

United States Senate

WASHINGTON, DC 20510

November 20, 2014

Lowell C. McAdam
Chairman and Chief Executive Officer
Verizon Communications
1 Verizon Way.
Basking Ridge, NJ 07920

Dear Mr. McAdam:

When Congress passed the Telecommunications Act of 1996, it intended to promote the creation of a robust, competitive set top box market among vendors not affiliated with a particular Multichannel Video Programming Distributor (MVPD). The goal was clear: achieve greater choice and better products for consumers by unleashing competition.

Section 629 of the Telecommunications Act succeeded in spurring an entirely new way to record video, with DVR becoming as ubiquitous today as VCR was in 1996. Now in 2014, we should promote a marketplace in which a video navigation device performs as many functions as the incredible smart phones that fit in our pockets. We believe that in the age of the smart phone, we should think of set-top boxes as “smart video boxes” -- the devices that help consumers communicate and navigate to the video and information sources of their choice.

Besides promoting innovation, we intended to unleash a future in which consumers have vast video choices untethered to a particular MVPD. Unfortunately, as the National Broadband Plan noted a few years ago, this goal still remains largely unfulfilled.

We believe the need to increase rather than limit consumer choices remains as vital as ever. Just as consumers can select their mobile phone from an increasing array of models regardless of carrier, consumers today should also be able to choose from a large selection of smart set top box devices regardless of their MVPD.

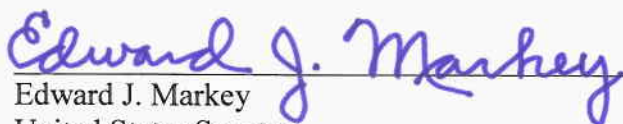
In order to better understand the state of competition in the set top box marketplace, we write to ask you a serious of questions:


- 1) How many of your customers lease set top boxes from your company?
 - a. What percentage of your customers leases one or more set top boxes from your company?
 - b. On average, how many set top boxes per household do customers lease from your company?
 - c. In total, how many set top boxes are leased from your company?

- 2) What is the monthly leasing cost of each type of set top box that your company offers? Please list each box and monthly retail lease price separately.
 - a. How much does an average customer spend per month to lease set top boxes for their household from your company?
- 3) What was the total revenue your company earned from leasing set top boxes to customers in fiscal year 2014?
- 4) Is it possible for customers to purchase a set top box directly from your company?
 - a. If yes, what percentage of your customers buys rather than rents a set top box directly from your company? What is the cost of each type of set top box your company offers for purchase? Please list each type of box and its corresponding price separately.
 - b. If no, why not?
- 5) If a consumer chooses to purchase their own set top box from a company different than yours, does your company require the consumer to pay any installation or support costs separate from those levied on customers who simply lease a set top box from your company?

Thank you for your attention to this important matter. Please provide written responses to these questions no later than December 11, 2014. If you have questions, please contact Joseph Wender or Grace Ogilby at 202-224-2742.

Sincerely,


Edward J. Markey
United States Senator


Richard Blumenthal
United States Senator