

## NATIONAL ALLIANCE OF STATE BROADCASTERS ASSOCIATIONS

Alabama Broadcasters Association  
Alaska Broadcasters Association  
Arizona Broadcasters Association  
Arkansas Broadcasters Association  
California Broadcasters Association  
Colorado Broadcasters Association  
Connecticut Broadcasters Association  
Florida Association of Broadcasters  
Georgia Association of Broadcasters  
Hawaii Association of Broadcasters  
Idaho State Broadcasters Association  
Illinois Broadcasters Association  
Indiana Broadcasters Association  
Iowa Broadcasters Association  
Kansas Association of Broadcasters  
Kentucky Broadcasters Association  
Louisiana Association of Broadcasters  
Maine Association of Broadcasters  
Massachusetts Broadcasters Association  
Maryland, DC, Delaware Broadcasters  
Michigan Association of Broadcasters  
Minnesota Broadcasters Association  
Mississippi Association of Broadcasters  
Missouri Broadcasters Association  
Montana Broadcasters Association  
Nebraska Broadcasters Association  
Nevada Broadcasters Association  
New Hampshire Association of Broadcasters  
New Hampshire Broadcasters Association  
New Jersey Broadcasters Association  
New Mexico Broadcasters Association  
The New York State Broadcasters Association  
North Carolina Association of Broadcasters  
North Dakota Broadcasters Association  
Ohio Association of Broadcasters  
Oklahoma Association of Broadcasters  
Oregon Association of Broadcasters  
Pennsylvania Broadcasters Association  
Pillsbury Winthrop Shaw Pittman LLP  
Puerto Rico Broadcasters Association  
Rhode Island Broadcasters Association  
South Carolina Broadcasters Association  
South Dakota Broadcasters Association  
Tennessee Association of Broadcasters  
Texas Association of Broadcasters  
Utah Broadcasters Association  
Vermont Association of Broadcasters  
Virginia Association of Broadcasters  
Washington State Association of Broadcasters  
West Virginia Broadcasters Association  
Wisconsin Broadcasters Association  
Wyoming Association of Broadcasters

August 28, 2014

Honorable John D. Rockefeller IV  
Chairman  
Committee on Commerce,  
Science and Transportation  
U.S. Senate  
Washington, D.C. 20510-6125

Honorable John Thune  
Ranking Member  
Committee on Commerce,  
Science and Transportation  
U.S. Senate  
Washington, D.C. 20510-6125

Dear Chairman Rockefeller and Ranking Member Thune,

The 50 State Broadcasters Associations, whose member broadcast television stations serve local communities across the country, write to oppose the “Local Choice” proposal which you recently circulated for discussion purposes. If adopted, the proposal will unjustifiably eliminate television broadcasting’s longstanding statutory right of retransmission consent and unfairly single out the free, over-the-air, local television broadcast industry for mandatory “a la carte” treatment. For the reasons that follow, the proposal will very negatively impact television broadcasters and all of the nation’s viewers. Accordingly, we strongly oppose inclusion of the proposal as part of the Senate Commerce Committee’s reauthorization of the Satellite Television Extension and Localism Act.

All broadcasters appreciate your recognition of (i) the unique and critical value of broadcast localism, (ii) the economic necessity that broadcasters be fairly compensated for their investment in programming particularly when retransmitted by pay-television providers to their paying subscribers, and (iii) the importance of *meaningful* consumer choice. However, the proposal will destroy localism, including the backbone of our nation’s Emergency Alert System, by denying fair compensation to broadcasters without providing consumers, who continue to complain loudly about the monthly cost of pay-television service, with any meaningful choice or relief. Furthermore, as reflected in over a decade’s worth of economic literature and policy debate, mandated a la carte pricing proposals have been proven to increase prices, decrease programming diversity, and result in fewer – not more – choices for consumers. Indeed, these are precisely the exact opposite results that your proposal appears to seek.

