



Rocco B. Comisso
Chairman and Chief Executive Officer

May 13, 2013

Senator John McCain
United States Senate
241 Russell Senate Office Bldg
Washington, DC 20510

via Overnight Courier Service
and Facsimile: 202-228-2862

Dear Senator McCain:

For more than a decade, I have been speaking out about the practices of certain owners of broadcast stations and nonbroadcast networks that are inconsistent with the public policy goal of ensuring that all Americans have access to video and telecommunications services at affordable prices. I was, therefore, extremely gratified to read your remarks accompanying the legislation you introduced last week to address some of these issues.

I was especially pleased that your statement cleared away the smokescreen laid down by broadcasters and programmers to obscure the real causes of an increasingly dysfunctional market. As your comments make clear, it is the practices of content licensors at the "wholesale" level that, at the "retail" level, force consumers to pay billions for channels they do not want.

It is worth emphasizing that the owners of the top cable networks exercise a high degree of control over both the selection of the programming licensed by MVPDs, through various tying arrangements, and the packaging of the programming that is purchased, whether as individual or bundled networks, through use of contract provisions that require that they be carried on the basic or expanded basic tier or impose economic penalties if they are not.

MVPDs cannot obtain licenses for any one of the most popular channels on terms that make economic sense unless they also agree to carry other commonly owned networks or services and place them on service tiers received by the vast majority of subscribers. These requirements at the wholesale level mean that popular television channels are available for purchase by consumers from MVPDs only as part of pre-configured bundles.

The result is less choice and higher costs because MVPDs—and ultimately the consumers they serve—are required to pay for networks they do not really want as a condition to being able to purchase the ones they do want at reasonable prices. If given a meaningful choice, a significant number of MVPDs might elect not to buy the weaker networks, particularly at the prices currently charged by the programmers.

The handful of companies that control the most popular channels can force this anti-consumer structure upon distributors because each of them is a virtual monopolist with respect to their “must-have” programming, while distributors compete vigorously with each other for those viewers. As noted in a 2007 report by the Congressional Research Service:

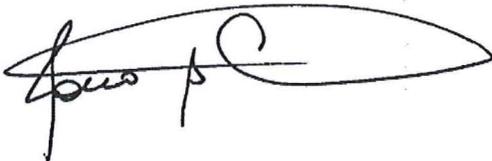
[S]tructural market changes . . . have given programmers with “must-have” programming much greater leverage, particularly when they are negotiating with small distributors. Competitive entry in distribution—almost all cable companies now face competition from two satellite companies, and are beginning to face competition from telephone companies—has emboldened programmers with popular programming. . . . Thus, ironically, competition in the distribution market may be resulting in higher programming costs that MVPDs may have to pass on to their subscribers.

These structural changes are not reflected in current laws and FCC rules, which date back over two decades to a time when cable companies could match the market power of the owners of must-have programming. Inexplicably, despite the clear and compelling evidence that the multichannel video marketplace is seriously broken and the harm to consumers is compounding every year, the FCC and Congress have chosen not to act.

Over the past several years, I have sent numerous letters to Chairman Genachowski and various congressional leaders (see Attachments) identifying how programmers’ practices were harming consumers and calling upon them to protect American consumers from the effects of unchecked increases in sports programming fees, extortionate demands for retransmission consent payments, and coercive wholesale bundling tactics. Unfortunately, my calls for reform have gone unheeded to date. However, I am hopeful that your bold step of introducing legislation to address this broken video marketplace will finally produce positive action.

While I do not think that a “full” *a la carte* system – voluntary or mandatory – is necessarily desirable or viable, action that will compel programmers to allow cable companies greater control over how networks are offered would be highly beneficial for consumers. Moreover, I am confident that even among those distributors who might not agree with all of the specifics of your proposal, there is widespread agreement that you are to be commended for creating the opportunity for debate on this important subject.

