



CHAIRMAN

Federal Communications Commission

Washington, D.C.

June 16, 2004

The Honorable John McCain
Chairman
Committee on Commerce, Science, and Transportation
United States Senate
Washington, D.C. 20510

Dear Chairman McCain:

Thank you for your May 19, 2004 letter urging the Commission to promote *à la carte* cable and direct broadcast satellite ("DBS") television offerings. I appreciate your longstanding concern about many issues relating to cable and DBS industry practices in marketing programming services to consumers. I agree that Commission policy should promote consumer choice and options whenever possible.

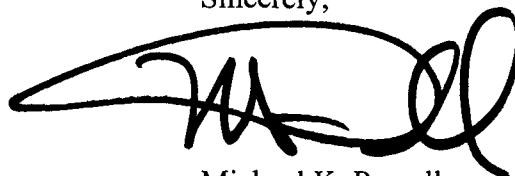
The Communications Act and the Commission's rules generally provide cable and satellite television providers broad discretion when selecting and marketing programming services. With a few important exceptions, such as the mandatory carriage of local television broadcast stations and the tier buy-through requirements, the Commission does not have explicit authority to require cable and satellite providers to carry specific programming services, or to market their programming in a particular manner. At the same time, I am not aware of any provision of law or Commission rule that would prohibit cable and satellite operators from offering most or all of their programming services on an *à la carte* basis.

The Commission's Media Bureau has begun work on a comprehensive Report to Congress concerning the provision of *à la carte* services on cable television and DBS systems. The Bureau's Report will examine a broad range of technical, economic, and legal issues associated with the ability of multichannel video programming distributors to provide *à la carte* services to consumers. I am enclosing a copy of the Bureau's Public Notice for your information. To inform this Report, the Bureau plans to convene a forum this summer to explore first-hand the advantages and disadvantages of an *à la carte* scheme, including its potential implications for the prevalent economic model in the pay television industry, as well as its possible effect on retail prices in the video programming market.

The *à la carte* proceeding and forum will provide important information and perspective on a number of issues identified in your correspondence. These activities should assist the Commission in evaluating the options that might be available to policymakers to encourage more alternative marketing practices in the cable and DBS industries.

I appreciate your continuing interest in these important matters, and I look forward to working with you and other Members of Congress as our analysis of these issues progresses. Please do not hesitate to contact me if you have any questions regarding the *à la carte* proceeding and forum, or if I can be of assistance with any other matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Powell', with a large, sweeping flourish extending to the left.

Michael K. Powell

Enclosure