

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
Implementation of Section 3 of the Cable
Television Consumer Protection and Competition
Act of 1992
Statistical Report on Average Rates for Basic
Service, Cable Programming Service, and
Equipment
MM Docket No. 92-266

REPORT ON CABLE INDUSTRY PRICES

Adopted: January 15, 2009

Released: January 16, 2009

By the Chief, Media Bureau:

TABLE OF CONTENTS

Heading Paragraph #
I. INTRODUCTION AND EXECUTIVE SUMMARY 1
II. OVERVIEW OF STUDY 15
III. SURVEY RESULTS 21
A. Basic, Expanded Basic and Digital Services..... 21
B. Weighted Average Cable Prices 27
C. Price Per Viewing Hour 31
D. Programming Expense for Expanded Basic 37
E. Family Tier 38
F. Programming Sold on an Individual Basis 40
G. Distribution of Channels 42
H. Subscriber Equipment 45
I. Service Installation Charges 46
J. System Operating Capacity 47
K. Services Availability and Subscription 49
L. Receipts from Cable Services 50
IV. ECONOMETRIC ANALYSIS 54
V. CONCLUSIONS 55
VI. ORDERING CLAUSE 56
APPENDIX A
APPENDIX B

I. INTRODUCTION AND EXECUTIVE SUMMARY

1. Section 623(k) of the Communications Act, as amended by the Cable Television Consumer Protection and Competition Act of 1992 (“Cable Act”),¹ requires the Commission to publish a statistical report on average rates charged for the basic cable service and cable programming service tiers, and cable equipment.² The Cable Act also requires the Commission to compare the average rates of cable operators subject to “effective competition,” as identified through specific adjudications, with those of cable operators that have not been found subject to effective competition.³ The key findings are presented below.

2. *Averages for all communities.* The average monthly price of expanded basic service (the combined price of basic cable service and cable programming service) increased by 3.9 percent over the 12 months ending January 1, 2006; by 4.6 percent over the 12 months ending January 1, 2007; and by 5.0 percent over the 12 months ending January 1, 2008. Chart 1 below shows the trend in cable prices from 1995 to 2008. Over this 13-year period, the price of expanded basic service has grown from \$22.35 to \$49.65, an increase of 122.1 percent, compared with an increase in the Consumer Price Index of 38.4 percent over the same period.⁴

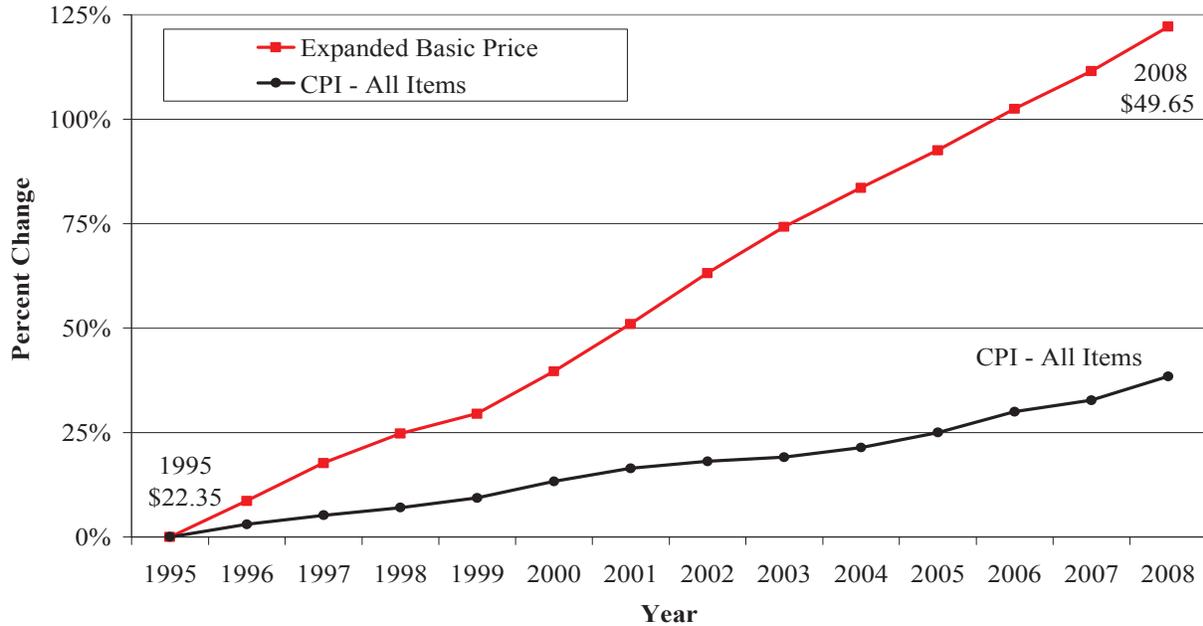
¹ Section 623(k) was adopted as Section 3(k) of the 1992 Cable Act, Pub. L. No. 102-385, 106 Stat. 1460, codified at 47 U.S.C. § 543(k).

² The term “service tier” refers to a category of cable service provided by a cable operator and for which a separate rate is charged. *See* 47 U.S.C. § 522(l7). Cable operators are required to offer an entry-level video-programming service tier called “basic cable service.” Basic cable service must include, at a minimum, the local broadcast stations and any public, educational, and governmental access channels that may be required pursuant to an agreement with a local government. *See* 47 U.S.C. § 543(b)(7). “Cable programming service” includes channels other than channels on the basic cable service tier or for which per-channel or per-program charges apply. *See* 47 U.S.C. § 543(k)(1)(2). The term “cable equipment” refers to a cable converter box, remote control unit, and other equipment used to access cable services. *See* 47 U.S.C. § 543(b)(3).

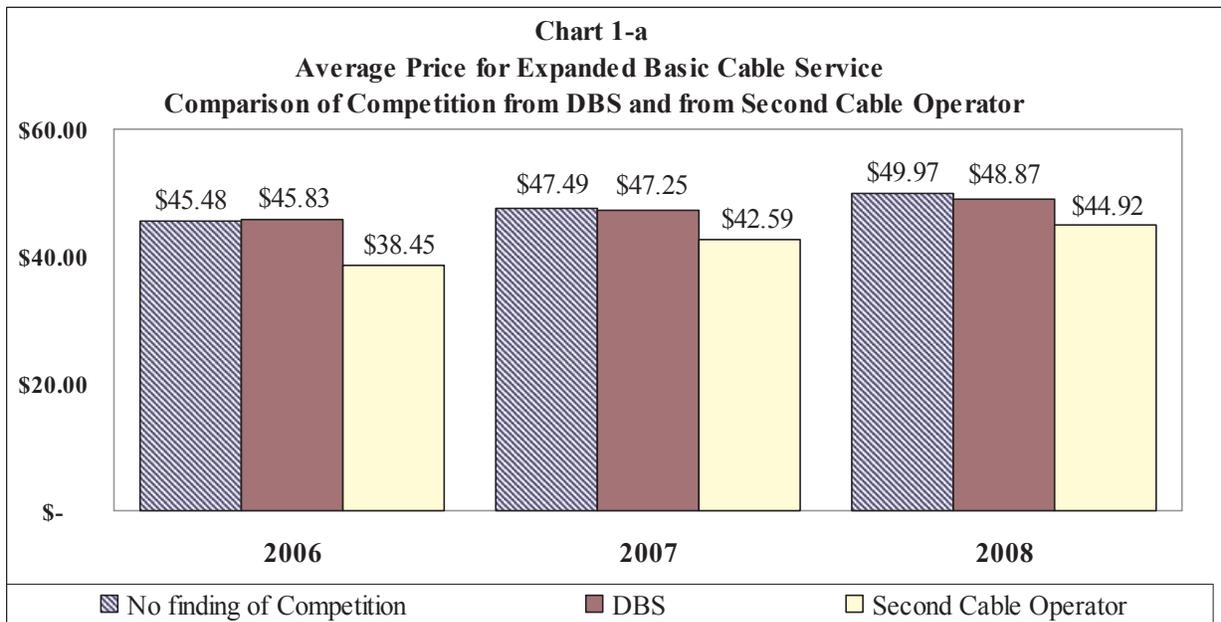
³ 47 U.S.C. § 543(k)(1) (cross-referencing 47 U.S.C. § 543(a)(2)).

⁴ We note that during the survey period most major publicly traded cable MSOs continued to report double-digit or near double-digit revenue and operating cash flow or operating income growth rates on both a quarterly and an annual basis. Comcast, for example, reported that its cable operations experienced 9.4 and 13.4 percent increases in revenue and operating cash flow, respectively, for the fourth quarter of 2007 compared with the same quarter of 2006, and, for the full year 2007 over 2006, reported 11.1 and 13.5 percent increases, respectively. *See* Comcast Corp., *Comcast Reports 2007 Results and Provides Outlook for 2008* (press release), Feb. 14, 2008. Time Warner reported that pro forma revenue and operating income for its cable operations grew by 6.5 and 17.1 percent, respectively, for the fourth quarter of 2007 over the fourth quarter of 2006, and by 8.1 and 11.8 percent, respectively, for the full year 2007 over 2006. *See* Time Warner Inc., *Time Warner Cable Reports 2007 Full-Year and Fourth-Quarter Results* (press release), Feb. 6, 2008. For the fourth quarter of 2007, Cablevision reported consolidated revenue and operating cash flow growth of 10.8 and 20.4 percent, respectively, and, for the full year 2007 over 2006, reported 11.3 and 16.8 percent growth, respectively. Cablevision also specifically emphasized that it continued to experience high growth rates in its cable television services operations, where revenue and cash flow grew by 8.6 and 13.3 percent, respectively, in the fourth quarter of 2007 compared to the fourth quarter of 2006, and by 11.6 and 9.6 percent, respectively, for the full year 2007 over 2006. *See* Cablevision Systems Corp., *Cablevision Systems Corporation Reports Fourth Quarter and Full Year 2007 Results* (press release), Feb. 28, 2008. Mediacom reported that its revenue and operating cash flow increased by 6.2 and 7.7 percent, respectively, in the fourth quarter 2007 compared to the fourth quarter of 2006, and by 6.9 and 4.2 percent, respectively, for the full year 2007 over 2006. *See* Mediacom Communications Corp., *Mediacom Communication Reports Results for Fourth Quarter and Full Year 2007* (press release), Feb. 26, 2008.

Chart 1
Cable Price and the CPI, 1995-2008



3. Cable prices decrease substantially when a second wireline cable operator enters the market. It does not appear from these results that DBS effectively constrains cable prices. Thus, in the large number of communities in which there has been a finding that the statutory test for effective competition has been met due to the presence of DBS service, competition does not appear to be restraining price as it does in the small number of communities with a second cable operator as reflected in Chart 1-a below. Prices were 15.5 percent lower as of January 1, 2006; 10.3 percent lower as of January 1, 2007; and 10.1 percent lower as of January 1, 2008 in communities served by a second cable operator than they were in noncompetitive communities.



4. Competition from DBS does not appear to constrain expanded basic cable prices – average prices were slightly higher as of January 1, 2006; about the same as of January 1, 2007; and about

2.2 percent lower as of January 1, 2008, in communities where competition from DBS was the basis for relieving a cable operator from rate regulation than they were in noncompetitive communities.

5. Recent experience in Hong Kong provides further evidence that wireline competition constrains cable bills. Between 1995 and 2002, cable bills for subscribers of the leading cable service provider, “i-Cable”, grew at a rate 6.5 times faster than prices for other goods.⁵ Cable prices began falling, however, when competitor “now TV” entered the market in 2003. Between 2004 and 2007, i-Cable’s average revenue per user declined 32.9 percent.⁶ Hong Kong’s wireline competition has also furthered a la carte offerings. When now TV entered the MVPD market in 2003, it offered a la carte channels and currently offers 29 free channels and 17 a la carte channels. In response, in 2005, i-Cable began offering theme packages.⁷ In Singapore, wireline competition had a similar effect on a la carte offerings. In 2007, SingTel entered the MVPD market in competition with incumbent StarHub. SingTel’s entry into the market included a la carte pay TV options. In response, StarHub began offering more varied bundled options including a Flexiwatch plan which allows customers that don’t watch much television to purchase individual channels for as little as three days a month.⁸

6. *Differences between noncompetitive communities and communities relieved from basic-tier rate regulation.* Over the year ending January 1, 2006, prices increased at the same rate – 3.9 percent – for both groups of cable operators, those relieved from rate regulation of their basic tier (*i.e.*, those whom the Commission has found face “effective competition” in their service areas) and those serving noncompetitive communities (*i.e.*, those for whom no effective competition finding exists). For the years ending January 1, 2007 and January 1, 2008, prices increased by 6.1 percent and 4.1 percent, respectively, for the group relieved from rate regulation and by 4.3 percent and 5.2 percent for the noncompetitive group.

7. As of January 1, 2006; January 1, 2007; and January 1, 2008, cable operators on average charged \$45.26, \$47.27, and \$49.65, respectively, per month for expanded basic programming service. As of the same three dates, cable operators granted relief from rate regulation charged an average of \$43.70, \$46.28, and \$48.19, respectively, per month for those services, and operators serving noncompetitive communities charged on average \$45.48, \$47.49, and \$49.97 per month. Thus, cable operators granted relief from rate regulation continue to exhibit lower expanded basic prices – on average, 3.9 percent lower as of January 1, 2006; 2.6 percent lower as of January 1, 2007; and 3.6 percent lower as of January 1, 2008 – than cable operators that serve noncompetitive communities.

⁵ See i-Cable Communications Ltd., at <http://www.i-cablecomm.com/ir/report/index.php>. Between 1995 and 2002, i-Cable Communications Ltd. Held an exclusive license to provide pay television service throughout Hong Kong via its Cable TV Hong Kong subsidiary. In July 2002, the Hong Kong government opened the pay television market to competition. Between 1995 and 2002, Cable TV Hong Kong’s Average Revenue Per User (ARPU) increased 13 percent. For purposes of this analysis, we use ARPU as a proxy for the average bill paid by cable subscribers. During this same period, Hong Kong’s Composite CPI increased approximately 2 percent. See The Government of the Hong Kong Special Administrative Region of the People’s Republic of China, Census and Statistics Department at <http://www.censtatd.gov.hk>.

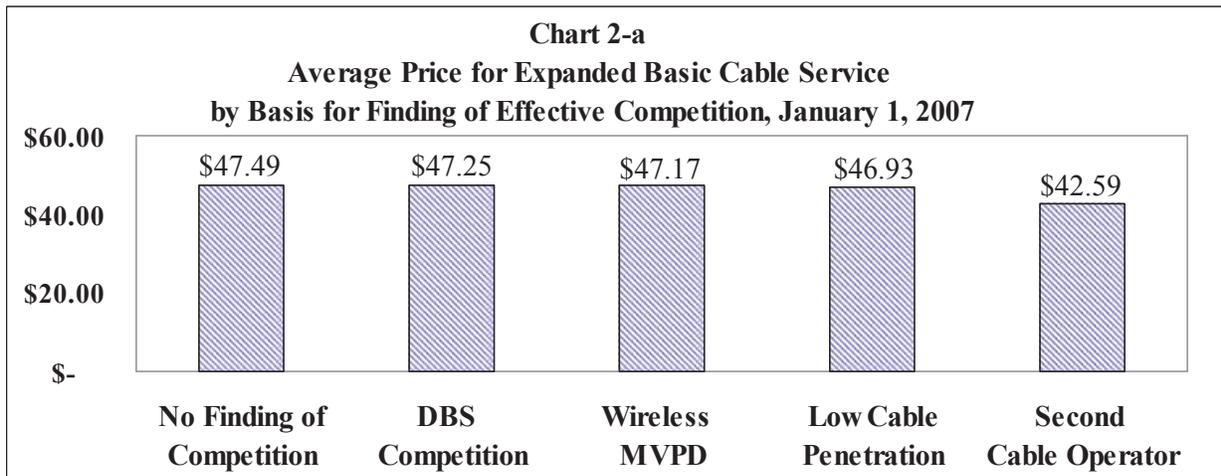
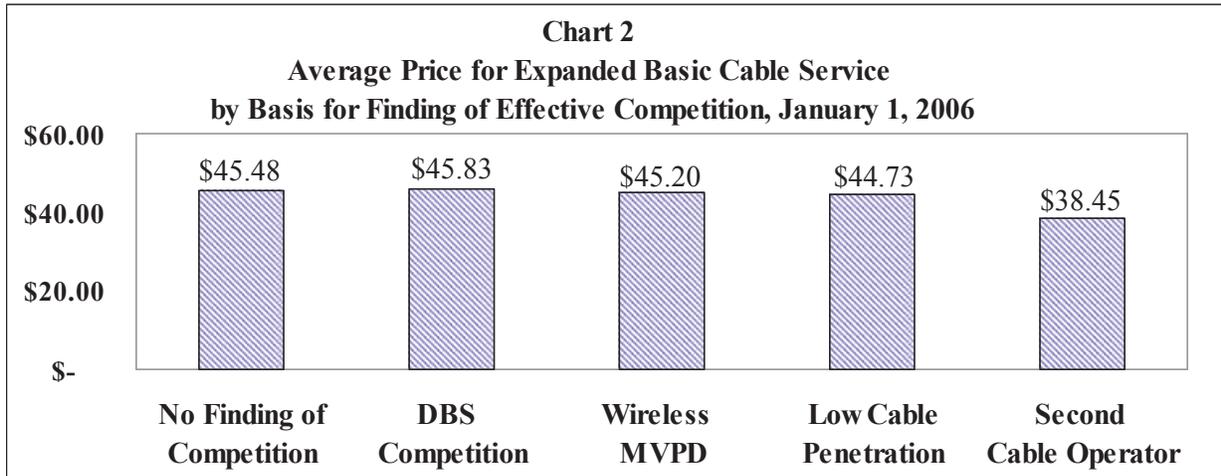
⁶ SNL Kagan Media and Communication at <http://www.snl.com/InteractiveX/Operator.aspx?id=4209088&Printable=1ResetDefaults=1> (visited November 5, 2008).

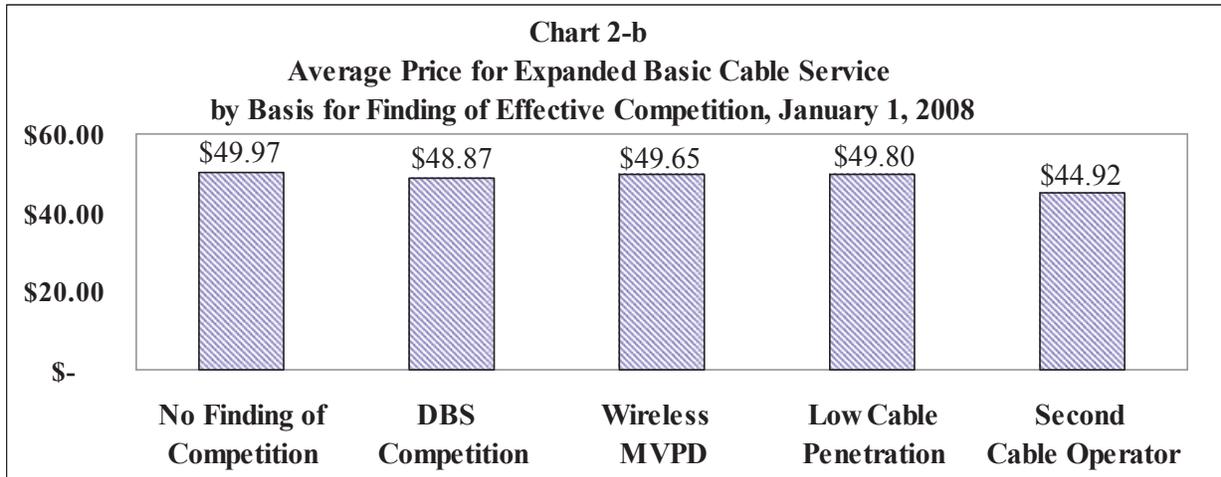
⁷ See i-Cable Communications Ltd., 2005 Annual Report, at 11, available at <http://www.i-cablecomm.com/ir/report/index/php>.

⁸ Huang Xueling, “StarHub revamps packages: Cable subscribers get more choices with a new tier and extra channels,” THE STRAITS TIMES (Singapore), May 30, 2008.

8. For all three years measured, the degree of difference between expanded basic prices charged by cable operators that have been granted relief from rate regulation and those that serve noncompetitive communities varied by subgroup, with the highest percentage differential in each of those three years associated with the subgroup of cable operators for which relief from rate regulation was based on competition from a second wireline cable operator.

9. The charts below show the average prices for expanded basic service for noncompetitive communities and the communities relieved from rate regulation.





10. *Weighted average cable prices.* Reflecting the widespread popularity of digital tiers, for the first time we report the “weighted average price of cable service,” defined as the price of expanded basic service plus the price (including equipment) of the most highly subscribed digital tier, with the digital price weighted by the percentage of expanded basic cable subscribers that take the digital tier. The weighted average price of cable service (expanded basic plus digital) has increased by 5.8 percent, 4.7 percent, and 7.4 percent, respectively, over the 12 months ending January 1, 2006; January 1, 2007; and January 1, 2008, and has grown from \$22.35 to \$58.80 between 1995 and 2008, an increase of 163.1 percent.

11. *Programming Expenses.* Operators in both groups surveyed incurred increases in programming expenses that were equivalent to more than half of the overall increase in price for expanded basic service for each year studied. Programming expenses increased on an average monthly basis by an estimated 6.9 percent, 8.3 percent, and 9.5 percent, respectively, for each of the three years between 2004 and 2007.

12. *Family Tier.* A number of cable operators have begun offering a “family tier” as an alternative to the cable programming service tier which is targeted toward subscribers who may object to some of the programming on the latter tier. As of July 1, 2006, a family tier was available to 46 percent of all subscribers nationwide at an average monthly price of \$32.20, which includes the cost of basic service and the equipment needed to receive the family tier. As of January 1, 2007 and January 1, 2008, this tier was available to 45 percent and 48 percent of subscribers at an average monthly price of \$31.15 and \$31.92, respectively.

13. *Advanced Services.* The survey results show that most cable operators now offer advanced services to virtually all of their subscribers. As of January 1, 2006; January 1, 2007; and January 1, 2008, cable operators offered digital video service to 98 percent of all subscribers for all three years; Internet access was offered to between 96 and 97 percent of all subscribers for all three years; and telephone service was offered to 61 percent, 76 percent, and 89 percent, respectively, of all subscribers.

14. *Econometric Analysis.* The Report includes an econometric analysis of the data collected. The results of this analysis show that cable prices tend to be higher in local MVPD markets where cable operators have a larger share of the market. In markets with two competing cable operators, the results show that the incumbent operator charges 14.1 percent less, on average, all other things held constant, than operators charge in markets where a second cable operator is not present. The results also show a tendency for the incumbent operator to undercut the overbuild rival’s price rather than simply matching that price.

II. OVERVIEW OF STUDY

15. The information and analysis provided in this Report are based on the Commission's surveys of cable industry prices ("surveys") that collected data as of January 1, 2005; January 1, 2006; January 1, 2007; and January 1, 2008, and also on a supplemental survey that collected data as of July 1, 2006.⁹ The surveys requested data from cable system operators serving random samples of two groups of communities: (1) communities where operators have not been formally found to meet the statutory test for effective competition ("noncompetitive communities"); and (2) communities where cable operators have been found to meet the statutory test for effective competition and, as a result, have been granted relief from rate regulation at the local level for their basic cable service tier ("communities relieved from rate regulation").¹⁰

16. In selecting cable operators in the communities relieved from rate regulation, we relied on the Commission's formal findings of effective competition regarding competition between multichannel video programming distributors ("MVPDs"),¹¹ based on the statutory definition of effective competition under the Cable Act.¹² Our list of communities relieved from local rate regulation is limited to adjudicated findings of effective competition. We are unable to take into account those areas of the country where the conditions for a finding may be present (*i.e.*, where market-based competition may be present), but no finding has been requested or made.¹³

⁹ The Commission directed cable operators to respond to two separate survey questionnaires – one requested data as of January 1, 2006 and the other as of January 1, 2007 and January 1, 2008. In addition, the Commission directed cable operators to respond to a supplemental survey questionnaire requesting additional data as of July 1, 2006. The supplemental questionnaire asked for information on the availability and prices charged for services such as family tiers, channels sold on an individual basis, and "double play" and "triple play" services. Those questions were then incorporated into the questionnaire for January 1, 2007 and January 1, 2008. See *Implementation of Section 3 of the Cable Television Consumer Protection and Competition Act of 1992, Statistical Report on Average Prices for Basic Service, Cable Programming Services, and Equipment*, 21 FCC Rcd 1375 (2006); *id.*, 21 FCC Rcd 9031 (2006) ("supplemental questionnaire"); *id.*, 23 FCC Rcd 818 (2008).

¹⁰ In order to collect the data for the January 1, 2006 survey, we surveyed cable operators that served 458 out of the 31,743 noncompetitive communities and cable operators that served 334 out of the 2,055 communities that were relieved from rate regulation pursuant to the statute. The same communities were surveyed for the supplemental questionnaire (which collected data as of July 1, 2006). For the January 1, 2007 and January 1, 2008 data, we selected a different random sample of communities, and surveyed 407 out of 30,352 noncompetitive communities and 305 out of 3,205 communities relieved from rate regulation. See Attachments 1-a and 1-b for further details about the surveyed cable operators.

