NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
The Voice of Rural Telecommunications
www.ntca.org

January 22, 2007

The Honorable Kevin Martin, Chairman
The Honorable Michael Copps, Commissioner
The Honorable Jonathan Adelstein, Commissioner
The Honorable Deborah Taylor Tate, Commissioner
The Honorable Robert McDowell, Commissioner
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: ***Ex Parte* Presentation**

***In the Matter of the American Cable Association Petition for Rulemaking to Amend 47 C.F.R. §§ 76.64, 76.93, and 76.103, Retransmission Consent, Non-Duplication, and Syndicated Exclusivity,* RM-11203, Report No. 2696, Public Notice (rel. March 17, 2005).**

Dear Chairman Martin and Commissioners Copps, Adelstein, Tate and McDowell:

On behalf of the National Telecommunications Cooperative Association (NTCA) and its members, I urge the Federal Communications Commission (Commission or FCC) to act expeditiously in the above-referenced proceeding. I respectfully request that the Commission amend the current retransmission consent rules to prevent over-the-air commercial broadcast television stations (Broadcasters) from imposing unjust rate increases and unreasonable tying/bundling arrangements on small video providers that will significantly harm the affordability of video services to rural consumers.

In the early 1990s, Congress gave Broadcasters the right to seek compensation for carriage of their over-the-air commercial broadcast signals. At that time, these rules were layered on top of existing local exclusivity rules, which were designed to protect advertisement-supported Broadcasters by safeguarding the television network stations' monopolies in each local market defined as a designated market area (DMA). Today, as a result of these rules, media consolidation and other market forces, Broadcasters face no price constraints on their carriage demands imposed on small multichannel video programming distributors (MVPDs), which include small cable television (CATV) and Internet protocol television (IPTV) providers. In addition to unjustified price increases, Broadcasters are imposing unreasonable tying/bundling requirements on small MVPDs, which impose significant capacity burdens on small CATV and IPTV systems. The current rules prevent small MVPDs from pursuing low-cost alternatives, such as negotiating and importing a commercial broadcast television station signal from a neighboring DMA, pool bargaining and arbitration. The current rules are causing significantly higher costs for rural CATV and IPTV providers and higher rates for rural consumers – creating increasing concerns for regulatory and legislative policymakers alike.

NTCA urges the Commission to adopt NTCA's proposed amendments to the FCC's retransmission consent rules filed with the Commission on November 29, 2006, in the FCC's *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming,* MB Docket No. 06-189.

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NTCA's proposed rule changes would allow small CATV and IPTV providers to consider, negotiate and/or arbitrate lower programming rates and reasonable capacity requirements from broadcast stations in their local DMAs and in neighboring DMAs. This would help establish fair market rates for rural broadcast programming. It would further reduce rural video provider costs, lower rural consumer rates, and enhance video competition in rural areas throughout the United States.

NTCA's proposed rule changes would apply only to the 7% of television households in the United States that are served by small video providers, and would not affect the remaining 93% of television households that are served by large, non-rural CATV and IPTV providers. The Regulatory Flexibility Act allows the FCC to adopt separate rules for small businesses, including a "small cable company" as defined by the Communications Act of 1934, as amended. Large video providers possess sufficient leverage and market power to negotiate reasonable broadcast rates and reduce the economic burden on non-rural consumers. Rural video providers, on the other hand, lack leverage and market power due to their sparsely populated service territories. Rural video providers require regulatory and/or legislative reform to ensure reasonable broadcaster programming rates, which in turn would allow rural consumers to receive access to comparable video services at rates comparable to consumers living in areas served by non-rural cable providers.

In its petition, the American Cable Association (ACA) estimates that absent relief, consumers served by rural CATV and IPTV providers will face more than $860 million in rate increases. This will happen because over-the-air Broadcasters are targeting and demanding that small rural video providers pay substantially higher programming fees to carry broadcast channels to their subscribers. Unless relief is granted, the Broadcasters will get their rate increases because the current law requires rural video providers, in most cases, to carry broadcast channels as part of their basic cable service. Without a rule change, unjust rate increases will significantly harm the affordability of rural video services. NTCA therefore urges the Commission to rule quickly on the ACA petition and revise its current retransmission consent rules by adopting NTCA's proposed amendments.

Thank you for your consideration to this matter.