Sincerely,



cc: Senate Congress Committee Members
FCC Commissioners

Attachments

Following List of Attachments:

1. Letter to Chairman Jay Rockefeller and Ranking Member John Thune – April 18, 2013
2. Letter to Chairman Julius Genachowski – October 3, 2012
3. Letter to United States Senate – July 20, 2012
4. Letter to Chairman Julius Genachowski – March 20, 2012
5. Letter to Chairman Julius Genachowski – September 1, 2011



Rocco B. Commisso
Chairman and Chief Executive Officer

April 18, 2013

Chairman Jay Rockefeller
Senate Commerce Committee
531 Hart Senate Office Building
Washington, DC 20510

via Facsimile: 304-347-5371
and U.S. Mail

and

Ranking Member John Thune
Senate Commerce Committee
511 Dirksen Senate Office Building
Washington, DC 20510

via Facsimile: 202-228-5429
and U.S. Mail

Dear Chairman Rockefeller and Ranking Member Thune:

With the recent announcements that Chairman Genachowski and Commissioner McDowell are leaving the Federal Communications Commission, the administration will soon be nominating replacements. I am writing to urge you to seek commitments from the individuals selected to lead and serve on the Commission that they will protect American consumers by promptly addressing the broken video programming marketplace.

The rules governing the video marketplace – most of which date back to 1992 – do not reflect current market conditions. A perverse and unintended effect of these outdated rules is that the emergence of vigorous competition at the retail level is actually causing consumer prices to increase rather than decrease. This is because the owners of “must-have” programming are immune from competition while cable, satellite and phone companies vigorously compete with each other. This allows programmers to play distributors against each other, driving up programming costs and, ultimately, consumer prices. Like my blood pressure whenever I negotiate with the programmers, prices distributors pay for programming only go in one direction: Up. At a time when most Americans continue to struggle in the aftermath of the recession, these increases are, in the words of one analyst, “a train wreck in the making.”

I have repeatedly expressed my concerns regarding the perilous state of the video marketplace in formal and informal communications with Chairman Genachowski and his predecessor, Chairman Martin. I have publicly explained that Mediacom does not want to raise video prices every year, but we are forced to do so because programming costs continue to dramatically escalate. For the past 5 years, Mediacom has paid every dollar of our video price increases to the programmers. Over that same time period, our video margins have actually shrunk because we have not passed through our full cost increases to our customers. These practices are not only pricing video services out of the reach of many consumers, but are also limiting the resources available to cable companies for measures that could help to increase broadband availability and penetration.

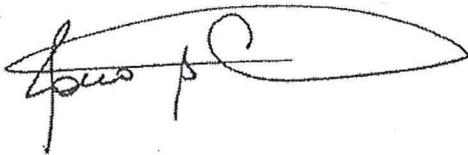
Frustrated by the Commission's refusal to formally act to fix the broken video marketplace, I have tried to find an industry solution that the Commission could support. For example, I have twice offered to freeze the rates Mediacom charges for its most popular video service tiers if the programmers agreed to "freeze" their wholesale prices, and I asked the Chairman to back that proposal publicly. Unfortunately, instead of taking even this informal action to protect American consumers from the effects of unchecked increases in sports programming fees, extortionate demands for retransmission consent payments, and coercive wholesale bundling tactics, the Commission has elected to do nothing. In the absence of pressure from the Commission, not a single programmer took me up on my price freeze offers.

The failure of the Commission to act on these matters of importance to consumers is unconscionable. It has been over five years since Chairman Martin initiated a proceeding regarding the programming industry's bundling practices. It has been three years since Chairman Genachowski first solicited comment on petitions seeking reform of the retransmission consent rules. Over that three year period, there have been more than 150 instances in which local broadcasters have denied access to their signals to cable and satellite providers, resulting in service disruptions impacting tens of millions of Americans across the country. While the blackouts impacting major metropolitan markets like Boston and New York have grabbed most of the media attention, it is the rural areas, like those in the states you both represent, that are most frequently impacted.

In our view, the Commission has used its assertion that it lacks the authority to take effective action as an excuse for doing nothing. Many of us in the industry have hired the best legal minds in the country to examine the question of whether the Commission's existing statutory authority is broad enough to permit it to adopt meaningful reforms, and their advice has been that the Commission does have the necessary authority. That conclusion has been confirmed by public interest groups and other outside organizations that are independent of cable and satellite companies. Yet, the Commission under both Chairman Martin and Chairman Genachowski has chosen to hide behind its claimed lack of authority, even going so far as to disregard the written statements of your predecessors, Senators Inouye and Stevens, who expressly concluded that the Commission had the power under the 1992 Cable Act to take specific actions to protect consumers when battles between distributors and broadcasters threaten to interrupt service.