¹¹ The term "MVPD" refers to an entity such as, but not limited to, a cable operator that makes available for purchase multiple channels of video programming. See 47 C.F.R. § 76.905(d).

¹² Under the Cable Act, a cable operator may obtain a finding of "effective competition" for a community that meets one of four tests: (1) fewer than 30 percent of households subscribe to the cable operator's video programming service ("LP" or "low penetration test"); (2) at least two MVPDs each offer a comparable service to at least 50 percent of households and at least 15 percent of all households subscribe to such service other than from the largest MVPD ("50/15 test"); (3) a municipality is an MVPD to at least 50 percent of households ("municipal test"); or (4) a local exchange carrier or its affiliate, or an MVPD using the facilities of such carrier or its affiliate, offers multichannel video programming service by means other than direct broadcast satellite in an area that is also served by an unaffiliated cable operator ("LEC test"). See 47 C.F.R. § 76.905(b). If a community is deemed subject to effective competition, the local franchising authority may no longer regulate rates for basic cable service, unless it seeks and is granted recertification. See 47 U.S.C. § 543(a)(2) & 47 U.S.C. § 916(a).

¹³ For example, our sample for data as of January 1, 2006 for the group of communities relieved from local rate regulation did not include areas where Verizon's FiOS TV has brought competition because that service was still in
(continued....)

17. *Brief Overview of Survey Methodology.*¹⁴ The samples of cable operators relieved from rate regulation were selected from each of four subgroups according to the primary basis for a finding that the statutory test for effective competition had been met. The first subgroup comprises communities in which a second cable operator's offerings provided the basis for the findings of effective competition ("second cable operator" subgroup). In this subgroup, we sampled both incumbent cable operators and second cable operators, or "rival" operators.¹⁵ This subgroup includes communities meeting either: (a) the 50/15 test based on the presence of at least two MVPDs; (b) the local exchange carrier ("LEC") test based on the presence of at least two MVPDs, one of which is a LEC or an entity affiliated with or using the facilities of a LEC; or (c) the municipal test based on the presence of at least two MVPDs, one of which is operated by the municipality. The second subgroup comprises communities in which a sufficient percentage of households subscribe to DBS service under the 50/15 test ("DBS" subgroup) to substantiate a finding of effective competition.¹⁶ The third subgroup consists of communities for which the effective competition findings were based on the offerings of a rival MVPD providing wireless multichannel video programming service ("wireless MVPD" subgroup).¹⁷ The fourth subgroup consists of cable operators that met the low penetration test at the time of the finding by serving fewer than 30 percent of households in their service area ("Low Penetration" subgroup).

18. We asked cable operators to complete questionnaires for each community they serve that was selected for these samples. As required by the statute, the surveys focused on expanded basic service, consisting of basic cable service plus the most highly subscribed cable programming service tier ("CPST"), as well as the most highly subscribed digital tier.¹⁸ Basic cable service consists of the local broadcast stations; public, educational, and governmental ("PEG") access channels; and typically a few additional channels that may be of local, regional, national, or international origination. Subscribers must purchase basic cable service to subscribe to a cable programming service, the latter consisting mostly of national cable networks. As of January 1, 2006; January 1, 2007; and January 1, 2008, respectively, 88 percent, 88 percent, and 89 percent of subscribers took at least expanded basic service; and 12 percent, 12

(...continued from previous page)

its early stages at the time of that survey. For the January 1, 2007 and January 1, 2008 survey, a small number of communities served by FiOS were included in our sample.

¹⁴ A complete description of our sampling methodology for both the January 1, 2006 and the January 1, 2007 and January 1, 2008 surveys is provided in Appendix A. Attachments 1-a and 1-b provide an overview of the number of observations selected for our samples, and the number of survey questionnaires completed by respondents, for each group and subgroup for both surveys.

¹⁵ The term "incumbent" refers to a cable operator that provided service before a second cable operator (the "rival" cable operator) entered the market.

¹⁶ We note that because DBS service is available nationwide, there likely are other areas of the country where DBS penetration exceeds the 15 percent threshold set forth in the "50/15" test for effective competition, but the incumbent cable operator has not requested a finding of effective competition.

¹⁷ All effective competition findings associated with wireless MVPD competition have been made under the LEC test, although it would be possible for findings to occur under the 50/15 test or municipal test.

¹⁸ The term "cable programming service" as used herein generally refers to the tier with (a) the most channels and (b) the most subscribers except for basic cable service. This cable programming service includes channels other than those offered on the basic cable service tier, other cable programming tiers including mini tiers, or a per-channel or per-program basis. In general, the most highly subscribed cable programming service is an analog tier, although the percentage of subscribers that take a digital tier in addition has grown rapidly in recent years.

percent, and 11 percent took basic cable service only.¹⁹ As of January 1, 2006; January 1, 2007; and January 1, 2008, respectively, 42 percent, 46 percent, and 53 percent of subscribers took at least one digital tier of service.²⁰ Cable operators responding to the two surveys were asked to report prices of basic cable service, cable programming service, and the most highly subscribed digital service as of four dates: January 1, 2008; January 1, 2007; January 1, 2006; and January 1, 2005. This permitted us to calculate the annual percentage changes for the years ending January 1, 2006; January 1, 2007; and January 1, 2008.

19. In addition to these monthly prices, the questionnaires asked for prices to lease cable equipment and to install cable service. In addition, information was gathered on factors that affect prices, including programming expenses, system operating capacity, and number of subscribers to various cable services. The supplemental questionnaire (and the questionnaire for January 1, 2007 and January 1, 2008) asked for information on the availability and prices charged for services such as family tiers, channels sold on an individual basis (“a la carte”), and the so-called “double play” and “triple play” services.²¹ Averages for each of these elements were calculated by sample subgroup, by the larger sample groups (operators serving noncompetitive communities and communities relieved from rate regulation), and overall as a weighted average of the sample groups.²²

20. *Accuracy and Reliability Review.*²³ Consistent with past practice, we have undertaken a number of steps to improve the accuracy and reliability of the raw data upon which this report is based. First, a responsible party within each cable operator's company was asked to certify the completeness and accuracy of that company's response. Next, we systematically examined all responses to ensure that they were complete, appeared to be reasonably accurate, and were reliable. The responses were audited using statistical quality-control tests to identify observations with apparent inaccuracies. For example, when a particular response was found to be outside of its expected reasonable range, internally inconsistent, or missing, we examined all of the information on that questionnaire more closely. Finally, we examined the data in the tables created for the report as a second layer of quality control to ensure the accuracy of the underlying data. After our examination we contacted those cable operators that appeared to have

¹⁹ This includes the 4 percent of subscribers (as of January 1, 2006; as well as January 1, 2007 and January 1, 2008) whose cable operators do not offer separate rates for the basic cable service programming tier, but which instead offer a bundled basic tier that includes channels typically placed on expanded basic. For the purpose of calculating cable prices, we include these bundled prices under basic cable service. If we were to remove these 4 percent of subscribers whose cable operators do not offer separate rates, the average price for basic cable service would be \$13.99 rather than \$14.59 as of January 1, 2006; \$14.26 rather than \$15.08 as of January 1, 2007; and \$15.06 rather than \$15.93, as of January 1, 2008.

²⁰ This 42 percent (as of January 1, 2006) is the percent of digital subscribers among all basic subscribers. The percent of digital subscribers among all expanded basic subscribers was 48 percent as of January 1, 2006; 52 percent as of January 1, 2007; and 61 percent as of January 1, 2008. See Attachments 3, 3-a, and 3-b. Subscription to expanded basic service is typically a prerequisite to subscription to a digital tier.

²¹ “Double play” refers to the bundling of traditional cable video service together with Internet access service. “Triple play” refers to the bundling of traditional video service, Internet access, and cable voice service (including both traditional circuit-switched telephony and voice over Internet protocol, or “VOIP,” telephony). Usually, these bundles of services are sold with a discount from the price that would be charged if each service were purchased separately. Our surveys did not attempt to measure these discounts.

²² The weights or importance given to each subgroup and group in calculating the overall average price are based upon estimates of the share of cable subscribers in each subgroup and group. See Appendix A for additional information.

²³ For additional discussion of our data quality control procedures, see Appendix A.

questionable data and asked them to correct all responses on any questionnaire that appeared unreasonable or to provide information to complete missing responses.²⁴

III. SURVEY RESULTS

A. Basic, Expanded Basic and Digital Services

21. Tables 1, 1-a, and 1-b display the average increases in the prices for basic service, expanded basic service (consisting of basic cable service and cable programming service), and the most highly subscribed digital tier (with Table 1 showing data as of January 1, 2006 and percentage increases from January 1, 2005; Table 1-a showing similar data as of January 1, 2007 with percentage increases from January 1, 2006; and Table 1-b showing similar data as of January 1, 2008 with percent changes from January 1, 2007).²⁵ For the period between January 1, 2005 and January 1, 2006, the average price for expanded basic service increased by 3.9 percent, from \$43.56 to \$45.26. Over the same period, the price of basic cable service increased by 2.7 percent, from \$14.20 to \$14.59, and the price of cable programming service increased by 4.5 percent, from \$29.36 to \$30.67. On average, the prices in noncompetitive communities and communities relieved from rate regulation increased at the same rate – 3.9 percent – during that period, to \$45.48 and \$43.70, respectively. Overall, the price of expanded basic service increased by 122.1 percent from 1995 to 2008, the 13 years since the period immediately prior to Congress’ enactment of the Telecommunications Act of 1996.

22. The Bureau of Labor Statistics (“BLS”) publishes a Consumer Price Index (“CPI”) that measures general price inflation through changes in the prices of goods and services.²⁶ The BLS also publishes a CPI index which excludes food and energy. This index is commonly used as a measure of core inflation.²⁷ These two series track each other very closely with the exception of 2006, 2007, and 2008. The CPI has increased by 38.4 percent and 32.3 percent, respectively, for all items and all items less food and energy from 1995 to 2008. Comparing the increase in cable price during the year ending January 1, 2006 to the increase in the CPI excluding food and energy over the same period, we find that the cable price increase of 3.9 percent was substantially higher than the increase in the “core” inflation rate, which was 2.2 percent. On the basis of the CPI for “all items,” general inflation increased by 3.9 percent over the 12 months ending January 2006, the same percentage as cable prices rose during that time period. Table 1 displays information on the additional price that consumers must pay above that charged for expanded basic service to purchase the most highly subscribed digital tier, including equipment, which consists of a digital set-top converter and remote control unit. Over the 12 months ending January 1, 2006, the average price for the digital tier and equipment increased by 1.7 percent, from \$13.59 to \$13.83.

²⁴ The percentage of survey responses that require follow-up inquiries may vary over time based on such factors as the familiarity of the respondents with the survey and the introduction of new questions to the survey instrument. For the 2006 data reflected in this Report, we contacted approximately 45.7 percent of the respondents with requests for clarification or correction; for the 2007/2008 data, we contacted approximately 60.0 percent of the respondents with such requests.

²⁵ Note that data for January 1, 2006 are similar but not exactly the same in Tables 1 and 1-a. This is because we draw a different random sample of cable operators for these two surveys. For additional information on our sampling methodology, see Appendix A and Attachments 1-a (2006) and 1-b (2007/2008).

²⁶ See Attachment 4, which reports the CPI index for “all items” and “all items less food and energy.”

²⁷ See, e.g., M. F. Bryan, S. G. Cecchetti, and R. L. Wiggins, *Efficient Inflation Estimators*, National Bureau of Economic Research, Working Paper 6183 (1997).

Table 1 Monthly Prices 2006							
Programming Service January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Basic cable service tier	\$14.59	\$14.52	\$15.09	\$13.07	\$15.81	\$15.96	\$15.65
Prior year (1/1/05)	\$14.20	\$14.14	\$14.59	\$12.89	\$15.19	\$15.32	\$15.20
<i>Percent change</i>	2.7%	2.6%	3.4%	1.4%	4.1%	4.1%	2.9%
Cable programming service tier	\$30.67	\$30.96	\$28.62	\$25.38	\$30.01	\$29.24	\$29.07
Prior year (1/1/05)	\$29.36	\$29.63	\$27.48	\$23.99	\$29.08	\$27.86	\$27.72
<i>Percent change</i>	4.5%	4.5%	4.1%	5.8%	3.2%	5.0%	4.9%
Expanded basic service	\$45.26	\$45.48	\$43.70	\$38.45	\$45.83	\$45.20	\$44.73
Prior year (1/1/05)	\$43.56	\$43.77	\$42.07	\$36.89	\$44.27	\$43.18	\$42.93
<i>Percent change</i>	3.9%	3.9%	3.9%	4.2%	3.5%	4.7%	4.2%
2006 price compared to Noncompetitive group			-3.9%	-15.5%	0.8%	-0.6%	-1.7%
Digital service tier	\$13.83	\$13.94	\$13.05	\$13.91	\$13.26	\$11.13	\$11.07
Prior year (1/1/05)	\$13.59	\$13.70	\$12.85	\$13.52	\$13.12	\$11.05	\$10.86
<i>Percent change</i>	1.7%	1.8%	1.5%	2.9%	1.1%	0.7%	2.0%
2006 price compared to Noncompetitive group			-6.4%	-0.2%	-4.9%	-20.2%	-20.6%

Sources: Attachments 2 and 3.

23. As shown in Table 1-a, for the period between January 1, 2006 and January 1, 2007, the average price for expanded basic service increased by 4.6 percent, from \$45.18 to \$47.27. Over that period, the price of basic cable service increased by 4.2 percent, from \$14.70 to \$15.33, and the price of cable programming service increased by 4.8 percent, from \$30.48 to \$31.94. On average, the prices of expanded basic service in noncompetitive communities and communities relieved from rate regulation increased by 4.3 percent and 6.1 percent, respectively, during that period, to \$47.49 and \$46.28.

Table 1-a Monthly Prices 2007							
Programming Service January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Basic cable service tier	\$15.33	\$15.10	\$16.37	\$14.65	\$16.76	\$16.99	\$17.08
Prior year (1/1/06)	\$14.70	\$14.57	\$15.32	\$13.71	\$15.59	\$16.08	\$17.00
<i>Percent change</i>	4.2%	3.6%	6.9%	6.9%	7.6%	5.6%	0.4%
Cable programming service tier	\$31.94	\$32.39	\$29.90	\$27.94	\$30.49	\$30.18	\$29.85
Prior year (1/1/06)	\$30.48	\$30.96	\$28.28	\$26.22	\$28.89	\$29.01	\$27.76
<i>Percent change</i>	4.8%	4.6%	5.8%	6.5%	5.5%	4.0%	7.5%
Expanded basic service	\$47.27	\$47.49	\$46.28	\$42.59	\$47.25	\$47.17	\$46.93
Prior year (1/1/06)	\$45.18	\$45.53	\$43.60	\$39.93	\$44.48	\$45.09	\$44.77
<i>Percent change</i>	4.6%	4.3%	6.1%	6.7%	6.2%	4.6%	4.8%
2007 price compared to Noncompetitive group			-2.6%	-10.3%	-0.5%	-0.7%	-1.2%
Digital service tier	\$13.00	\$13.04	\$12.82	\$13.57	\$12.84	\$11.47	\$12.58
Prior year (1/1/06)	\$12.55	\$12.50	\$12.76	\$13.28	\$12.88	\$11.29	\$12.46
<i>Percent change</i>	3.6%	4.3%	0.5%	2.2%	-0.3%	1.6%	1.0%
2007 price compared to Noncompetitive group			-1.7%	4.0%	-1.6%	-12.0%	-3.6%

Sources: Attachments 2-a and 3-a.

24. As shown in Table 1-b, for the period between January 1, 2007 and January 1, 2008, the average price for expanded basic service increased by 5.0 percent, from \$47.27 to \$49.65. Over that period, the price of basic cable service increased by 5.1 percent, from \$15.33 to \$16.11, and the price of cable programming service increased by 5.0 percent, from \$31.94 to \$33.54. On average, the prices of expanded basic service in noncompetitive communities and communities relieved from rate regulation increased by 5.2 percent and 4.1 percent, respectively, during that period, to \$49.97 and \$48.19.

Table 1-b Monthly Prices 2008							
Programming Service January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Basic cable service tier	\$16.11	\$15.83	\$17.37	\$16.06	\$17.64	\$17.81	\$18.25
Prior year (1/1/07)	\$15.33	\$15.10	\$16.37	\$14.65	\$16.76	\$16.99	\$17.08
Percent change	5.1%	4.8%	6.1%	9.6%	5.2%	4.8%	6.9%
Cable programming service tier	\$33.54	\$34.14	\$30.82	\$28.86	\$31.23	\$31.84	\$31.55
Prior year (1/1/07)	\$31.94	\$32.39	\$29.90	\$27.94	\$30.49	\$30.18	\$29.85
Percent change	5.0%	5.4%	3.1%	3.3%	2.4%	5.5%	5.7%
Expanded basic service	\$49.65	\$49.97	\$48.19	\$44.92	\$48.87	\$49.65	\$49.80
Prior year (1/1/07)	\$47.27	\$47.49	\$46.28	\$42.59	\$47.25	\$47.17	\$46.93
Percent change	5.0%	5.2%	4.1%	5.5%	3.4%	5.3%	6.1%
2008 price compared to Noncompetitive group			-3.6%	-10.1%	-2.2%	-0.6%	-0.3%
Digital service tier	\$14.01	\$14.16	\$13.34	\$14.27	\$13.16	\$12.59	\$13.40
Prior year (1/1/07)	\$13.00	\$13.04	\$12.82	\$13.57	\$12.84	\$11.47	\$12.58
Percent change	7.8%	8.6%	4.0%	5.2%	2.5%	9.7%	6.6%
2008 price compared to Noncompetitive group			-5.8%	0.8%	-7.1%	-11.1%	-5.4%

Sources: Attachments 2-b and 3-b.

25. Tables 1, 1-a, and 1-b also show the percentage differences between prices charged for expanded basic service by cable operators in communities relieved from rate regulation overall and in the four subgroups of these operators, compared with prices charged by cable operators in noncompetitive communities. As of January 1, 2006; January 1, 2007; and January 1, 2008, respectively, the prices charged in communities relieved from rate regulation overall were 3.9 percent, 2.6 percent, and 3.6 percent lower than the prices charged in noncompetitive communities. The price difference varied by subgroup, however. As of January 1, 2006; January 1, 2007; and January 1, 2008, respectively, prices averaged 15.5 percent lower, 10.3 percent lower, and 10.1 percent lower for the subgroup with the presence of a second cable operator compared to the prices that prevailed in noncompetitive communities as of those dates. These percentage differentials were notably larger than the differentials present in the three other competitive subgroups on those dates. For example, as of January 1, 2008, for the other three competitive subgroups, prices were 2.2 percent lower, 0.6 percent lower, and 0.3 percent lower, respectively, in communities deemed competitive by virtue of DBS penetration, the presence of a wireless MVPD, and a cable operator having met the low penetration test. Small percentage differentials prevailed for those three subgroups for January 1, 2006 and January 1, 2007.

26. For all three years, cable prices decrease substantially when a second cable operator enters the market. None of the other bases for findings of effective competition appears to be restraining the level of prices to the same degree as competition from a second wire-based cable operator. Moreover, it does not appear from these results that competition from DBS effectively constrains cable prices. In fact, the prices charged for expanded basic service by the subgroup of communities relieved from rate regulation on the basis of the presence of a DBS competitor were roughly similar (*i.e.*, plus or minus less

than one percentage point), on average, as of January 1, 2006 and January 1, 2007, than the prices charged in noncompetitive communities. They were, however, between 2 percent and 3 percent lower as of January 1, 2008.²⁸

B. Weighted Average Cable Prices

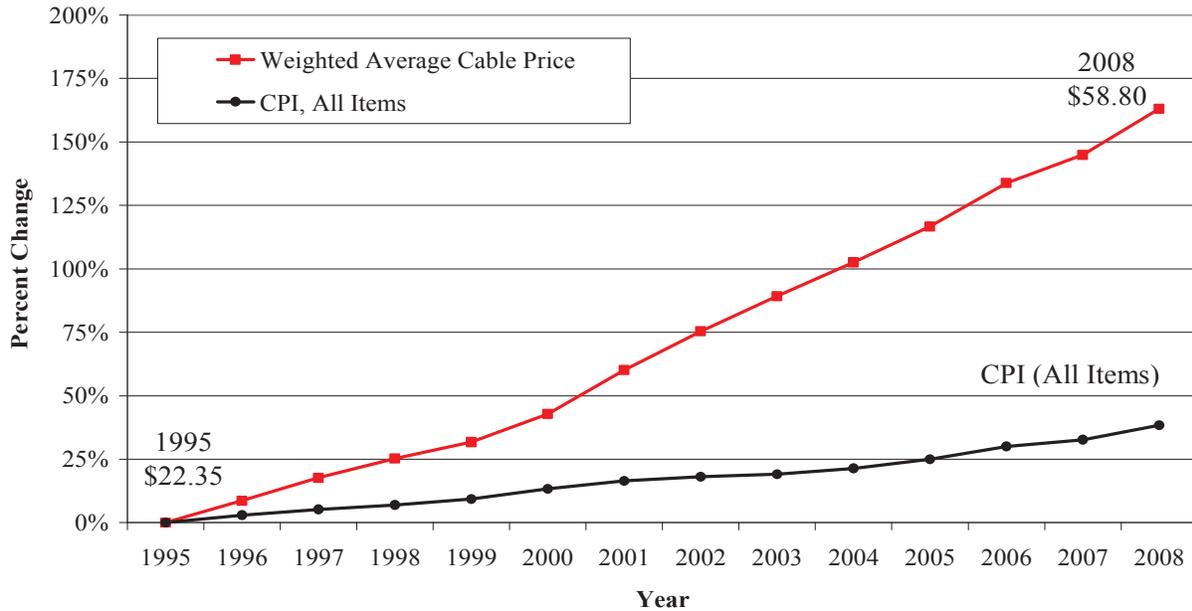
27. Previous cable price reports have interpreted the price of expanded basic service as the most relevant price of cable service. While we continue to report and analyze the price of expanded basic service, for the first time we also report a new measure of cable prices: the “weighted average price of cable television service.” This price is given by the price of expanded basic service plus the price (including equipment) of the most highly subscribed digital tier, with the digital price weighted by the percentage of expanded basic cable subscribers that take the digital tier. The reason we do so is simple: as of January 1, 2008, more than half of all cable subscribers purchased the most popular digital service offered by cable systems. Digital service take rates increased from zero in 1995 to 61.0 percent of expanded basic cable subscribers by January 2008. It therefore is important to both measure the price of that service and analyze the impact of its purchase on the amount a household pays for cable service. The weighted average price of cable service does just that.²⁹

28. The weighted average price of cable service has grown from \$22.35 in 1995 to \$52.26 in 2006, an increase of 133.8 percent; to \$54.73 in 2007, an increase of 144.9 percent over the 1995 price; and to \$58.80 in 2008, an increase of 163.1 percent. This is more than four times faster than the increase in prices for other goods and services as measured by the CPI. This is illustrated by Chart 3 below.

²⁸ As shown in Tables 1, 1-a, and 1-b, average prices charged for expanded basic by operators in the DBS subgroup were 0.8 percent higher, 0.5 percent lower, and 2.2 percent lower than the noncompetitive group, respectively, as of January 1, 2006; January 1, 2007; and January 1, 2008.

²⁹ In particular, it measures the average amount a household that subscribes to expanded basic service pays for expanded basic plus digital cable services. For some households, this will be just the expanded basic price (as they choose not to purchase a digital service). For others, it will be the expanded basic plus the digital price. The average of these two types of households will therefore be the expanded basic price plus the digital price weighted by the share of households that purchase digital service. This price could equally well be called the average household expenditure on expanded basic plus digital cable services (among those households that take expanded basic service).

