

December 16, 2014

The Honorable Senator Bernie Sanders

1 Church Street, Suite 300

Burlington, VT 05401

Dear Senator Sanders,

We are writing to make you aware of demands made by several of the local broadcast stations that will impact customers in communities throughout the State of Vermont and as the US Senate will possibly consider reform to the Retransmission/Consent framework in the 114th Congress. Since October 2014, the cable operators listed below have been engaged in retransmission consent negotiations with the local broadcast stations that represent the major networks CBS, FOX, ABC and NBC. These networks, through their regional broadcast affiliates, are asking the cable operators to accept a 150-1000% increase in monthly subscriber fees for what are otherwise, free, over the air broadcast signals. In addition, new technical and operational requirements are included that can increase the cost of providing service. Unfortunately if we do not accept these exorbitant per subscriber monthly increases and new conditions, our customers will lose local programming.

Content pricing has increased substantially over the years but the rate increase from the broadcasters will absorb any small margin of profit the cable operator has and compel all of the operators on this letter to raise customer's cable television pricing by approximately \$5.00 - \$15.00 a month.

A combination of factors has led to this unfortunate situation. Most notably, outdated and overly prescriptive federal retransmission consent and network non-duplication laws and regulations have granted the broadcasters both a monopoly in their markets and the right to demand payment for their signals. The two rules combined have given broadcasters extraordinary market power in their retransmission consent negotiations with cable operators, allowing them to make "take-it-or-leave-it" deals. Unfortunately, recent federal passage of STARA (formerly STELA) will not change this situation, leaving Vermont consumers at the mercy of what is simply, major network greed.

It is important for you to know that TV stations "blackmail or blackout" strategy will continue to frustrate pay-TV consumers in the vast majority of smaller and rural markets, like ours, until Congress decides to change an irresponsible and outdated law biased in favor of broadcasters.

It is not unusual for the broadcasters to discriminate against small cable operators. Independent providers, like our companies, are often charged higher per-subscriber fees than their local competitors, which include large operators and satellite TV providers with national reach. The broadcasters take advantage of our need to carry these local stations to our subscribers and their effective monopoly in the television market by demanding as much as they can.

In addition to the "take-it-or-leave-it" philosophy that the broadcasters use, the broadcasters do not allow the operators to disclose the retransmission fees that are being forced upon the small operator. Some broadcasters are requiring Cable Operators to sign "Non-Disclosure" Agreements before any negotiations can begin. Often, the NDA language stands in perpetuity even if no retransmission agreement is reached. In Vermont, small cable operators lobbied for the passage of Act 190 which provides that broadcasters disclose fees to the Attorney

General's Office but the fees do not get reported to the Attorney General until after January 1, 2015. At this point, unless we want to lose the programming from the broadcasters, the contracts will be signed and the excessive rate increases will be locked in.

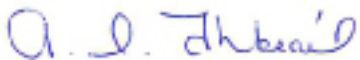
As small cable operators, we can no longer stay silent on an issue that has continued to plague the industry for years. An issue that grows larger with each passing retransmission election cycle. We would like to see the ability to negotiate outside of our designated market area ("DMA"); most favored nation clauses included in retransmission agreements so large carriers do not receive better rates and operating requirements and wholesale rates identical for all carriers in a DMA so that rural customers are not discriminated against.

We are happy to answer any questions you may have regarding this matter and would welcome an opportunity to meet with you or a member of your staff who assists you with telecommunications issues. Thank you in advance for your support.

Sincerely,

Vermont Small Cable Operators

Title: Division Manager of Regulatory Affairs

Name: 

Company: **Burlington Telecom**

Title: Vice President – Industry Relations

Name: 

Company: **Waitsfield & Champlain Valley Telecom**

Title: Director of Revenue Assurance & Industry Relations

Name: 

Company: **Vermont Telephone Company Inc.**

Title: Frederick Rothhammer

Name: 


Company: **Stowe Cablevision, Inc.**

Title: Owner/Operator

Name: 

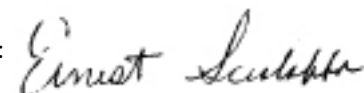
Company: **Duncan Cable TV**

Title: Owner/President

Name: 

Company: **Trans-Video Cable**

Title: President

Name: 

Company: **Southern Vermont Cable Company**