The American public needs and deserves a Federal Communications Commission that is dedicated to protecting video service subscribers against the programmers' anti-consumer practices. I appreciate your attention to the matters discussed above and look forward to working with you to achieve that goal.

Sincerely,

A handwritten signature in black ink, appearing to be "Paul P. C.", written over a horizontal line.

cc: Members of the U.S. Senate Commerce Committee
FCC Chairman and Commissioners



Rocco B. Comisso
Chairman and Chief Executive Officer

October 3, 2012

Chairman Julius Genachowski
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: Mediacom Communications Corporation
MB Docket Nos. 10-71, 12-68, 07-18, 05-192

Dear Chairman Genachowski:

I am writing to thank you and your staff for taking the time to meet with me on September 25, 2012 to discuss Mediacom's concerns regarding the state of the video marketplace and, in particular, how consumers are being harmed because of the absence of effective competitive or regulatory constraints on wholesale programming costs.

As a follow-up to our discussion, I am enclosing for your attention a copy of a report by Craig Moffett of Bernstein Research that was published on October 1, 2012. Mr. Moffett's "Something's Gotta Give" report highlights and reinforces some of the key points that I made during our meeting. In particular, Mr. Moffett's report uses DirecTV's monthly programming costs to illustrate how programming costs are rising at an "unsustainable rate" at a time when real household income growth in the United States has been negative. Moreover, Mr. Moffett's report shows that the rate at which programming costs are increasing is accelerating as programmers push for higher rates to compensate for "flat lining" subscriber growth — a trend that Mr. Moffett rightly attributes, in part, to the rising price of video service.

According to Mr. Moffett, the current situation is a "train wreck in the making." Moreover, as I pointed out in our meeting (and, as I understand Pat Esser, CEO of Cox Communications also noted in a recent meeting with your office), the programmers' unjustified volume discounting practices further exacerbate the pressures that smaller and medium-sized MVPDs are under from rising programming costs. The programmers' demands not only harm consumers by pushing video service prices up and, in many cases, out of the consumers' reach, but also by inhibiting investment in broadband and broadband adoption.

As I indicated during our meeting, prompt Commission action to protect competition and consumers from runaway programming costs is imperative. I stand ready to work with the Commission to come up with creative, meaningful solutions to the problems confronting today's video marketplace.

Sincerely,

A handwritten signature in black ink, appearing to read "Rocco B. Comisso", enclosed within a large, hand-drawn oval.



Rocco B. Commisso
Chairman and Chief Executive Officer

July 20, 2012

United States Senate
Commerce, Science and Transportation Committee
254 Russell Senate Office Building
Washington, DC 20510

RE: July 24th Hearing on "The Cable Act at 20"

Dear Committee Members:

As a leading cable company focused on bringing advanced digital telecommunications services to small towns and rural communities, Mediacom strongly endorses the view of Chairman Rockefeller that the purpose of the 1992 Cable Act was "to empower consumers and provide them with expanded choices at lower rates." Unfortunately, that goal has not been fully realized. Although some claim that the Act did help accelerate the emergence of competition at the retail level, consumers were left vulnerable to abuses of market power by the media conglomerates and large broadcast station groups that control most television programming. The failure of the FCC to exercise its broad authority to close the gaps in the Act's regulation of the market at the wholesale level has empowered the content providers to engage in unfair pricing, bundling and other practices that have both restricted consumer choice and driven the wholesale cost of broadcast and non-broadcast channels upwards at a rate far in excess of inflation.¹

For over a decade, joined by other industry participants and consumer advocacy groups, I have been speaking out about the broken market for multichannel video service and urging the FCC to take action. During that time, I have repeatedly warned that unless the FCC took effective action, things would only get worse for consumers. I take no satisfaction from the fact that events have proven me to be right. According to a recent NPD Group report, the average subscriber's bill for pay TV has grown to \$86 per month and will reach more than \$123 by 2015 and \$200 by 2020.

