



October 5, 2007

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Dear Ms. Dortch:

Thank you for the time you gave us to meet with you at your offices yesterday. We discussed why "bulk" service agreements are vital to a small company like Litestream's ability to continue to compete against the dominant MSO. We explained that the MSO which blankets our local market has a tremendous advantage in initial activation, since customers usually move from a prior home to which the MSO provides service, and so when moving to a new home simply switch addresses of their service providers prior to move-in. This was illustrated by an example concerning a new community in which two cable companies, a small one and the MSO, both built cable plant, with the MSO's started with > 90% market share before the small company had a chance to have initial contact with customers to offer its service. While the small cable company subsequently won customers and incrementally increased its market share, the initial dominance of the MSO coupled with the practical requirement that both companies build out the physical infrastructure for the whole community make such competition financially prohibitive in practice for the small cable company. This market power advantage of MSO's is neutralized when the two companies compete for a bulk deal.

We agreed that bulk agreements need not be exclusive or exclusionary as to access rights. We discussed the need for bulk agreements in the limited context of a small cable company competing against an MSO.

We discussed two different ways to remedy the impact the proposed rule might have on small companies like Litestream. One was to continue to allow bulk service agreements pertaining to new single family home developments, where the initial infrastructure costs are highest.

The other remedy considered was an exemption of the new rule for small cable companies, those with fewer than 15,000 subscribers company-wide.

Either remedy would enable small franchised cable suppliers like Litestream to continue to be able to offer competition against large MSO's that dominate our market.

Ms. Marlene H. Dortch
October 5, 2007
Page 2

Finally, we discussed that small cable companies like Litestream offering service to single-family home communities are very often franchised, because a franchise is required to cross or provide service to a home on a public street. Further, holding a franchise is a requirement for membership in the National Cable Television Co-op which allows small companies like ours to get programming and hardware at a discount and so offer competitive priced services to our customers. Thus an exclusion which is limited to unfranchised PCO's would not preserve our company.

Our company thanks you for your time and consideration. We would be available to respond to any questions or provide any further information to your office as it considers this issue, which is of the gravest importance to our company.

Sincerely,

A handwritten signature in cursive script that reads "Paul Rhodes".

Paul Rhodes
President

cc: Ross Lieberman, ACA