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Congress of the United States

House of Representatives

Washington, DC 20515-3102

May 7, 2010

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MAY 17 2010

Federal Communications Commission
Office of the Secretary

The Honorable Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Genachowski:

10-71

As the Commission moves forward on its National Broadband Plan proceedings, its retransmission consent rulemaking, and its review of the Comcast-NBCU joint venture, I want to stress to you and the other Commissioners that it is a priority for me to ensure that all of my constituents, including those living in smaller markets and rural areas that are being served by smaller operators, have access to affordable video, voice, and broadband services.

I was concerned to hear from some of the state's smaller operators that they are paying significantly higher rates for programming than larger operators. These smaller operators have significantly less leverage in their negotiations compared to larger operators and have to buy their content from large companies who possess significant market power. As a result, they often end up paying more than larger companies for the same programs. This inevitably impacts consumers, which means my rural constituents who are served by these operators are unfairly paying higher prices for programming. While I believe the market is always the preferred method for determining appropriate prices, I question whether today's video programming market is functioning properly for all consumers and businesses involved.

I've been told federal rules and regulations have not kept up with the rapidly changing video programming market, which may be to blame for the rampant price discrimination. Retransmission consent rules created in the early 1990s have not been substantially modernized by the Commission in more than a decade. And, the "volume discount loophole" in the program access rules has been exploited by programmers affiliated with pay television providers for just as long.

As you move forward with your work on the National Broadband Plan, the retransmission consent rulemaking, and the Comcast-NBCU transaction, I ask that you take these concerns into account. These proceedings provide an opportunity for the Commission to examine whether the market is operating fairly, particularly for smaller operators and their customers in more rural areas. Thank you for your consideration of my request.

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Sincerely,

Harry Teague

Harry Teague
Member of Congress