In September 2011, I sent the attached letter to Chairman Genachowski identifying how content owners' practices were harming consumers, calling upon him to lead the FCC in fixing the problem and proposing specific solutions within the FCC's existing authority. Yet, despite the clear and compelling evidence that the immense power held by a handful of media giants has created a dysfunctional marketplace in which the harm to consumers is compounding every year, the FCC has failed to act.

In the short time since I sent the letter, content providers have forced dozens of shutoffs in markets across the country. As of yesterday, prolonged shutdowns involving Viacom/DirectTV, AMC/Dish Network and Time Warner Cable-Bright House/Hearst Television were grabbing headlines. Those three situations alone resulted in 40 million households, the equivalent of roughly 100 million Americans, losing access to dozens of programming channels. Although the disputes are eventually settled and the darkened channels restored, the settlement always involves consumers being forced to pay more for the same programming.

¹ As Mediacom stated in a recent filing in the FCC's proceeding on the sunset of the statutory exclusivity ban, these practices include forced bundling of channels, dictating tier placement, unjustified volume discounts and restricting use of new distribution technologies (copy of filing available at www.mediacomonyourside.com). In that and other filings we have demonstrated that, despite its disclaimers, the FCC has the authority to fix the problems plaguing multichannel video subscribers.

Indeed, the price consumers pay for television programming is the fundamental issue behind the blackouts and the main reason for concluding that the goals of the 1992 Cable Act have not been realized. Even though DBS and telephone company video services compete vigorously with cable, retail prices for multichannel video service have risen dramatically, not declined. This is because video prices at the retail level are being driven by double-digit cost increases at the wholesale level.

Broadcasters and cable network owners impose price increases that would be outrageous even in good times, but are simply unconscionable during current economic conditions. The price that programmers demand when an agreement comes up for renewal only moves in one direction – upward, even when ratings decline. For example, our cable networks carriage and retransmission consent fees are going up dramatically this year despite the fact that over the past 12 months ratings for most cable programming channels, local broadcast stations, and national broadcast networks have seen significant declines.

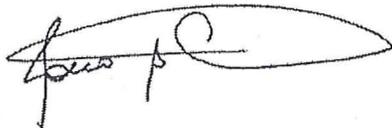
The government's failure to address the dysfunction in the video marketplace has cost American families tens of billions of dollars. To add insult to injury, those extra billions do not even buy a guarantee of uninterrupted viewing—broadcasters and programmers shamelessly resort to blackouts in order to pressure MVPDs to surrender to exorbitant price increases as contracts expire. Emboldened by the government's inaction, content owners are, without fear or hesitation, extending the anti-consumer practices they perfected in the pay TV realm to the emerging market for over-the-top video content and imposing roadblocks to the use of new technologies. The programmers' intent clearly is to control every facet of the distributor-consumer relationship, dictating not only what channels subscribers have to buy, but also when, where and how they view content.

Many believe that we are at or near a critical tipping point. I urge Congress and the FCC to act decisively to adopt laws and regulations needed to protect consumers before the video marketplace simply crashes.

In the meantime, I would like to enlist Congress and the FCC to lend public support to a proposal that does not require any changes in the law. Specifically, **Mediacom is prepared to commit to freezing its published rates for its most popular video service tiers (limited and expanded basic) for two years if the owners of the broadcast channels and cable networks on those tiers likewise agree to freeze the fees they charge for their content.** The benefits of my proposal to consumers across America would be obvious if the government does its part in convincing content providers to hold their rates.² With your backing, I am confident that a significant number of other MVPDs would join the freeze.

In closing, I wish to make it clear that I believe that we all share the goal of ensuring that Americans have access to affordable advanced telecommunications services. I hope to have the opportunity to work with you and the FCC to put into place laws and policies that will help achieve that goal.

