



## **American Homeowners Grassroots Alliance**

March 12, 2002

Honorable Michael K. Powell  
Federal Communications Commission  
Docket #01-348  
445 12th Street, SW  
Washington, DC 20554

Dear Chairman Powell:

The American Homeowners Grassroots Alliance (AHGA) is a consumer advocacy organization representing the interests of the nation's 72 million homeowners.

We have studied carefully the proposed merger of the direct broadcast satellite television companies EchoStar and DIRECTV, and are convinced that the merger would be in the national interest, and in the interest of homeowners specifically. In addition several merger conditions, offered by the companies and likely to be adopted by the federal government, will make the merger an even better deal for homeowners and other consumers.

The principal objection to the merger is that it would result in a single company having some 90% of the direct broadcast satellite business. At first glance this would appear to result in a non-competitive monopoly situation.

However, it is our view that the more important area of competition is within the total pay television industry, where the two companies represent only 17% of the industry. The cable companies, each of which currently is a virtual monopoly within the geographic region(s) in which it is established, represent eighty percent of the pay television industry. The merger will result in a stronger competitor to the cable companies in the area of pay TV, both in terms of price and service, and homeowners and other consumers will benefit from both. To protect homeowners and others who live outside current cable service areas we are urging that an enforceable guarantee be put in place so that monthly service fees for all satellite services in rural areas be no more than those monthly service fees in urban areas where there is cable competition. We are pleased that the CEO's of both EchoStar and DIRECTV have recognized this area of concern and pledged that they will continue to apply a uniform national pricing policy to their services. This commitment should encourage the federal government to put this in writing as part of the merger approval.

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It is important that the new company maintain a commitment to public interest programming. One benefit of the merger is that the new company would be able to use the newly available spectrum, made possible by the elimination of duplicative programming, to broadcast additional public interest programming. The availability of new spectrum and the company's positive response to concerns regarding uniform national pricing give us confidence that the company is concerned about its social responsibility and will make a commitment to public interest programming that will be satisfactory to homeowners and other consumers.

In addition to improving the quality and value of television service, the proposed merger would also benefit homeowners and other consumers who wish to have high-speed Internet access in their homes. Satellite technology can and does provide this service, competing with both cable and telephone companies as well as providing the service in rural areas where high-speed Internet service is otherwise unavailable. Approval of the merger will make satellite-based Internet access a more competitive alternative in this increasingly important area, and will, as a secondary benefit, increase the productivity and competitive position of millions of homeowners who utilize home-based offices to earn their livings. Uniform national pricing policies will assure the same price for rural customers as is offered consumers in competitive urban markets.

AHGA respectfully urges your support for the proposed merger. It benefits consumers as proposed. With several additional safeguards proposed by AHGA and other consumer organizations as conditions of the government's approval, homeowners will be even better off. Thank you for your attention to this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Beth Hahn".

Beth D. Hahn  
President