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October 5, 2007

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: MB Docket Nos. 07-29; 07-198
Notice of *Ex Parte* Meeting

Dear Ms. Dortch:

On October 4, 2007, Mike Wallin of Ringgold Telephone Company ("RTC") and John Kuykendall of John Staurulakis, Inc. met with Elizabeth Andrion, Steven Broeckaert and David Konczal of the Media Bureau of the Federal Communications Commission ("Commission") and with Kevin Washington of the Commission's Office of Legislative Affairs to discuss issues on which the Commission seeks comment in its *Program Tying Arrangement NPRM*.[1]

In the meeting, Mr. Wallin informed the Commission representatives that RTC is a rural telephone company that entered the video market only a few years ago. The company provides video services throughout its service area which covers rural communities in the northwest corner of the state of Georgia. The company uses IPTV technology to deliver its video services and was among the first companies to deploy this technology. The company was also the first telephone company in Georgia to offer DSL to 100 percent of its customer base and approximately 36 percent of its customers subscribe to its DSL offering.

Mr. Wallin then provided examples of how the company's video service is severely restricted because some programmers require the company to purchase undesired programming in order for the company to obtain the rights to carry desired programming[2] and provided other examples of unreasonable practices by programmers which thwart the company's ability to provide a competitive video service. A summary of the examples provided by Mr. Wallin is attached.

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[1] *Implementation of the Cable Television Consumer Protection and Competition Act of 1992 Development of Competition and Diversity in Video Programming Distribution: Section 628(c)(5) of the Communications Act: Sunset of Exclusive Contract Prohibition Review of the Commission's Program Access Rules and Examination of Programming Tying Arrangements*, MB Docket Nos. 07-29; 07-198; Report and Order and Notice of Proposed Rulemaking, FCC 07-169 (rel. Oct. 1, 2007) ("*Program Tying Arrangement NPRM*").

[2] The Commission calls such practices "program tying arrangements." *See Id.* at paras. 119-132.

Mr. Wallin explained that because of these practices, the company has had to curtail its marketing plans that were designed to make use of programming packages that contained programs that its subscribers indicated were the most desirable. He also explained that these practices significantly increase the cost of operating video services to the degree that the company is not able to operate its IPTV service at a price that is competitive.

In closing, Mr. Wallin demonstrated that by promoting its IPTV offering, the company was assisting in the promotion of broadband penetration and that in order to further the Commission's goals of broadband deployment in rural areas, it is critical for the Commission to address program tying arrangements and other unreasonable practices by programmers.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall

John Kuykendall
Director – Regulatory Affairs

on behalf of

Ringgold Telephone Company

cc: Elizabeth Andrion
Steven Broeckaert
David Konczal
Kevin Washington

Attachment

SUMMARY OF EXAMPLES

1. In 2006, RTC surveyed its customers to determine which programs were preferred by its subscribers among the current programming offerings. After receiving the customers' responses, RTC determined that it could better serve its customers and provide more competitive programming offerings by rearranging its programming lineup and its service offering packages to provide programming in a manner that is more in line with the desires of its subscribers. Although the company did not seek to drop any of its programming but merely wanted to rearrange the channel lineup, these plans had to be discarded. The company was informed by its programming content providers that if the company relocated a less desired program, the programmer would pull all of the programming that it offered to RTC which included the programming that was desired by RTC's subscribers.

2. RTC offers a package of high definition ("HD") channels to its subscribers and sought to add an HD channel offered by a local broadcaster to this package. Currently, the local broadcast station provides programming to RTC as a "must carry" station. Rather than negotiating a separate agreement to allow RTC to offer the HD signal, the broadcaster informed RTC that in order to show the HD signal, the entire arrangement between the broadcaster and RTC must be changed to "retransmission consent" and that as part of the retransmission consent agreement, RTC must pay a per-subscriber cost, carry an additional two to three digital channels and provide the broadcaster with a significant amount of cross advertising per month per channel.

3. In seeking to negotiate a renewal agreement with a programmer, RTC has been informed that in order to continue to carry the desired programming, the new agreement will require permission to carry the signal over DSL through "an IPTV rider." This permission was not required in the current agreement even though RTC's video service has always been an IPTV service that is carried over DSL. Under the rider, RTC will be required to carry an additional program offering that is not desired by RTC subscribers (under the current arrangement, RTC carries two program offerings by the programmer that is desirable). The cost of the additional equipment to carry the undesired program offering is approximately $4,000 - $5,000. Also, under the rider, RTC must pay a per-subscriber fee.

4. The retransmission agreements that have been presented to RTC by local broadcast stations all contain "most favored nation" clauses which, if left in the executed agreement, would require RTC to inform the broadcaster of provisions in any agreement that RTC executes with other local broadcasters that are "more favorable." If such provisions exist, the "more favorable" provisions in the other agreement would automatically apply in the context of the agreement which contains the "most favored nation" provision. All of the retransmission agreements, however, also have confidentiality clauses. Accordingly, if a "more favorable" provision existed in an agreement that also contained a confidentiality provision, the confidentiality provision would have to be violated in order to disclose the "more favorable"

provision to the party with which RTC had the agreement containing a “most favored nation” provision.

5. Rural telephone companies do not have the leverage that is possessed by large and mid-size cable operators to negotiate better terms with programmers. As new entrants into the market and with rural service territories that represent a much smaller potential subscriber base, rural telephone companies are at the mercy of the programmers’ dictates regarding pricing and other conditions that the programmers place on access to their programming. Even the programming purchasing cooperative which is used by many small cable operators, the National Cable Television Cooperative (“NCTC”) is not available to rural telephone companies that are beginning to offer video services due to a moratorium placed by the cooperative on any new telephone companies joining the cooperative.