Very truly yours,



cc: FCC Chairman and Commissioners

Enclosure

² It also would make it more practical for lower income Americans to subscribe to broadband at home. While only 43% of low-income Americans have broadband at home, nearly two-thirds of the 43.6 million households classified as below the poverty line in 2010 had cable or satellite television. These households are not likely to drop pay TV service for broadband. But if pay TV service prices can be brought under control, they will be much more likely to have the resources to sign up for broadband service.



Rocco B. Comisso
Chairman and Chief Executive Officer

March 20, 2012

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

**RE: Amendment of the Commission's Rules Related to Retransmission Consent
MB Docket No. 10-71**

Dear Chairman Genachowski:

In your recent remarks to the American Cable Association ("ACA") about retransmission consent ("RTC"), you expressed your willingness to address the imbalance in negotiating power between station groups and smaller cable companies. While I continue to disagree with the narrow reading of the Commission's authority you reiterated in your remarks, I was heartened by your recognition that RTC is having a disproportionately negative impact on smaller cable operators and their customers.

As you know, for years I have spoken out against the unfair and discriminatory treatment of smaller cable operators and their customers by station group owners in RTC negotiations. For example, Mediacom, like many other ACA members, has experienced first-hand the broadcasters' practice during renewal negotiations of giving extensions to large MSOs while refusing similar extensions to smaller companies. Access to local broadcast television stations should not vary solely because of the size of the consumer's chosen pay television provider. Yet, that is exactly the situation that exists today.

Smaller systems also are routinely subjected to price discrimination by station groups, even though there is no cost differential or other economic reason that justifies charging them higher RTC fees than larger MVPDs. To add insult to injury, the higher prices demanded by broadcasters often are presented to smaller operators as take-it or shut-it-off propositions—if an operator dares to actually insist that the broadcaster honor its obligation to negotiate, the broadcaster punishes the operator by withdrawing its already outrageous demand and starting negotiations at an even higher price.

Moreover, even when the broadcast groups and networks are willing to negotiate, they often do not engage directly with the cable operator. Rather, they rely on outside counsel and consultants who have expertise in negotiating RTC agreements and, more importantly, frequently have "inside" information about deals that they worked on for other stations. This puts smaller operators, who typically lack internal expertise and the resources needed to employ outside experts, at a disadvantage in negotiating RTC.

Under the circumstances, it is hardly surprising that the cost of RTC is escalating at a pace that far outstrips inflation. The Commission's recent "price survey" showed that in 2009 cable prices for the "broadcast basic" tier rose at more than double the rate of inflation (and faster than the prices for the optional expanded basic tier). That data was two years old and, if anything, the situation is worse today. Several large broadcast groups and networks have reported double digit increases in their RTC revenue

Mediacom Communications Corporation
100 Crystal Run Road • Middletown, NY 10941 • 845-695-2600 • Fax 845-695-2639

over the past year. A significant portion of those increases have been achieved on the backs of smaller cable operators, who are being targeted for RTC increases of more than 100 percent in many cases.

Fortunately, the Commission has tools at its disposal to address the harm that RTC is causing consumers. First, Congress made it clear that the Commission has a duty to ensure that RTC does not result in unreasonable increases in the cost of cable service. Second, the Commission has broad authority to ensure that the exercise of RTC reflects "competitive marketplace" considerations.

With these powers in mind, Mediacom and others have put forth a variety of proposals that, if adopted, would help remedy the lack of balance in RTC negotiations. For example, we have suggested that the Commission impose limits on network involvement in the RTC process.

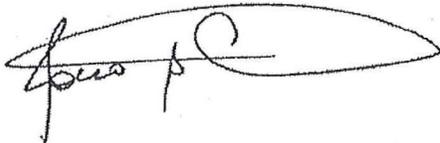
A more direct approach, and one that the Commission itself has raised in the pending RTC rulemaking, is for the Commission to amend its rules to authorize smaller cable operators to designate larger operators to negotiate on their behalf. I strongly urge you to adopt such a rule. I also urge you to include in your rules a specific provision making it a violation of the good faith negotiation standard for a broadcaster that is negotiating RTC for multiple stations to refuse to negotiate with the designated representative of a smaller operator. These changes in the current rules will go a long way to addressing the disproportionate bargaining power that broadcast groups have in RTC negotiations with smaller cable operators.

