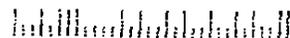


North Carolina General Assembly
House of Representatives
REPRESENTATIVE MITCHELL SMITH SETZER
State Legislative Building
Raleigh 27601-1096

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North Carolina General Assembly

Representative Mitchell S. Setzer
House of Representatives

May 13, 2002

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The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, N.W.
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Washington, DC 20554

Dear Chairman Powell:

I am writing on behalf of the citizens of the state of North Carolina to request your support of the proposed DIRECTV and EchoStar merger.

North Carolinians have benefited from the introduction of satellite service and should also realize communication gains from this merger. There is currently a discrepancy between rural and urban areas because high-speed Internet is already available only in heavily populated areas. If technology provides opportunity for all, then it is my opinion that we should make technology available to all

Opponents of the merger have brought to our attention that antitrust issues need to be carefully examined. The cable industry, on the other had, continues to have a monopoly presence in many areas. It is my hope that you and your department will give this matter a just review and positive consideration.

Sincerely,

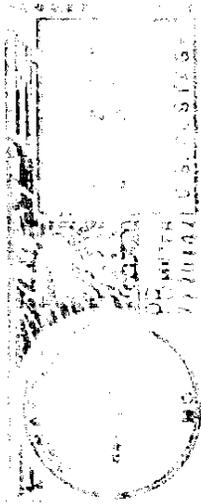
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May 13, 2002

Chairman Michael K. Powell
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Proceeding 01-348 (Proposed EchoStar/DIRECTV Merger)

Dear Chairman Powell:

This correspondence is on behalf of the proposed merger between satellite televised providers EchoStar and DIRECTV. The Legislative Black Caucus of Maryland believes that the proposed merger would provide improved communications services to African-American communities.

Currently, the two companies duplicate nearly the same channels. Over the years, both EchoStar and DIRECTV have offered programming for African-American households, but the potential exists for more. The proposed merger will allow the company to offer more diverse programming than what is now offered. We believe that the merger would free up wasted satellite spectrum, allowing the new company to start more independent networks and carry public interest programming currently not available, offering greater diversity.

Furthermore, it is important to break down the digital divide that keeps telecommunications technology out of reach for many African-American communities. This digital divide puts millions of African Americans, especially those in rural areas, at a grave technological and educational disadvantage. We feel this merger is the best way for millions of Americans to gain access to affordable high speed internet service. It is our contention, that to create a situation whereby only homes that are connected with digital cable or fiber-optic telephone lines have access to broadband service is unacceptable. If such service could be made possible to all American homes through a satellite source, then why not make it accessible?

It is our belief that this satellite merger will benefit consumers, inject competition, and would put affordable broadband service into African-American communities across the country. We would greatly appreciate your support of its approval.

Sincerely,

Talmadge Branch
Chairman

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pshWizards
1110 Bonifant St
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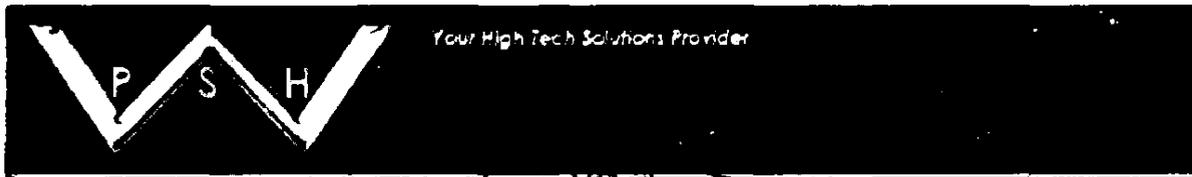
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The Honorable Michael Powell
Federal Communications Commission
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Dear Chairman Powell:

Of the many important issues now before The Commission, one of the most significant in my view is the pending merger between EchoStar Communications and the DirecTV unit of Hughes Electronics. I write now you in support of that merger, and do so in dual roles. One, as president of a technology company, I am anxious to see technology deployed as rapidly as possible because of the benefits it brings to people everywhere. And, two, as a board member of the Association of Concerned Taxpayers, I support the reduction of undue government regulation because such regulation drives up costs for all Americans. No matter how you slice it, those costs amount to a tax imposed by government.