Chart 3
Weighted Average Cable Price and the CPI, 1995-2008



29. Table 2 below gives details concerning the increase in the weighted average cable price from 1995 to 2008. From 1995 to 2008, the price of expanded basic service increased from \$22.35 to \$49.65. In 2008, the price for the basic digital tier including a converter and remote control was \$14.01.³⁰

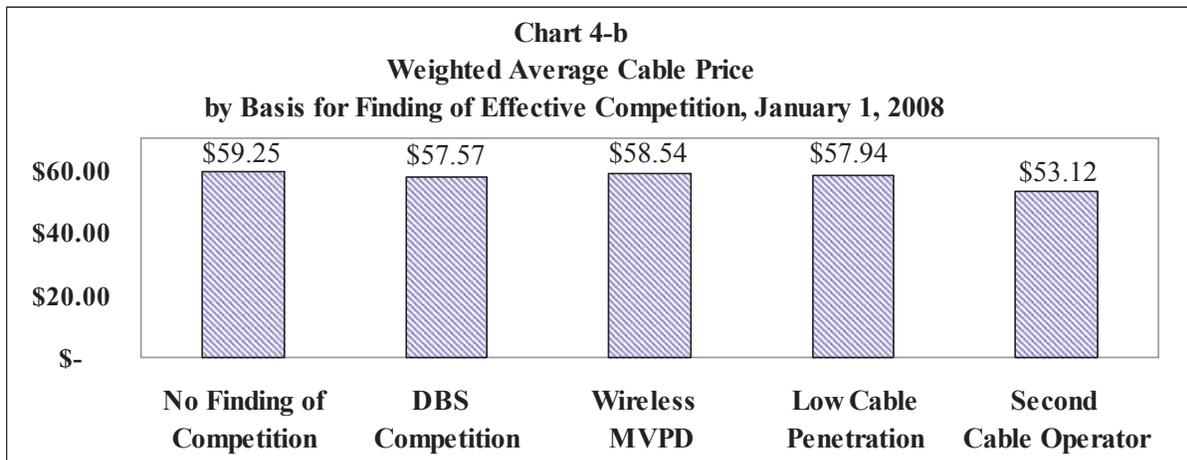
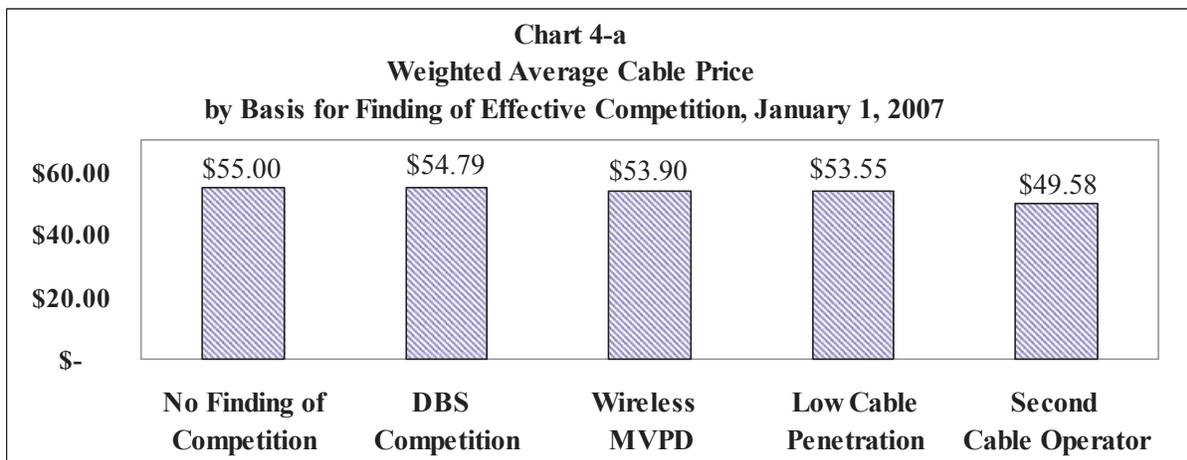
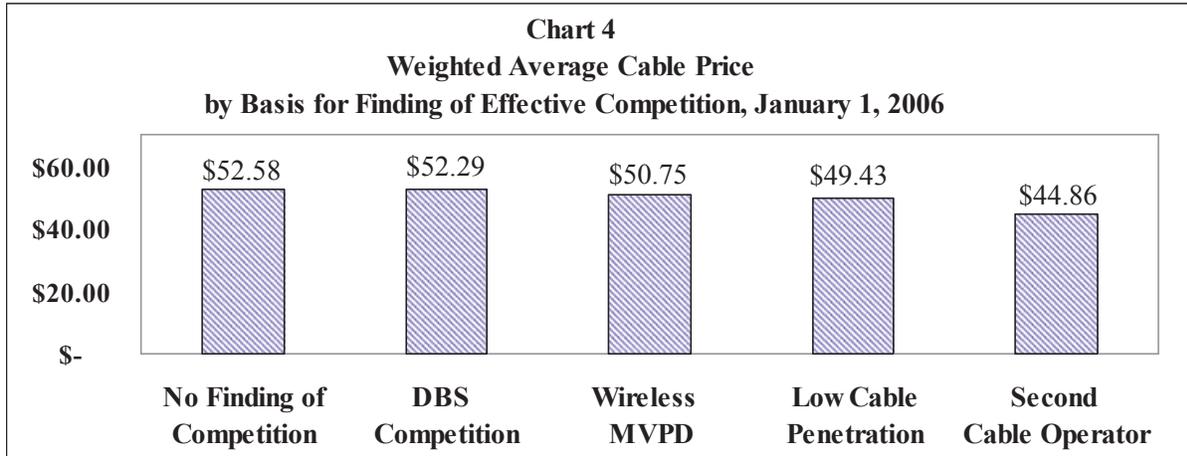
Table 2
Weighted Average Cable Price, 1995-2008

Date	Expanded Basic Price	Digital		Weighted Cable Price	Price Index, 1995 = 100	
		Price	Share		Expanded Basic Price	Weighted Cable Price
Jul. 1995	\$22.35	---	---	\$22.35	100.0	100.0
Jul. 1996	\$24.28	---	---	\$24.28	108.6	108.6
Jul. 1997	\$26.31	---	---	\$26.31	117.7	117.7
Jul. 1998	\$27.88	\$10.70	1.2%	\$28.01	124.7	125.3
Jul. 1999	\$28.94	\$9.49	5.4%	\$29.45	129.5	131.8
Jul. 2000	\$31.22	\$8.42	8.4%	\$31.93	139.7	142.9
Jul. 2001	\$33.75	\$11.58	17.6%	\$35.79	151.0	160.1
Jul. 2002	\$36.47	\$10.12	27.1%	\$39.21	163.2	175.4
Jan. 2003	\$38.95	\$10.08	33.4%	\$42.32	174.3	189.4
Jan. 2004	\$41.04	\$10.72	39.6%	\$45.29	183.6	202.6
Jan. 2005	\$43.04	\$12.99	41.6%	\$48.44	192.6	216.7
Jan. 2006	\$45.26	\$13.83	47.7%	\$52.26	202.5	233.8
Jan. 2007	\$47.27	\$13.00	52.3%	\$54.73	211.5	244.9
Jan. 2008	\$49.65	\$14.01	61.0%	\$58.80	222.1	263.1
Change, 1995-2008	122.1%	---	---	163.1%	122.1%	163.1%

Sources: Attachments 4 and 5.

³⁰ Data for digital service were not collected prior to 1998 because that service was in a start-up phase prior to 1998.

30. The comparison between sample groups is similar for the weighted average price of cable service as for expanded basic. As of January 1, 2006; January 1, 2007; and January 1, 2008, respectively, prices averaged 4.8 percent lower, 2.6 percent lower, and 4.1 percent lower in communities relieved from rate regulation than in noncompetitive communities, and for the second cable operator subgroup, were 14.7 percent, 9.8 percent, and 10.3 percent lower than they were in noncompetitive communities.



C. Price Per Viewing Hour

31. In 2005, the Commission determined that it should no longer include price per channel data because it does not reflect actual prices offered to consumers. Cable operators do not permit consumers to purchase channels that are included in expanded basic service on an individual basis, nor do they provide refunds to consumers who opt to have certain channels blocked. (If cable operators did offer consumers the option to purchase channels individually, it would be appropriate to consider the prices charged to consumers for those channels.) Further, the use of the average rate per channel as a proxy for quality of service measurements implies that consumers value recently added channels the same as previously added channels. For example, the use of these data as a proxy for quality adjustments would suggest that quality adjusted prices would be unchanged if there were a 10 percent increase in monthly cable rates and a 10 percent increase in the number of channels; however, this does not take into account how consumers might value the additional channels.

32. In response to the release of the 2005 Report on Cable Industry Prices (“2005 Report”), the National Cable & Telecommunications Association (“NCTA”) sent a letter to the Chairman asking him to disclose data showing the pricing of cable’s multichannel video services on a per-channel basis.³¹ NCTA stated that is important to analyze prices not only on an inflation-adjusted basis but also on a quality-adjusted basis. NCTA noted that one way to measure quality changes is to calculate price per channel. NCTA concedes that “a per-channel analysis may be an imperfect mechanism” by which to calculate quality-adjusted prices. NCTA recommended, rather, that changes in the quality or value of cable services be measured based on changes in the amount of usage of the service by cable customers, or Price Per Viewing Hour (“PPVH”).³² NCTA stated that PPVH can be calculated by dividing the price of the service by the amount of time that an average household spends watching the service. NCTA states that, when measured in this quality-adjusted way, the real price of expanded basic cable service has steadily declined in recent years from 28.4 cents per viewing hour in 2002 to 26.3 cents per viewing hour in 2005.³³

33. NCTA’s conclusion that prices have declined in real terms when measured using PPVH is critically flawed. Even if PPVH were a better measure of quality-adjusted prices than price per channel, NCTA did not calculate the PPVH correctly, erring twice in their calculations. First, NCTA failed to include the (weighted) price of digital service in their numerator, yet digital channels are included in Cable Viewing Hours in their denominator. Second, NCTA included the price of basic service in the numerator, but excluded broadcast channels, which are carried on the basic service tier, from the denominator. Correcting these errors yields the values reported here. In particular, one must ensure that the price of the services in the numerator is matched to the viewing hours of those same services in the denominator, and that both are measured for the same set of households. Viewing hours reported by Nielsen Media Research are commonly split into broadcast viewing, ad-supported cable viewing, and premium pay viewing and are reported for broadcast-only households, “Cable Plus” households, Cable Plus with pay households (*i.e.*, Cable Plus households that also subscribe to at least

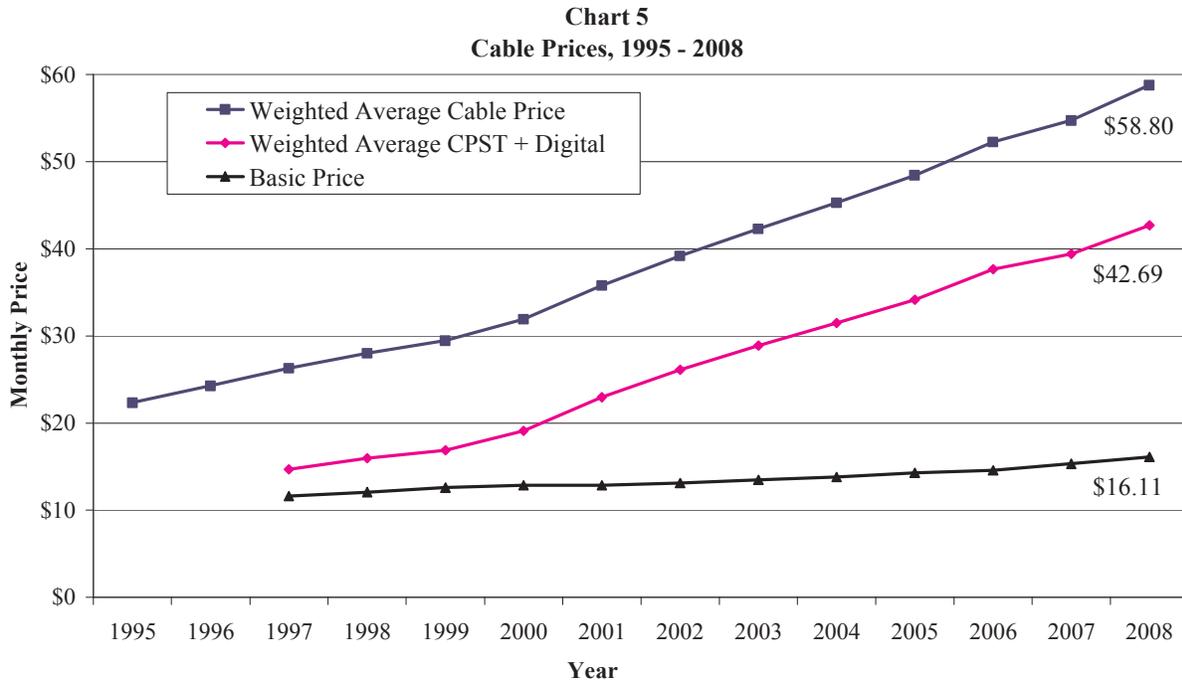
³¹ NCTA letter (“Letter”) of January 4, 2007 at 1 (MM Docket No. 06-266).

³² Letter at 2.

³³ Letter at 3.

one pay service), and all households.³⁴ For the purposes of this report, we are most interested in ad-supported cable viewing among cable-plus households.³⁵

34. The services offered by cable systems differ along similar lines. The primary networks offered on Basic Service are broadcast networks, while the primary networks offered on cable programming and digital service tiers are ad-supported cable networks.³⁶ Chart 5 below decomposes the weighted average cable price from Chart 3 into the average price of basic service and the weighted average price of CPST plus digital service between 1997 and 2008.³⁷ Much of the growth in the weighted average price of cable service comes from growth in the price of CPST service coupled with growth in the price and an increase in subscriber penetration of digital service.



Note: In Chart 5, Weighted Average CPST + Digital and Basic Price are unavailable prior to 1997.

35. The Price Per Viewing Hour Table below reports the values of the prices shown in Chart 5 as well as average viewing hours between 1997 and 2008 for ad-supported cable networks among Cable

³⁴ The “Cable Plus” Nielsen universe is defined as “the households in the Total U.S. that can receive cable programming via wired cable or other means” (Nielsen Media Research (2004), “National Television Activity Report,” Discussion Paper B).

³⁵ Although the Cable Plus category includes satellite households, it will be a useful measure for our purposes as long as average viewing hours are similar for satellite and cable households.

³⁶ See, for example, Tables 5-7.

³⁷ The weighted average price of CPST plus digital service is calculated analogously to the weighted average price of cable service: it is the average price of CPST plus digital service with the price of digital service weighted by the share of households that subscribe to digital service.

Plus households.³⁸ It also reports the PPVH of ad-supported cable networks, calculated as the weighted average price (per month) of CPST plus digital services divided by the average viewing hours (per month) of Cable Plus households.³⁹ The table shows that while household viewing of ad-supported cable networks has grown considerably, rising 59.4 percent between 1997 and 2008, prices for those networks (weighted CPST + digital price tiers) have risen even faster, by 190.8 percent over the same period. As a result, prices per viewing hour of cable networks have grown considerably, from 13.9 cents/hour in 1997 to 25.3 cents/hour in 2008, an increase of 82.4 percent.

Price Per Viewing Hour Table 1997-2008								
Date	Weighted Cable Price	Basic Price	Weighted CPST + Digital Price	Cable Television Viewing Hours/Week	Cable Television Viewing Hours/Month	Price Per Viewing Hour	Price Index, 1997 = 100	
							Weighted CPST + Dig Price	PPVH
Jul. 1997	\$26.31	\$11.63	\$14.68	24.4	105.9	\$0.139	100.0	100.0
Jul. 1998	\$28.01	\$12.06	\$15.95	26.2	113.6	\$0.140	108.6	101.2
Jul. 1999	\$29.45	\$12.58	\$16.87	26.8	116.4	\$0.145	114.9	104.6
Jul. 2000	\$31.93	\$12.84	\$19.09	28.1	122.0	\$0.157	130.0	112.9
Jul. 2001	\$35.79	\$12.84	\$22.95	29.8	129.6	\$0.177	156.3	127.7
Jul. 2002	\$39.21	\$13.11	\$26.10	31.8	138.0	\$0.189	177.8	136.5
Jan. 2003	\$42.32	\$13.45	\$28.87	34.0	147.7	\$0.195	196.6	141.0
Jan. 2004	\$45.29	\$13.80	\$31.49	35.6	154.8	\$0.203	214.5	146.7
Jan. 2005	\$48.44	\$14.30	\$34.14	37.7	163.7	\$0.209	232.6	150.4
Jan. 2006	\$52.26	\$14.59	\$37.67	38.6	167.9	\$0.224	256.6	161.8
Jan. 2007	\$54.73	\$15.33	\$39.40	38.6	167.7	\$0.235	268.4	169.5
Jan. 2008	\$58.80	\$16.11	\$42.69	38.9	168.8	\$0.253	290.8	182.4
Change, 1997-2008	123.5%	38.5%	190.8%	59.4%	59.4%	82.4%	190.8%	82.4%

Sources: Various price surveys; Nielsen

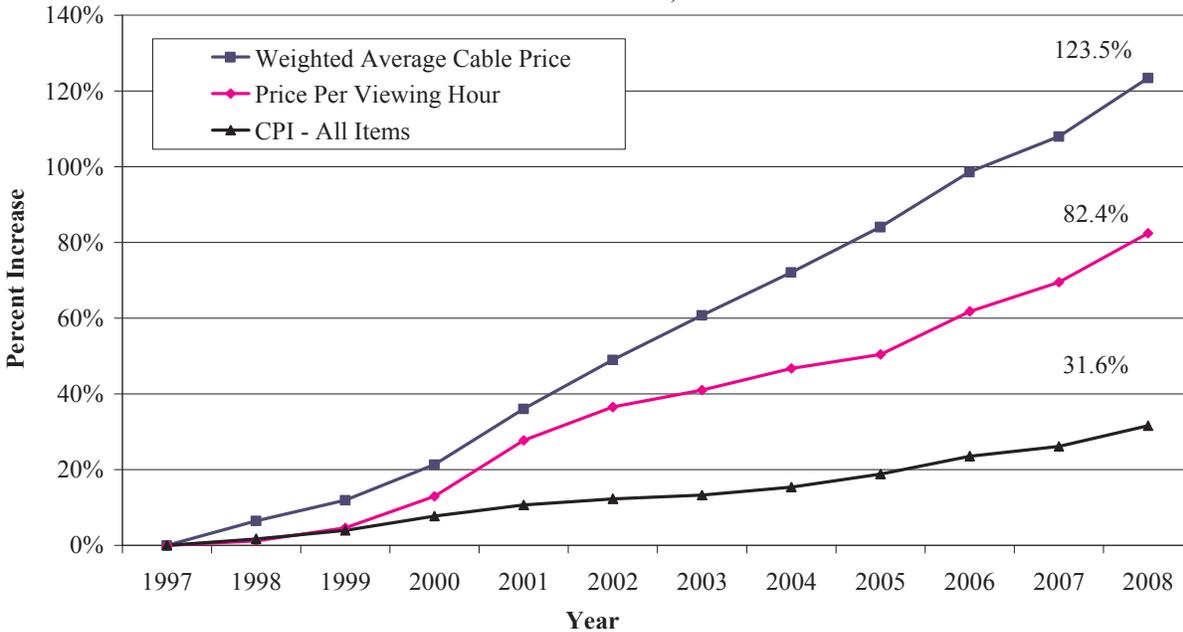
36. Chart 6 summarizes trends in cable prices between 1997 and 2008 and compares them to prices of other goods, as measured by the Consumer Price Index.⁴⁰ It shows that, on an unadjusted basis, consumers are paying 123.5 percent more for cable service in 2008 than they were paying in 1997 and 82.4 percent more on a per-viewing-hour basis. Both far exceed the 31.6 percent increase in the CPI over the same period.

³⁸ The viewing hours come from Nielsen by way of the Cablevision Advertising Bureau. Values from 1997 to 2001 are from Wildman, S. (2003) "Assessing Quality-Adjusted Changes in the Real Price of Basic Cable Service," Discussion paper, Michigan State University (citing CAB); values from 2002 to 2007 are from the CAB website at <http://www.onetvworld.org/main/cab/strax/average-time-spent-with-c.shtml> (accessed March 4, 2008). Values for 2008 are, from Nielsen, the average ad-supported cable viewing among Cable Plus households for October 1, 2007 – March 30, 2008.

³⁹ Viewing hours per month were calculated as the average viewing hours per week divided by seven, times 365, divided by 12 (*i.e.*, converting viewing hours per week to viewing hours per month).

⁴⁰ As mentioned above, data for digital service were not collected prior to 1998 because that service was in a start-up phase prior to 1998. On that basis, we exclude 1995-1997 prices from this comparison.

Chart 6
Trends in Cable Prices, 1997-2008



D. Programming Expense for Expanded Basic

37. Tables 3, 3-a, and 3-b display information on programming expenses incurred by cable operators related to the provision of expanded basic service, stated on an average monthly basis per subscriber.⁴¹ These expenses include the increases in fees for existing programming as well as additional fees for new programming added during the year. Programming expenses increased on an average monthly basis by an estimated \$0.88 per subscriber, or 6.9 percent, from 2004 to 2005; by an estimated \$1.13, or 8.3 percent, from 2005 to 2006; and by an estimated \$1.40, or 9.5 percent, from 2006 to 2007. Increases in programming expenses were equivalent to 52 percent of the overall increase in price for expanded basic service during the year ending January 1, 2006; 54 percent during the year ending January 1, 2007; and 59 percent during the year ending January 1, 2008. These findings are illustrated in Charts 7 and 8 below.

⁴¹ Programming expense per subscriber, as reported herein, equals the difference in the monthly programming expense per subscriber for expanded basic service, comparing year 2004 to year 2005 (shown in Table 3), year 2005 to year 2006 (shown in Table 3-a), and year 2006 to year 2007 (shown in Table 3-b). These measures are approximations, calculated by dividing the programming cost in each year by the number of end-of-year basic cable service subscribers, and dividing by 12 (months). The programming expense numbers are for the previous year rather than the survey year because survey questionnaires are sent too early in the year for cable operators to be able to provide programming expense information for the survey year.

Table 3 Change in Monthly Programming Expense per Subscriber, 2004-2005							
Expanded Basic Service 2004-2005	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Programming expense, year 2005	\$13.41	\$13.32	\$14.10	\$14.83	\$14.43	\$11.50	\$14.94
Programming expense, year 2004	\$12.54	\$12.46	\$13.09	\$13.76	\$13.38	\$10.75	\$13.64
Change in programming expense	\$0.88	\$0.86	\$1.02	\$1.07	\$1.05	\$0.75	\$1.30
Change in expanded basic price *	\$1.70	\$1.71	\$1.64	\$1.56	\$1.56	\$2.01	\$1.80
Expense to price change **	52%	50%	62%	68%	67%	37%	72%

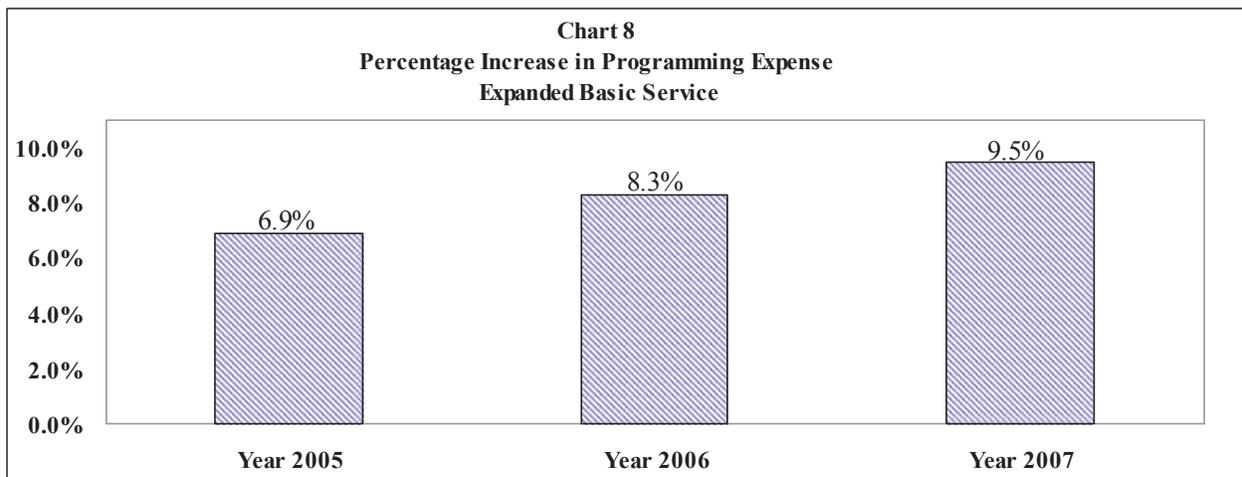
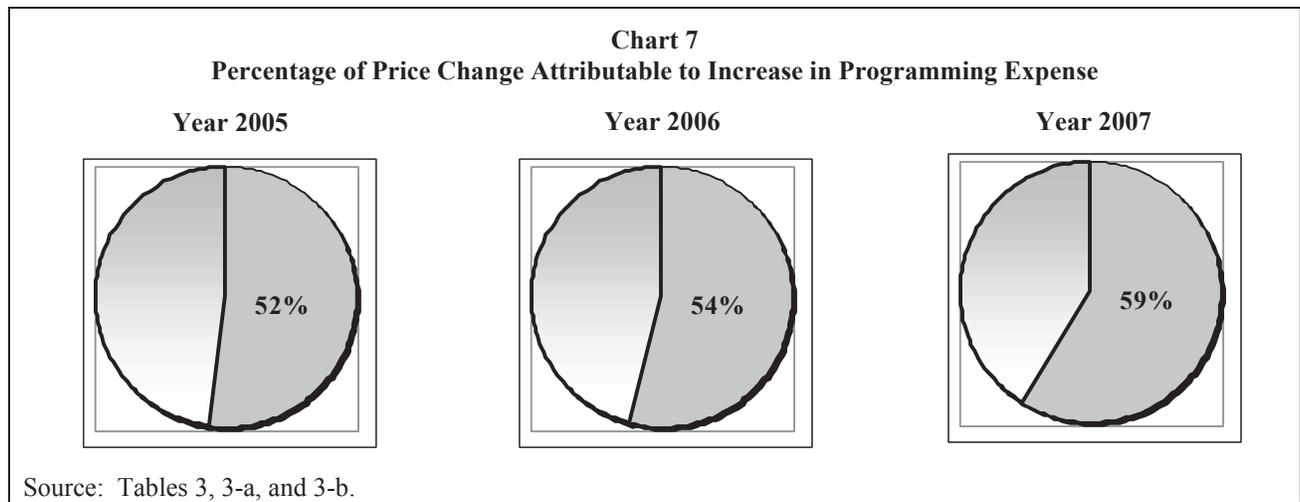
Sources: Attachment 7 and Table 1. * January 1, 2005 to January 1, 2006. ** Equals change in expense divided by change in price. Change in expense may not equal the difference in years, due to rounding in source data.