The prescription of a broadcast-only a la carte regime exacerbates these economic effects because broadcasters are much more reliant upon advertising as a percentage of revenue (almost 80 percent) than other programming channels (HBO: 0 percent; TWC SportsNet LA: 16 percent),

and because consumers wishing to decrease the cost of their bills will only be able to do so (by no means a “given”) by opting out of their local broadcast channels, even if they prefer broadcast channels over non-broadcaster programming for which the proposal denies them full per-channel “choice.” Make no mistake, the net effects of a broadcast-only a la carte requirement will diminish broadcast localism and harm consumers without actually providing consumers meaningful choice or meaningful cost savings.

Such an outcome is inconsistent with the long-held values of the universal accessibility of broadcasting’s local news, weather, and *emergency information*, as well as broadcasting diversity. As local broadcasters struggle under a la carte economics, there will be less resources to invest in newsrooms, journalists, and local programming and perhaps even fewer broadcaster outlets to cover local affairs and emergencies in the future. Additionally, broadcasters that serve diverse audiences with religious, ethnic, and foreign language programming will find it harder to sustain such niche programming investments with the decline in access to subscriber viewership. An a la carte model will also chill the willingness of broadcasters to cover controversial issues of public importance due to this fact alone – today viewers who are unhappy with a particular program, subject or viewpoint that was aired can, as a form of protest, change the channel and not return to a station’s programming for some period of time. Under a broadcast a la carte model, those same viewers, will be able to extend their “protests” by withholding payment of at least that station’s portion of their monthly subscriptions, thereby chilling the journalistic and editorial decisions of every station, and throwing the economics of the nation’s local television broadcast system, into chaos. All of this will harm not only consumers receiving broadcast programming through pay-television providers, but also those consumers who receive broadcasting for free via over-the-air reception.

Beyond these pitfalls, significant questions remain about how such a system would be implemented:

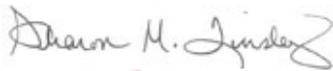
- Absent a statutory requirement or contractual relationship between broadcasters and pay-television distributors, what incentive would these distributors – who are competitors to broadcasting – have to cooperate with the television broadcast industry in making a la carte work as this proposal intends? Who and how would that cooperation be policed?
- Given that the proposal apparently intends to save those consumers, who opt out of paying for the broadcast stations, money on their monthly subscriptions, who and how will pay-television providers be held accountable?
- How would pay-television providers acquire ancillary programming rights, such as video-on-demand and over-the-top rights that are currently contemplated as part of the retransmission consent negotiations?
- An a la carte business model would upend the network-affiliate relationship with potentially devastating consequences for the networks, for their affiliates and for the financial markets.
  - Would existing retransmission consent contracts, many of which are long-term in nature, remain valid until expiration or would they be voided?
  - All of the television network agreements provide that their affiliated stations pay their networks “reverse compensation” that is tied to retransmission consent fees paid by

pay-TV providers. How would those agreements – which are multiyear and expire at different times – be treated under the proposal?

Once the proposal becomes a matter of public knowledge outside the Beltway, there will be enormous pressure on Congress to expand the a la carte model beyond broadcast, and well it should, in response to the millions of constituents who will complain that the proposal does not provide them with the right to pick and choose which non-broadcast programming (which represent the vast majority of their monthly pay-TV bills) they wish to pay for. In short, the proposal will likely become the slippery “a la carte” slope that broadly upsets a vibrant and functioning video marketplace.

In conclusion, we oppose this proposal because of its likely devastating impacts on broadcast localism and the nation’s viewers. In the coming days and weeks, we look forward to visiting with you and your colleagues in Washington, D.C. as well as in your home offices to further demonstrate our strong concerns.

