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PERSONAL & CONFIDENTIAL

The Honorable John Dingell
Chairman, House Commerce Committee
2328 Rayburn Building
Washington, D.C. 20515

Dear Friend John:

Hearty congratulations on your characteristic gutsy fight protecting our homeland industry, the automobile business.

Lord knows, Detroit and suburbs have suffered enough with reduced employment, reduced pension payments and healthcare along with greatly reduced property values.

We don't need added obstructive emissions controls to safeguard against exaggerated global warning hazards.

Also John, I heard the NAB miscued in a letter to you. You should know that NAB as an organization respects you and considers you a longtime friend. Actually, Ed Markey is generally considered the primary longtime problem by the NAB. If there is a problem, we should make amends with your NAB relationship because they have always valued your leadership and friendship. I would personally call them for support of your position. Are you available for lunch? I'll call you.

As you know you are supported and admired by our Michigan Association of Broadcasters. We attended past annual state conventions together. (I'm the so called "legendary" former president).

The Honorable John Dingell
January 24, 2007
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Also, a reminder you with Debbie are scheduled to be honored at my 100th birthday dinner, April 21, 2014 at the Army Navy Country Club with other distinguished WWII survivors, our good friends Chairmen Dan Inouye and Ted Stevens. Please mark down the date.

Best wishes for continued achievement, health and happiness this year and every year.

Love,

A handwritten signature in cursive script that reads "Jim".

PS: John, I am enclosing a Jerry Ford, John Dingell mention in Communications Daily in case you missed it.

Bcc: Dick Wiley
Doug Wiley, NAB
Stanley Hubbard
Andy Levin, Clear Channel, Executive Vice President
Preston Padden, Executive Vice President- Disney-ABC

Communications Daily

The Authoritative News Service of Electronic Communications

THURSDAY, DECEMBER 28, 2006

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Today's News

TELECOM FIRMS SCRAMBLE to reroute phone, Internet traffic in Asia, after earthquake knocks out several undersea cables. (P. 1)

DoD USE OF PUBLIC SAFETY NETWORK likely to get cool reception from public safety agencies. (P. 3)

LICENSE RENEWAL CHALLENGES unlikely to be approved by FCC, lawyer said. Group may appeal expected FCC decision. (P. 5)

STANTON HAD GRAVE DOUBTS about success of direct satellite distribution in 1968, saying govt. wouldn't allow single entity to control more than 20 channels of programming into homes. Cabinet appointment turned down. (P. 6)

CABLE PRICE SURVEY touts wireline competition as a curb on price increases. (P. 7)

TELECOM NOTES: Quello credits Ford with his FCC seat... AT&T-BellSouth merger talks continue.... Global Compass faces FCC fine. (P. 8)

MEDIA NOTES: Comcast to spend \$80 million on upgrades in Bay Area... Fox to sell college football game downloads... FCC approves Entelcom's WKAF(FM) buy. (P. 9)

Taiwan Quake Darkens Asia-Pacific Telecom, Internet

Telecom and Internet service providers scrambled Wed. to reroute traffic widely disrupted across the Asia-Pacific region by a powerful earthquake off Taiwan's southern coast. People in China, Hong Kong, Singapore, Taiwan and elsewhere awoke to find themselves without voice and data services after a 7.1 Richter scale quake damaged at least 8 undersea cables in the region, telcos said.

Among the hardest hit were major lines APCN2 and Sea-Me-We 3. APCN 2 was knocked out between Shantou, China and Tanshui, Taiwan, and between Lantau, Hong Kong and Chongming, China, regional telcos said. It wasn't clear by our deadline where Sea-Me-We 3, which links Asia and Europe, had been damaged.

Firms that depend on the undersea cables immediately began steering traffic elsewhere, but alternate paths quickly became congested, they said. Chunghwa Telecom, Taiwan's largest operator, said its infrastructure was hit particularly hard. Calling to Japan and China dropped to 11% and 10% of capacity, respectively, Chunghwa Telecom officials said in a statement. Just 40% of the telco's international calling capacity to the U.S. was functioning normally, the firm said Wed.

Verizon Business counted damage to 8 undersea cables it either owns or leases, a spokeswoman said. Verizon has technicians on the ground in Singapore, Hong Kong, Japan, and elsewhere fixing terrestrial problems, the spokeswoman told us. But at this point most of the problems are under water, she said. Verizon Business has ownership interests in more than 18 cable systems in the Asia-Pacific region, including Japan-U.S., China-U.S., Southern Cross (China, New Zealand, Australia) and the one-year-old Sea-Me-We-4 cable linking Europe and Asia.

Price Survey Released**2004 Cable Prices Increased Most in Areas With Wireline Competition**

An annual report on U.S. cable prices turned to Hong Kong to boost the FCC's case that wireline competition in pay-TV delivery helps curb price increases. Hong Kong's largest cable operator i-Cable saw its average annual price increase drop when competitor PCCW "entered the market with an a la carte offering," said the report released Wed. Average cable U.S. cable prices rose 5.2% 2004-2005 to \$43.04, the report said. Supporting the video franchising order that the Commission approved Dec. 20, the report found that U.S. cable prices in communities with wireline competition were 17% lower than elsewhere (CD Dec 21 p1).

Despite that disparity, cable rates in communities with a wireline competitor saw increases slightly larger than the overall market in 2004, the report shows. In those areas, cable rates increased 5.3% to \$35.94.

Average rates for operators' most popular digital tiers rose 1.2% to \$12.99 and the number of digital channels offered increased 7.7% to 33.7. Those figures don't include HD packages, premium channels or mini-tiers.

The Commission stopped calculating the price per channel this year because "cable operators do not permit consumers to purchase channels included on the expanded basic package on an individual basis," it said, adding that it might include those figures if cable operators offered a la carte service. Furthermore, the average channel rate is a misleading figure because it values new channels and old channels equally, the report said. If rates go up and operators add channels, "a consumer who places no value on the additional channels" gets stuck with the rate increase but no benefit, it said.

The cable industry knows its customers get more value from the service today than they did years ago because the average cost per viewing hour has dropped, said an NCTA spokesman. An hour of cable viewing in 1995 was 23.7¢. In 2005 it was 19.2¢, NCTA said. Forcing cable to sell its channels a la carte won't help the situation, the NCTA spokesman said: "The overwhelming evidence show that government mandated a la carte would offer no benefit to the vast majority of consumers and would, in fact, result in higher prices, less choice and less programming diversity."

The FCC has been criticized by industry officials and regulators over what they consider flaws in the report. Comrs. Copps and Adelstein have said the Media Bureau shouldn't rely solely on data from cable operators. Meanwhile, cable operators say the reports don't reflect that cable companies sell more than just video service. "To just be looking at a small part of the picture isn't enough," said a Time Warner Cable spokeswoman. -- *Josh Wein*

Comm Daily® Notebook

Longtime FCC Comr. James Quello has particularly fond memories of the late former President Gerald Ford, he told us: Without then-Vice President Ford, Quello would have never become the longest-serving Democratic commissioner. Quello said President Richard Nixon had decided not to nominate Quello, but Ford "pounded on Nixon's desk" saying Quello's nomination should go ahead. Ford knew of Quello as a fellow Mich. native, through the support of the Mich. Assn. of Bcstrs., and through the strong backing of 2 mutual friends, Quello said, as well as the backing of several legislators from Mich., including House Commerce Committee Chmn.-designate Dingell (D-Mich.), a long-time supporter. Without Ford, Quello said, his nomination "never would have come out" of the White House, and Quello wouldn't have spent 23-1/2 years at the FCC.