Sincerely,

/s/ Michael E. Brunner
Michael E. Brunner
Chief Executive Officer

MEB:dm
Enclosure: *List of small companies supporting NTCA's request for retransmission consent reform*

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116 SMALL COMPANIES, WHICH SUPPORT NTCA'S REQUEST FOR RETRANSMISSION CONSENT REFORM

Ayrshire Farmers Mutual Telephone Company
Baldwin Telecom
BEK Communications
Ben Lomand Telephone Cooperative
Benton Cooperative Telephone Company
Blackduck Cablevision, Inc.
Blackduck Telephone Company
Blue Valley Telecommunications
Cameron Communications, LLC
Canby Telephone Association
Cascade Communications Company
Central Dakota TV, Inc.
Central Telcom Services
Central Utah Telecom
Chariton Valley Communication Corporation
Chariton Valley Telephone Corporation
Chequamegon Communications Cooperative
Citizens Mutual Telephone Cooperative
Clay County Rural Telephone Company
Clinton County Telephone Company
Dakota Central Telecom I
Dakota Central Telecommunications Cooperative
Daktel Communications
Daviess-Martin Telephone
Dickey Rural Telephone Company
DTC Communications
Dumont Telephone Company
Duo County Telephone Cooperative
East Buchanan Telephone Coop.
En-Touch Systems (ETS Cablevision)
Farmers Telephone Cooperative
Gardonville Cooperative Telephone Association
Germantown Telephone Company, Inc.
Golden Belt Telephone Association, Inc.
Golden West Telecommunications
Halstad Telephone Company
Hancock Telecom
Hardy Telecommunications, Inc.
Heart of Iowa Communications Cooperative
HTC, Inc.
Interstate Cablevision
Interstate Communications
Interstate Telecommunications Cooperative, Inc.
Iowa Network Services, Inc.
James Valley Telecommunications
KanOkla Telephone Association
Kennebec Telephone Company, Inc.
Liberty Communications
Mainstreet Communications, LLC
McDonough Telephone Cooperative
Mechanicsville Telephone Company
Melrose Telephone Company
Minerva Valley Cablevision
Minerva Valley Telephone Company
Nex-Tech
Northeast Missouri Rural Telephone Company
Northwest Iowa Telephone Co.
Northwest Telephone Cooperative Association
Otter Tail Telcom
Palmer Mutual Telephone Co.
Panhandle Telecommunications Systems, Inc.
Panora Communications Cooperative
Panora Cooperative Cablevision Association, Inc.
Park Region Telephone
Paul Bunyan Rural Telephone Cooperative
PSC
Pulaski White Rural Telephone Cooperative, Inc.
Randolph Telephone Company
Randolph Telephone Membership Corporation
Ringsted Telephone Company
Roberts County Telephone Coop. Association
Royal Communications
Royal Telephone Company
RT Communications
Rural Telephone Company
S&A Telephone Company
San Carlos Apache Telecommunications Utility
Sand Creek Telephone Company
Santel Communications Cooperative
Scio Telephone
Springville Cable Company
Stockholm-Strandburg Telephone Company
T.V. Service, Inc.
Tele-Media Solutions

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116 SMALL COMPANIES, WHICH SUPPORT NTCA'S REQUEST FOR RETRANSMISSION CONSENT REFORM

Telephone Service Company
Terril Cable Systems
Terril Telephone Cooperative
The West Liberty Telephone Company
TriCounty Telecom
Twin Lakes Telephone Cooperative
Twin Valley Communications, Inc
Twin Valley Telephone, Inc.
United Companies, Inc.
Valley Telephone
Valley Telephone Cooperative, Inc.
Valstar, Inc.
Venture Communications
Wabash Independent Networks, Inc.
Waldron Telephone Company
Walnut Telephone Company
Wamego Tel Company, Inc.
Warwick Valley Telephone
Washington County Rural Telephone Cooperative
Webster-Calhoun Cooperative Tel. Assn.
West Carolina Rural Telephone Cooperative, Inc.
West Central Telephone
West Kentucky Rural Telephone Cooperative
West River Cable Television Company
West River Cooperative Telephone Company
Wilson Telephone Company
Winnebago Cooperative Telephone Association
Woodhull Telephone Company
WTCI Cable
WVT Communications
YK Communications
Yucca Telecom