



January 4, 2019

The Honorable Ajit V. Pai  
Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: TDS and Nexstar Media Group

Dear Chairman Pai:

As you are aware from recent national news reports, TDS and Nexstar Media Group recently reached impasse in retransmission negotiations affecting TDS customers in small to mid-size communities in Indiana, Tennessee, Colorado, Utah, New Mexico, Nevada, Texas, and Oregon. TDS has been in active negotiations with Nexstar seeking compromise to arrive at a mutually acceptable agreement founded on reasonable rates and appropriate terms. TDS and Nexstar have demonstrated movement from initial positions, but Nexstar's demands are simply too expensive and unreasonable for our customers and communities to be asked to absorb. The rapidly escalating cost of programming is the single greatest factor in rising cable prices. Nexstar is asking for rates up to a 129% increase. Nexstar's proposal is materially more than TDS pays to any other broadcaster. Accepting Nexstar's unreasonable offer would continue to drive already unsustainable programming fees higher and lead to higher rates and harm our customers and their pocketbooks.

Nexstar's retransmission rate proposal— as expensive as it is, contains even more operational and contract tools to enrich itself. Should Nexstar's merger with Tribune close, Nexstar has already boasted about picking up an additional \$75 million stemming from the replacement of Tribune's lower retransmission fees with its higher ones. It will use provisions that allow lower rated stations to increase to higher rates. There will be no negotiation. There is no requirement that anything change for those stations – that ratings increase or additional meaningful local content enter their programming. Nexstar simply, and unilaterally, will require TDS as one of the providers carrying Tribune stations to increase payments to Nexstar. This is not the only example of where Nexstar seeks a unilateral right to extract exorbitant revenue from TDS. In other provisions, Nexstar seeks to shift its business risk associated with lost network affiliation onto TDS. Nexstar is seeking the right, again one-sidedly and without

negotiation, to preserve retransmission revenue streams should they lose their national affiliation. TDS cannot agree to this term to secure Nexstar's profits. This is just another example of the types of provisions large broadcasters try to impose on small providers like TDS.

Media consolidation is causing an already lopsided process to become even more out of balance. TDS looks forward to assisting the Commission as it carefully reviews the proposed and massive combination Nexstar and Tribune represent – 216 stations in 118 markets reaching 72% of all U.S. households.

It should be noted TDS customers are being hurt now. They are without local programming, news, and sports. Nexstar is embracing the increasingly popular strategy of withholding marquee programming such as the NFL playoffs to manipulate negotiations. As the expiration of our contract approached, TDS asked Nexstar for more time, for an extension so our customers would not be stuck in the middle. Nexstar denied our request, made by TDS on behalf of our customers, within minutes. It appears that Nexstar sees members of our communities, our neighbors, friends, and customers, as mere pawns in the process. Moreover, Nexstar has forced our customers into the middle of this dispute misinforming and confusing them with incorrect on-screen messaging.

TDS cannot thank our customers enough for their strong support as we stand for them and their pocketbooks. We remain hopeful our discussions will continue and we can resolve this impasse soon. TDS is interested in reaching a fair deal with Nexstar but reaching such a deal will require Nexstar negotiate with us towards reasonable terms.

Thank you for your time to review this letter. If I can provide additional information on this matter, please do not hesitate to contact me.

Respectfully submitted,



Andrew Petersen

Sr. Vice President – Corporate Affairs

cc: Commissioner O’Rielly  
Commissioner Rosenworcel  
Commissioner Carr  
Commissioner Starks