



Consumer Federation of America

April 28, 2004

House of Representatives
Washington, DC 20510

Dear Representative:

Consumers Union, Concerned Women for America, the Parents Television Council and the Consumer Federation of America strongly support, and urge you to support Rep. Deal's "Video Programming Choice and Decency" amendment, which will be offered on the Reauthorization of the Satellite Home Viewer Improvement Act. By allowing cable and satellite companies to voluntarily offer "a la carte" channel selection to their viewers, this legislation could help lower consumers' cable and satellite bills, as well as provide citizens with a meaningful tool to avoid underwriting the cost of programming they find objectionable.

This amendment provides an opportunity for any cable or satellite operator that wants to make an "a la carte" option available to its subscribers (in addition to any other packages they wish to offer) a chance to do so. The bill also requires the Federal Communications Commission (FCC) to report back to Congress the results for subscribers who chose "a la carte" after 12 months.

Cable rates are up more than 50 percent since Congress passed the 1996 Telecommunications Act — nearly three times faster than inflation during that same period. This legislation provides positive marketplace incentives to check those pricing trends in several ways. It will encourage video programmers to keep their prices in line with what the market will bear, and will encourage those programmers to produce quality fare that consumers will subscribe to. This is a far better situation than forcing consumers to accept a large "take it or leave it" bundle of channels that many viewers never watch.

"A la carte" channel selection also provides a market path through the indecency thicket. Rather than having the government in the precarious business of deciding what content is or is not appropriate for citizens, "a la carte" allows individuals and families to decide which channels they will subscribe to and which they refuse to either watch or pay for.

While cable companies have begun making it possible for their customers to block offensive channels, consumers must still pay for those channels and thereby provide financial support to sustain programming they may find objectionable. Also, the 30-40 million analog cable customers have to navigate a time-consuming and confusing process just to get their cable company to explain how to "trap" individual channels.

It is interesting to note that Canada is already offering “a la carte” channel selection on several of its largest cable systems, and viewers there save about 30 percent compared to viewers who select the average number of channels Americans tend to watch. Canadian subscribers receive a basic tier with approximately 30 channels, and can then pick 1, 5, 10, 20 or 30 additional channels “a la carte” for a price per channel that drops as subscribers purchase more channels. Canadian viewers who select the average number of channels that U.S. consumers tend to watch pay about 30 percent less than the cost of typical digital cable services in the U.S.

There are even some subscribers in the United States who are able to receive a selection of channels “a la carte,” by using considerably older satellite technology (C-Band).¹ According to *The Washington Post*, one “big dish” subscriber in Stone Mountain, Georgia, pays only for the channels he watches and is billed just \$16 a month for his U.S. cable programming. As this example and others make apparent, the major obstacle to providing better choices and better prices through “a la carte” to consumers is not technology, but simply the obstinacy of monopolists.

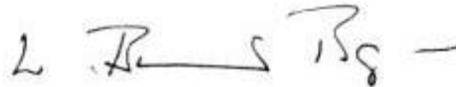
Clearly, the time has come to give consumers more choice in video programming markets, the ability to control what programming their dollars support, and more control over their own cable and satellite bills. This amendment would accomplish these aims, and at the same time involve the least regulatory intrusion necessary to allow a cable or satellite provider to experiment with “a la carte” offerings.

We enthusiastically support Rep. Deal’s bill and urge you to do the same. We look forward to working with you in the coming months towards its passage.

Sincerely,



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Consumers Union



L. Brent Bozell
President
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Beverley LaHaye
Chairman
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Mark Cooper
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¹ Ahrens, Frank. “Channels a la Carte: Big-Dish Customers, a Dying Breed, Choose What They Pay For.” *The Washington Post* (Apr. 15, 2004).