



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

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.

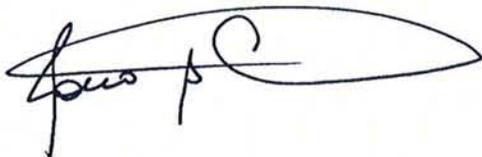
A more direct approach, and one that the Commission itself has raised in the pending RTC rulemaking, is for the Commission to amend its rules to authorize smaller cable operators to designate larger operators to negotiate on their behalf. I strongly urge you to adopt such a rule. I also urge you to include 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 "James P. [unclear]", written over a horizontal line.