

Opening Statement
Chairman Mike Doyle
Subcommittee on Communications and Technology
Committee on Energy and Commerce
Hearing on “STELAR Review: Protecting Consumers in an Evolving Media Marketplace”
June 4, 2019

Good morning, I'd like to welcome everyone to this subcommittee's first hearing of the new Congress on STELAR and the evolving media marketplace. I'd also like to thank our witnesses for appearing before us today to discuss these important issues.

Five years ago, this Committee passed the STELA Reauthorization Act. This bill extended the authorization for satellite television companies to provide broadcast content to unserved households. According to the satellite TV industry, this provision enables roughly 870,000 customers, in mostly rural communities, to receive over-the-air broadcast television signals.

These customers fall into a few categories. The first is households that cannot receive broadcast content using an antenna. The second is markets where a satellite provider does not offer local into local service. The third is short markets, where there are no local affiliated stations with one of the networks. And finally, satellite TV subscribers that receive service to a commercial truck or RV.

In effect, this provision enables rural customers of Dish and Direct TV to receive content from NBC, ABC, CBS, Fox, and other broadcast stations, where it isn't otherwise available.

STELAR also required broadcast stations and MVPDs, cable, telco, and satellite companies like Charter, Verizon, Dish, and others that offer television service, to negotiate the carriage of broadcast television content on their systems, what is known as retransmission consent or retrans, under a good faith standard, to be decided by the FCC. This regulatory backstop was and is important, because there have been allegations that these negotiations have at times not been carried out in good faith. When negotiations stall or break down, broadcasters may pull their signal from an MVPDs system's channel lineup, resulting in a blackout of that content. In these circumstances, consumers suffer as a result of the two parties' inability to come to an agreement. And while it is true that some consumers have the ability to setup an antenna to get this content over the air, when it gets pulled off their cable or satellite service, for many this option is too complicated, and they go without this broadcast content during these disputes. Requiring that parties engage in good faith negotiations was intended to reduce the number of blackouts and the resulting consumer harm. These were the major provisions of the bill that are now set to expire at the end of this year.

Some in the broadcast industry have argued that this legislation should sunset, and that the provisions are no longer necessary. While I agree that this law isn't a perfect solution, allowing this legislation to sunset would create a crisis that could result in nearly a million consumers losing access to important broadcast content. Allowing a lapse of the good faith standard in retransmission consent negotiations only invites bad behavior and consumer harm. More broadly, the media landscape has changed a lot of the last five years, with major consolidation occurring among broadcasters and MVPDs. Ms. Boyers, in her testimony, argues that this arms race between the two sides has resulted in increased rates for smaller rural cable providers, who don't have the scale to get preferential rates, and who often times pay higher rates for content than their larger rivals. However, across the board, we hear from MVPDs that the rates for retransmission consent are increasing. In recent years we have also seen the rise of over-the-top providers like Sling, Hulu, and YouTube offering live television services over the internet directly to consumers.

This is a complex marketplace that consumers rely on for information and entertainment, and American's pay a lot every year to get access to this content. I look forward to the testimony of our witnesses.