of senior citizens by showcasing rural lifestyle and traditional country music programming on nights and weekends which is not available from any other channel. AARP also airs monthly specials exclusive to RFD-TV.

Nevertheless, RFD-TV has faced several significant distribution challenges in recent years. The reality today is that video distribution is controlled by a small number of urban-based MVPDs, and many of those MVPDs have demonstrated a bias against rural & senior American content, as evidenced by the following chart.

While RFD-TV's issues with Comcast and Verizon carriage has been notable and public, equally challenging has been the sharply limited carriage by Cox, Bright House, Time Warner Cable, and Cablevision. Taken together, these MVPDs have demonstrated a persistent unwillingness to distribute RFD-TV to more than 5 percent of their subscribers.

Why are these MVPD's blocking RFD-TV distribution into over half of the television homes in America? Is RFD-TV asking for exsorbinent fees? No, RFD-TV's very low cost is consistently ranked as a "Best Bargain" by the Independent Cable magazine's annual survey of cable operators. Is this one of those public rate disputes? No, RFD-TV has never experienced a rate dispute with any cable

operator. Does RFD-TV have poor or deteriorating ratings? No, RFD-TV was shown to be the 81st most popular cable channel in prime time in in a recent Variety magazine article. While most other channels are struggling to hold audience share, RFD-TV has realized double-digit growth in its Nielsen ratings each year for the past 7 years. Is RFD-TV airing duplicated programming that can be found on other channels? No, RFD-TV produces all-original content and proudly airs a wide variety of programming from nearly one hundred independent producers who are exclusive to the network. Are subscribers to these MVPD cable systems not requesting RFD-TV and RFD HD? Obviously, RFD-TV enjoys support like no other channel as evidenced by the public comments filed with the FCC.

What is the answer then as to why? It is simple. RFD-TV is an independent channel caught up in the present-day reality of consolidation of the video marketplace where price, ratings, original content, and consumer demand means absolutely nothing. RFD-TV has done everything right, yet, its future now solely rests in the hands of a few, urban-based executives who clearly have another agenda other than providing a wide variety of programming options to their subscribers and meeting the demands of their own customers.

This lack of carriage cuts RFD-TV off from any cable distribution in 20 of the top 25 markets in the country – markets where Nielsen overnight ratings are

measured. It is imperative that RFD-TV have access to these markets because ratings in these markets determine the rates that advertisers are willing to pay for airtime on the channel and puts our programming at a tremendous disadvantage against the bundled channels that enjoy such carriage and distribution.

RFD-TV has also experienced additional setbacks in recent years in retaining existing distribution in this rapidly consolidating media landscape. In particular, in August, 2013, Comcast – after its merger with NBC Universal – dropped RFD-TV from carriage throughout Colorado and New Mexico, again with only a 30-day notice, affecting 470,000 customers. When I flew to Denver to address the situation with Comcast armed with RFD-TV's strong ratings and over 4,000 letters from Comcast subscribers asking for reinstatement, I was told point-blank by the regional executive "we needed to take down one channel to launch others by contract [e.g., Disney Jr., Smithsonian Channel, Food HD, & Al Jazeera America], and I choose RFD-TV." We then took these same materials, along with letters from the City of Pueblo, and Governor of Colorado, to Comcast's corporate headquarters, but we were told that "this decision is irreversible." When queried, Mr. Cohen's only explanation in the May, 2014 House Judiciary Sub-Committee Hearing, was that "Comcast is primarily an urban-clustered cable company".

MVPDs have been touting the diversity of programming available today by pointing to their programming aimed at African-American, Hispanic, and Asian

American populations. And while these efforts are commendable, they also reflect a limited view of what constitutes "diversity" in America. Rural America and senior citizens are among the largest underserved populations in America continually being ignored by broadcast and cable television. Having a small number of corporations focus on their particular understanding of diversity is failing to vindicate the programming needs of *all* of America's underserved populations.

I also believe that lengthy subscriber contracts and early termination fees have the effect of insulating distributors from their decisions because consumers cannot easily respond by switching providers. Indeed, many Verizon customers filed comments in this proceeding explaining that they subscribed to FiOS TV specifically to obtain RFD-TV. One would think that Verizon's $725,000,000 loan from Farm Credit Services to expand rural communications would have been incentive enough not to purge their only rural channel – but it was not.

Bundling practices by major programmers also have the effect of squeezing out independent voices. Today, six major media companies control the vast majority of programming revenues, and they demand that MVPDs carry all of their channels. As a result, MVPDs must carry upwards of 60 or 70 channels before they even think about carrying a genuinely independent voice.

If there is one thing that unites all of rural America, it is that we have to do a better job of communicating with our urban neighbors. Again, the over 100,000 comments filed by RFD-TV viewers over the past three years demonstrate that RFD-TV's unique rural programming appeals to a truly diverse audience; transcending gender, race, age, and geography. These comments also show the critical need for FCC intervention, as all else is failing to resonate with these MVPD and media conglomerates. It was because of the foresight of the 1992 Cable Act that RFD-TV even exists, and the FCC should make sure that this vision continues. RFD-TV applauds the FCC for taking steps to investigate the hurdles independent programmers face in reaching consumers, and we encourage the FCC to move quickly to implement rules to preserve rural- and senior- oriented programming. Otherwise, RFD-TV, and many other independent channels, now risk being one thirty-day notice from extinction.