

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Exclusive Service Contracts for Provision of	)	MB Docket No. 07-51
Video Services in Multiple Dwelling Units and	)	
Other Real Estate Developments	)	
	)	

**COMMENTS OF CSI ASSOCIATES, INC.**

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## INTRODUCTION

CSI Associates, Inc. (“CSI”) is a consulting firm that provides, among other services, communications consulting services to multi-dwelling unit property owners including developers, builders, condominium associations, homeowner associations, apartment complex owners, and related or affiliated professionals (collectively “MDUs”). CSI is not a communications or video service provider and has no financial relationship with any communications or video service provider. As part of its consulting services, CSI assists such MDUs select the most appropriate communications and video service providers for their properties, negotiates the terms for their communications and video services, and assists with finalizing appropriate agreements, including exclusive right of entry agreements, easements, marketing agreements, and bulk contacts.

CSI is based in Fort Lauderdale, Florida. It has been in operation for more than ten (10) years and has negotiated more than 800 bulk, exclusive and marketing agreements for video and communications services for developers, condo associations and homeowners associations primarily in Florida. CSI’s principals, collectively, have more than 75 years of experience with the communications and cable industries, initially working within the cable industry and then working with MDUs for the past ten years. CSI’s experience enables it to understand the intricacies of the MDU video marketplace and its competitive aspects.

CSI opposes any efforts by the Commission to regulate or to restrict bulk contracts or exclusive marketing agreements in MDU communities and other real estate developments. Such regulations would deprive condominium and homeowner associations and developers of a valuable tool in ensuring that their residents have access

to the communications services they require at an affordable prices, as well as many other benefits to consumers and MDU developers. Moreover, prohibiting bulk agreements would actually decrease video competition. The Commission apparently is considering prohibiting bulk contracts in an effort to increase competition. Contrary to the Commission's assumptions, however, prohibiting bulk contracts in MDUs will actually decrease competition by eliminating smaller, independent video providers that are viable competitors only because of their ability to enter into exclusive and/or bulk contracts with MDUs. Rather, prohibiting bulk contracts would have the unfortunate result of eliminating many viable competitors in favor of only the largest providers, and would not be beneficial to consumers. This would also harm MDU owners, particularly developers of new MDUs looking to have facilities installed in their properties for the benefit of consumers. The MDU marketplace is perhaps the one bright spot in terms of video and communications competition, primarily because of bulk contracts and exclusive marketing agreements. The Commission should not change longstanding policies that have worked well for so many years. CSI has listed below ten major benefits to MDUs and consumers, as well as to providers, that, in CSI's opinion, counsel against any restriction or prohibition of bulk contracts or exclusive marketing agreements.

## **DISCUSSION**

### **BULK CONTRACTS AND EXCLUSIVE MARKETING AGREEMENTS BENEFIT CONSUMERS AND MDUs**

Condominium and homeowner associations and their members obtain multiple benefits from bulk video service agreements and exclusive marketing agreements that would not otherwise be available if residents of such MDUs merely had to subscribe to

services on a retail basis, even if there were several providers available. Bottom line, consumers would pay more for inferior services.

### **1. Lower Cable Prices**

Bulk video agreements provide bulk rates for consumers within such MDUs. These bulk rates are always lower than any retail rate available in the market area where the MDU is located, even lower than retail rates when there are four major video providers, including the incumbent franchised multiple system cable operator (MSO), DBS providers, and the incumbent local exchange carrier (ILEC), competing head to head for video subscribers. Even with such competition, consumers pay less under a bulk contract than they would if purchasing video service on a retail basis. Rates under bulk contracts are anywhere from twenty (20) to fifty (50) percent below retail rates. Prohibiting bulk contracts would have the unfortunate effect of ending such discounts for video services for consumers in MDUs and increasing rates.

### **2. Making Triple Play Affordable**

More and more, MDUs are contracting for not just cable services, but for voice, video and data services – the so called triple play. By offering all three or even two services on a bulk basis, residents in MDUs realize even greater savings. If purchased separately, voice, video and data services may easily cost in excess of \$200 per month. Typical bulk rates for equivalent triple play services are well under \$100 per month. Further, many MDUs often are low-cost or affordable housing or housing for senior citizens or fixed incomes. By entering into bulk contracts for single or combinations of services at deeply discounted prices, consumers in such MDUs are able to obtain better quality video and broadband services at affordable rates.