Table 3-a Change in Monthly Programming Expense per Subscriber, 2005-2006							
Expanded Basic Service 2005-2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Programming expense, year 2006	\$14.74	\$14.73	\$14.77	\$15.39	\$14.91	\$12.39	\$15.51
Programming expense, year 2005	\$13.61	\$13.60	\$13.64	\$14.00	\$13.79	\$11.40	\$15.41
Change in programming expense	\$1.13	\$1.13	\$1.13	\$1.39	\$1.12	\$0.99	\$0.10
Change in expanded basic price *	\$2.09	\$1.96	\$2.68	\$2.66	\$2.78	\$2.08	\$2.16
Expense to price change **	54%	58%	42%	52%	40%	48%	5%

Sources: Attachment 7-a and Table 1-a. * January 1, 2006 to January 1, 2007. ** Equals change in expense divided by change in price. Change in expense may not equal the difference in years, due to rounding in source data.

Table 3-b Change in Monthly Programming Expense per Subscriber, 2006-2007							
Expanded Basic Service 2006-2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Programming expense, year 2007	\$16.14	\$16.09	\$16.34	\$17.21	\$16.40	\$14.05	\$16.77
Programming expense, year 2006	\$14.74	\$14.73	\$14.77	\$15.39	\$14.91	\$12.39	\$15.51
Change in programming expense	\$1.40	\$1.36	\$1.57	\$1.82	\$1.49	\$1.66	\$1.27
Change in expanded basic price *	\$2.38	\$2.48	\$1.91	\$2.33	\$1.62	\$2.48	\$2.87
Expense to price change **	59%	55%	82%	78%	93%	67%	44%

Sources: Attachment 7-b and Table 1-b. * January 1, 2007 to January 1, 2008. ** Equals change in expense divided by change in price. Change in expense may not equal the difference in years, due to rounding in source data.



E. Family Tier

38. The surveys sought data on programming offered in a so-called “family tier,” which was defined as a package of programming that is marketed by cable operators as a substitute for the larger, most highly subscribed cable programming service tier. A number of cable operators have begun offering such a tier as an alternative targeted toward subscribers who may object to some of the programming on the most highly subscribed tier. Based on the survey responses, the typical family tier includes some, but not all, of the channels carried on the most highly subscribed tier. Further, because the family tier is almost always a digital tier, it typically includes some, but not all, of the channels carried on digital tiers. The typical family tier requires use of a digital converter and remote control or other digital gateway. Some cable operators bundle this digital equipment in a package with the family tier, while in other cases equipment is leased separately. Thus, because the family tier and equipment prices cannot always be shown as separate components, the family tier prices shown below include the price of associated equipment.

39. As of July 1, 2006, 46 percent of all basic cable subscribers were offered a family tier of programming. As of January 1, 2007 and January 1, 2008, 45 percent and 48 percent, respectively, of subscribers were offered that tier. Of the 46 percent of subscribers who were offered a family tier on January 1, 2006, less than one percent of those subscribers actually subscribed to a family tier.⁴² The number of subscribers to the family tier was still less than one percent as of January 1, 2007 and January 1, 2008. Tables 4, 4-a, and 4-b display the average prices subscribers must pay to purchase a family tier package, including the family programming tier, equipment, and basic cable service. As of July 1, 2006, the average monthly price for this service package was \$32.20; as of January 1, 2007, the average monthly price was \$31.15; and as of January 1, 2008 the average monthly price was \$31.92. On average, operators offered 39.3 channels, including the channels on the basic service tier, in this package as of July 1, 2006, and also 39.3 channels as of January 1, 2008. (The survey did not collect channel information for family tiers for 2007.) By comparison, as of January 1, 2006, for example, the average price for expanded basic service was \$45.26 (Table 1), excluding equipment, and operators offered an average of 71.0 channels (Table 6) for that service. Thus, the price of the family tier (including basic cable service and equipment) was only 28.8 percent less as of January 1, 2006 than the price of expanded basic service on that date, but the number of channels offered was 44.6 percent less. On January 1, 2008 the price of the family tier (including basic cable service and equipment) was 32.5 percent less than the price of expanded basic service on that date, while the number of channels offered was 45.9 percent less. In addition, family tiers generally exclude some of the most expensive programming, like ESPN, that is included in the cable programming service tier.

January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Family tier & equipment price	\$19.62	\$19.65	\$19.34	\$19.96	\$20.02	\$17.93	\$19.11
Basic cable service tier price	\$12.58	\$12.39	\$14.25	\$12.24	\$13.79	\$16.54	\$14.45
Total price	\$32.20	\$32.04	\$33.66	\$32.21	\$33.99	\$34.47	\$33.56
Family tier channels	14.4	14.4	15.0	14.8	15.4	14.7	15.4
Basic cable service channels	24.9	25.1	23.3	25.4	21.7	23.5	22.1
Total channels	39.3	39.4	38.3	40.2	37.1	38.2	37.5

Source: 2006 survey.

⁴² While this low percentage may in part reflect the newness of these offerings, an examination of the data indicate that they generally lack sports programming like ESPN and thus, many families may not consider the family tier to be a good alternative to the cable programming tier.

January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Family tier & equipment price	\$18.35	\$18.42	\$17.87	\$18.48	\$19.05	\$15.05	\$18.71
Basic cable service tier price	\$12.80	\$12.62	\$13.97	\$12.70	\$13.13	\$16.68	\$13.75
Total price	\$31.15	\$31.04	\$31.84	\$31.18	\$32.18	\$31.73	\$32.46

Source: 2007/2008 survey.

January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Family tier & equipment price	\$18.33	\$18.42	\$17.73	\$18.69	\$18.82	\$14.76	\$16.09
Basic cable service tier price	\$13.59	\$13.36	\$15.17	\$14.02	\$14.46	\$17.67	\$14.99
Total price	\$31.92	\$31.78	\$32.90	\$32.71	\$33.27	\$32.44	\$31.08
Family tier channels	14.3	14.3	14.2	16.0	13.4	14.2	11.9
Basic cable service tier channels	25.0	24.8	26.8	24.5	30.8	21.1	28.9
Total channels	39.3	39.1	41.0	40.0	44.2	35.3	40.8

Source: 2007/2008 survey.

F. Programming Sold on an Individual Basis

40. The surveys asked whether cable operators sold programming networks on an individual basis as of July 1, 2006; January 1, 2007; and January 1, 2008.⁴³ Overall, 46 percent, 37 percent, and 39 percent of subscribers in our samples were offered one or more channels on an individual basis as of July 1, 2006; January 1, 2007; and January 1, 2008, respectively. The vast majority of these individual channel offerings are international networks produced outside the United States that would otherwise likely be found on a themed mini tier, such as a Spanish language tier. In addition, cable operators generally charged a price for these channels that is consistent with prices charged for premium channels. The survey found that, as of July 1, 2006, cable operators offered an average of 6.3 such channels, calculated over all operators offering channels on an individual basis, at an average monthly price of

⁴³ The questionnaire asked operators "As of 1/01/07 and 1/01/08, did you offer any networks on an individual basis?" The accompanying instructions stated: "If yes, complete Columns G through K in the Channel Lineup Section of this questionnaire. Do not report cable network 'multiplexes' (for example, HBO multiplex) but do report HBO, for example, if sold as a stand-alone channel." Some operators reported multiplexed networks, as well as seasonal or part-time networks. The information about these multiplexes of networks was not included in our presentation of results.

\$13.29 per channel.⁴⁴ As of January 1, 2007, 6.1 channels were offered individually at an average monthly price of \$13.14 for each channel; as of January 1, 2008, operators offered 6.0 channels individually at an average monthly price of \$13.16 for each channel.

41. As of July 1, 2006, cable operators in seven communities in the survey (less than one percent of the sample) offered on an individual basis networks that are generally included in the standard expanded basic service programming tier, or on a digital tier. These networks were offered for less than \$5.00 each. In January 2007, cable operators in 23 communities offered such networks individually; in January 2008, cable operators in 22 communities offered such networks individually. No operator offered more than two such networks. The specific networks identified by these cable operators as being offered on an individual basis were the Golf Channel, Superstation WGN, Turner Classic Movies (“TCM”), and TBS in 2006, and, in addition, FSN South, Court TV, MoviePlex, Independent Film Channel, and AMC, as of January 1, 2007 and January 1, 2008.⁴⁵ Prices ranged from \$1.00 to \$4.95 per channel in all years. On average, cable operators offered these channels at a price of \$2.12, \$3.48, and \$3.59, respectively, in 2006, 2007, and 2008. The 2006 survey questionnaire did not ask what cable services a subscriber must have purchased in order to be able to buy these individual networks. Follow-up information from the specific respondents, however, indicated that subscribers must purchase basic service before they may add individual channels, and for channels offered as a digital signal, subscribers must also obtain a digital box. This is generally true as of January 1, 2007 and January 1, 2008, but in some instances subscribers also were required to purchase expanded basic service in order to purchase networks individually.

G. Distribution of Channels

42. Tables 5 and 5-b show the average number of channels offered on the basic cable service tier as of January 1, 2006 and January 1, 2008. (There is no Table 5-a because the survey did not collect channel information for 2007.) Basic cable service averaged 24.8 channels as of January 1, 2006 and 26.7 channels as of January 1, 2008. The number of channels offered varied only slightly among the sample groups. The tables divide these channels into four categories: (1) local broadcast stations; (2) public, educational, and governmental access (“PEG”) channels; (3) commercial leased access channels; and (4) all other channels.

Category January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non- Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Local broadcast stations	12.2	12.4	10.8	11.1	10.6	10.4	12.8
PEG channels	3.3	3.3	2.7	2.5	2.9	2.5	2.4
Commercial leased access	0.7	0.7	0.8	0.7	0.9	0.7	0.3
Other channels	8.6	8.5	9.8	9.1	10.3	10.0	5.7
Total	24.8	24.9	24.0	23.4	24.7	23.5	21.2

Source: Attachment 8.

⁴⁴ This average was calculated over all operators offering channels on an individual basis, on a per operator basis.

⁴⁵ Cable operators not included in our survey may offer other networks on an individual basis.

Category January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Local broadcast stations	12.7	12.7	12.9	11.4	13.4	13.7	11.6
PEG channels	2.8	2.8	2.8	2.8	3.0	2.2	1.7
Commercial leased access	0.7	0.6	0.9	0.6	1.1	1.0	0.9
Other channels	10.0	9.8	10.9	9.9	12.3	5.9	6.9
Total	26.7	26.8	25.9	25.3	26.8	22.7	23.3

Source: Attachment 8-b.

43. Tables 6, 6-a, and 6-b display the average number of expanded basic channels offered to subscribers as of January 1, 2006; January 1, 2007; and January 1, 2008 by the programming service tier: (1) basic cable service and (2) cable programming service. As of January 1, 2006, cable operators offered an average of 24.8 basic cable service channels and 46.2 cable programming service channels, for an average total of 71.0 expanded basic channels. These 71.0 channels represent an increase of less than one percent (0.7 percent) compared with the number of expanded basic channels offered a year earlier. As of January 1, 2007 and January 1, 2008, respectively, the number of expanded basic channels had increased to 72.6 and 72.8 channels. As of January 1, 2006, January 1, 2007, and January 1, 2008, respectively, expanded basic service averaged 70.6 channels, 72.5 channels, and 72.8 channels in noncompetitive communities, and 74.0, 73.0, and 73.0 channels in communities relieved from rate regulation.

January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Basic cable service tier	24.8	24.9	24.0	23.4	24.7	23.5	21.2
Cable programming service tier	46.2	45.7	50.0	51.5	49.2	50.2	49.6
Expanded basic service	71.0	70.6	74.0	74.9	73.9	73.7	70.8
Prior year (1/1/05)	70.5	70.0	73.9	74.1	74.1	73.7	70.5
<i>Percent Change</i>	<i>0.7%</i>	<i>0.8%</i>	<i>0.2%</i>	<i>1.0%</i>	<i>-0.3%</i>	<i>0.1%</i>	<i>0.4%</i>

Source: Attachment 9.

Table 6-a Expanded Basic Service Channels							
January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Basic cable service tier	26.3	26.3	25.9	24.6	26.9	23.7	23.1
Cable programming service tier	46.3	46.1	47.2	50.9	45.4	50.2	47.8
Expanded basic service	72.6	72.5	73.0	75.5	72.3	73.9	70.8
Prior year (1/1/05)	71.5	71.1	73.4	74.5	73.3	73.6	70.8
<i>Percent Change</i>	<i>1.5%</i>	<i>2.0%</i>	<i>-0.5%</i>	<i>1.4%</i>	<i>-1.4%</i>	<i>0.5%</i>	<i>0.0%</i>

Source: Attachment 9-a.

Table 6-b Expanded Basic Service Channels							
January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Basic cable service tier	26.7	26.8	25.9	25.3	26.8	22.7	23.3
Cable programming service tier	46.2	46.0	47.1	50.8	45.6	49.1	46.9
Expanded basic service	72.8	72.8	73.0	76.1	72.4	71.8	70.1
Prior year (1/1/05)	72.6	72.5	73.0	75.5	72.3	73.9	70.8
<i>Percent Change</i>	<i>0.4%</i>	<i>0.5%</i>	<i>-0.1%</i>	<i>0.7%</i>	<i>0.2%</i>	<i>-2.9%</i>	<i>-1.0%</i>

Source: Attachment 9-b.

44. Tables 7, 7-a, and 7-b show the number of channels offered to subscribers as of January 1, 2006; January 1, 2007; and January 1, 2008 on the most-highly subscribed digital tier. The tables divide digital channels into two categories: (1) high definition (“HD”) broadcast simulcasts, and (2) channels on the most highly subscribed digital tier. As of January 1, 2006; January 1, 2007; and January 1, 2008, service on the most-highly subscribed digital tier averaged 40.6, 37.5, and 40.4 channels, respectively, and varied only slightly between the two sample groups.

Table 7 Digital Channels							
January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
HD local broadcast stations	4.3	4.3	4.1	4.6	3.5	5.2	2.5
Digital Tier	40.6	41.0	37.7	38.4	39.7	29.6	35.4

Source: Attachment 10. Note: HD local broadcast refer to stations that can be viewed in both standard and HD format. Digital tier refers to the most popular (highly subscribed) digital service tier.

Table 7-a Digital Channels							
January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
HD local broadcast stations	5.0	4.9	5.4	5.6	5.2	6.5	3.6
Digital Tier	37.5	37.1	39.3	40.5	39.7	35.7	38.5

Source: Attachment 10-a. Note: HD local broadcast refer to stations that can be viewed in both standard and HD format. Digital tier refers to the most popular (highly subscribed) digital service tier.

Table 7-b Digital Channels							
January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
HD local broadcast stations	5.6	5.5	6.1	6.2	6.0	7.3	3.9
Digital Tier	40.4	40.1	41.4	42.0	42.1	37.8	37.7

Source: Attachment 10-b. Note: HD local broadcast refer to stations that can be viewed in both standard and HD format. Digital tier refers to the most popular (highly subscribed) digital service tier.

H. Subscriber Equipment

45. Tables 8, 8-a, and 8-b show that over the 12 months ending January 1, 2006; January 1, 2007; and January 1, 2008, the average monthly price charged for leased analog equipment to receive programming services (consisting of an addressable set-top converter and remote control unit) increased by 5.4 percent, declined by 2.5 percent, and declined by 9.9 percent, respectively, to \$4.86, \$4.28, and \$3.86. For digital equipment, prices increased by 2.7 percent, declined by 0.6 percent, and declined by 4.1 percent, to \$5.19, \$5.38, and \$5.16, respectively, as of the same three dates. For HD equipment, prices rose by 2.0 percent, by 3.2 percent, and 4.5 percent, to \$7.11, \$7.86, and \$8.22. The monthly price to lease a CableCARD increased by an average of 3.0 percent to \$1.19 in the year ending January 1, 2006;

by 13.3 percent to \$1.25 in the year ending January 1, 2007; and by 15.3 percent to \$1.44 in the year ending January 1, 2008.

January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Analog equipment	\$4.86	\$4.81	\$5.22	\$4.46	\$5.54	\$5.29	\$5.20
<i>Change from prior year</i>	5.4%	5.4%	5.7%	3.8%	7.5%	-1.6%	19.7%
Digital equipment	\$5.19	\$5.14	\$5.55	\$5.85	\$5.48	\$5.40	\$4.96
<i>Change from prior year</i>	2.7%	2.3%	5.5%	13.1%	3.7%	0.1%	1.8%
HD equipment	\$7.11	\$7.08	\$7.31	\$7.75	\$7.45	\$6.09	\$7.71
<i>Change from prior year</i>	2.0%	2.1%	0.9%	0.1%	1.4%	0.3%	-2.4%
CableCARD	\$1.19	\$1.14	\$1.56	\$1.76	\$1.64	\$0.94	\$1.76
<i>Change from prior year</i>	3.0%	3.7%	-1.4%	-6.8%	0.0%	3.0%	0.3%

Sources: Attachment 11.

January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Analog equipment	\$4.28	\$4.17	\$4.81	\$4.60	\$4.86	\$5.01	\$3.81
<i>Change from prior year</i>	-2.5%	-1.7%	-6.7%	-0.7%	-9.0%	-6.1%	-2.1%
Digital equipment	\$5.38	\$5.34	\$5.58	\$5.84	\$5.45	\$6.47	\$5.20
<i>Change from prior year</i>	-0.6%	-0.3%	-2.1%	-3.0%	-1.7%	0.0%	-3.9%
HD equipment	\$7.86	\$7.85	\$7.93	\$7.98	\$8.21	\$6.20	\$7.99
<i>Change from prior year</i>	3.2%	3.2%	3.0%	0.3%	4.1%	0.0%	0.3%
CableCARD	\$1.25	\$1.16	\$1.65	\$1.84	\$1.71	\$1.09	\$1.26
<i>Change from prior year</i>	13.3%	13.9%	9.4%	9.5%	9.4%	7.3%	0.9%

Sources: Attachment 11-a.

January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Analog equipment	\$3.86	\$3.75	\$4.36	\$4.48	\$4.49	\$3.63	\$3.33
<i>Change from prior year</i>	-9.9%	-9.9%	-9.4%	-2.6%	-7.7%	-27.5%	-12.7%
Digital equipment	\$5.16	\$5.10	\$5.43	\$5.97	\$5.19	\$6.48	\$5.19
<i>Change from prior year</i>	-4.1%	-4.5%	-2.7%	2.2%	-4.8%	0.1%	-0.2%
HD equipment	\$8.22	\$8.26	\$8.06	\$8.03	\$8.27	\$6.95	\$8.04
<i>Change from prior year</i>	4.5%	5.2%	1.7%	0.7%	0.7%	12.2%	0.6%
CableCARD	\$1.44	\$1.33	\$1.90	\$2.08	\$1.95	\$1.42	\$1.47
<i>Change from prior year</i>	15.3%	15.4%	15.4%	13.3%	14.3%	30.6%	17.2%

Sources: Attachment 11-b.

I. Service Installation Charges

46. Tables 9, 9-a, and 9-b display the nonrecurring charges that cable television subscribers may incur for service installation. As of January 1, 2006; January 1, 2007; and January 1, 2008, the average charge to install cable service was \$45.96, \$45.97, and \$45.11, respectively, in a residence not previously wired for cable, and \$32.47, \$32.89, and \$32.68 in a pre-wired residence (excluding any promotional discounts). Subscribers were charged \$28.67, \$28.89, and \$28.91, respectively, on average, for service reconnection. The average charge to install a CableCARD was \$20.47, \$22.56, and \$23.04, respectively, for an existing customer and \$22.24, \$26.51, and \$27.07 for a new customer as of the same three dates.

January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Unwired residence	\$45.96	\$45.99	\$45.75	\$42.50	\$46.01	\$49.72	\$50.18
<i>Change from prior year</i>	-0.3%	-0.5%	1.1%	-1.3%	1.8%	2.5%	1.8%
Pre-wired residence	\$32.47	\$32.47	\$32.49	\$31.60	\$33.12	\$31.29	\$35.54
<i>Change from prior year</i>	-0.3%	-0.4%	0.1%	-0.3%	1.0%	-2.5%	1.4%
Service reconnection	\$28.67	\$28.60	\$29.12	\$26.52	\$30.30	\$29.45	\$28.79
<i>Change from prior year</i>	-0.1%	-0.1%	-0.2%	-1.5%	0.3%	-0.1%	-0.3%
CableCARD, existing subscriber	\$20.47	\$20.77	\$18.30	\$16.58	\$19.72	\$16.57	\$16.34
<i>Change from prior year</i>	4.3%	4.3%	4.2%	10.6%	1.3%	3.9%	18.7%
CableCARD, new subscriber	\$22.24	\$22.59	\$19.72	\$15.87	\$22.59	\$16.57	\$17.41
<i>Change from prior year</i>	4.9%	5.1%	3.4%	16.1%	-0.7%	3.9%	13.1%

Sources: Attachment 12.

Table 9-a Service Installation Charges							
January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Unwired residence <i>Change from prior year</i>	\$45.97 1.2%	\$45.84 0.8%	\$46.56 3.0%	\$44.09 2.5%	\$46.68 3.8%	\$50.82 1.6%	\$46.23 -0.3%
Pre-wired residence <i>Change from prior year</i>	\$32.89 1.8%	\$32.80 1.9%	\$33.33 1.3%	\$31.80 2.5%	\$34.27 1.3%	\$30.66 -2.5%	\$33.03 0.8%
Service reconnection <i>Change from prior year</i>	\$28.89 2.6%	\$29.01 2.4%	\$28.38 4.1%	\$27.20 6.4%	\$29.18 5.6%	\$25.66 -6.8%	\$28.56 -1.9%
CableCARD, existing subscriber <i>Change from prior year</i>	\$22.56 3.8%	\$22.15 2.3%	\$24.37 10.1%	\$19.81 8.4%	\$25.91 10.3%	\$27.48 10.0%	\$15.65 4.3%
CableCARD, new subscriber <i>Change from prior year</i>	\$26.51 1.6%	\$25.76 -0.6%	\$29.86 10.5%	\$21.94 7.7%	\$33.00 12.5%	\$31.63 1.3%	\$16.30 -0.1%

Sources: Attachment 12-a.

Table 9-b Service Installation Charges							
January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Unwired residence <i>Change from prior year</i>	\$45.11 -1.9%	\$44.86 -2.2%	\$46.27 -0.6%	\$43.99 -0.2%	\$45.80 -1.9%	\$53.13 4.5%	\$47.10 1.9%
Pre-wired residence <i>Change from prior year</i>	\$32.68 -0.7%	\$32.36 -1.3%	\$34.11 2.4%	\$31.68 -0.4%	\$34.89 1.8%	\$34.27 11.8%	\$33.83 2.4%
Service reconnection <i>Change from prior year</i>	\$28.91 0.0%	\$28.84 -0.6%	\$29.20 2.9%	\$27.45 0.9%	\$29.66 1.6%	\$29.03 13.1%	\$30.82 7.9%
CableCARD, existing subscriber <i>Change from prior year</i>	\$23.04 2.1%	\$22.63 2.1%	\$24.86 2.0%	\$21.26 7.3%	\$25.63 -1.1%	\$31.27 13.8%	\$15.40 -1.6%
CableCARD, new subscriber <i>Change from prior year</i>	\$27.07 2.1%	\$26.29 2.1%	\$30.53 2.3%	\$23.68 7.9%	\$32.79 -0.6%	\$35.97 13.7%	\$16.82 3.2%

Sources: Attachment 12-b.

J. System Operating Capacity

47. Tables 10, 10-a, and 10-b show that capacity averaged 749 MHz, 748 MHz, and 759 MHz, as of January 1, 2006; January 1, 2007; and January 1, 2008. This, in turn, represented 1.8 percent, -0.1 percent, and 1.5 percent increases over the previous year, respectively. By sample group, operators in noncompetitive communities had average capacity of 747 MHz, 744 MHz, and 757 MHz (changes of 1.8 percent, -0.4 percent, and 1.6 percent), and operators in communities relieved from rate regulation had average capacity of 765 MHz, 766 MHz, and 772 MHz (increases of 1.4 percent, 0.1 percent, and 0.9 percent) as of the same three dates, respectively.

