



October 27, 2017

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Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Authorizing Permissive Use of the Next Generation Broadcast Television Standard, GN Docket No. 16-142; Annual Assessment on the Status of Competition in the Market for Delivery of Video Programming, MB Docket No. 17-214

Dear Ms. Dortch:

On Wednesday, October 25, 2017, Larry Frazier of Central Arkansas Telephone Cooperative and Bill Durdach of WTA – Advocates for Rural Broadband met with Evan Baranoff, Kathy Berthot, Steven Broeckaert, John Gabrysch, Martha Heller, Lindsey Meyers, Nancy Murphy, and Brendan Murray of the Media Bureau to discuss the issues small MVPDs face in the video marketplace including rising programming costs, retransmission consent, and the impact that the ATSC 3.0 Next Generation broadcast standard transition may have on the continued viability of video services offered by small MVPDs.

WTA stated that small MVPDs are facing increasing pressure in the video marketplace where most are losing money or at best breaking even. WTA noted that this is leading many small MVPDs to leave the video marketplace adding that 5 of its members in the past year decided to stop offering video. WTA argued that it has reached the point that any additional difficulties may be the final straw that makes a small MVPD end its video service.

Mr. Frazier described how he offers video in his service area in central Arkansas. He noted that offering video service has become difficult due to runaway programming costs that have resulted in large increases in customers' bills. Mr. Frazier stated that these increases are the result of one-sided retransmission consent negotiations where broadcasters know that MVPDs must carry their stations or face backlash from their customers. And as a result, broadcasters do not entertain counteroffers that may make service more affordable for MVPDs and customers. Mr. Frazier added that a recent negotiation included being told by a broadcaster that if he didn't accept the initial offer in 15 days, the price would substantially increase. He also noted that the offer required carriage of other channels, which will only increase the cost of the most basic package. He also argued that it is unfair that small MVPDs pay significantly more for content than larger MVPDs do. Mr. Frazier concluded by stating that he now pays 5 times more in retransmission consent fees for ABC, CBS, NBC, and Fox than he did just a few years earlier.

WTA also reaffirmed its position that the proposed ATSC 3.0 transition must include protections for small MVPDs or else more will consider leaving the marketplace. WTA noted that much is still unknown about how much a transition will cost, but because the technology is not backwards compatible, it is expected to be cost prohibitive for small MVPDs. In fact, vendors have told WTA members that the transition will require a

total overhaul of their systems. WTA also urged the Bureau to ensure that the transition is truly voluntary as the NPRM proposes. This means that no MVPD should lose a broadcaster's legacy signal during simulcasting as a result of a broadcaster moving its tower, which would require the MVPD to invest in relocating its headend. WTA also warned against retransmission consent being used to force a transition and noted that some members have already seen language that requires the small MVPD to retransmit "any ATSC compliant standard." WTA argued that legacy and ATSC 3.0 signals should be negotiated separately and that it should be considered per se evidence of bad faith to tie the signals together in a retransmission consent negotiation.

Pursuant to Section 1.1206(b) of the Commission's Rules, this submission is being filed for inclusion in the public record of the referenced proceedings.

Respectfully submitted,

/s/ Bill Durdach

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