

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of:)	
)	
MCC Iowa LLC)	
)	CSR-5996-E
Petition for Determination of Effective)	
Competition in the City of Chariton, IA (IA0021))	
)	
)	

MEMORANDUM OPINION AND ORDER

Adopted: July 9, 2003

Released: July 11, 2003

By the Deputy Chief, Policy Division, Media Bureau:

I. INTRODUCTION

1. MCC Iowa LLC ("Mediacom") has filed with the Commission a petition pursuant to Section 76.7 of the Commission's rules for a determination of effective competition in the City of Chariton, Iowa ("Chariton").¹ Mediacom alleges that its cable system serving Chariton is subject to effective competition pursuant to Section 623(a) of the Communications Act of 1934, as amended ("Communications Act"), and Section 76.905(b)(2) of the Commission's rules, and seeks revocation of the certification of the local franchising authority in Chariton to regulate basic cable service rates.² Mediacom claims the presence of effective competition in Chariton stems from the competing services provided by two direct broadcast satellite ("DBS") providers, DirecTV, Inc. and EchoStar Communications Corporation ("EchoStar"). No opposition to the petition was filed.

II. DISCUSSION

2. In the absence of a demonstration to the contrary, cable systems are presumed not to be subject to effective competition,³ as that term is defined by Section 76.905 of the Commission's rules.⁴ The cable operator bears the burden of rebutting the presumption that effective competition does not exist with evidence that effective competition is present within the relevant franchise area. Based on the record in this proceeding, Mediacom has met this burden.

3. Section 623(l)(1)(B) of the Communications Act provides that a cable operator is subject

¹ 47 C.F.R. § 76.7.

² 47 U.S.C. § 543(a); 47 C.F.R. § 76.905(b)(2).

³ 47 C.F.R. § 76.906.

⁴ 47 C.F.R. § 76.905.

to effective competition if the franchise area is (a) served by at least two unaffiliated multi-channel video programming distributors ("MVPD") each of which offers comparable video programming to at least 50 percent of the households in the franchise area; and (b) the number of households subscribing to programming services offered by MVPDs, other than the largest MVPD, exceeds fifteen percent of the households in the franchise area.⁵

4. Turning to the first prong of the competing provider test, DBS service is presumed to be technically available due to its nationwide satellite footprint, and presumed to be actually available if households in a franchise area are made reasonably aware that the service is available.⁶ Mediacom has provided evidence of the advertising of DBS service in news media serving Chariton.⁷ We find that the programming of the DBS providers satisfies the Commission's program comparability criterion because the DBS providers offer more than 12 channels of video programming, including more than one non-broadcast channel.⁸ Mediacom has demonstrated that Chariton is served by at least two unaffiliated MVPDs, namely the two DBS providers, each of which offers comparable video programming to at least 50 percent of the households in the franchise area. Mediacom has also demonstrated that the two DBS providers are physically able to offer MVPD service to subscribers in Chariton, that there exists no regulatory, technical, or other impediments to households within Chariton taking the services of the DBS providers, and that potential subscribers in Chariton have been made reasonably aware of the MVPD services of DirecTV and EchoStar.⁹ Therefore, the first prong of the competing provider test is satisfied.

5. The second prong of the competing provider test requires that the number of households subscribing to MVPDs, other than the largest MVPD, exceed 15 percent of the households in a franchise area. Mediacom sought to determine the competing provider penetration in its franchise area by purchasing a report from SkyTrends that identified the number of subscribers attributable to the DBS providers within Chariton on a franchise-specific zip code plus four basis.¹⁰ Mediacom asserts that it is the largest MVPD in Chariton because Mediacom's subscribership exceeds the aggregate DBS subscribership for the franchise area.¹¹ Based upon the 36.62 percent aggregate DBS subscriber penetration level, calculated using 2000 Census household data,¹² we find that Mediacom has

⁵ 47 U.S.C. § 543(1)(1)(B); *see also* 47 C.F.R. § 76.905(b)(2).

⁶ *See MediaOne of Georgia*, 12 FCC Rcd 19406 (1997).

⁷ Petition at 4 and Exhibit A; *see also* Letter from Bruce Gluckman, Vice President of Legal & Regulatory Affairs, Mediacom, to Steven A. Broeckaert, Deputy Chief, Policy Division, Media Bureau, FCC at Exhibit A (Jan. 31, 2003).

⁸ *See* 47 C.F.R. § 76.905(g). *See also* Petition at 4-5 and Exhibits B-D. Exhibits B and C contain the nationwide channel lineups of EchoStar and DirecTV and Exhibit D includes the channel line-up for Mediacom's cable system serving Chariton.

⁹ Petition at 2-5.

¹⁰ *Id.* at 6.

¹¹ *Id.* at 6 and Exhibit E. MediaCom's Exhibit E states that there are 1,234 MediaCom customers in Chariton. MediaCom amended its petition with a corrected subscriber count of 1,225 for Chariton. *See* Letter from Bruce Gluckman, Vice President of Legal & Regulatory Affairs, Mediacom, to Steven A. Broeckaert, Deputy Chief, Policy Division, Media Bureau, FCC at 1. MediaCom's previously submitted subscriber count combined with the applicable DBS subscribership exceeded the applicable 2000 Census household count for Chariton – 1234 + 709 (Exhibit F) = 1,943. The 2000 Census household subscriber count for Chariton is 1,936 (Exhibit G). Mediacom's corrected subscriber count of 1,225 + 709 = 1,934.

¹² *See id.* at Exhibits F-G (709 DBS subscribers ÷ 1,936 Chariton 2000 Census Households = 36.62%).

demonstrated that the number of households subscribing to programming services offered by MVPDs, other than the largest MVPD, exceeds 15 percent of the households in Chariton. Therefore, the second prong of the competing provider test is satisfied. Based on the foregoing, we conclude that Mediacom has submitted sufficient evidence demonstrating that its cable system serving Chariton is subject to effective competition.

III. ORDERING CLAUSES

6. Accordingly, **IT IS ORDERED** that the petition filed by MCC Iowa LLC for a determination of effective competition in the City of Chariton, Iowa **IS GRANTED**.

7. **IT IS FURTHER ORDERED** that the certification to regulate basic cable service in the City of Chariton, Iowa **IS REVOKED**.

8. This action is taken pursuant to authority delegated under Section 0.283 of the Commission's rules.¹³

FEDERAL COMMUNICATIONS COMMISSION

Steven A. Broeckaert
Deputy Chief, Policy Division, Media Bureau

¹³ 47 C.F.R. § 0.283.