Table 10 System Operating Capacity (MHz)							
Date	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
January 1, 2006	749	747	765	759	770	761	735
January 1, 2005	736	734	754	756	751	758	729
<i>Percent change</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.4%</i>	<i>0.4%</i>	<i>2.5%</i>	<i>0.3%</i>	<i>0.9%</i>

Source: Attachment 13.

Table 10-a System Operating Capacity (MHz)							
Date	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
January 1, 2007	748	744	766	766	768	764	740
January 1, 2006	749	747	765	759	770	761	735
<i>Percent change</i>	<i>-0.1%</i>	<i>-0.4%</i>	<i>0.1%</i>	<i>0.9%</i>	<i>-0.3%</i>	<i>0.4%</i>	<i>0.6%</i>

Source: Attachment 13-a.

Table 10-b System Operating Capacity (MHz)							
Date	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
January 1, 2008	759	757	772	774	776	764	740
January 1, 2007	748	744	766	766	768	764	740
<i>Percent change</i>	<i>1.5%</i>	<i>1.6%</i>	<i>0.9%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>0.0%</i>	<i>0.0%</i>

Source: Attachment 13-b.

48. Tables 11, 11-a, and 11-b show that as of January 1, 2006; January 1, 2007; and January 1, 2008, respectively, 25.4 percent, 25.0 percent, and 30.5 percent of subscribers were served by a system with capacity greater than 750 MHz. About 60 percent of all subscribers (63.9 percent as of January 1, 2006; 63.6 percent as of January 1, 2007; and 59.1 percent as of January 1, 2008) were served by systems that operated at 750 MHz. Only 10.8 percent, 11.4 percent, and 10.4 percent of subscribers were served by systems with operating capacity below 750 MHz on January 1, 2006; January 1, 2007; and January 1, 2008, respectively.

Table 11 Percentage of Subscribers by Capacity of Cable System							
January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Above 750 MHz	25.4%	25.5%	24.9%	13.7%	34.4%	9.7%	28.6%
750 MHz	63.9%	63.3%	68.0%	82.1%	56.0%	90.3%	46.4%
331 - 749 MHz	8.7%	8.9%	6.7%	4.2%	8.8%	0.0%	25.0%
220 - 330 MHz	2.1%	2.3%	0.4%	0.0%	0.8%	0.0%	0.0%

Source: Attachment 13.

Table 11-a Percentage of Subscribers by Capacity of Cable System							
January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Above 750 MHz	25.0%	25.0%	25.5%	24.2%	28.2%	12.1%	23.5%
750 MHz	63.6%	62.4%	69.0%	69.1%	66.7%	87.9%	58.8%
331 - 749 MHz	10.3%	11.4%	5.4%	6.6%	5.1%	0.0%	16.2%
220 - 330 MHz	1.1%	1.3%	0.1%	0.0%	0.0%	0.0%	1.5%

Source: Attachment 13-a.

Table 11-b Percentage of Subscribers by Capacity of Cable System							
January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Above 750 MHz	30.5%	29.4%	35.8%	32.9%	41.0%	15.2%	23.5%
750 MHz	59.1%	59.1%	59.0%	61.9%	53.8%	84.8%	58.8%
331 - 749 MHz	9.7%	10.6%	5.2%	5.2%	5.1%	0.0%	16.2%
220 - 330 MHz	0.7%	0.9%	0.1%	0.0%	0.0%	0.0%	1.5%

Source: Attachment 13-b.

K. Service Availability and Subscription

49. Tables 12, 12-a, and 12-b display the percentages of cable subscribers that were offered advanced services as of January 1, 2006; January 1, 2007; and January 1, 2008, and the percentages that subscribed to those services at each of those dates. Table 12 shows, for example, that as of January 1, 2006, 98.3 percent of subscribers to basic cable service could purchase digital video programming and 41.8 percent subscribed to that service. For HD video programming, 91.9 percent of subscribers were

offered that service and 6.7 percent subscribed. Further, 85.5 percent of subscribers were offered one or more HD simulcasts of local broadcast stations;⁴⁶ 96.9 percent of subscribers were offered Internet access, and 34.8 percent subscribed; and 61.4 percent were offered cable telephony, with 3.3 percent of subscribers taking circuit-switched telephony and another 3.4 percent taking voice over Internet protocol (“VOIP”) telephony. As shown in Table 12, subscribers in communities relieved from rate regulation were generally offered these additional services at slightly higher rates than subscribers in noncompetitive communities. Similar percentages prevailed as of January 1, 2007 and January 1, 2008, as shown in Tables 12-a and 12-b, although the percentage of subscribers offered telephony service increased significantly over that period, rising from 61.4 percent as of January 1, 2006 to 88.8 percent as of January 1, 2008. The percentage subscribing to telephony service also increased significantly over that period, particularly for VOIP service, which rose from 3.4 percent as of January 1, 2006 to 14.4 percent as of January 1, 2008.

Table 12							
Availability of and Subscribers to Various Cable Services							
January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Percent of Subscribers to Basic Cable Service Who Have Access to Additional Services							
Digital video programming	98.3%	98.1%	99.7%	99.1%	100.0%	100.0%	98.2%
HD video programming	91.9%	91.7%	93.4%	96.3%	91.2%	100.0%	73.2%
HD local broadcast simulcast	85.5%	85.3%	87.3%	92.6%	82.4%	100.0%	62.5%
Internet access	96.9%	96.6%	99.1%	98.1%	100.0%	100.0%	85.7%
Telephony	61.4%	61.8%	58.8%	70.4%	47.2%	83.9%	39.3%
Percent of Subscribers to Basic Cable Service Who Subscribe to Additional Services							
Digital video programming	41.8%	41.6%	43.5%	43.3%	42.6%	46.3%	46.0%
HD video programming	6.7%	6.8%	6.3%	6.3%	5.8%	8.7%	4.8%
Internet access	34.8%	34.6%	36.5%	41.7%	33.5%	39.9%	27.4%
Circuit switched telephony	3.3%	3.3%	3.5%	7.9%	1.1%	3.8%	5.4%
VOIP telephony	3.4%	3.4%	3.1%	4.0%	2.8%	3.0%	0.4%

Source: Attachments 14 and 15.

⁴⁶ Subscriber information for this service is not available.

Table 12-a Availability of and Subscribers to Various Cable Services							
January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Percent of Subscribers to Basic Cable Service Who Have Access to Additional Services							
Digital video programming	97.9%	97.9%	98.1%	98.8%	97.4%	100.0%	100.0%
HD video programming	91.2%	90.7%	93.7%	94.2%	93.6%	97.0%	86.8%
HD local broadcast simulcast	88.1%	88.1%	88.1%	93.8%	85.9%	97.0%	75.0%
Internet access	96.8%	96.6%	97.9%	99.2%	97.4%	100.0%	94.1%
Telephony	75.9%	75.4%	78.3%	88.9%	72.7%	97.0%	66.2%
Percent of Subscribers to Basic Cable Service Who Subscribe to Additional Services							
Digital video programming	46.2%	45.6%	48.8%	49.9%	47.6%	54.3%	48.7%
HD video programming	10.9%	10.7%	11.9%	11.3%	11.8%	15.8%	6.2%
Internet access	39.6%	39.3%	40.5%	46.3%	38.6%	42.6%	36.8%
Circuit switched telephony	3.5%	3.3%	4.3%	9.2%	2.7%	4.3%	3.3%
VOIP telephony	7.5%	7.8%	6.5%	10.4%	5.1%	8.2%	5.3%

Source: Attachments 14-a and 15-a.

Table 12-b Availability of and Subscribers to Various Cable Services							
January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Availability of Service as a Percent of Cable TV Subscribers							
Digital video programming	98.1%	98.1%	98.3%	99.6%	97.4%	100.0%	100.0%
HD video programming	92.5%	91.7%	96.0%	95.5%	96.2%	100.0%	88.2%
HD local broadcast simulcast	91.3%	90.7%	94.1%	96.1%	93.6%	100.0%	79.4%
Internet access	97.2%	97.0%	97.9%	99.2%	97.4%	100.0%	94.1%
Telephony	88.8%	88.3%	91.1%	94.0%	89.7%	100.0%	77.9%
Subscribers as a Percent of Cable TV Subscribers to Whom the Particular Service is Available							
Digital video programming	54.4%	54.0%	56.3%	56.7%	54.8%	65.3%	55.1%
HD video programming	17.3%	17.2%	17.8%	18.2%	17.5%	23.1%	9.4%
Internet access	44.6%	44.4%	45.9%	51.5%	43.9%	49.0%	41.6%
Circuit switched telephony	3.0%	2.8%	3.7%	9.3%	2.0%	4.3%	3.2%
VOIP telephony	14.4%	14.8%	12.5%	17.1%	11.0%	13.7%	11.0%

Source: Attachments 14-b and 15-b.

L. Receipts from Cable Services

50. With the growth of bundled service packages, for the first time, the questionnaires asked cable operators to report for each system the average bill paid by residential customers for the specified services, including taxes and fees. The surveys asked cable operators to provide figures on gross receipts

for the months of January 2006, January 2007, and January 2008, in addition to the list prices for each package. The questionnaires focused on three groups of residential basic cable service subscribers: (1) those that take only one service – video programming (“video only”); (2) those that take two services – video and Internet access (“double play”); and (3) those that take all three services – video, Internet access, and telephony (“triple play”). We intend to collect information on video only, double play, and triple play each year on a going-forward basis.⁴⁷ The information is presented below, in Tables 13, 13a, and 13b.

51. Looking first at the average customer across all subgroups, Table 13, for example, shows that for the month of January 2006, the average monthly bill was \$69.63 per customer for all services purchased, a figure \$24.37 higher than the average price of \$45.26 for expanded basic cable service shown in Table 1. In January 2007, the average monthly bill was \$76.85 per customer for all services purchased, and in January 2008, the average monthly bill was \$84.59. This was \$29.58 higher than the average price of \$47.27 for expanded basic cable service in 2007 and \$34.94 higher than expanded basic cable service in 2008. The difference is due to customer revenues from other programming services such as digital tiers, premium and pay per view programming, Internet access, telephony services, and taxes and fees. Many cable operators have begun offering double-play and triple-play services. While the majority of cable customers subscribed only to video programming service on January 1, 2006 (60.6 percent) and on January 1, 2007 (53.8 percent), only 47.2 percent of cable subscribers continued to do so as of January 1, 2008. These video-only customers paid an average monthly bill of \$52.25 in January 2006, \$54.50 in January 2007, and \$57.99 in January 2008. Double-play customers who subscribed to both video programming and Internet access services, but not telephony, in January 2006 accounted for 32.6 percent of all customers and paid a monthly average bill of \$92.38; in January 2007, such subscribers accounted for 31.0 percent of all customers and paid a monthly average bill of \$95.93; and in January 2008, such subscribers accounted for 30.0 percent of all customers and paid a monthly average bill of \$98.85. Although relatively few customers subscribed to a triple-play package – video programming, Internet access, and telephony – as of January 1, 2006, this service grew rapidly between 2006 and 2008. Triple-play subscribers accounted for only 6.8 percent of all customers as of January 2006 and paid an average bill of \$128.43 per month for those services. In January 2007, such subscribers accounted for 10.1 percent of all customers and paid an average bill of \$138.52 per month; by January 2008, such subscribers accounted for 17.5 percent of all customers and paid an average bill of \$135.41 per month.

52. As shown in these tables, overall the average bill tends to be higher than the package price, but not consistently across all packages and sample groups. The fact that an average bill may be either higher or lower than the price for a particular service reflects factors that are not discernable from our survey data. Receipts could be higher than the package price due to taxes, franchise fees, customers ordering features not included in the package such as HD service, and additional receipts from premium and pay-per-view programming. Offsetting these factors would be short-term promotional discounts to induce customers to migrate to a package service, and also the extent to which equipment, features, and premium programming are bundled with the package.

⁴⁷ These surveys did not collect separate information on double-play subscribers who take video and telephony only. However, these customers and revenues are reflected in the average receipts of all subscribers shown in the tables.

Table 13 Average Monthly Receipts Per Subscribers							
January 1, 2006	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Average receipts, all subscribers	\$69.63	\$69.90	\$67.57	\$70.34	\$66.73	\$66.81	\$60.69
Receipts, video only service	\$52.25	\$52.35	\$51.48	\$49.69	\$50.59	\$56.54	\$50.14
Percent of subscribers	60.6%	60.7%	59.4%	53.3%	63.5%	54.7%	66.5%
Expanded basic price	\$45.26	\$45.48	\$43.70	\$38.45	\$45.83	\$45.20	\$44.73
Receipts, double play package	\$92.38	\$93.02	\$87.27	\$85.22	\$86.69	\$91.97	\$80.60
Percent of subscribers	32.6%	32.6%	33.0%	34.2%	31.6%	37.1%	26.6%
Double play price	\$91.47	\$91.30	\$92.51	\$81.62	\$98.59	\$90.00	\$93.67
Receipts, triple play package	\$128.43	\$129.76	\$117.41	\$122.39	\$107.52	\$133.45	\$93.53
Percent of subscribers	6.8%	6.7%	7.5%	12.5%	4.9%	8.2%	6.9%
Triple play price	\$113.85	\$113.67	\$115.20	\$112.42	\$121.00	\$107.56	\$118.40

Source: 2006 survey. Note: Double play and triple play prices are as of July 2006.

Table 13-a Average Monthly Receipts Per Subscribers							
January 1, 2007	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non-Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Average receipts, all subscribers	\$76.85	\$77.07	\$75.81	\$82.25	\$72.40	\$85.22	\$70.52
Receipts, video only service	\$54.50	\$54.76	\$53.32	\$51.97	\$53.17	\$58.90	\$47.88
Percent of subscribers	53.8%	54.3%	51.5%	47.2%	52.6%	51.8%	54.1%
Expanded basic price	\$47.27	\$47.49	\$46.28	\$42.59	\$47.25	\$47.17	\$46.93
Receipts, double play package	\$95.93	\$96.29	\$94.30	\$99.00	\$90.50	\$107.35	\$91.70
Percent of subscribers	31.0%	30.6%	32.6%	32.2%	32.4%	33.7%	35.6%
Double play price	\$87.47	\$87.14	\$88.80	\$83.46	\$90.03	\$89.71	\$94.42
Receipts, triple play package	\$138.52	\$140.32	\$130.65	\$126.39	\$131.03	\$138.78	\$120.18
Percent of subscribers	10.1%	10.2%	9.7%	17.3%	7.0%	12.2%	6.4%
Triple play price	\$117.68	\$117.95	\$116.52	\$111.09	\$119.82	\$111.14	\$119.69

Source: 2007/2008 survey.

January 1, 2008	Sample Group			Subgroups of Communities Relieved from Rate Regulation			
	Overall	Non- Competitive	Relieved from Rate Regulation	Second Cable Operator	DBS	Wireless MVPD	LP Test
Average receipts, all subscribers	\$84.59	\$84.72	\$84.01	\$90.78	\$80.83	\$92.61	\$79.16
Receipts, video only service	\$57.99	\$57.95	\$58.16	\$56.88	\$58.40	\$61.44	\$52.85
Percent of subscribers	47.2%	47.6%	45.4%	40.6%	46.7%	44.6%	50.2%
Expanded basic price	\$49.65	\$49.97	\$48.19	\$44.92	\$48.87	\$49.65	\$49.80
Receipts, double play package	\$98.85	\$98.79	\$99.11	\$103.22	\$96.23	\$108.73	\$98.63
Percent of subscribers	30.0%	29.5%	32.3%	32.3%	32.0%	32.9%	35.9%
Double play price	\$88.63	\$88.71	\$88.30	\$86.54	\$90.17	\$78.56	\$93.87
Receipts, triple play package	\$135.41	\$137.75	\$125.42	\$126.95	\$123.44	\$137.43	\$114.93
Percent of subscribers	17.5%	17.9%	15.9%	23.7%	13.3%	19.8%	10.1%
Triple play price	\$118.00	\$118.31	\$116.70	\$112.77	\$118.58	\$112.18	\$120.62

Source: 2007/2008 survey.

53. The data reflect some variations in customer payments between the competitive and noncompetitive groups, as well as variations within the competitive group according to the basis for the finding of effective competition. In particular, for January 2006, for example, the average gross receipts derived from triple-play customers was \$117.41 for the group relieved from rate regulation and \$129.76 – approximately 10.5 percent higher – for the noncompetitive group. Among the subgroups of operators relieved from rate regulation, gross receipts from the triple play were higher in communities where the effective competition finding was based on wireless MVPD (\$133.45) or the presence of a second cable operator (\$122.39) compared to \$107.52 for the DBS subgroup, but subscriber uptake of the triple play was also higher for these subgroups (8.2 percent and 12.5 percent, respectively) compared to 4.9 percent for the DBS subgroup. The data for 2007 and 2008 reflect similar variations in customer payments between the competitive and noncompetitive groups, as well as variations within the competitive group according to the basis for the finding of effective competition.

IV. ECONOMETRIC ANALYSIS

54. In Appendix B of this report, we use econometric analysis to examine the data collected. As in the 2005 Report's findings, we estimate the effect of market structure on cable prices and use a "structure-conduct-performance" paradigm as the basis for analysis. Consistent with prior findings, the results show that cable prices tend to be higher in local markets where cable operators have a larger share of the MVPD market than in areas where cable operators have a smaller share of the market. The relationship may indicate the use of market power by dominant firms to raise prices or may reflect higher costs to serve those markets. In markets with two competing cable operators, results show a tendency for the incumbent operator to undercut the overbuild rival's price. The presence of a rival cable operator tends to reduce the incumbent's price by 14.1 percent compared to markets without a second cable operator, all other things being held constant. Complete results of this analysis are described in Appendix B.

V. CONCLUSIONS

55. Cable systems found to face effective competition continue to exhibit lower prices than cable systems that serve communities in which no such finding has been made. As in previous years, the competitive differential varied, with the largest differential occurring in communities with a second cable operator. The average monthly price of expanded basic service increased by 3.9 percent over the 12 months ending January 1, 2006; by 4.6 percent over the 12 months ending January 1, 2007; and by 5.0 percent over the 12 months ending January 1, 2008. Overall, from 1995 to 2008, the price of expanded basic service has grown from \$22.35 to \$49.65, an increase of 122.1 percent, compared with an increase in general inflation of 38.4 percent.

VI. ORDERING CLAUSE

56. IT IS ORDERED that this Report be issued pursuant to authority contained in Section 623(k) of the Communications Act of 1934, as amended, 47 U.S.C. § 543(k).

FEDERAL COMMUNICATIONS COMMISSION

Monica Shah Desai
Chief, Media Bureau

Attachment 1-a 2006 Survey Overview				
Sample Groups and Subgroups	Number of Observations	Percent of Cable Subscribers	Number of Observations Selected for Sampling	Survey Questionnaires Completed
Sample Groups Overall				
Noncompetitive communities	31,743	87.70%	458	434
Communities relieved from rate regulation	2,055	12.30%	334	320
Total	33,798	100.00%	792	754
Noncompetitive Communities (1) Grouped by Size of Cable System Serving Community				
50,001 or more subscribers (very large)	8,861	61.30%	265	261
25,001 - 50,000 subscribers (large)	3,748	14.30%	60	58
10,001 - 25,000 subscribers (medium)	4,411	10.80%	49	48
1,001 - 10,000 subscribers (small)	8,130	10.50%	49	44
1,000 or fewer subscribers (very small)	6,593	3.10%	35	23
Total	31,743	100.00%	458	434
Communities Relieved from Rate Regulation (2) Grouped by Basis For Finding of Effective Competition				
Sufficient level of DBS subscribers	1,443	55.10%	127	125
Presence of second cable operator (incumbents)	165	20.20%	58	54
Presence of second cable operator (rivals)	156	6.90%	58	54
In signal range of a wireless MVPD	137	15.20%	31	31
Cable operator met low penetration test	154	2.60%	60	56
Total	2,055	100.00%	334	320

Sources: 2006 survey; FCC Form 322, Cable Community Registration, filings pursuant to 47 C.F.R § 76.1801; FCC Form-325, Annual Cable Operator Report, filings pursuant to 47 C.F.R § 76.403; and FCC "Effective Competition" orders pursuant to 47 U.S.C. § 543(a)(2) and 47 C.F.R. § 76.916(a).

- (1) Communities without a finding of effective competition.
(2) Communities where the FCC has made a finding of effective competition.

Attachment 1-b 2007/2008 Survey Overview				
Sample Groups and Subgroups	Number of Observations	Percent of Cable Subscribers	Number of Observations Selected for Sampling	Survey Questionnaires Completed
Sample Groups Overall				
Noncompetitive communities	30,352	81.90%	412	388
Communities relieved from rate regulation	3,205	18.10%	300	286
Total	33,557	100.00%	712	674
Noncompetitive Communities (1) Grouped by Size of Cable System Serving Community				
75,001 or more subscribers (very large)	7,907	51.28%	167	166
25,001 - 75,000 subscribers (large)	5,634	24.79%	82	82
10,001 - 25,000 subscribers (medium)	4,294	10.99%	45	44
1,001 - 10,000 subscribers (small)	7,492	10.38%	62	55
1,000 or fewer subscribers (very small)	5,025	2.56%	56	41
Total	30,352	100.00%	412	388
Communities Relieved from Rate Regulation (2) Grouped by Basis For Finding of Effective Competition				
Sufficient level of DBS subscribers	2,343	64.09%	80	78
Presence of second cable operator (incumbents)	165	16.02%	55	55
Presence of second cable operator (rivals)	158	4.42%	55	52
In signal range of a wireless MVPD	154	10.50%	33	33
Cable operator met low penetration test	385	4.97%	77	68
Total	3,205	100.00%	300	286

Sources: 2007/2008 survey; FCC Form 322, Cable Community Registration, filings pursuant to 47 C.F.R § 76.1801; FCC Form-325, Annual Cable Operator Report, filings pursuant to 47 C.F.R § 76.403; and FCC "Effective Competition" orders pursuant to 47 U.S.C. § 543(a)(2) and 47 C.F.R. § 76.916(a).

- (1) Communities without a finding of effective competition.
(2) Communities where the FCC has made a finding of effective competition.

Attachment 2 Average Monthly Price							
Sample Group	Programming Service Tier	January 1, 2006			January 1, 2005		
		N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	Basic cable service	754	\$14.59	0.219	754	\$14.20	0.215
	Cable programming service	754	\$30.67	0.276	754	\$29.36	0.277
	Expanded basic service	754	\$45.26	0.162	754	\$43.56	0.162
	Expanded basic subscribers (%)	754	87.8%	0.324	752	88.0%	0.325
Noncompetitive Communities	Basic cable service	434	\$14.52	0.247	434	\$14.14	0.242
	Cable programming service	434	\$30.96	0.311	434	\$29.63	0.312
	Expanded basic service	434	\$45.48	0.182	434	\$43.77	0.183
	Expanded basic subscribers (%)	434	87.8%	0.362	432	87.9%	0.363
Communities relieved from rate regulation	Basic cable service	320	\$15.09	0.260	320	\$14.59	0.290
	Cable programming service	320	\$28.62	0.328	320	\$27.48	0.346
	Expanded basic service	320	\$43.70	0.222	320	\$42.07	0.212
	Expanded basic subscribers (%)	320	88.4%	0.536	320	88.4%	0.521
Second cable operator subgroup (overall)	Basic cable service	108	\$13.07	0.401	108	\$12.89	0.382
	Cable programming service	108	\$25.38	0.642	108	\$23.99	0.635
	Expanded basic service	108	\$38.45	0.547	108	\$36.89	0.510
	Expanded basic subscribers (%)	108	91.7%	0.582	108	91.2%	0.591
Second cable operator subgroup (incumbents)	Basic cable service	54	\$12.77	0.463	54	\$12.42	0.424
	Cable programming service	54	\$25.39	0.805	54	\$24.37	0.772
	Expanded basic service	54	\$38.17	0.706	54	\$36.79	0.656
	Expanded basic subscribers (%)	54	91.1%	0.672	54	90.9%	0.701
Second cable operator subgroup (rivals)	Basic cable service	54	\$13.94	0.799	54	\$14.28	0.842
	Cable programming service	54	\$25.34	0.898	54	\$22.88	1.049
	Expanded basic service	54	\$39.28	0.588	54	\$37.16	0.573
	Expanded basic subscribers (%)	54	93.3%	1.160	54	92.2%	1.084
DBS subgroup	Basic cable service	125	\$15.81	0.419	125	\$15.19	0.484
	Cable programming service	125	\$30.01	0.492	125	\$29.08	0.538
	Expanded basic service	125	\$45.83	0.288	125	\$44.27	0.284
	Expanded basic subscribers (%)	125	86.5%	0.897	125	86.4%	0.874
Wireless MVPD subgroup	Basic cable service	31	\$15.96	0.296	31	\$15.32	0.309
	Cable programming service	31	\$29.24	0.382	31	\$27.86	0.263
	Expanded basic service	31	\$45.20	0.287	31	\$43.18	0.233
	Expanded basic subscribers (%)	31	89.4%	0.867	31	90.1%	0.752
Low penetration test subgroup	Basic cable service	56	\$15.65	0.703	56	\$15.20	0.763
	Cable programming service	56	\$29.07	0.780	56	\$27.72	0.915
	Expanded basic service	56	\$44.73	0.504	56	\$42.93	0.503
	Expanded basic subscribers (%)	56	89.2%	1.130	56	88.9%	1.141

Source: 2006 survey.

