



## Consumer Federation of America

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### **TO PROMOTE COMPETITION, EXPAND CONSUMER CHOICE, AND ACCELERATE BROADBAND ADOPTION**

#### *The FCC should modernize the definition of Multichannel Video Programming Distribution*

Washington D.C. -- In [comments](#) filed yesterday in the FCC's proceeding on the definition of multi-channel video programming distribution (MVPD), the Consumer Federation of America called on the Federal Communications Commission (FCC) to continue adapting its approach to regulation for the digital age by removing another barrier to competition and consumer-friendly service.

The following statement can be attributed Mark Cooper, CFA's Director of Research.

In the recent network neutrality and muni-broadband decisions, the FCC sought to ensure that consumer access to broadband facilities and content would not be hampered by anticompetitive anti-consumer policies and tactics of network Internet service providers. In this proceeding the Commission has the opportunity to remove a major barrier to competition in the video programming space.

By granting online video providers the same access to programming afforded to traditional MVPDs, the Commission is poised to unleash a new generation of innovation in online video, creating greater choice and value for consumers.

Under the old rules, video service providers were required "to control a transmission path" in order to be considered a MVPD. This allows the cable operators to act as gatekeepers and toll collectors. Disputes between content suppliers and transmission entities have been repeatedly resolved by raising consumer prices and increasing the size of the program bundle consumers are required to purchase in order to get the small number of programs consumers want to watch.

Nascent, innovative services – like Sky Angel and Aereo –that offered specialized, smaller bundles of programming with digital technologies have been snuffed out by the anti-competitive tactics of the dominant content and distribution companies. If the "control of the transmission path" requirement is removed, online video distributors would have a fair opportunity to negotiate for content. Granting these new entrants greater access to consumers,

would lead to greater experimentation and competition because they can only succeed by developing new products that win consumer attention away from the dominant incumbents.

Because consumers will benefit, broadband adoption will increase. Making video services more responsive to consumer demand will be an important stimulus to the virtuous cycle that the FCC and the courts have identified as central to the spread of broadband. As innovative “edge” companies develop applications they stimulate demand which elicits more investment in the communications facilities. As network capacity expands and functionality increases, edge companies create new applications that stimulate more demand and the cycle is repeated.

Availability of video content is one of the prime drivers of Internet use and removing this barrier to online video distribution will increase demand in two ways.

- Consumers who have been priced out of the traditional MVPD market by expensive bundles of programming may be attracted to specialized bundles offered by online video distributors.
- Consumers who have not entered the broadband market may be attracted to it by the increased value that online video services would deliver.

Eliminating the “control of the transmission path” requirement is consistent with the amendments to the Communications Act adopted in the Telecommunications Act of 1996, the Broadband Data Improvement Act of 2008 and the Broadband Opportunity Technology Act of 2009. “Modernizing” the MVPD definitions is not only good for consumers and broadband adoption, it is long overdue.

*The Consumer Federation of America is a nonprofit association of more than 250 consumer groups that was established in 1968 to advance the consumer interest through research, advocacy, and education.*