

RETRANSMISSION CONSENT

Congress passed the Communications Act in 1992. One item in the new act dealt with the ability of a local Broadcast television station (this applies to stations that transmit their signal through the air to their viewers) to have the right to Elect, MUST CARRY or RETRANSMISSION consent.

The broadcasters lobbied Washington stating that if a local cable company did NOT carry their signal they would be out of business because most of their viewers subscribed to cable and did not have an outside Antenna that would enable them to receive their signal. The Cable Association did not have a problem with the Communications Act having this provision. HOWEVER, the broadcast stations took it one step further by lobbying for RETRANSMISSION CONSENT. If the broadcast station elected the MUST CARRY options, the cable operator would be obliged to carry the signal and no payment would be required. With the RETRANSMISSION consent option, the station would have the right to request payment for its signal before a cable company could receive the off air signal and deliver it to its subscribers.

The cable associations and all cable operators objected to this add on provision because we could see the ill effects this option would create. The cable associations lobbied Congress and tried to point out the pit falls of this legislation but the broadcasters assured Congress that electing the RETRANSMISSION CONSENT OPTION was not their primary focus. They insisted their only goal was to protect their ability to survive and the MUST CARRY option would be their choice. Congress passed the Communications Act in 1992 with both options.

The broadcast stations that consisted of shopping channels, ethic channels, infomercial channels, all elected MUST CARRY that required no payment. ALL of the major networks (ABC, NBC, CBS, FOX, etc.) elected RETRANSMISSION CONSENT. This is the opposite of what they said they would do when they lobbied Congress.

As soon as the Communications Act was in place, all cable companies were notified by the broadcasters that to continue carriage of their signal they would be required to pay for the signal. They would arbitrarily come up with an absurd amount for continued carriage of their signal. They would arbitrarily come up with an absurd amount for continued carriage of their signal or the cable operator could avoid this charge by adding their new Satellite services that required a monthly payment. This created a situation that added dozens of channels that had little or no value to the cable companies channel line-up. The cable companies had to agree or lose the right to carry the Major Network signals.

To make matters worse, the RETRANSMISSION CONSENT agreement only lasted three years and the negotiations to continue the right to carry the BROADCAST signal started again. The broadcasters always started without any consideration for the channels that were added for the last agreement. The previous channels and the new channels offered were tied to the term limit of the new RETRANSMISSION agreement. To our customers who wondered why we would add dozens of new stations with no real value, this should answer that question. This format has been in place for the past 20 years.

When cable companies added new services such as phone and internet, the ability to continue to add these new channels (due to technical limitations) was becoming a major factor. For the broadcasters,

the realization that creating a new service (other than a basket weaving channel) was becoming unrealistic because of the proliferation of channels that existed and the fact that they had to keep changing program formats to try and attract or keep viewers. Their new position is a cash only option.

The broadcasters made the argument that their Neilson ratings (number of viewers) have declined because of the cable channels, however, they neglect to state who owns these channels and who gets the revenue from all of the advertisements and the payment from the cable companies for carrying these channels.

Last year the Broadcast industry collected \$1.14 billion in retransmission fees; SNL Kagan projects these fees will more than triple to more than \$3.61 billion by 2017 (study can be viewed at: <http://www.prweb.com/releases/2011/5/prweb8483711.htm>).

Service Electric feels the time has come to notify your representative in Congress that the intent of RETRANSMISSION CONSENT provision of the 1992 Communications Act has been misused and the Broadcast industry will continue this practice and cable rates will continue to increase.

To contact your local Congressperson, enter your Zip Code in the box below and you will receive a form with the Email address of your Congressional representative and a comment section.