Attachment 2-a Average Monthly Price							
Sample Group	Programming Service Tier	January 1, 2007			January 1, 2006		
		N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	Basic cable service	670	\$15.33	0.257	626	\$14.70	0.266
	Cable programming service	670	\$31.94	0.337	626	\$30.48	0.341
	Expanded basic service	670	\$47.27	0.188	626	\$45.18	0.186
	Expanded basic subscribers (%)	661	88.7%	0.288	590	88.0%	0.318
Noncompetitive Communities	Basic cable service	384	\$15.10	0.299	357	\$14.57	0.308
	Cable programming service	384	\$32.39	0.390	357	\$30.96	0.392
	Expanded basic service	384	\$47.49	0.216	357	\$45.53	0.214
	Expanded basic subscribers (%)	378	88.6%	0.323	337	88.1%	0.328
Communities relieved from rate regulation	Basic cable service	286	\$16.37	0.437	269	\$15.32	0.458
	Cable programming service	286	\$29.90	0.595	269	\$28.28	0.620
	Expanded basic service	286	\$46.28	0.356	269	\$43.60	0.343
	Expanded basic subscribers (%)	283	88.8%	0.631	253	87.7%	0.956
Second cable operator subgroup (overall)	Basic cable service	107	\$14.65	0.505	99	\$13.71	0.532
	Cable programming service	107	\$27.94	0.756	99	\$26.22	0.845
	Expanded basic service	107	\$42.59	0.678	99	\$39.93	0.686
	Expanded basic subscribers (%)	105	92.0%	0.508	98	91.3%	0.535
Second cable operator subgroup (incumbents)	Basic cable service	55	\$13.71	0.454	54	\$13.26	0.592
	Cable programming service	55	\$29.05	0.847	54	\$26.98	0.984
	Expanded basic service	55	\$42.77	0.831	54	\$40.24	0.830
	Expanded basic subscribers (%)	55	91.0%	0.598	53	90.4%	0.619
Second cable operator subgroup (rivals)	Basic cable service	52	\$18.07	1.661	45	\$15.56	1.216
	Cable programming service	52	\$23.88	1.673	45	\$23.09	1.507
	Expanded basic service	52	\$41.95	0.859	45	\$38.65	0.795
	Expanded basic subscribers (%)	50	95.8%	0.885	45	95.2%	1.005
DBS subgroup	Basic cable service	78	\$16.76	0.654	70	\$15.59	0.700
	Cable programming service	78	\$30.49	0.888	70	\$28.89	0.941
	Expanded basic service	78	\$47.25	0.503	70	\$44.48	0.488
	Expanded basic subscribers (%)	78	87.4%	0.963	62	85.6%	1.574
Wireless MVPD subgroup	Basic cable service	33	\$16.99	0.498	32	\$16.08	0.522
	Cable programming service	33	\$30.18	0.622	32	\$29.01	0.613
	Expanded basic service	33	\$47.17	0.531	32	\$45.09	0.496
	Expanded basic subscribers (%)	33	90.7%	0.590	32	90.6%	0.529
Low penetration test subgroup	Basic cable service	68	\$17.08	0.917	68	\$17.00	1.008
	Cable programming service	68	\$29.85	1.005	68	\$27.76	1.017
	Expanded basic service	68	\$46.93	0.490	68	\$44.77	0.491
	Expanded basic subscribers (%)	67	90.6%	0.784	61	88.9%	1.009

Source: 2007/2008 survey.

Attachment 2-b Average Monthly Price							
Sample Group	Programming Service Tier	January 1, 2008			January 1, 2007		
		N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	Basic cable service	674	\$16.11	0.266	670	\$15.33	0.257
	Cable programming service	674	\$33.54	0.355	670	\$31.94	0.337
	Expanded basic service	674	\$49.65	0.211	670	\$47.27	0.188
	Expanded basic subscribers (%)	671	89.5%	0.279	661	88.7%	0.288
Noncompetitive Communities	Basic cable service	388	\$15.83	0.309	384	\$15.10	0.299
	Cable programming service	388	\$34.14	0.412	384	\$32.39	0.390
	Expanded basic service	388	\$49.97	0.243	384	\$47.49	0.216
	Expanded basic subscribers (%)	386	89.4%	0.311	378	88.6%	0.323
Communities relieved from rate regulation	Basic cable service	286	\$17.37	0.449	286	\$16.37	0.437
	Cable programming service	286	\$30.82	0.602	286	\$29.90	0.595
	Expanded basic service	286	\$48.19	0.383	286	\$46.28	0.356
	Expanded basic subscribers (%)	285	89.7%	0.625	283	88.8%	0.631
Second cable operator subgroup (overall)	Basic cable service	107	\$16.06	0.560	107	\$14.65	0.505
	Cable programming service	107	\$28.86	0.749	107	\$27.94	0.756
	Expanded basic service	107	\$44.92	0.713	107	\$42.59	0.678
	Expanded basic subscribers (%)	107	92.5%	0.485	105	92.0%	0.508
Second cable operator subgroup (incumbents)	Basic cable service	55	\$15.23	0.518	55	\$13.71	0.454
	Cable programming service	55	\$29.81	0.824	55	\$29.05	0.847
	Expanded basic service	55	\$45.04	0.880	55	\$42.77	0.831
	Expanded basic subscribers (%)	55	91.6%	0.574	55	91.0%	0.598
Second cable operator subgroup (rivals)	Basic cable service	52	\$19.06	1.782	52	\$18.07	1.661
	Cable programming service	52	\$25.44	1.752	52	\$23.88	1.673
	Expanded basic service	52	\$44.49	0.833	52	\$41.95	0.859
	Expanded basic subscribers (%)	52	95.5%	0.838	50	95.8%	0.885
DBS subgroup	Basic cable service	78	\$17.64	0.670	78	\$16.76	0.654
	Cable programming service	78	\$31.23	0.901	78	\$30.49	0.888
	Expanded basic service	78	\$48.87	0.545	78	\$47.25	0.503
	Expanded basic subscribers (%)	78	88.4%	0.956	78	87.4%	0.963
Wireless MVPD subgroup	Basic cable service	33	\$17.81	0.485	33	\$16.99	0.498
	Cable programming service	33	\$31.84	0.538	33	\$30.18	0.622
	Expanded basic service	33	\$49.65	0.502	33	\$47.17	0.531
	Expanded basic subscribers (%)	33	91.4%	0.556	33	90.7%	0.590
Low penetration test subgroup	Basic cable service	68	\$18.25	0.836	68	\$17.08	0.917
	Cable programming service	68	\$31.55	0.951	68	\$29.85	1.005
	Expanded basic service	68	\$49.80	0.564	68	\$46.93	0.490
	Expanded basic subscribers (%)	67	91.1%	0.734	67	90.6%	0.784

Source: 2007/2008 survey.

Attachment 3 Digital Price and Weighted Average Cable Price										
Sample Group	Date	Digital Subscriber Shares (1)			Digital Price (2)			Weighted Average Cable Price (3)		
		N	Digital to Basic	Digital to Expanded Basic	N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	1/1/06	747	41.8%	47.7%	727	\$13.83	0.187	720	\$52.26	0.223
	1/1/05	764	37.3%	42.9%	724	\$13.59	0.176		\$48.44	
Noncompetitive communities	1/1/06	429	41.6%	47.5%	416	\$13.94	0.211	411	\$52.58	0.251
	1/1/05	484	37.1%	42.6%	413	\$13.70	0.199			
Communities relieved from rate regulation	1/1/06	318	43.5%	49.3%	311	\$13.05	0.232	309	\$50.03	0.312
	1/1/05	280	39.9%	45.3%	311	\$12.85	0.234			
Second cable operator subgroup (overall)	1/1/06	106	43.3%	47.5%	103	\$13.91	0.354	101	\$44.86	0.643
	1/1/05	111	39.8%	44.3%	103	\$13.52	0.374			
Second cable operator (incumbents)	1/1/06	54	46.8%	51.6%	53	\$13.18	0.414	53	\$44.84	0.819
	1/1/05	56	40.8%	45.7%	53	\$12.69	0.445			
Second cable operator (rivals) (4)	1/1/06	52	32.8%	35.2%	50	\$16.18	0.676	48	\$44.91	0.633
	1/1/05	55	37.0%	40.2%	50	\$16.12	0.671			
DBS subgroup	1/1/06	125	42.6%	49.6%	125	\$13.26	0.367	125	\$52.29	0.455
	1/1/05	124	39.6%	46.9%	125	\$13.12	0.366			
Wireless MVPD subgroup	1/1/06	31	46.3%	51.4%	31	\$11.13	0.347	31	\$50.75	0.426
	1/1/05	27	38.6%	52.5%	31	\$11.05	0.364			
Low penetration test subgroup	1/1/06	56	46.0%	51.1%	52	\$11.07	0.639	52	\$49.43	0.605
	1/1/05	18	54.0%	61.4%	52	\$10.86	0.603			

(1) Sources: 2006 survey and 2005 survey. These shares are the number of digital subscribers as a percentage of, respectively, all cable TV subscribers (basic subscribers) and Cable TV subscribers that take expanded basic service. In calculating the averages, if a community was not offered digital service, the digital share equaled 0.

(2) Source: 2006 survey. This is the average price charged by operators who offer a digital tier. The price is for the most-highly subscribed digital tier and the first digital converter and remote control.

(3) Source: See Attachment 5, which also describes the calculation. As explained in Attachment 5, only the overall average and not the subgroup averages were calculated for year 2005.

(4) This subgroup is comprised of relatively few communities whose composition changes from year to year. The decline in digital shares, 2005 to 2006, primarily represents a difference in the composition of communities randomly selected in 2005 survey and 2006 survey, and not discontinuance of digital service by subscribers.

Attachment 3-a Digital Price and Weighted Average Cable Price										
Sample Group	Date	Digital Subscribers (1)			Digital Price (2)			Weighted Average Cable Price (3)		
		N	Digital to Basic	Digital to Expanded Basic	N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	1/1/07	660	46.2%	52.3%	622	\$13.00	0.139	610	\$54.73	0.216
	1/1/06	747	41.8%	47.7%	576	\$12.55	0.154	720	\$52.26	0.223
Noncompetitive communities	1/1/07	379	45.6%	51.6%	347	\$13.04	0.163	341	\$55.00	0.252
	1/1/06	429	41.6%	47.5%	322	\$12.50	0.178	411	\$52.58	0.251
Communities relieved from rate regulation	1/1/07	281	48.8%	55.4%	275	\$12.82	0.225	269	\$53.58	0.356
	1/1/06	318	43.5%	49.3%	254	\$12.76	0.261	309	\$50.03	0.312
Second cable operator subgroup (overall)	1/1/07	102	49.9%	54.6%	99	\$13.57	0.318	94	\$49.58	0.759
	1/1/06	106	43.3%	47.5%	89	\$13.28	0.301	101	\$44.86	0.643
Second cable operator subgroup (incumbents)	1/1/07	55	50.5%	55.9%	55	\$12.76	0.357	55	\$49.81	0.894
	1/1/06	54	46.8%	51.6%	54	\$12.84	0.338	53	\$44.84	0.819
Second cable operator subgroup (rivals)	1/1/07	47	47.3%	49.4%	44	\$17.03	0.697	39	\$48.49	0.960
	1/1/06	52	32.8%	35.2%	35	\$15.63	0.613	48	\$44.91	0.633
DBS subgroup	1/1/07	78	47.6%	55.1%	75	\$12.84	0.328	75	\$54.79	0.493
	1/1/06	125	42.6%	49.6%	66	\$12.88	0.400	125	\$52.29	0.455
Wireless MVPD subgroup	1/1/07	33	54.3%	59.9%	33	\$11.47	0.431	33	\$53.90	0.537
	1/1/06	31	46.3%	51.4%	32	\$11.29	0.439	31	\$50.75	0.426
Low penetration test subgroup	1/1/07	68	48.7%	53.8%	68	\$12.58	0.471	67	\$53.55	0.518
	1/1/06	56	46.0%	51.1%	67	\$12.46	0.469	52	\$49.43	0.605

(1) Sources: 2007/2008 survey and 2006 survey. These shares are the number of digital subscribers as a percentage of, respectively, cable TV subscribers (basic subscribers) and those basic subscribers that also take expanded basic service. In calculating these averages, if a community was not offered digital service, the digital share equaled 0.

(2) Source: 2007/2008 survey. This is the average price charged by operators who offer a digital tier. The price is for the most-highly subscribed digital tier and the first digital converter and remote control.

(3) Source: See Attachment 5, which also describes the calculation.

Attachment 3-b Digital Price and Weighted Average Cable Price										
Sample Group	Date	Digital Subscribers (1)			Digital Price (2)			Weighted Average Cable Price (3)		
		N	Digital to Basic	Digital to Expanded Basic	N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	1/1/08	671	54.4%	61.0%	634	\$14.01	0.139	629	\$58.80	0.279
	1/1/07	660	46.2%	52.3%	622	\$13.00	0.139	610	\$54.73	0.216
Noncompetitive communities	1/1/08	388	54.0%	60.6%	356	\$14.16	0.161	355	\$59.25	0.327
	1/1/07	379	45.6%	51.6%	347	\$13.04	0.163	341	\$55.00	0.252
Communities relieved from rate regulation	1/1/08	283	56.3%	63.2%	278	\$13.34	0.242	274	\$56.80	0.440
	1/1/07	281	48.8%	55.4%	275	\$12.82	0.225	269	\$53.58	0.356
Second cable operator subgroup (overall)	1/1/08	104	56.7%	61.6%	101	\$14.27	0.359	98	\$53.12	0.859
	1/1/07	102	49.9%	54.6%	99	\$13.57	0.318	94	\$49.58	0.759
Second cable operator subgroup (incumbents)	1/1/08	55	57.4%	62.9%	55	\$13.33	0.395	55	\$53.39	1.023
	1/1/07	55	50.5%	55.9%	55	\$12.76	0.357	55	\$49.81	0.894
Second cable operator subgroup (rivals)	1/1/08	49	54.0%	56.4%	46	\$18.12	0.858	43	\$51.93	1.140
	1/1/07	47	47.3%	49.4%	44	\$17.03	0.697	39	\$48.49	0.960
DBS subgroup	1/1/08	78	54.8%	62.5%	76	\$13.16	0.351	76	\$57.57	0.623
	1/1/07	78	47.6%	55.1%	75	\$12.84	0.328	75	\$54.79	0.493
Wireless MVPD subgroup	1/1/08	33	65.3%	71.8%	33	\$12.59	0.462	33	\$58.54	0.557
	1/1/07	33	54.3%	59.9%	33	\$11.47	0.431	33	\$53.90	0.537
Low penetration test subgroup	1/1/08	68	55.1%	60.7%	68	\$13.40	0.437	67	\$57.94	0.668
	1/1/07	68	48.7%	53.8%	68	\$12.58	0.471	67	\$53.55	0.518

(1) Source: 2007/2008 survey. These shares are the number of digital subscribers as a percentage of, respectively, cable TV subscribers (basic subscribers) and basic subscribers that also take expanded basic service. In calculating these averages, if a community was not offered digital service, the digital share equaled 0.

(2) Source: 2007/2008 survey. This is the average price charged by operators who offer a digital tier. The price is for the most-highly subscribed digital tier and the first digital converter and remote control.

(3) Source: See Attachment 5, which also describes the calculation.

Attachment 4 Averages for 1995-2008 (1)									
Date	Basic Cable Service Tier	CPST (2)	Expanded Basic Service		Capacity in MHz	Consumer Price Index (3)		Inflation Adjusted Cable Price (4)	
			Price	Channels		All Items	Less Food & Energy	All Items	Less Food & Energy
Jul. 1995	---	---	\$22.35	44.0	---	100.0	100.0	\$22.35	\$22.35
Jul. 1996	---	---	\$24.28	47.0	---	103.0	102.7	\$23.58	\$23.63
Jul. 1997	---	---	\$26.31	49.4	---	105.2	105.2	\$25.00	\$25.01
Jul. 1998	\$12.06	\$15.82	\$27.88	50.1	---	107.0	107.6	\$26.05	\$25.92
Jul. 1999	\$12.58	\$16.36	\$28.94	51.1	534	109.3	109.8	\$26.47	\$26.36
Jul. 2000	\$12.84	\$18.38	\$31.22	54.8	623	113.3	112.5	\$27.55	\$27.74
Jul. 2001	\$12.84	\$20.91	\$33.75	59.4	652	116.4	115.6	\$29.00	\$29.20
Jul. 2002 (5)	\$14.45	\$22.02	\$36.47	62.7	694	118.1	118.1	\$30.88	\$30.87
Jan. 2003	\$13.45	\$25.50	\$38.95	67.5	---	119.1	119.1	\$32.69	\$32.72
Jan. 2004	\$13.80	\$27.24	\$41.04	70.3	734	121.4	120.4	\$33.79	\$34.08
Jan. 2005	\$14.30	\$28.74	\$43.04	70.5	736	125.0	123.2	\$34.42	\$34.95
Jan. 2006 (6)	\$14.59	\$30.67	\$45.26	71.0	749	130.0	125.8	\$34.81	\$35.99
Jan. 2007	\$15.33	\$31.94	\$47.27	72.6	748	132.7	129.1	\$35.61	\$36.61
Jan. 2008	\$16.11	\$33.54	\$49.65	72.8	759	138.4	132.3	\$35.87	\$37.53
Change from 1995-2008			122.1%	65.6%	---	38.4%	32.3%	60.5%	67.9%

Sources: Statistical Report on Average Rates for Basic Service, Cable Programming Service, and Equipment, 12 FCC Rcd 3239 (1997) ("1997 survey"); 14 FCC Rcd 8331 (1999) ("1998 survey"); 15 FCC Rcd 10927 (2000) ("1999 survey"); 16 FCC Rcd 4346 (2001) ("2000 survey"); 17 FCC Rcd 6301 (2002) ("2001 survey"); 18 FCC Rcd 13284 (2003) ("2002 survey"); 20 FCC Rcd 2718 (2005) ("2004 survey"); 21 FCC Rcd 15087 (2006) ("2005 survey"); 2006 survey; and 2007/2008 survey. Sources by year: 1995-1997 (1997 survey); 1998 (1998 survey); 1999 (1999 survey) except capacity (2004 survey data); 2000 (2000 survey); 2001 (2001 survey); July 2002 (2002 survey); 2003-2004 (2004 survey); 2005 (2005 survey); 2006 (2006 survey); and 2007-2008 (2007/2008 survey).

(1) Averages in this attachment are composite subscriber-weighted averages of noncompetitive communities and communities relieved from rate regulation, except prices and channels, 1995-2000, and capacity, 2000-2001, which are noncompetitive averages as the composite averages were not included in the survey reports. Missing data indicate we did not survey the metric that year. For 1995, only a combined programming and equipment price was reported and, thus, the 1995 expanded basic price was calculated by subtracting an estimate of equipment price.

(2) The price of the most highly subscribed cable programming service tier ("CPST").

(3) Sources: Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, U.S. City Average, Not Seasonally Adjusted, base 1982-84=100, Series CUUR0000SA0 (All Items) and CUUR0000SA0L1E (All Items Less Food and Energy), extracted from www.bls.gov (June 5, 2008), rebased to July 1995 = 100.

(4) These prices are in 1995 dollars, calculated by dividing expanded basic price by CPI multiplied by 100.

(5) January 2002 prices were also sampled, and these sample prices averaged \$13.06 for the basic cable service tier, \$23.01 for the CPST, and \$36.12 for expanded basic service. In January 2002, the CPI (July 1995=100) was 116.1 (All Items) and 116.8 (All Items Less Food and Energy).

(6) Because each survey randomly samples a different group of communities, 2006 averages calculated from the 2006 survey will not necessarily match 2006 averages calculated from 2006/2007 survey. For example, the expanded basic price based on the 2006 survey equals \$45.26 (shown in this attachment and Attachment 2) and equals \$45.18 on the basis of the 2007/2008 sample (shown in Attachment 2-a).

Attachment 5
Weighted Average Cable Price, 1995-2008

Date	Expanded Basic Price	Digital Price (1)	Digital Share (2)	Weighted Average Cable Price (3)	Price Index (1995=100)	
					Expanded Basic Price	Weighted Average Cable Price
Jul. 1995	\$22.35	---	---	\$22.35	100.0	100.0
Jul. 1996	\$24.28	---	---	\$24.28	108.6	108.6
Jul. 1997	\$26.31	---	---	\$26.31	117.7	117.7
Jul. 1998	\$27.88	\$10.70	1.2%	\$28.01	124.7	125.3
Jul. 1999	\$28.94	\$9.49	5.4%	\$29.45	129.5	131.8
Jul. 2000	\$31.22	\$8.42	8.4%	\$31.93	139.7	142.9
Jul. 2001	\$33.75	\$11.58	17.6%	\$35.79	151.0	160.1
Jul. 2002	\$36.47	\$10.12	27.1%	\$39.21	163.2	175.4
Jan. 2003	\$38.95	\$10.08	33.4%	\$42.32	174.3	189.4
Jan. 2004	\$41.04	\$10.72	39.6%	\$45.29	183.6	202.6
Jan. 2005 (4)	\$43.04	\$12.99	41.6%	\$48.44	192.6	216.7
Jan. 2006	\$45.26	\$13.83	47.7%	\$52.26	202.5	233.8
Jan. 2007	\$47.27	\$13.00	52.3%	\$54.73	211.5	244.9
Jan. 2008	\$49.65	\$14.01	61.0%	\$58.80	222.1	263.1
Change, 1995-2008	122.1%	---	---	163.1%	122.1%	163.1%

Sources: See Attachment 4.

(1) Digital price consists of the price to receive the most-highly subscribed digital tier and the first set of digital equipment (a digital converter and remote control). In some survey reports, the reported price is described as digital programming, which is presumed to include a converter and remote control as well as programming. Prior to 1998, digital service was in the start-up phase, and thus survey data were not collected.

(2) Digital share (Sdig/eb) equals the ratio of digital to expanded basic subscribers, equal to Sdig/b divided by Seb/b (not shown in this table) which, respectively, equal the ratio of digital to basic subscribers and expanded basic to basic subscribers. The average digital share in this attachment includes cable operators who offer and do not offer digital service, and in the latter case the digital share equals 0.

(3) This column equals $P_{eb} + (P_{dig} \times S_{dig/eb})$, where P_{eb} equals expanded basic price, P_{dig} equals digital price, and $S_{dig/eb}$ equals digital share. Expanded basic service is typically a prerequisite to ordering a digital tier, and weighting digital price reflects that not all expanded basic subscribers order a digital tier. Consistent with previous survey reports, the expanded basic price is not weighted by the percent of expanded basic to basic subscribers. The averages are based on communities where a digital tier is offered.

(4) For 2005 and prior years, the weighted average cable price is based on national averages of components of the formula shown in the note above. $S_{dig/b}$ was not collected for survey years 1998-2000 and 2004. For 1998, it was calculated by dividing 160,000 digital subscribers by 14.1 million basic subscribers represented in the sample. For 1999, it was calculated by dividing digital 634,102 subscribers by 13.1 million basic subscribers represented. The 2000 value is from 2001 survey and the 2004 value is the mid-point between 2002 and 2004 values. For 1998-2005, $S_{dig/b}$ equals 1.1% (1998), 4.8% (1999), 7.5% (2000), 15.7% (2001), 24.1% (2002), 29.7% (2003), 35.2% (2004), and 37.0% (2005). $S_{eb/b}$ is not available in all reports, but has varied between 88% and 90% in years reported, and was set constant at 89% across years 1998-2005. After 2005, the weighted average cable prices were constructed for each survey respondent prior to calculating the national average. The two methods typically produce slightly different results.

Attachment 6 Averages for 1995-2008 by Sample Group					
Date	Basic Cable Service Tier	Cable Programming Service Tier	Expanded Basic Service		System Capacity (MHz)
			Price	Channels	
Noncompetitive Communities					
July 1995	---	---	\$22.35	44.0	---
July 1996	---	---	\$24.28	47.0	---
July 1997	---	---	\$26.31	49.4	---
July 1998	\$12.06	\$15.82	\$27.88	50.1	---
July 1999	\$12.58	\$16.36	\$28.94	51.1	532
July 2000	\$12.84	\$18.38	\$31.22	54.8	623
July 2001	\$12.87	\$21.02	\$33.89	59.3	652
July 2002 (1)	\$14.47	\$22.14	\$36.61	62.7	696
January 2003	\$13.38	\$25.73	\$39.11	67.3	---
January 2004	\$13.73	\$27.56	\$41.29	70.1	734
January 2005	\$14.25	\$29.08	\$43.33	70.3	734
January 2006	\$14.52	\$30.96	\$45.48	70.6	747
January 2007	\$15.10	\$32.39	\$47.49	72.5	744
January 2008	\$15.83	\$34.14	\$49.97	72.8	757
Percent Change 1995-2008			123.6%	65.5%	---
Communities Relieved from Rate Regulation					
July 1995	---	---	\$21.64	38.0	---
July 1996	---	---	\$23.32	39.6	---
July 1997	---	---	\$25.29	46.5	---
July 1998	\$11.12	\$15.00	\$26.12	54.0	---
July 1999	\$12.03	\$15.27	\$27.30	52.3	619
July 2000	\$12.03	\$17.41	\$29.44	59.9	630
July 2001	\$12.43	\$19.23	\$31.66	60.9	666
July 2002 (2)	\$14.09	\$20.25	\$34.34	62.9	677
January 2003	\$14.25	\$22.61	\$36.86	69.7	---
January 2004	\$14.58	\$23.59	\$38.17	72.5	734
January 2005	\$14.80	\$25.35	\$40.15	72.0	754
January 2006	\$15.09	\$28.62	\$43.70	74.0	765
January 2007	\$16.37	\$29.90	\$46.28	73.0	766
January 2008	\$17.37	\$30.82	\$48.19	73.0	772
Percent Change 1995-2008			122.7%	92.0%	---

Sources: See Attachment 4.

