



Federal Communications Commission
Washington, D.C. 20554

July 29, 2014

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Robert D. Marcus
Chairman and Chief Executive Officer
Time Warner Cable, Inc.
60 Columbus Circle
New York, New York 10023

Re: SportsNet LA Program Carriage Disputes

Dear Mr. Marcus:

I am writing to express my strong concern about how your actions appear to have created the inability of consumers in the Los Angeles area to watch televised games of the Los Angeles Dodgers. I understand that there is an ongoing dispute between Time Warner Cable Inc. ("TWC") and other subscription-TV providers ("multichannel video distribution providers" or "MVPDs") concerning the carriage of SportsNet LA, which has exclusive access to most Dodgers games. I also understand that TWC recently has stated publicly that it is willing to agree to binding arbitration in order to resolve this dispute. While I am encouraged by TWC's willingness to enter arbitration, I am troubled by the negative impact that your apparent actions are having on consumers and the overall video marketplace. The FCC will continue to monitor this dispute closely and will intervene as appropriate necessary to bring relief to consumers. As detailed below, I am requesting that TWC provide my office with a written explanation of the arbitration process it has proposed, how that process could bring relief to consumers expeditiously, and what other steps TWC will take to resolve this matter if arbitration is not successful. I also ask TWC to provide my office with certain documents that are relevant to your agreement with SportsNet LA and its impact on consumers and the marketplace.

Based on press reports and other publicly available information, I understand that TWC has executed a long-term contract with SportsNet LA, a regional sports network that is 100% owned by the Dodgers. I understand that TWC's contract with SportsNet LA provides TWC with exclusive rights to the affiliate sales for SportsNet LA. I further understand from press reports that, in its carriage negotiations with other MVPDs, TWC has demanded that SportsNet LA be carried on the basic service tier at rates of \$4-\$5 per subscriber. Other MVPDs in the network's footprint reportedly have refused to agree to these terms, claiming that the price is too high and objecting to terms that could require all subscribers to pay for access to the network. Press reports indicate that, due to this dispute, approximately 70% of the Los Angeles market has been shut out from viewing televised Dodgers games since the beginning of the 2014 baseball season.

As you know, soaring bills for cable and other MVPD services have become a cause of consumer dismay. This, in addition to limiting access to desirable programming, has generated considerable concern among lawmakers, other government officials, and consumers. Last week, I received a letter from eight members of Congress from the Los Angeles area, expressing strong concern about this ongoing stalemate and urging the FCC to intervene. The letter highlights the potential for this dispute “to set a precedent for vertically integrated companies to hold the consumer hostage to assert unfair market dominance.” In addition to the aforementioned impact on consumers and the impact on broadband deployment referenced below, the matter of such vertical integration in a manner that affects consumers and the marketplace is of timely concern to the FCC. It is particularly dismaying that your company has apparently ignored how both the Mayor of Los Angeles and the Attorney General of California have expressed concern about the impact that this protracted dispute is having on consumers in Los Angeles.

The FCC shares these concerns. Because of TWC’s exclusive hold on SportsNet LA and the limited options that exist to view Dodgers games online, I am also concerned about the negative impact that this dispute may have on the growth of broadband services in the Los Angeles area. Section 628(b) of the Communications Act prohibits certain cable operators and program providers affiliated with cable operators from engaging in “unfair methods of competition or unfair or deceptive acts or practices” that have the “purpose or effect” of “hinder[ing] significantly or prevent[ing]” any MVPD from providing satellite cable programming to consumers. *See* 47 U.S.C. §548(b). In addition, Section 628(c)(2)(B) prohibits discrimination among MVPDs by cable-affiliated program providers that provide satellite-delivered programming in the prices, terms, and conditions for sale of programming. *See* 47 U.S.C. § 548(c)(2)(B).

The FCC intends to monitor this situation closely in order to determine whether intervention is appropriate and necessary. Accordingly, within 10 calendar days from the date of this letter, I ask TWC to provide a written explanation detailing the arbitration process it has proposed, how and when that process could bring relief to consumers expeditiously, and what other steps TWC will take to resolve this matter if arbitration is not successful. TWC also should explain any and all efforts it has made to reach agreements with other MVPDs for carriage of SportsNet LA, the status of any ongoing negotiations with any other MVPDs relating to such carriage, and any obstacles it has faced in reaching such carriage agreements. In addition, I request that TWC produce unredacted copies of the following documents to my office no later than 10 calendar days from the date of this letter:

- (1) Any contract or agreement between TWC, or any of its affiliates, and SportsNet LA, or any of its affiliates, providing TWC with rights to SportsNet LA, including rights governing affiliate sales or the sale of advertising, and including any schedules or amendments to the contract;
- (2) Any contract or agreement governing TWC’s, or any of its affiliates’, carriage of SportsNet LA, including any schedules or amendments to the contract or agreement, or

any term sheet summarizing the terms and conditions under which TWC currently carries SportsNet LA;

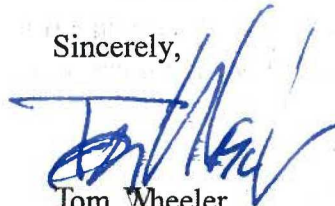
- (3) Any term sheet, or other document proposing terms and conditions of carriage, that TWC or any of its affiliates have supplied to any other MVPD in the footprint of SportsNet LA concerning the carriage of SportsNet LA; and
- (4) Any term sheet, or other document proposing terms and conditions of carriage, that TWC or any of its affiliates have received from any other MVPD operating within the footprint of SportsNet LA concerning the carriage of SportsNet LA.

As provided under the FCC's rules, TWC may request confidential treatment of information included in its response. If TWC requests such confidentiality, it should submit, along with all responsive information and documents, a statement in accordance with Section 0.459 of the Commission's rules. 47 C.F.R. § 0.459.

I continue to have the hope that this dispute can be resolved in the marketplace. Nevertheless, given the breadth and protracted nature of this dispute, it is appropriate that we begin to assemble the facts and build a record. Inaction is no longer acceptable. I strongly urge you to end the impasses that are depriving Los Angeles consumers from being able to watch their home baseball team.

Please direct any questions or concerns about this matter to Travis LeBlanc, Acting Chief of the Enforcement Bureau, at travis.leblanc@fcc.gov or 202.418.1114.

Sincerely,



Tom Wheeler
Chairman

cc (via email):

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