Sincerely,



**Alabama Broadcasters Association**  
Sharon Tinsley



**Alaska Broadcasters Association**  
Cathy Hiebert



**Arizona Broadcasters Association**  
Art Brooks



**Arkansas Broadcasters Association**  
Doug Krile



**California Broadcasters Association**  
Stan Statham



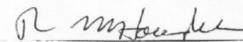
**Colorado Broadcasters Association**  
Justin Sasso



**Connecticut Broadcasters Association**  
Michael Patrick Ryan



**Florida Association of Broadcasters**  
C. Patrick Roberts



**Georgia Association of Broadcasters**  
Bob Houghton

*Jamie Hartnett*



**Hawaii Association of Broadcasters**  
Jamie Hartnett

*Connie M. Searles*



**Idaho State Broadcasters Association**  
Connie Searles

*Dennis Lyle*



**Illinois Broadcasters Association**  
Dennis Lyle

*Joe Misiewicz*



**Indiana Broadcasters Association**  
Joe Misiewicz

*Sue Toma*



**Iowa Broadcasters Association**  
Sue Toma

*Kent M. Cornish*



**Kansas Association of Broadcasters**  
Kent Cornish

*Gary R. White*



**Kentucky Broadcasters Association**  
Gary White

*Polly Prince Johnson*



**Louisiana Association of Broadcasters**  
Polly Prince Johnson

*Suzanne Goucher*



**Maine Association of Broadcasters**  
Suzanne Goucher

*Lisa Reynolds*



**Maryland/D.C./Delaware (MDCD) Broadcasters Association**  
Lisa Reynolds

*Jordan Walton*



**Massachusetts Broadcasters Association**  
Jordan Walton

*Karole L. White*



**Michigan Association of Broadcasters**  
Karole L. White

*Jim du Bois*



**Minnesota Broadcasters Association**  
Jim du Bois

*Jackie Lett*



**Mississippi Association of Broadcasters**  
Jackie Lett

*Mark Gordon*



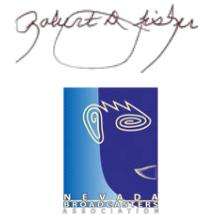
**Missouri Broadcasters Association**  
Mark Gordon



**Montana Broadcasters Association**  
Dewey Bruce



**Nebraska Broadcasters Association**  
Jim Timm



**Nevada Broadcasters Association**  
Robert Fisher



**New Hampshire Association of Broadcasters**  
Jordan Walton



**New Jersey Broadcasters Association**  
Paul Rotella



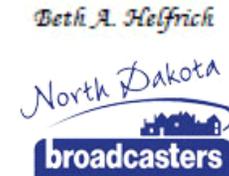
**New Mexico Broadcasters Association**  
Paula Maes



**New York State Broadcasters Association**  
David Donovan



**North Carolina Association of Broadcasters**  
Wade Hargrove, Esq.



**North Dakota Broadcasters Association**  
Beth Helfrich



**Ohio Association of Broadcasters**  
Christine Merritt



**Oklahoma Association of Broadcasters**  
Vance Harrison



**Oregon Association of Broadcasters**  
Bill Johnstone



**Pennsylvania Association of Broadcasters**  
Rich Wyckoff



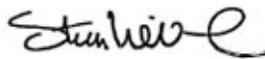
**Radio Broadcasters Association of Puerto Rico**  
Jose A. Ribas Dominicci



**Rhode Island Broadcasters Association**  
Lori Needham



**South Carolina Broadcasters Association**  
Shani White



**South Dakota Broadcasters Association**  
Steve Willard



**Tennessee Association of Broadcasters**  
Whit Adamson



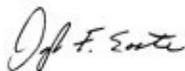
**Texas Association of Broadcasters**  
Oscar Rodriguez



**Utah Broadcasters Association**  
Michele Zabriskie



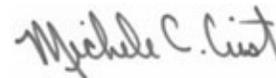
**Vermont Association of Broadcasters**  
Jim Condon



**Virginia Association of Broadcasters**  
Doug Easter



**Washington State Association of Broadcasters**  
Mark Allen



**West Virginia Broadcasters Association**  
Michele Crist

*Michelle Vetterkind*



**Wisconsin Broadcasters Association**  
Michelle Vetterkind

*Laura Grott*



**Wyoming Association of Broadcasters**  
Laura Grott

Cc: Members of the United States Senate Committee on Commerce, Science and Transportation