(1) January 2002 prices were also sampled. In January 2002, prices averaged \$13.06 for the basic cable service tier, \$23.15 for the cable programming service tier, and \$36.21 for expanded basic service.

(2) In January 2002, prices averaged \$13.70 for the basic cable service tier, \$21.36 for the cable programming service tier, and \$35.06 for expanded basic service.

Attachment 7 Monthly Programming Expense per Subscriber				
Sample Group	Year	N	Mean (1)	Std. Error
Sample groups overall	2005	751	\$13.41	0.185
	2004	746	\$12.54	0.165
Noncompetitive Communities	2005	433	\$13.32	0.208
	2004	428	\$12.46	0.185
Communities relieved from rate regulation	2005	318	\$14.10	0.248
	2004	318	\$13.09	0.229
Second cable operator subgroup (overall)	2005	107	\$14.83	0.244
	2004	107	\$13.76	0.236
Second cable operator subgroup (incumbents)	2005	54	\$13.80	0.289
	2004	54	\$12.82	0.254
Second cable operator subgroup (rivals)	2005	53	\$17.90	0.447
	2004	53	\$16.56	0.556
DBS subgroup	2005	124	\$14.43	0.429
	2004	124	\$13.38	0.394
Wireless MVPD subgroup	2005	31	\$11.50	0.204
	2004	31	\$10.75	0.230
Low penetration test subgroup	2005	56	\$14.94	0.610
	2004	56	\$13.64	0.574

Source: 2006 survey.

(1) Monthly programming expense per subscriber is approximated by dividing yearly programming cost by end of year basic cable service subscribers, dividing by 12 months.

Attachment 7-a Monthly Programming Expense per Subscriber				
Sample Group	Year	N	Mean (1)	Std. Error
Sample groups overall	2006	611	\$14.74	0.163
	2005	567	\$13.61	0.135
Noncompetitive Communities	2006	336	\$14.73	0.195
	2005	310	\$13.60	0.157
Communities relieved from rate regulation	2006	275	\$14.77	0.230
	2005	257	\$13.64	0.232
Second cable operator subgroup (overall)	2006	99	\$15.39	0.305
	2005	96	\$14.00	0.294
Second cable operator subgroup (incumbents)	2006	51	\$14.48	0.362
	2005	50	\$13.14	0.351
Second cable operator subgroup (rivals)	2006	48	\$18.73	0.525
	2005	46	\$17.21	0.474
DBS subgroup	2006	76	\$14.91	0.338
	2005	63	\$13.79	0.350
Wireless MVPD subgroup	2006	32	\$12.39	0.306
	2005	32	\$11.40	0.209
Low penetration test subgroup	2006	68	\$15.51	0.354
	2005	66	\$15.41	1.073

Source: 2007/2008 survey.

(1) Monthly programming expense per subscriber is approximated by dividing yearly programming cost by end of year basic cable service subscribers, dividing by 12 months.

Attachment 7-b Monthly Programming Expense per Subscriber				
Sample Group	Year	N	Mean (1)	Std. Error
Sample groups overall	2007	662	\$16.14	0.186
	2006	611	\$14.74	0.163
Noncompetitive Communities	2007	377	\$16.09	0.219
	2006	336	\$14.73	0.195
Communities relieved from rate regulation	2007	285	\$16.34	0.270
	2006	275	\$14.77	0.230
Second cable operator subgroup (overall)	2007	107	\$17.21	0.368
	2006	99	\$15.39	0.305
Second cable operator subgroup (incumbents)	2007	55	\$16.41	0.445
	2006	51	\$14.48	0.362
Second cable operator subgroup (rivals)	2007	52	\$20.11	0.537
	2006	48	\$18.73	0.525
DBS subgroup	2007	77	\$16.40	0.396
	2006	76	\$14.91	0.338
Wireless MVPD subgroup	2007	33	\$14.05	0.515
	2006	32	\$12.39	0.306
Low penetration test subgroup	2007	68	\$16.77	0.344
	2006	68	\$15.51	0.354

Source: 2007/2008 survey.

(1) Monthly programming expense per subscriber is approximated by dividing yearly programming cost by end of year basic cable service subscribers, dividing by 12 months.

Attachment 8 Basic Cable Service Channels, by Category January 1, 2006											
Sample Group	N	Number of Channels on the Basic Cable Service Tier		By Category of Channel							
				Local Broadcast Stations		Public, Educational, & Governmental Access (PEG)		Commercial Leased Access		Other Channels	
		Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.
Sample groups overall	754	24.8	0.416	12.2	0.185	3.3	0.107	0.7	0.042	8.6	0.471
Noncompetitive Communities	434	24.9	0.470	12.4	0.209	3.3	0.121	0.7	0.047	8.5	0.532
Communities relieved from rate regulation	320	24.0	0.449	10.8	0.204	2.7	0.106	0.8	0.062	9.8	0.51
2nd cable operator subgroup (overall)	108	24.8	0.416	11.1	0.381	2.5	0.181	0.7	0.089	9.1	1.024
2nd cable operator subgroup (incumbents)	54	24.9	0.470	10.4	0.483	2.2	0.209	0.8	0.116	10.4	1.228
2nd cable operator subgroup (rivals)	54	24.0	0.449	13.3	0.498	3.3	0.359	0.3	0.087	5.3	1.806
DBS subgroup	125	24.7	0.661	10.6	0.280	2.9	0.141	0.9	0.097	10.3	0.706
Wireless MVPD subgroup	31	23.5	0.825	10.4	0.540	2.5	0.347	0.7	0.131	10.0	1.158
Low penetration test subgroup	56	21.2	0.916	12.8	0.556	2.4	0.329	0.3	0.089	5.7	1.049

Source: 2006 survey.

Attachment 8-b Basic Cable Service Channels, by Category January 1, 2008											
Sample Group	N	Number of Channels on the Basic Cable Service Tier		By Category of Channel							
				Local Broadcast Stations		Public, Educational, & Governmental Access (PEG)		Commercial Leased Access		Other Channels	
		Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.
Sample groups overall	674	26.7	0.482	12.7	0.232	2.8	0.099	0.7	0.039	10.0	0.446
Noncompetitive Communities	388	26.8	0.566	12.7	0.263	2.8	0.115	0.6	0.045	9.8	0.460
Communities relieved from rate regulation	286	25.9	0.740	12.9	0.471	2.8	0.169	0.9	0.073	10.9	1.320
2nd cable operator subgroup (overall)	107	25.3	0.990	11.4	0.498	2.8	0.300	0.6	0.096	9.9	0.905
2nd cable operator subgroup (incumbents)	55	23.7	1.017	11.1	0.603	2.7	0.376	0.8	0.122	8.5	0.936
2nd cable operator subgroup (rivals)	52	31.2	2.716	12.3	0.733	3.1	0.257	0.2	0.051	15.1	2.450
DBS subgroup	78	26.8	1.098	13.4	0.711	3.0	0.244	1.1	0.106	12.3	2.035
Wireless MVPD subgroup	33	22.7	0.856	13.7	0.523	2.2	0.171	1.0	0.141	5.9	0.669
Low penetration test subgroup	68	23.3	1.135	11.6	0.486	1.7	0.206	0.9	0.120	6.9	0.932

Source: 2007/2008 survey. Note: Channels by category were not collected for year 2007.

Attachment 9 Average Number of Channels							
Sample Group	Programming Service Tier	January 1, 2006			January 1, 2005		
		N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	Basic cable service	754	24.8	0.416	754	24.5	0.410
	Cable programming service	754	46.2	0.429	754	46.0	0.435
	Expanded basic service	754	71.0	0.276	754	70.5	0.285
Noncompetitive Communities	Basic cable service	434	24.9	0.470	434	24.6	0.462
	Cable programming service	434	45.7	0.484	434	45.5	0.491
	Expanded basic service	434	70.6	0.311	434	70.0	0.321
Communities relieved from rate regulation	Basic cable service	320	24.0	0.449	320	24.2	0.498
	Cable programming service	320	50.0	0.463	320	49.7	0.516
	Expanded basic service	320	74.0	0.361	320	73.9	0.360
Second cable operator subgroup (overall)	Basic cable service	108	23.4	0.850	108	23.4	0.869
	Cable programming service	108	51.5	0.870	108	50.7	0.926
	Expanded basic service	108	74.9	0.472	108	74.1	0.490
Second cable operator subgroup (incumbents)	Basic cable service	54	23.7	0.988	54	23.0	0.919
	Cable programming service	54	50.9	0.987	54	50.5	0.945
	Expanded basic service	54	74.6	0.553	54	73.5	0.569
Second cable operator subgroup (rivals)	Basic cable service	54	22.3	1.664	54	24.5	2.101
	Cable programming service	54	53.4	1.823	54	51.2	2.362
	Expanded basic service	54	75.7	0.905	54	75.8	0.960
DBS subgroup	Basic cable service	125	24.7	0.661	125	24.9	0.762
	Cable programming service	125	49.2	0.659	125	49.2	0.764
	Expanded basic service	125	73.9	0.579	125	74.1	0.576
Wireless MVPD subgroup	Basic cable service	31	23.5	0.825	31	23.5	0.814
	Cable programming service	31	50.2	1.041	31	50.2	1.022
	Expanded basic service	31	73.7	0.703	31	73.7	0.669
Low penetration test subgroup	Basic cable service	56	21.2	0.916	56	21.8	0.941
	Cable programming service	56	49.6	1.513	56	48.8	1.702
	Expanded basic service	56	70.8	1.233	56	70.5	1.272

Source: 2006 survey.

Attachment 9-a Average Number of Channels							
Sample Group	Programming Service Tier	January 1, 2007			January 1, 2006		
		N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	Basic cable service	669	26.3	0.470	618	25.6	0.479
	Cable programming service	669	46.3	0.553	618	45.9	0.523
	Expanded basic service	669	72.6	0.517	618	71.5	0.335
Noncompetitive Communities	Basic cable service	383	26.3	0.551	355	25.7	0.562
	Cable programming service	383	46.1	0.648	355	45.4	0.607
	Expanded basic service	383	72.5	0.614	355	71.1	0.371
Communities relieved from rate regulation	Basic cable service	286	25.9	0.722	263	24.9	0.691
	Cable programming service	286	47.2	0.883	263	48.6	0.853
	Expanded basic service	286	73.0	0.674	263	73.4	0.783
Second cable operator subgroup (overall)	Basic cable service	107	24.6	0.954	98	23.6	0.911
	Cable programming service	107	50.9	1.236	98	50.8	1.157
	Expanded basic service	107	75.5	0.884	98	74.5	0.721
Second cable operator subgroup (incumbents)	Basic cable service	55	22.8	0.962	54	22.9	0.962
	Cable programming service	55	50.8	1.173	54	51.1	1.202
	Expanded basic service	55	73.6	0.809	54	74.1	0.786
Second cable operator subgroup (rivals)	Basic cable service	52	31.2	2.706	44	26.6	2.475
	Cable programming service	52	51.1	3.821	44	49.5	3.273
	Expanded basic service	52	82.3	2.851	44	76.2	1.770
DBS subgroup	Basic cable service	78	26.9	1.069	67	25.8	1.062
	Cable programming service	78	45.4	1.308	67	47.5	1.310
	Expanded basic service	78	72.3	1.002	67	73.3	1.240
Wireless MVPD subgroup	Basic cable service	33	23.7	0.947	32	23.3	0.788
	Cable programming service	33	50.2	0.975	32	50.3	0.969
	Expanded basic service	33	73.9	0.787	32	73.6	0.620
Low penetration test subgroup	Basic cable service	68	23.1	1.104	66	23.0	1.120
	Cable programming service	68	47.8	1.186	66	47.8	1.229
	Expanded basic service	68	70.8	0.919	66	70.8	0.910

Source: 2007/2008 cable price survey.

Attachment 9-b Average Number of Channels							
Sample Group	Programming Service Tier	January 1, 2008			January 1, 2007		
		N	Mean	Std. Error	N	Mean	Std. Error
Sample groups overall	Basic cable service	674	26.7	0.482	669	26.3	0.470
	Cable programming service	674	46.2	0.576	669	46.3	0.553
	Expanded basic service	674	72.8	0.543	669	72.6	0.517
Noncompetitive Communities	Basic cable service	388	26.8	0.566	383	26.3	0.551
	Cable programming service	388	46.0	0.676	383	46.1	0.648
	Expanded basic service	388	72.8	0.647	383	72.5	0.614
Communities relieved from rate regulation	Basic cable service	286	25.9	0.740	286	25.9	0.722
	Cable programming service	286	47.1	0.878	286	47.2	0.883
	Expanded basic service	286	73.0	0.671	286	73.0	0.674
Second cable operator subgroup (overall)	Basic cable service	107	25.3	0.990	107	24.6	0.954
	Cable programming service	107	50.8	1.283	107	50.9	1.236
	Expanded basic service	107	76.1	0.925	107	75.5	0.884
Second cable operator subgroup (incumbents)	Basic cable service	55	23.7	1.017	55	22.8	0.962
	Cable programming service	55	50.3	1.221	55	50.8	1.173
	Expanded basic service	55	74.0	0.826	55	73.6	0.809
Second cable operator subgroup (rivals)	Basic cable service	52	31.2	2.716	52	31.2	2.706
	Cable programming service	52	52.4	3.955	52	51.1	3.821
	Expanded basic service	52	83.6	3.054	52	82.3	2.851
DBS subgroup	Basic cable service	78	26.8	1.098	78	26.9	1.069
	Cable programming service	78	45.6	1.292	78	45.4	1.308
	Expanded basic service	78	72.4	0.992	78	72.3	1.002
Wireless MVPD subgroup	Basic cable service	33	22.7	0.856	33	23.7	0.947
	Cable programming service	33	49.1	1.099	33	50.2	0.975
	Expanded basic service	33	71.8	0.867	33	73.9	0.787
Low penetration test subgroup	Basic cable service	68	23.3	1.135	68	23.1	1.104
	Cable programming service	68	46.9	1.161	68	47.8	1.186
	Expanded basic service	68	70.1	0.892	68	70.8	0.919

Source: 2007/2008 cable price survey.

Attachment 10 Other Programming Channels January 1, 2006						
Sample Group	Local Broadcast Stations in HD Format (1)			Most Highly Subscribed Digital Tier (2)		
	N	Mean	S.E.	N	Mean	S.E.
Sample groups overall	754	4.3	0.08	725	40.6	0.81
Noncompetitive Communities	434	4.3	0.08	416	41.0	0.91
Communities relieved from rate regulation	320	4.1	0.13	309	37.7	0.91
Second cable operator subgroup (overall)	108	4.6	0.22	103	38.4	1.15
Second cable operator subgroup (incumbents)	54	4.6	0.27	53	37.0	1.44
Second cable operator subgroup (rivals)	54	4.6	0.30	50	42.6	1.55
DBS subgroup	125	3.5	0.19	123	39.7	1.45
Wireless MVPD subgroup	31	5.2	0.28	31	29.6	1.99
Low penetration test subgroup	56	2.5	0.30	52	35.4	1.90

Source: 2006 survey.

(1) Video channels showing re-transmissions in digital high definition of local broadcast stations, requiring lease of a high definition set-top converter.

(2) The digital cable programming service tier with the highest number of subscribers, generally requiring lease of a digital set-top converter.

Attachment 10-a Other Programming Channels January 1, 2007						
Sample Group	Local Broadcast Stations in HD Format (1)			Most Highly Subscribed Digital Tier (2)		
	N	Mean	S.E.	Mean	Mean	S.E.
Sample groups overall	672	5.0	0.09	620	37.5	0.64
Noncompetitive Communities	387	4.9	0.10	348	37.1	0.71
Communities relieved from rate regulation	285	5.4	0.25	272	39.3	1.46
Second cable operator subgroup (overall)	107	5.6	0.34	96	40.5	1.39
Second cable operator subgroup (incumbents)	55	5.9	0.42	55	39.4	1.65
Second cable operator subgroup (rivals)	52	4.5	0.36	41	45.4	1.77
DBS subgroup	78	5.2	0.37	76	39.7	2.21
Wireless MVPD subgroup	33	6.5	0.39	33	35.7	1.81
Low penetration test subgroup	67	3.6	0.31	67	38.5	1.58

Source: 2007/2008 survey.

(1) Video channels showing re-transmissions in digital high definition of local broadcast stations, requiring lease of a high definition set-top converter.

(2) The digital cable programming service tier with the highest number of subscribers, generally requiring lease of a digital set-top converter.

Attachment 10-b Other Programming Channels January 1, 2008						
Sample Group	Local Broadcast Stations in HD Format (1)			Most Highly Subscribed Digital Tier (2)		
	N	Mean	S.E.	N	Mean	S.E.
Sample groups overall	673	5.6	0.10	635	40.4	0.66
Noncompetitive Communities	388	5.5	0.11	357	40.1	0.72
Communities relieved from rate regulation	285	6.1	0.25	278	41.4	1.61
Second cable operator subgroup (overall)	107	6.2	0.37	101	42.0	1.37
Second cable operator subgroup (incumbents)	55	6.5	0.46	55	40.9	1.65
Second cable operator subgroup (rivals)	52	5.3	0.36	46	46.2	1.81
DBS subgroup	78	6.0	0.37	76	42.1	2.46
Wireless MVPD subgroup	33	7.3	0.36	33	37.8	1.97
Low penetration test subgroup	67	3.9	0.32	68	37.7	1.32

Source: 2007/2008 survey.

(1) Video channels showing re-transmissions in digital high definition of local broadcast stations, requiring lease of a high definition set-top converter.

(2) The digital cable programming service tier with the highest number of subscribers, generally requiring lease of a digital set-top converter.

Attachment 11													
Prices for Subscriber Equipment (1)													
Sample Group	Jan. 1	Analog			Digital			High Definition			CableCARD		
		N	Mean	S.E.	N	Mean	S.E.	N	Mean	S.E.	N	Mean	S.E.
Sample groups overall	2006	495	\$4.86	0.089	729	\$5.19	0.081	649	\$7.11	0.100	671	\$1.19	0.048
	2005	549	\$4.61	0.091	727	\$5.05	0.084	622	\$6.98	0.102	636	\$1.16	0.049
Noncompetitive Communities	2006	304	\$4.81	0.098	419	\$5.14	0.092	376	\$7.08	0.113	393	\$1.14	0.054
	2005	328	\$4.56	0.102	417	\$5.02	0.095	362	\$6.94	0.115	379	\$1.10	0.055
Communities relieved from rate regulation	2006	191	\$5.22	0.135	310	\$5.55	0.105	273	\$7.31	0.125	278	\$1.56	0.048
	2005	221	\$4.93	0.136	310	\$5.26	0.124	260	\$7.24	0.133	257	\$1.58	0.051
2nd cable operator subgroup (overall)	2006	67	\$4.46	0.226	99	\$5.85	0.221	94	\$7.75	0.228	90	\$1.76	0.109
	2005	82	\$4.30	0.247	99	\$5.18	0.295	92	\$7.74	0.253	80	\$1.88	0.120
2nd cable operator subgroup (incumbents)	2006	29	\$4.92	0.313	54	\$5.56	0.280	52	\$7.66	0.276	52	\$1.32	0.116
	2005	43	\$4.58	0.317	54	\$4.72	0.374	50	\$7.63	0.312	45	\$1.35	0.127
2nd cable operator subgroup (rivals)	2006	38	\$3.43	0.214	45	\$6.88	0.170	42	\$8.06	0.329	38	\$3.50	0.284
	2005	39	\$3.39	0.208	45	\$6.77	0.194	42	\$8.11	0.330	35	\$3.91	0.317
DBS subgroup	2006	76	\$5.54	0.218	125	\$5.48	0.141	109	\$7.45	0.190	113	\$1.64	0.045
	2005	82	\$5.16	0.215	125	\$5.28	0.161	103	\$7.35	0.201	110	\$1.64	0.046
Wireless MVPD subgroup	2006	27	\$5.29	0.199	31	\$5.40	0.235	31	\$6.09	0.219	31	\$0.94	0.181
	2005	28	\$5.37	0.212	31	\$5.40	0.234	31	\$6.07	0.214	30	\$0.91	0.185
Low penetration test subgroup	2006	21	\$5.20	0.326	55	\$4.96	0.343	39	\$7.71	0.206	44	\$1.76	0.062
	2005	29	\$4.34	0.396	55	\$4.87	0.344	34	\$7.90	0.280	37	\$1.75	0.072

Source: 2006 survey.

(1) Except for the CableCARD, monthly price is for lease of an addressable converter box and remote control.

Attachment 11-a Prices for Subscriber Equipment (1)													
Sample Group	Jan. 1	Analog			Digital			High Definition			CableCARD		
		N	Mean	S.E.	N	Mean	S.E.	N	Mean	S.E.	N	Mean	S.E.
Sample groups overall	2007	353	\$4.28	0.127	556	\$5.38	0.082	566	\$7.86	0.125	589	\$1.25	0.059
	2006	335	\$4.39	0.127	525	\$5.42	0.081	528	\$7.62	0.128	535	\$1.10	0.054
Noncompetitive Communities	2007	205	\$4.17	0.148	315	\$5.34	0.096	308	\$7.85	0.146	328	\$1.16	0.070
	2006	196	\$4.24	0.145	298	\$5.35	0.094	292	\$7.60	0.148	302	\$1.02	0.063
Communities relieved from rate regulation	2007	148	\$4.81	0.208	241	\$5.58	0.127	258	\$7.93	0.216	261	\$1.65	0.088
	2006	139	\$5.15	0.244	227	\$5.70	0.136	236	\$7.70	0.218	233	\$1.51	0.088
2nd cable operator subgroup (overall)	2007	51	\$4.60	0.322	86	\$5.84	0.209	97	\$7.98	0.243	91	\$1.84	0.112
	2006	52	\$4.64	0.314	80	\$6.02	0.217	91	\$7.96	0.239	80	\$1.68	0.104
2nd cable operator subgroup (incumbents)	2007	31	\$4.79	0.381	54	\$5.78	0.237	54	\$7.57	0.279	55	\$1.71	0.126
	2006	32	\$4.83	0.369	53	\$5.91	0.244	54	\$7.64	0.267	54	\$1.56	0.114
2nd cable operator subgroup (rivals)	2007	20	\$3.59	0.215	32	\$6.21	0.368	43	\$9.75	0.480	36	\$2.52	0.231
	2006	20	\$3.59	0.215	27	\$6.75	0.354	37	\$9.56	0.521	26	\$2.51	0.224
DBS subgroup	2007	46	\$4.86	0.304	72	\$5.45	0.173	72	\$8.21	0.326	76	\$1.71	0.127
	2006	38	\$5.35	0.389	65	\$5.54	0.189	60	\$7.89	0.348	62	\$1.56	0.133
Wireless MVPD subgroup	2007	28	\$5.01	0.283	17	\$6.47	0.392	32	\$6.20	0.224	33	\$1.09	0.182
	2006	28	\$5.33	0.253	17	\$6.47	0.392	32	\$6.20	0.224	31	\$1.02	0.183
Low penetration test subgroup	2007	23	\$3.81	0.455	66	\$5.20	0.186	57	\$7.99	0.271	61	\$1.26	0.118
	2006	21	\$3.89	0.494	65	\$5.41	0.195	53	\$7.96	0.276	60	\$1.24	0.120

Source: 2007/2008 survey.

(1) Except for the CableCARD column, monthly price is to lease an addressable converter box and remote control.

