I live in the mountains of Colorado where there exist limited options for broadband internet and cable TV services. Currently the only cable company where I live is Galaxy which provides only the "old" analog type of service. There is no broadband internet availability at all since the phone company will not install the necessary equipment in the local central office. I currently subscribe to Galaxy because it is the only cable game in town. The quality of their service is poor and is down much of the time. Furthermore there is no "digital" service planned in the near future (if at all) given the cost of laying completely new fiber optic cable. Therefore I am very much limited to satellite services for digital TV and broadband internet connections.

I find it very fascinating that EchoStar in their EchoStar/GM Hughes Webcast Slide Presentation (see the PDF file on the EchoStar web site http://media.corporate-ir.net/media_files/NSD/DISH/echostar110701.pdf) emphasize the benefit of the synergies which will result, one of which is "Reduced Churn". Echostar states that there will be "increased services and higher customer loyalty". These statements explicitly concede two things:

1.) Echostar has a problem with their services such that current subscribers sign up and then quickly leave (i.e. churn).

2.) That after this proposed merger they will have a monopoly (i.e. customer loyalty because they (the customers) won't have any other place to go).

In addition, in a declaration included with EchoStar's FCC filing the following statements are made:

> "When measured against various components of the Commission's public interest standard, the proposed merger is consistent with all relevant Commission rules and policies, and will result in very significant, affirmative public interest benefits," the application states. "It will advance the Commission's core policies in favor of a more competitive video marketplace, efficient use of scarce spectrum and satellite resources, and the provision of advanced broadband services to all Americans."

> "The merger should be evaluated in a marketplace that includes the entire MVPD market," according to Robert D. Willig, professor of Economics and Public Affairs at Princeton University and former deputy assistant attorney general for Economics in the Antitrust Division of the Justice Department, in a declaration included in the FCC application. "The relevant market for evaluating the merger of EchoStar and DIRECTV includes cable providers," Willig said. "The primary objective of each firm is to gain market share by luring consumers away from the leading cable providers, and the firms accordingly price their DBS programming services at levels based primarily on the prices charged by cable providers."

Where there are already digital cable services Professor's Wellig's statements may be true, but where there are no such digital cable services his statements are pure bunk! Since satellite TV and broadband internet services are not regulated those of us in rural areas can very well end up paying for city locations where there is competition by being charged higher prices for the same services. Echostar could use us rural subscribers to subsidize their city ones since we will have no alternatives. The only benefit of such a merger is that the new company will ge able to reduce their head count and equipment costs. In fact EchoStar admits in their Webcast Slide Presentation that they will be able "to reduce duplicative overhead (i.e. people) and standardize set top boxes." In particular, EchoStar''s equipment is inferior to Hughes so how does standardization of set top boxes proposed by this merger benefit the consumer? Since there is no regulation of the telecommunication industry the competition is a must, and that should include multiple satellite TV and broadband internet providers!

Another point of contention has to do explicitly with broadband internet services. Hughes provides a much superior service which is why I am planning to go with them (waiting for a high speed uplink modem option available soon). Not only do they have better equipment with higher uplink and downlink speeds but they offer a home office business solution. Once this proposed merger goes through, the other obvious cost reduction would be to can much of the Hughes equipment development for less expensive and inferior equipment and to limit the type of broadband internet service available. In the end consumers who live in rural areas like myself will be hurt by the lack of competition among satellite TV and broadband internet service providers.

In short I oppose this merger. Only Echostar benefits, especially their CEO Charles W. Ergen who stands to own 18% of the new company. And according to Echostar's own August 5, 2001 press release "EchoStar announces proposal to Combine With Hughes Electronics for $32 Billion, or $23 Per GMH Share" in a transcription of a letter sent to the GM Board of Directors:

> "Unfortunately, Hughes' and DirecTV's senior management have recently informed us that they do not intend to pursue further discussions with EchoStar. In light of the enormous benefits of our proposed combination, we are submitting this proposal directly to you for your consideration."

Hughes upper manangement did NOT want this deal so EchoStar went directly to the GM/Hughes board!? Why is this do you suppose? Please do the right thing and deny this filing.