As one who has followed this matter closely, I am not unmindful of the fact that a measure of controversy has swirled around this proceeding. Perhaps we should not be surprised that much of the hubbub has been generated by the cable television industry, which competes with satellite for television and broadband customers. Their argument is that a merger would give the unified satellite company a monopoly.

This charge is plausible only if one accepts a distorted definition of a market under the antitrust law. If I have 100 percent of the potato chip market, I can be said to have a monopoly. But so what? Since there are hundreds of other fast and packaged foods available to customers, the monopolization of one of them only benefits consumers, allowing for economies of scale and delivery that result in lower prices. So it is in the television and broadband industries. A unified satellite provider might have 100 percent of the satellite market but it still has to compete for customers with cable companies and telephone companies. The result of this very real battle for customers will be price and service competition benefiting the consumer.

Under this standard, it makes much more sense to define the market as the provision of television and broadband services, not as the provision of television and broadband services *by satellite*.

Given the flexibility and vibrancy of a free market in a communications industry that changes by the minute, there is a heavy burden on any advocate of government regulation. In the case of television-broadband, cable companies also enjoy a monopoly of a kind. But it is not necessary for government to break it up. All that is needed is for government to permit competition, and one aspect of that is to allow competitors to merge and reformulate themselves so as to be able to provide that competition. Regulatory approval to allow the new EchoStar to become a reality and serve customers would further that goal.

The real benefits of a satellite merger will be felt in the rural markets, where cable has not yet gone. Millions of Americans live where there is no cable TV and no access to over-the-air broadcast channels. Nor is there likely to be, given the costs to cable of extending hard wire that far into the countryside for the relatively small numbers of people who live there.

But satellite delivery makes sense for these areas. Right now the duplication of service between the two satellite service providers keeps costs higher than they need to be, particularly for the broadband Internet connections. A merger would lower costs, allowing increased use of smaller and cheaper satellite dishes, and the extension of service to millions. Because it costs a satellite company no more to provide a signal to a farm outside of Worland, Wyoming than it does to a brownstone in Brooklyn, New York, the proposed merged company has promised to charge a single national rate to all subscribers. But there is no need to take their word for it. There are two economic incentives for them as well.

The first is the principle that even a monopolist cannot charge whatever he wants. At some point, he loses customers, particularly when his product is not necessary to life and health, as is the case with television and Internet access. It may be desirable, it may be wonderful, but life will go on, with or without it. A wise

monopolist will do what real monopolists always do: cut prices and make it up on volume. Monopolists can almost always make more money selling more units at a smaller margin than they can by jacking up prices and margins, but losing customers.

The second principle involves the cable and telephone industries themselves. They are always waiting in the wings, ready to move into rural markets if the economic conditions are right. And once rural users are used to the quality of satellite television and the wonders of high-speed Internet connection, a rise in prices by a single satellite company would provide those market conditions. It is in the interest of both taxpayers and consumers to keep the antitrust powers of government to an absolute minimum. Mergers, even mergers of very large companies to form even larger companies, do not necessarily create monopolies, at least monopolies properly defined.

Those who decry this proposed merger have little faith in markets. You, on the other hand, have instinctively trusted markets throughout your career as a public servant. On behalf of American consumers, I urge you to again trust your instincts in the case at hand and move quickly to approve this merger. I do so because it will finally provide real and effective competition for the cable and telephone industries in the broadband services market and will deliver major benefits to consumers and to taxpayers.

Cordially,


Dwight Patel President
pshWizards
1110 Bonifant Street, Suite 600
Silver Spring, Maryland 20910