

PETE V. DOMENICI
NEW MEXICO

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United States Senate
WASHINGTON, DC 20510-3101

February 7, 2002

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Federal Communications Commission
Attn: Paul A. Jackson
Director, Office of Legislative and Intergovernmental Affairs
Federal Communications Commission
445 12th Street, S.W. Room 8-C453
Washington, D.C. 20554

RECEIVED

JUN 18 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Because of my desire to be responsive to all inquiries directed to me, and knowing that you share this desire, the attached letter is referred to you for consideration.

I would very much appreciate your evaluating the information presented and taking whatever action is required to resolve the situation. I appreciate your consideration of this request, recognizing that it will be taken within the context of your existing procedures.

At your earliest convenience, I would be grateful if you could respond directly to at their New Mexico addresses. In addition, please forward a copy of your response to my Washington office to the attention of Carly Beck

Sincerely,

Pete V. Domenici
United States Senator

PVD:cab

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Chaparral Cable Co. Inc.

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Chaparral, New Mexico 88021

(505) 824-4099

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Dear Senator Pete Domenici,

I am writing to express my concern over the proposed merger between DirecTV and EchoStar. This merger, if allowed to proceed, will create a large satellite television monopoly and harm consumers, especially those in small towns and rural areas.

EchoStar and DirecTV are currently the two largest providers of satellite television in the nation. A combination of the two would create a pure monopoly with some 17 million subscribers. If only one satellite provider remained, the effects on consumers - both current and future - would be adverse.

Proponents of the merger argue that only by joining together can satellite compete against cable television. But the facts don't back their claims. In recent years, satellite (DBS) has skyrocketed to a 20 percent share of the multichannel video market with DirecTV and EchoStar ranking third and sixth respectively in size versus cable companies. In fact, a merged company would outdistance the largest cable company by more than three million subscribers.

As an owner-operator of a small cable system in your (congressional district—for letters to Reps.) (state—for letters to Senators), there are concerns beyond consumer prices and monopolistic behavior. There are hundreds of small, independent cable companies like mine across our state and the nation. Typically, we serve a few hundred or a few thousand subscribers in our local community, operating on thin margins. We can testify to the heated competition we are already engaged in with satellite providers. To allow this merger could easily lead to predatory pricing and other practices that would put many of us out of business. The end result would not just be a reduction of satellite providers from two to one, but the elimination of many small, independent cable operators.

The digital divide has garnered much attention in recent months and congressional committees recently approved some \$3 billion in tax incentives and other programs to close the digital divide. Companies like mine are rapidly moving to offer high-speed data and Internet services to our customers in small towns and rural areas. It's good business, our customers want it, and it allows us to compete against satellite. In the end, our customers win. But this monopoly would only increase the digital divide as our companies retreat, making the aforementioned congressional action less effective.

Competition - fair competition - is the basic backbone of our free enterprise system. To allow this merger and creation of a monopoly will violate this notion while harming consumers. I encourage you to oppose it and to contact the Justice Department and encourage their opposition.

SINCERELY,



GREG A. GROTH
SECT. TREAS.