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Testimony in support of LD 832, "An Act To Expand Options For Consumers of Cable Television in Purchasing Individual Channels and Programs"

Presented by Representative Jeffrey Evangelos, House District 91. Presented to the Energy, Utilities, and Technology Committee, Tuesday, March 5, 2019.

Good afternoon Senator Lawrence, Representative Berry, and other distinguished members of the Energy, Utilities, and Technology Committee. I am Representative Jeffrey Evangelos from Friendship and I represent House District 91. I am speaking today in support of LD 832, "An Act To Expand Options For Consumers of Cable Television in Purchasing Individual Channels and Programs".

I submitted this bill on behalf of Maine's hundreds of thousands of cable television subscribers. For far too long, consumers have been forced to purchase cable TV packages which include dozens of channels the consumer has no interest in watching.

In May 2013, the late U.S. Senator John McCain introduced legislation that would have encouraged, through regulatory incentives, programmers and distributors to offer à la carte services. He cited an FCC survey finding that the cost of expanded basic cable has effectively risen from about \$25 a month in 1995 to over \$54, greatly exceeding inflation. His bill was defeated due to the heavy lobbying against the proposal by the cable industry.

On September 3rd 2007, the Telecom Regulatory Authority of India (TRAI) issued the *Telecommunication Interconnection (Fourth Amendment) Regulation 2007*, coming into force from December 1st of the same year, requiring all broadcasters to offer channels on an à la carte basis. TRAI ordered that customers in India must be given a free choice of channels rather than be forced to choose package deals. The deadline for making the change was January 2011. The order stated, "Every service provider providing broadcasting services or cable services to its subscribers using an addressable system shall offer all pay channels to its

subscribers on à la carte basis and shall specify the maximum retail price for each pay channel”. All Indian cable TV providers (Tata Sky, Airtel Digital TV, Videocon d2h, In Digital, and Reliance Digital TV) launched à la carte options in January 2011.

In 2012, the Canadian Radio-television and Telecommunications Commission issued two rulings that would permit à la carte services, but not require them. The decisions, which spring from a long-standing dispute between Bell Media and some of Canada’s smaller cable companies, gave Bell the ability to charge customers on a sliding scale: the more channels subscribed to, the lower the per channel cost. In October 2013, Industry Minister James Moore said during the television appearance that Canadians “shouldn’t have to pay for bundled television channels they don’t watch” and indicated that the country’s Conservative government would make it easier for subscribers to purchase channels individually.

In 2006, Kevin Martin, then chairman of the Federal Communications Commission, and one of the best known advocates for the à la carte pricing scheme, presented a report to Congress arguing that the average consumer would save 13 percent on cable bills if he or she could subscribe only to those channels actually watched.

The US cable industry has already implemented à la carte options when it suits their needs. Pay per view, HBO, and other offerings are already done on an à la carte basis, defeating the arguments that this consumer friendly option poses logistical problems. In addition, consumers are now able to select individual programming using their computers. This option needs to be expanded to our televisions at home.

Finally, consider the plight of a senior citizen on fixed income, who would like to watch sports or classic movies. Living on social security of \$800 per month, the cable subscription that includes NESN, ESPN, and Turner Classic Movies currently costs approximately \$100 per month factoring in the digital adapter, high definition box and taxes. That amounts to almost 12.5% of that senior citizen’s income, effectively pricing them out of the market. For this reason, many people go without television. An à la carte option would allow this person to select a few favorite channels and enjoy programming that fits their budget.

I have attached an FCC circular which clearly states that: “There is no law that requires (or prohibits) cable companies to offer channels or programs on an ‘à la carte’ basis.” Therefore, since there is no federal regulation prohibiting à la carte

pricing, it is within a state's authority to add this option for Maine's local franchising authorities.

Thank you for your consideration. I'll be happy to answer any questions the committee may have.



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Regulation of Cable TV Rates

Your local franchising authority - the city, county or other governmental organization authorized by your state to regulate cable television service - legally may (but is not required to) regulate the rate your cable TV provider can charge for "basic" cable service. The rates you pay for other cable programming and services, such as expanded cable channel packages, premium movie channels and pay-per-view sports events, are set by your cable TV provider.

Basic tier service

Cable systems generally are required to offer a "basic tier" of programming which must be included for all subscribers before they purchase any additional programming. The basic service tier must include most local broadcast stations, as well as the public, educational and governmental channels required by the franchise agreement between the LFA and your cable company.

In general, LFAs may review any increases in basic service tier rates to verify that they accurately reflect increases in the cable company's programming or other costs that cable operators are allowed to pass through to customers. Your LFA also is authorized to enforce FCC rules and guidelines in the following areas:

- **Customer service:** complaints about bills, or a cable operator's response to inquiries about signal quality or service requests
- **Franchise fees,** which the cable company pays the LFA for the right to access public rights of way to offer cable service

Additional service tiers

The rates for any tier of service beyond the basic services tier, including pay-per-channel programming (i.e., a premium movie channel) and pay-per-program services (i.e., a pay-per-view sports event), are not regulated. Your cable company determines the rates charged for these services. However, your cable company may not require you to purchase any additional service tier other than the basic service tier in order to have access to pay-per-view events or premium channels offered on an "a la carte" or individual basis. There is no law that requires (or prohibits) cable companies to offer channels or programs on an "a la carte" basis.