Congress of the United States
Washington, DC 20515

August 4, 2014

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Chairman Tom Wheeler
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Mr. Michael White
CEO, Chairman, and President, DirecTV
2230 E Imperial Hwy
El Segundo, CA 90245

Mr. Robert D. Marcus
CEO and Chairman, Time Warner Cable
60 Columbus Circle
New York, NY 10023

Dear Chairman Wheeler, Mr. White, and Mr. Marcus:

On July 28, I wrote a letter urging binding arbitration of the Dodgers telecasting dispute. The letter was addressed to Robert Marcus of Time Warner Cable and Michael White of DirecTV. The letter was also signed by five of my Los Angeles area colleagues, and copies were sent to the satellite and cable television providers that are following DirecTV's lead.

On July 29, FCC Chairman Wheeler thanked me for bringing this matter to his attention, began an investigation, and requested the details of the proposed arbitration process. On July 31, DirecTV CEO Michael White, speaking in his quarterly earnings conference call, indicated a desire for additional details of how arbitration would proceed. Accordingly, I provide below a clarification of my proposal.

This technical clarification letter is not signed by my five colleagues, but I believe that it is not inconsistent with their views. Binding arbitration would take place as follows:

1. Any satellite, cable or telco provider within the Dodgers home television territory that agrees to binding arbitration shall immediately launch SportsNet LA, commonly known as the Dodgers Network. Those satellite, cable, or telco

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companies would be able to insert four 30 second commercials each hour (as the current format provides), and would otherwise be carrying the station's feed.

2. SportsNet LA would be available to all cable, satellite and telco subscribers throughout the Dodgers home television territory.

3. All parties would enter into binding baseball-style arbitration pursuant to the rules of the American Arbitration Association which, pursuant to its practices, would appoint three qualified neutral arbitrators.

4. The Arbitrators would determine the amount to be paid (carriage fee) by the cable, satellite and telco companies for the 2014 season, including games aired prior to the conclusion of the arbitration process.

5. The Arbitrators would also determine the price to be paid (carriage fee) by the cable, satellite and telco providers for the 2015 season.

6. The Arbitrators would take into consideration all relevant data regarding regional sports networks not only in Los Angeles but across the country. The parties would cooperate in providing relevant information, and the Arbitrators would keep proprietary information confidential.

7. The parties would begin separate negations to determine the terms under which SportsNet LA would be shown on all area cable and satellite households throughout the Los Angeles area in 2016 and subsequent years.

I realize this is a private business matter. To the extent that any federal agency has a jurisdiction, it is the Federal Communications Commission, not an ad hoc group of 6 Los Angeles area members of Congress. That said, I hope the July 28 letter signed by myself and my colleagues will prod the top management of the corporations involved, and the leadership of the Federal Communications Commission, to give this matter the highest priority. Accordingly I am available to discuss this matter with any of the interested parties, particularly because Congress is adjourned for the summer.

Sincerely,

Brad Sherman
Member of Congress

P.S. In his quarterly earnings teleconference, Michael White of DirecTV indicated that he believes that Time Warner overpaid for the right to air SportsNet LA and that DirecTV should not have to pay a carriage fee based on what he regards as a profligate business decision. As noted in point 6 above, my proposal envisions that the Arbitrators would be looking at scores of contracts involving regional sports networks (RSNs), from coast to coast. Thus the overwhelming majority of RSN contracts analyzed would reflect prices not influenced by any alleged Time Warner profligacy.

CC: Stan Kasten, Los Angeles Dodgers
AT&T U-verse
Charter Communications
Cox Communications
DISH Network
Verizon Fios

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

August 11, 2014

The Honorable Brad Sherman
U.S. House of Representatives
2242 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Sherman:

Thank you again for apprising me of your strong desire for a swift resolution to the ongoing dispute between Time Warner Cable (TWC) and other multi-channel video program distributors (MVPDs) to ensure your consumers in the Los Angeles area can view and enjoy LA Dodgers games.

As you mention in your letter, the Commission has requested information from TWC and expects to receive that in the near term. Once received, Commission staff will carefully review the response and determine whether – and what – further action is warranted. As we discussed last week, it is my sincere desire that the parties will take the Commission's interest in the matter as an impetus to work out their differences on their own to the benefit of consumers.

It was a pleasure to speak with you regarding this matter, and we will keep your office informed if any additional Commission action occurs.

Sincerely,

Tom Wheeler