Finally, I want to stress how urgent it is that the Commission take action to address the imbalance in the RTC marketplace. In your comments to ACA, you suggested that the number of RTC disputes appears to be declining. If only that were true. According to our research, consumers in 31 different DMAs were impacted by RTC-related service disruptions in 2011 and shutdowns have occurred in at least 20 additional DMAs in just the first eleven weeks of 2012. That is more than double the number of DMAs impacted by shutdowns in the preceding two years combined. Moreover, these figures do not reflect the hundreds of situations in which a shutdown was avoided only because the cable operator caved in to the broadcaster's threat to cut off consumer access to its signal unless the operator agreed to exorbitant price increases.

RTC disputes involving large pay television providers and major markets such as New York, Boston and Miami may be the ones that get attention from the national media, but millions of customers who live in smaller communities are being adversely impacted by RTC on a daily basis. I know that you share my belief that the Commission has an obligation to protect all television viewers no matter where they live or who they choose as their pay television provider. I urge you to move swiftly to address the concerns you recognized in your remarks to ACA.

As always, I would be happy to discuss these matters with you in person or by phone at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to be "John P. [unclear]", written over a horizontal line.



Rocco B. Comisso
Chairman and Chief Executive Officer

September 1, 2011

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

Dear Chairman Genachowski:

Shortly after becoming Chairman, you said that protecting consumers was one of your goals, and you pledged that the Commission would "strive to be smart" about how its decisions affect consumers' lives. We respectfully submit that you cannot hope to achieve that goal if you allow the Commission to continue to ignore the escalating wholesale costs for television programming.

For nearly a decade, I have been speaking out about the harm to Americans caused by rising programming costs. I devoted my keynote address at a 2003 industry event to this issue, and predicted that things would only get worse unless the Commission took an active role in finding a solution. Your remarks when you were first appointed as Chairman encouraged us to believe that, under your leadership, the Commission would finally address the problem. I regret to say that it is now almost three years later and nothing has been done.

The Commission's inexplicable inaction:

- Costs Americans billions of dollars, as programming owners have increased their rates well in excess of inflation in every year since my speech, and there is no end in sight. One study found that monthly per-subscriber video programming costs for basic and expanded basic channels increased by 67% across all MVPDs between 2003 and 2008, four times the rate of inflation during the same period. There is no reason that any of this has to be the case, as I understand that the per-subscriber wholesale cost for cable/satellite television programming in the United States is as much as three to five times the cost in Europe.
- Adds to consumers' bills and severely limits their freedom of choice by allowing content owners to require MVPDs to buy costly bundles of networks and carry them on the most popular service tiers, so that subscribers are forced to pay for channels they do not want.
- Exposes consumers to service disruptions because the Commission refuses to adopt measures like binding arbitration to prevent content owners from using blackouts as a negotiating tactic.
- Forces consumers to pay more for less or, at best, to simply keep what they already have. Paying additional money for channels that customers already receive does not produce additional content. Given the original intent of retransmission consent, it is especially shameful that retransmission consent fees have dramatically increased even as movies and sports events migrate from broadcast channels to pay networks and broadcast stations severely cut staff and budgets for news and public affairs programming.

- Creates a new digital divide as the price of cable television service is driven steadily upward to levels that are beyond the means of more and more Americans, especially in a time of high unemployment and stagnant wages. The second quarter of 2011 marked the first time that video subscribership in the combined cable/telephone/satellite industries suffered a net decrease.
- Opens the door for programmers to leverage their online content into higher fees. Online viewing of television programs once available for free to everyone is beginning to be confined to MVPD subscribers whose distributor has agreed to pay the programmer extra as part of retransmission consent or cable network license deals. Programmers also plan to charge extra if a video subscriber wants to watch a show on his/her laptop, iPad or smart phone, rather than on the television set. These practices will drive up consumer prices even more and negatively impact the ability to extend the benefits of broadband and advanced technology across all income levels.
- Impedes achievement of the Commission's goal of increasing broadband penetration. There is a direct correlation between broadband adoption and video penetration rates, so that consumers who find cable television service unaffordable may also forego broadband subscriptions.
- Reduces the ability of cable companies to respond to your call to extend the availability of low-cost broadband service for the under-privileged. If MVPDs have to pay hundreds of millions more for the same programming every year, that necessarily means there is less money to support your initiative.