### **3. Better Service for Consumers**

In bulk agreements, MDUs are able to insert specific provisions for customer service that often are far more stringent than either the FCC's, state law or local franchise customer service requirements. Moreover, if there are consumer service issues, particularly issues that affect more than one resident, the MDU manager is able to serve as a liaison and ensure that issues get resolved promptly. As the Commission is well-aware, individual subscribers traditionally rate customer satisfaction with their cable provider very low. In CSI's experience, consumers in MDUs receive much more responsive customer service than individual subscribers, even from the same provider. Typically the subscriber/technician ratio is lower for MDUs than for individual subscribers. Particularly with smaller, independent video providers, they will have dedicated personnel that establish a relationship with the MDU to address service issues.

### **4. Particular Programming.**

Bulk agreements universally provide for specific programming services tailored to the needs of the MDU. MDUs are able to negotiate for and obtain specific programming lineups that offer the greatest amount of specific programming channels desired by their residents. For example, MDUs can obtain more independent channels, family oriented programming, foreign channels, and foreign-language programming than what would otherwise be available in the area on comparable tiers. Particularly with smaller providers, MDUs are able to obtain certain programming not otherwise offered at all in their area. Until there is true a la carte programming, bulk contracts allow consumers to obtain the closest thing to a specific programming lineup of the particular channels subscribers want to purchase.

## **5. Special Community Channels**

MDUs, whether apartments, condos, or single family homes in a private community, have unique needs to communicate with their residents. They may be communicating about meetings and activities occurring in the community, changes to rules and regulations, social events, or public safety information. Bulk and exclusive marketing agreements afford MDUs the opportunity to have such channels and to insert such community specific messages and programming for their residents. These channels are available only for the particular MDU, are not available outside the community, and allow the associations to make announcements to residents over the video system.

## **6. WiFi Services**

Often more recently entered bulk and marketing agreements provide for free WiFi services in common areas of the MDUs. This benefit, of course, is not available in retail video subscriptions.

## **7. Technically Advanced Services**

With greater frequency, bulk agreements now provide for state-of-the-art fiber-to-the-home (“FTTH”) networks that include not only digital programming services, but also broadband Internet access, high-definition programming, digital telephone service and integrated security and home monitoring services. More and more, systems in MDUs have 1 GHz capability, versus 750 or 862 MHz typically found in cable systems. Systems in MDUs also may offer greater bandwidth for broadband speeds, with standard download speeds far in excess of the 3 or 6 mbps offered on most landline telephone and cable systems. Such advanced networks would not be available if the services were left to individual agreements with the members of the association.

In addition, because bulk contracts may continue for several years, they often contain provisions ensuring that the services provided in the MDU must remain technically with services offered by the major providers in the area of the MDU. For example, technical capabilities for video services in terms of number of channels and advanced programming services are tied to the services offered by the largest franchised MSO or DBS provider, and broadband Internet is tied to DSL service offered by the ILEC. This is particularly the case with bulk contracts with smaller, independent providers that must compete aggressively with larger MSOs and ILECs.

#### **8. Rewiring Existing Older MDUs**

Many older MDUs have older wiring that is not capable of supporting not only newer cable services but other advanced broadband and communications services. Without a bulk contract, a video provider is not likely to incur the cost of re-wiring such properties since there is no guarantee of return on investment. Under bulk agreements, older MDUs can require the re-wiring of the building.

#### **9. Services Available When Needed in New MDUs**

In the case of new MDUs, developers need services available prior to the first residents moving in. In standard retail situations, video service providers in the area may not install their facilities in such properties until there is a certain level of occupied units – leaving initial residents without services potentially for many months. With exclusive marketing agreements and bulk contracts, MDU developers are able to ensure that facilities will be installed and services will be available before residents occupy units.

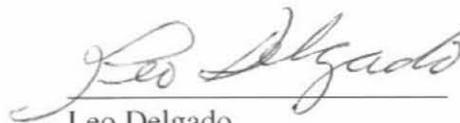
#### **10. Bulk Agreements Promote Competition**

Finally, CSI's vast experience in bulk agreements enables it to confirm that the availability of bulk agreements significantly promotes competition between video and communications service providers. CSI has seen competition in bulk agreements at its best. Typically, if CSI is representing an association or MDU developer, CSI will issue a request for proposal to all viable potential video and communications service providers. In such RFP process and subsequent negotiations, competition is clearly at work. First, there are many more potential providers in MDUs than in the general retail video market. Second, with bulk contracts, there are more viable providers because of the financing commitments providers are able to obtain as a result of being able to enter a bulk contract. CSI truly believes that without bulk contracts, an entire segment of the video marketplace – smaller, independent private cable operators – will not remain in the industry. This will decrease the alternatives available to consumers in MDUs.

#### **CONCLUSION**

For all the foregoing reasons, CSI respectfully requests that the Commission not interfere with the rights of condominium and homeowners associations to negotiate bulk video service agreements and exclusive marketing agreements with video service providers. Such agreements are necessary to continue a healthy and competitive environment for MDUs .

Respectfully submitted,



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