August 13, 2007

To Whom It May Concern:

I am writing this letter in response to National Public Radio, Inc's comments in response to the Commission's request for comments regarding rules allowing transfer of SDARS licenses.

NPR, Inc. states that the Applicants do not argue that interamodal SDARS competition has produced adverse results. It is true that the Applicants have not mentioned any adverse results, but if you look at the 10-Q and 10-K financial filings of the Applicants, you would notice that the two companies have paid significant amounts for their programming costs. These high programming costs come as a direct result of the competition between the two Applicants. These high programming costs have been the source of a significant amount of debt for the two companies. It is the opinion of many that the merger synergies will allow the Applicants to reduce many costs and instead be able to put those funds towards customer service and research and development. This would allow the companies to further increase customer satisfaction, channel capacity, audio quality, and the amount of audio programming.

In regards to NPR's comments that the consumers will tend to pay higher subscription fees for fewer channels, it is common business practice to provide discounts for bulk packaging. The more you purchase, the cheaper it is. I would be extremely surprised if terrestrial radio and NPR itself did not offer discounts for purchasing larger advertising packages. The individual cost per channel is immaterial. The reduced pricing will help many subscribers, myself included, to save money. Currently I pay $12.95 per month for the nearly 200 channels of programming offered by XM Radio, but out of all of those channels, I listen to at most 10 channels on a regular basis. By reducing my programming to the $6.99 per month option, I would be saving $5.96 on a monthly basis, or $71.52 on an annual basis. That is a significant savings for any household, regardless of how much they are paying per channel.

NPR also points to the growth of Satellite Radio. NPR states "The Applicants now claim 14 million subscribers as of December 31, 2006, an increase of almost 5.5 million subscribers just during 2006, and a number expected to double in the next 3 years. The Applicants also realized $1.6 billion, or approximately 7 percent of overall radio revenues, in 2006, and captured 3.4 percent of all radio listening. For services that have been in existence for less than 6 years, this success is remarkable." Indeed, it is remarkable. What is also remarkable is that during this period of remarkable growth, the Applicants also acquired a remarkable amount of debt to the total of a combined $2.56 billion. Most business analysts do not predict either company to become profitable until 2009 at the earliest, indicating at least another year and a half of debt accumulation. NPR also indicates that the number of subscribers is predicted to "double in the next 3 years". If this prediction holds true, that will mean that Satellite Radio as a whole will increase its margins to a whopping 6.8 percent of all radio listening and 14 percent of overall radio revenues by the year 2010, and this is just consisting of terrestrial radio and satellite radio. If you were to factor in iPods, MP3 players and cell phones with music capability, these percentages would drop significantly.

In conclusion, NPR's arguments against the proposed rule should be disregarded and the rule should be waived, or repealed for the benefit of public interest.

Respectfully submitted,

Brian Rayl