Contrary to accusations by industry critics, cable companies are reluctant to raise video subscriber rates because when we do, we lose customers. Mediacom does not make more money when we raise video prices, since we remit virtually every penny of the increase on to the content owners. Over the last three years, the increase in our programming costs was more than double the increase in video revenues, even after taking our subscriber rate increases and equipment charges into account.

I am deeply disappointed with the Commission's lack of interest in keeping multichannel television service affordable. Twice in the past five years, I have tried to stand up for consumers by resisting exorbitant demands for retransmission consent fees. And twice the Commission put the interests of broadcasters ahead of those of the viewing public. The Commission's position that it does not have the authority to intervene—even though a different interpretation of the law would clearly be sustainable—is forcing American consumers to pay billions of dollars for “free” over-the-air television without receiving anything more in return. Although retransmission consent fees have been the fastest growing component of programming cost increases, non-broadcast networks also keep pushing their charges higher and higher. Content owners have been unwilling to exercise the slightest measure of self-restraint, and are emboldened by the Commission's unwillingness to even try to impose some limits or speak out against programmers' practices.

Mr. Chairman, I respectfully call upon you to live up to the pledge you made when you took office and move forcefully to protect senior citizens, low-income households and rural residents from practices that are rendering cable television unaffordable. There are a range of tools at your disposal, including, but by no means limited to:

- Prohibiting price discrimination by program owners through volume discounting practices that prejudice millions of Americans living in rural areas and small towns throughout our nation.
- Increasing transparency by requiring broadcasters and cable networks to make public the prices they charge MVPDs in each market.
- Mandating the unbundling of stations and program services at the wholesale level.

- Banning programmers from forcing carriage on the basic, expanded basic or most popular digital tier.
- Preventing programmers from driving up the price of broadband, as well as video, service by replicating in the case of Internet video content the bundling and pricing practices that have been so detrimental to consumers of cable television service.
- Establishing a standstill mechanism and alternative dispute resolution to ensure service to consumers is not disrupted during negotiating impasses.
- Prohibiting a single company from negotiating for multiple big-four broadcast stations in a market, a network or other proxy from negotiating for multiple stations and a station group from refusing to offer consent for its stations on an unbundled basis and on reasonable terms.
- Instituting a carefully designed *a la carte* system, so that decisions about what video services are bought are made by consumers themselves, rather than by content owners.

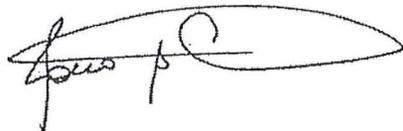
The Commission, citing its duty to promote the public interest, has employed similar tools in other contexts, including its recent program carriage order. Frankly, the harm to consumers from the practices of television content owners is far greater than that flowing from many of the issues to which you have devoted so much of your personal attention and the Commission's resources. There is no excuse for the Commission not to at least try to assert its vast authority with the goal of restoring a semblance of balance to the video programming marketplace—there is nothing to lose if its actions are successfully challenged in court and much to gain if, as we fully expect, its authority is confirmed by the courts.

When, as is inevitable, the retransmission consent cycle beginning this October 1 and recurring renewal negotiations for cable networks trigger a fresh round of actual and threatened service disruptions and yet another subscriber rate increase, the Commission must share responsibility with the content owners. In this regard, as of 5 PM yesterday, we were forced by LIN Television Corporation to stop retransmitting its television stations to tens of thousands of Mediacom subscribers in multiple DMAs simply because we refused to surrender to its exorbitant and discriminatory demands for triple-digit increases in retransmission consent payments.

My passion with respect to the issue of programming costs and their impact on my customers and my employees is well-known. I have spoken frankly in this letter, but mean no disrespect. I think we share a desire for a nation in which all of our citizens have affordable access to a basic level of information and entertainment programming.

I would be happy to meet with you at any time to discuss how we can work together to reach our shared goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Peddie", enclosed within a large, horizontal, hand-drawn oval.