Attachment 11-b Prices for Subscriber Equipment (1)													
Sample Group	Jan. 1	Analog			Digital			High Definition			CableCARD		
		N	Mean	S.E.	N	Mean	S.E.	N	Mean	S.E.	N	Mean	S.E.
Sample groups overall	2008	338	\$3.86	0.122	555	\$5.16	0.090	579	\$8.22	0.116	602	\$1.44	0.067
	2007	353	\$4.28	0.127	556	\$5.38	0.082	566	\$7.86	0.125	589	\$1.25	0.059
Noncompetitive Communities	2008	201	\$3.75	0.141	320	\$5.10	0.105	317	\$8.26	0.134	335	\$1.33	0.079
	2007	205	\$4.17	0.148	315	\$5.34	0.096	308	\$7.85	0.146	328	\$1.16	0.070
Communities relieved from rate regulation	2008	137	\$4.36	0.220	235	\$5.43	0.150	262	\$8.06	0.207	267	\$1.90	0.105
	2007	148	\$4.81	0.208	241	\$5.58	0.127	258	\$7.93	0.216	261	\$1.65	0.088
2nd cable operator subgroup (overall)	2008	48	\$4.48	0.365	85	\$5.97	0.212	98	\$8.03	0.243	96	\$2.08	0.133
	2007	51	\$4.60	0.322	86	\$5.84	0.209	97	\$7.98	0.243	91	\$1.84	0.112
2nd cable operator subgroup (incumbents)	2008	30	\$4.61	0.427	54	\$5.90	0.241	55	\$7.59	0.275	55	\$1.94	0.154
	2007	31	\$4.79	0.381	54	\$5.78	0.237	54	\$7.57	0.279	55	\$1.71	0.126
2nd cable operator subgroup (rivals)	2008	18	\$3.77	0.258	31	\$6.42	0.353	43	\$9.98	0.506	41	\$2.71	0.219
	2007	20	\$3.59	0.215	32	\$6.21	0.368	43	\$9.75	0.480	36	\$2.52	0.231
DBS subgroup	2008	46	\$4.49	0.308	72	\$5.19	0.204	74	\$8.27	0.312	76	\$1.95	0.152
	2007	46	\$4.86	0.304	72	\$5.45	0.173	72	\$8.21	0.326	76	\$1.71	0.127
Wireless MVPD subgroup	2008	20	\$3.63	0.271	17	\$6.48	0.547	33	\$6.95	0.195	33	\$1.42	0.242
	2007	28	\$5.01	0.283	17	\$6.47	0.392	32	\$6.20	0.224	33	\$1.09	0.182
Low penetration test subgroup	2008	23	\$3.33	0.361	61	\$5.19	0.228	57	\$8.04	0.328	62	\$1.47	0.160
	2007	23	\$3.81	0.455	66	\$5.20	0.186	57	\$7.99	0.271	61	\$1.26	0.118

Source: 2007/2008 survey.

(1) Except for the CableCARD, monthly price is to lease an addressable converter box and remote control.

Attachment 12 Cable Service Installation Charges							
Sample Group	Type of Installation	January 1, 2006			January 1, 2005		
		N	Mean	S.E	N	Mean	S.E
Sample groups overall	Unwired residence	747	\$45.96	0.357	749	\$46.11	0.381
	Pre-wired residence	754	\$32.47	0.392	754	\$32.58	0.398
	Service reconnection	752	\$28.67	0.338	752	\$28.70	0.328
	CableCARD, existing customer	753	\$20.47	0.696	752	\$19.63	0.699
	CableCARD, new customer	753	\$22.24	0.787	752	\$21.20	0.783
Noncompetitive Communities	Unwired residence	432	\$45.99	0.400	434	\$46.24	0.428
	Pre-wired residence	434	\$32.47	0.440	434	\$32.60	0.446
	Service reconnection	433	\$28.60	0.378	433	\$28.63	0.367
	CableCARD, existing customer	433	\$20.77	0.784	432	\$19.92	0.787
	CableCARD, new customer	433	\$22.59	0.885	432	\$21.51	0.880
Communities relieved from rate regulation	Unwired residence	315	\$45.75	0.537	315	\$45.24	0.526
	Pre-wired residence	320	\$32.49	0.594	320	\$32.45	0.581
	Service reconnection	319	\$29.12	0.535	319	\$29.18	0.512
	CableCARD, existing customer	320	\$18.30	0.907	320	\$17.57	0.926
	CableCARD, new customer	320	\$19.72	1.079	320	\$19.07	1.090
2nd cable operator subgroup (overall)	Unwired residence	103	\$42.50	0.893	103	\$43.04	0.919
	Pre-wired residence	108	\$31.60	1.022	108	\$31.68	1.014
	Service reconnection	107	\$26.52	0.872	107	\$26.92	0.856
	CableCARD, existing customer	108	\$16.58	1.242	108	\$14.99	1.392
	CableCARD, new customer	108	\$15.87	1.513	108	\$13.67	1.619
2nd cable operator subgroup (incumbents)	Unwired residence	54	\$43.13	0.671	54	\$43.86	0.724
	Pre-wired residence	54	\$30.08	0.893	54	\$30.24	0.881
	Service reconnection	53	\$26.45	1.092	53	\$27.01	1.070
	CableCARD, existing customer	54	\$20.25	1.547	54	\$17.92	1.741
	CableCARD, new customer	54	\$19.20	1.920	54	\$16.25	2.069
2nd cable operator subgroup (rivals)	Unwired residence	49	\$40.46	3.090	49	\$40.40	3.106
	Pre-wired residence	54	\$36.06	3.043	54	\$35.91	3.038
	Service reconnection	54	\$26.70	1.256	54	\$26.66	1.246
	CableCARD, existing customer	54	\$5.83	1.815	54	\$6.39	1.974
	CableCARD, new customer	54	\$6.11	1.927	54	\$6.11	1.927
DBS subgroup	Unwired residence	125	\$46.01	0.810	125	\$45.20	0.752
	Pre-wired residence	125	\$33.12	0.857	125	\$32.79	0.821
	Service reconnection	125	\$30.30	0.727	125	\$30.21	0.675
	CableCARD, existing customer	125	\$19.72	1.155	125	\$19.47	1.157
	CableCARD, new customer	125	\$22.59	1.507	125	\$22.76	1.502
Wireless MVPD subgroup	Unwired residence	31	\$49.72	1.077	31	\$48.52	1.315
	Pre-wired residence	31	\$31.29	1.481	31	\$32.09	1.552
	Service reconnection	31	\$29.45	1.726	31	\$29.49	1.725
	CableCARD, existing customer	31	\$16.57	3.612	31	\$15.94	3.647
	CableCARD, new customer	31	\$16.57	3.612	31	\$15.94	3.647
Low penetration test subgroup	Unwired residence	56	\$50.18	1.863	56	\$49.29	1.864
	Pre-wired residence	56	\$35.54	1.709	56	\$35.05	1.660
	Service reconnection	56	\$28.79	0.965	56	\$28.89	0.954
	CableCARD, existing customer	56	\$16.34	2.172	56	\$13.77	1.612
	CableCARD, new customer	56	\$17.41	2.770	56	\$15.39	2.286

Source: 2006 survey.

Attachment 12-a Cable Service Installation Charges							
Sample Group	Type of Installation	January 1, 2007			January 1, 2006		
		N	Mean	S.E	N	Mean	S.E
Sample groups overall	Unwired residence	670	\$45.97	0.483	637	\$45.44	0.498
	Pre-wired residence	670	\$32.89	0.473	636	\$32.31	0.442
	Service reconnection	670	\$28.89	0.459	635	\$28.15	0.452
	CableCARD, existing customer	642	\$22.56	0.603	600	\$21.74	0.616
	CableCARD, new customer	641	\$26.51	0.729	599	\$26.10	0.731
Noncompetitive Communities	Unwired residence	384	\$45.84	0.573	364	\$45.50	0.587
	Pre-wired residence	384	\$32.80	0.551	364	\$32.19	0.511
	Service reconnection	384	\$29.01	0.541	363	\$28.34	0.531
	CableCARD, existing customer	366	\$22.15	0.690	345	\$21.66	0.706
	CableCARD, new customer	366	\$25.76	0.845	345	\$25.90	0.850
Communities relieved from rate regulation	Unwired residence	286	\$46.56	0.656	273	\$45.20	0.687
	Pre-wired residence	286	\$33.33	0.788	272	\$32.91	0.769
	Service reconnection	286	\$28.38	0.666	272	\$27.26	0.645
	CableCARD, existing customer	276	\$24.37	1.173	255	\$22.13	1.153
	CableCARD, new customer	275	\$29.86	1.289	254	\$27.02	1.201
Second cable operator subgroup (overall)	Unwired residence	107	\$44.09	1.263	102	\$43.00	1.027
	Pre-wired residence	107	\$31.80	1.035	102	\$31.01	0.973
	Service reconnection	107	\$27.20	1.248	102	\$25.57	1.174
	CableCARD, existing customer	102	\$19.81	1.537	92	\$18.27	1.696
	CableCARD, new customer	102	\$21.94	1.818	92	\$20.38	1.902
Second cable operator subgroup (incumbents)	Unwired residence	55	\$44.52	1.010	54	\$44.89	1.064
	Pre-wired residence	55	\$31.70	1.131	54	\$31.03	1.026
	Service reconnection	55	\$25.98	1.524	54	\$24.34	1.413
	CableCARD, existing customer	55	\$22.63	1.829	54	\$20.54	1.961
	CableCARD, new customer	55	\$25.74	2.203	54	\$24.13	2.272
Second cable operator subgroup (rivals)	Unwired residence	52	\$42.52	4.555	48	\$35.75	2.833
	Pre-wired residence	52	\$32.14	2.474	48	\$30.96	2.584
	Service reconnection	52	\$31.63	1.672	48	\$30.29	1.676
	CableCARD, existing customer	47	\$8.50	2.335	38	\$7.24	2.814
	CableCARD, new customer	47	\$6.71	2.209	38	\$2.10	1.515
DBS subgroup	Unwired residence	78	\$46.68	0.901	70	\$44.97	1.024
	Pre-wired residence	78	\$34.27	1.150	70	\$33.83	1.158
	Service reconnection	78	\$29.18	0.946	70	\$27.63	0.937
	CableCARD, existing customer	78	\$25.91	1.678	69	\$23.48	1.679
	CableCARD, new customer	78	\$33.00	1.858	69	\$29.33	1.753
Wireless MVPD subgroup	Unwired residence	33	\$50.82	1.552	33	\$50.02	1.185
	Pre-wired residence	33	\$30.66	1.572	32	\$31.46	1.482
	Service reconnection	33	\$25.66	0.798	32	\$27.52	0.876
	CableCARD, existing customer	33	\$27.48	2.990	32	\$24.98	2.603
	CableCARD, new customer	33	\$31.63	2.629	32	\$31.23	2.252
Low penetration test subgroup	Unwired residence	68	\$46.23	1.289	68	\$46.39	1.023
	Pre-wired residence	68	\$33.03	1.427	68	\$32.76	0.940
	Service reconnection	68	\$28.56	1.247	68	\$29.13	1.207
	CableCARD, existing customer	63	\$15.65	1.644	62	\$15.00	1.555
	CableCARD, new customer	62	\$16.30	1.776	61	\$16.32	1.717

Source: 2007/2008 survey.

Attachment 12-b Cable Service Installation Charges							
Sample Group	Type of Installation	January 1, 2008			January 1, 2007		
		N	Mean	S.E	N	Mean	S.E
Sample groups overall	Unwired residence	673	\$45.11	0.575	670	\$45.97	0.483
	Pre-wired residence	673	\$32.68	0.534	670	\$32.89	0.473
	Service reconnection	673	\$28.91	0.489	670	\$28.89	0.459
	CableCARD, existing customer	650	\$23.04	0.630	642	\$22.56	0.603
	CableCARD, new customer	650	\$27.07	0.729	641	\$26.51	0.729
Noncompetitive Communities	Unwired residence	387	\$44.86	0.675	384	\$45.84	0.573
	Pre-wired residence	387	\$32.36	0.623	384	\$32.80	0.551
	Service reconnection	387	\$28.84	0.576	384	\$29.01	0.541
	CableCARD, existing customer	371	\$22.63	0.724	366	\$22.15	0.690
	CableCARD, new customer	371	\$26.29	0.840	366	\$25.76	0.845
Communities relieved from rate regulation	Unwired residence	286	\$46.27	0.882	286	\$46.56	0.656
	Pre-wired residence	286	\$34.11	0.879	286	\$33.33	0.788
	Service reconnection	286	\$29.20	0.699	286	\$28.38	0.666
	CableCARD, existing customer	279	\$24.86	1.191	276	\$24.37	1.173
	CableCARD, new customer	279	\$30.53	1.342	275	\$29.86	1.289
Second cable operator subgroup (overall)	Unwired residence	107	\$43.99	1.515	107	\$44.09	1.263
	Pre-wired residence	107	\$31.68	1.126	107	\$31.80	1.035
	Service reconnection	107	\$27.45	1.305	107	\$27.20	1.248
	CableCARD, existing customer	105	\$21.26	1.728	102	\$19.81	1.537
	CableCARD, new customer	105	\$23.68	1.967	102	\$21.94	1.818
Second cable operator subgroup (incumbents)	Unwired residence	55	\$44.13	1.465	55	\$44.52	1.010
	Pre-wired residence	55	\$32.50	1.239	55	\$31.70	1.131
	Service reconnection	55	\$27.25	1.583	55	\$25.98	1.524
	CableCARD, existing customer	55	\$23.59	2.021	55	\$22.63	1.829
	CableCARD, new customer	55	\$27.04	2.344	55	\$25.74	2.203
Second cable operator subgroup (rivals)	Unwired residence	52	\$43.49	4.569	52	\$42.52	4.555
	Pre-wired residence	52	\$28.68	2.633	52	\$32.14	2.474
	Service reconnection	52	\$28.16	1.880	52	\$31.63	1.672
	CableCARD, existing customer	50	\$12.49	3.147	47	\$8.50	2.335
	CableCARD, new customer	50	\$11.01	3.142	47	\$6.71	2.209
DBS subgroup	Unwired residence	78	\$45.80	1.254	78	\$46.68	0.901
	Pre-wired residence	78	\$34.89	1.295	78	\$34.27	1.150
	Service reconnection	78	\$29.66	0.995	78	\$29.18	0.946
	CableCARD, existing customer	78	\$25.63	1.698	78	\$25.91	1.678
	CableCARD, new customer	78	\$32.79	1.945	78	\$33.00	1.858
Wireless MVPD subgroup	Unwired residence	33	\$53.13	1.735	33	\$50.82	1.552
	Pre-wired residence	33	\$34.27	1.551	33	\$30.66	1.572
	Service reconnection	33	\$29.03	0.811	33	\$25.66	0.798
	CableCARD, existing customer	33	\$31.27	2.877	33	\$27.48	2.990
	CableCARD, new customer	33	\$35.97	2.395	33	\$31.63	2.629
Low penetration test subgroup	Unwired residence	68	\$47.10	1.248	68	\$46.23	1.289
	Pre-wired residence	68	\$33.83	1.440	68	\$33.03	1.427
	Service reconnection	68	\$30.82	1.113	68	\$28.56	1.247
	CableCARD, existing customer	63	\$15.40	1.644	63	\$15.65	1.644
	CableCARD, new customer	63	\$16.82	1.893	62	\$16.30	1.776

Source: 2007/2008 survey.

Attachment 13 Average Operating Capacity												
Sample Group	Capacity of Cable System (in MHz)				Percentage of Subscribers by Capacity of Cable System Serving Their Community, January 1, 2006							
	2005		January 1, 2006		More than 750 MHz		750 MHz		331 - 749 MHz		330 or Less MHz	
	Mean	N	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.
Sample groups overall	736	751	749	3.7	25.4%	1.9	63.9%	2.0	8.7%	1.1	2.1%	0.5
Noncompetitive Communities	734	433	747	4.2	25.5%	2.1	63.3%	2.2	8.9%	1.2	2.3%	0.6
Communities relieved from rate regulation	754	318	765	4.9	24.9%	2.7	68.0%	2.8	6.7%	1.6	0.4%	0.4
2nd cable operator subgroup (overall)	756	106	759	5.6	13.7%	3.6	82.1%	4.1	4.2%	2.4	0.0%	0.0
2nd cable operator subgroup (incumbents)	757	53	753	6.9	11.3%	4.4	83.0%	5.2	5.7%	3.2	0.0%	0.0
2nd cable operator subgroup (rivals)	756	53	777	8.2	20.8%	5.6	79.2%	5.6	0.0%	0.0	0.0%	0.0
DBS subgroup	751	125	770	8.3	34.4%	4.3	56.0%	4.5	8.8%	2.5	0.8%	0.8
Wireless MVPD subgroup	758	31	761	5.9	9.7%	5.4	90.3%	5.4	0.0%	0.0	0.0%	0.0
Low penetration test subgroup	729	56	735	16.0	28.6%	6.1	46.4%	6.7	25.0%	5.8	0.0%	0.0

Sources: 2005 survey and 2006 survey.

Attachment 13-a Average Operating Capacity												
Sample Group	Capacity of Cable System (in MHz)				Percentage of Subscribers by Capacity of Cable System Serving Their Community, January 1, 2007							
	2006		January 1, 2007		More than 750 MHz		750 MHz		331 - 749 MHz		330 or Less MHz	
	Mean	N	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.
Sample groups overall	749	663	748	3.8	25.0%	2.0	63.6%	2.1	10.3%	1.2	1.1%	0.3
Noncompetitive Communities	747	381	744	4.4	25.0%	2.3	62.4%	2.5	11.4%	1.4	1.3%	0.4
Communities relieved from rate regulation	765	282	766	6.4	25.5%	3.5	69.0%	3.7	5.4%	1.7	0.1%	0.1
2nd cable operator subgroup (overall)	759	103	766	7.9	24.2%	4.4	69.1%	5.0	6.6%	2.9	0.0%	0.0
2nd cable operator subgroup (incumbents)	753	55	755	9.3	18.2%	5.2	74.5%	5.9	7.3%	3.5	0.0%	0.0
2nd cable operator subgroup (rivals)	777	48	811	13.0	47.9%	7.3	47.9%	7.3	4.2%	2.9	0.0%	0.0
DBS subgroup	770	78	768	9.5	28.2%	5.1	66.7%	5.4	5.1%	2.5	0.0%	0.0
Wireless MVPD subgroup	761	33	764	6.5	12.1%	5.8	87.9%	5.8	0.0%	0.0	0.0%	0.0
Low penetration test subgroup	735	68	740	14.6	23.5%	5.2	58.8%	6.0	16.2%	4.5	1.5%	1.5

Sources: 2006 survey and 2007/2008 survey.

Attachment 13-b Average Operating Capacity												
Sample Group	Capacity in MHz				Percentage of Subscribers by Capacity of Cable System Serving Their Community, January 1, 2008							
	2007		January 1, 2008		More than 750 MHz		750 MHz		331 - 749 MHz		330 or Less MHz	
	Mean	N	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.
Sample groups overall	748	667	759	3.8	30.5%	2.1	59.1%	2.2	9.7%	1.1	0.7%	0.2
Noncompetitive Communities	744	385	757	4.4	29.4%	2.4	59.1%	2.5	10.6%	1.3	0.9%	0.3
Communities relieved from rate regulation	766	282	772	6.5	35.8%	3.8	59.0%	3.9	5.2%	1.7	0.1%	0.1
2nd cable operator subgroup (overall)	766	103	774	6.6	32.9%	5.1	61.9%	5.4	5.2%	2.5	0.0%	0.0
2nd cable operator subgroup (incumbents)	755	55	765	7.6	29.1%	6.2	65.5%	6.5	5.5%	3.1	0.0%	0.0
2nd cable operator subgroup (rivals)	811	48	811	13.0	47.9%	7.3	47.9%	7.3	4.2%	2.9	0.0%	0.0
DBS subgroup	768	78	776	9.8	41.0%	5.6	53.8%	5.7	5.1%	2.5	0.0%	0.0
Wireless MVPD subgroup	764	33	764	6.5	15.2%	6.3	84.8%	6.3	0.0%	0.0	0.0%	0.0
Low penetration test subgroup	740	68	740	14.6	23.5%	5.2	58.8%	6.0	16.2%	4.5	1.5%	1.5

Source: 2007/2008 survey.

Attachment 14 Availability of Various Cable Services January 1, 2006				
Sample Group	Availability of Service as a Percent of All Basic Cable TV Subscribers			
	Cable Service	N	Mean	S.E
Sample groups overall	Digital programming	754	98.3%	0.5
	HD programming	754	91.9%	0.9
	HD simulcast of a broadcast station	754	85.5%	1.1
	Internet access	754	96.9%	0.6
	Telephony	754	61.4%	1.8
Noncompetitive Communities	Digital programming	434	98.1%	0.5
	HD programming	434	91.7%	0.9
	HD simulcast of a broadcast station	434	85.3%	1.2
	Internet access	434	96.6%	0.7
	Telephony	434	61.8%	2.0
Communities relieved from rate regulation	Digital programming	320	99.7%	0.2
	HD programming	320	93.4%	1.5
	HD simulcast of a broadcast station	320	87.3%	2.0
	Internet access	320	99.1%	0.4
	Telephony	320	58.8%	3.0
2nd cable operator subgroup (overall)	Digital programming	108	99.1%	0.7
	HD programming	108	96.3%	1.7
	HD simulcast of a broadcast station	108	92.6%	2.6
	Internet access	108	98.1%	1.5
	Telephony	108	70.4%	4.9
2nd cable operator subgroup (incumbents)	Digital programming	54	100.0%	0.0
	HD programming	54	98.1%	1.9
	HD simulcast of a broadcast station	54	94.4%	3.1
	Internet access	54	98.1%	1.9
	Telephony	54	70.4%	6.3
2nd cable operator subgroup (rivals)	Digital programming	54	96.3%	2.6
	HD programming	54	90.7%	4.0
	HD simulcast of a broadcast station	54	87.0%	4.6
	Internet access	54	98.1%	1.9
	Telephony	54	70.4%	6.3
DBS subgroup	Digital programming	125	100.0%	0.0
	HD programming	125	91.2%	2.5
	HD simulcast of a broadcast station	125	82.4%	3.4
	Internet access	125	100.0%	0.0
	Telephony	125	47.2%	4.5
Wireless MVPD subgroup	Digital programming	31	100.0%	0.0
	HD programming	31	100.0%	0.0
	HD simulcast of a broadcast station	31	100.0%	0.0
	Internet access	31	100.0%	0.0
	Telephony	31	83.9%	6.7
Low penetration test subgroup	Digital programming	56	98.2%	1.8
	High definition programming	56	73.2%	6.0
	HD simulcast of a broadcast station	56	62.5%	6.5
	Internet access	56	85.7%	4.7
	Telephony	56	39.3%	6.6

Source: 2006 survey.

Attachment 14-a Availability of Various Cable Services January 1, 2007				
Sample Group	Availability of Service as a Percent of all Basic Cable TV Subscribers			
	Cable Service	N	Mean	S.E
Sample groups overall	Digital programming	671	97.9%	0.4
	HD programming	670	91.2%	0.7
	HD simulcast of a broadcast station	672	88.1%	0.9
	Internet access	657	96.8%	0.6
	Telephony	668	75.9%	1.7
Noncompetitive Communities	Digital programming	385	97.9%	0.5
	HD programming	384	90.7%	0.8
	HD simulcast of a broadcast station	386	88.1%	0.9
	Internet access	375	96.6%	0.6
	Telephony	383	75.4%	1.9
Communities relieved from rate regulation	Digital programming	286	98.1%	1.2
	HD programming	286	93.7%	1.9
	HD simulcast of a broadcast station	286	88.1%	2.6
	Internet access	282	97.9%	1.2
	Telephony	285	78.3%	3.3
Second cable operator subgroup (overall)	Digital programming	107	98.8%	0.7
	HD programming	107	94.2%	2.2
	HD simulcast of a broadcast station	107	93.8%	2.3
	Internet access	103	99.2%	0.6
	Telephony	107	88.9%	3.1
Second cable operator subgroup (incumbents)	Digital programming	55	100.0%	0.0
	HD programming	55	96.4%	2.5
	HD simulcast of a broadcast station	55	96.4%	2.5
	Internet access	55	100.0%	0.0
	Telephony	55	92.7%	3.5
Second cable operator subgroup (rivals)	Digital programming	52	94.2%	3.3
	HD programming	52	86.5%	4.8
	HD simulcast of a broadcast station	52	84.6%	5.1
	Internet access	48	95.8%	2.9
	Telephony	52	75.0%	6.1
DBS subgroup	Digital programming	78	97.4%	1.8
	HD programming	78	93.6%	2.8
	HD simulcast of a broadcast station	78	85.9%	4.0
	Internet access	78	97.4%	1.8
	Telephony	77	72.7%	5.1
Wireless MVPD subgroup	Digital programming	33	100.0%	0.0
	HD programming	33	97.0%	3.0
	HD simulcast of a broadcast station	33	97.0%	3.0
	Internet access	33	100.0%	0.0
	Telephony	33	97.0%	3.0
Low penetration test subgroup	Digital programming	68	100.0%	0.0
	High definition programming	68	86.8%	4.1
	HD simulcast of a broadcast station	68	75.0%	5.3
	Internet access	68	94.1%	2.9
	Telephony	68	66.2%	5.8

Source: 2007/2008 survey.

Attachment 14-b Availability of Various Cable Services January 1, 2008				
Sample Group	Availability of Service as a Percent of all Basic Cable TV Subscribers			
	Cable Service	N	Mean	S.E
Sample groups overall	Digital programming	674	98.1%	0.4
	HD programming	674	92.5%	0.7
	HD simulcast of a broadcast station	674	91.3%	0.8
	Internet access	662	97.2%	0.5
	Telephony	674	88.8%	1.1
Noncompetitive Communities	Digital programming	388	98.1%	0.4
	HD programming	388	91.7%	0.8
	HD simulcast of a broadcast station	388	90.7%	0.9
	Internet access	380	97.0%	0.6
	Telephony	388	88.3%	1.2
Communities relieved from rate regulation	Digital programming	286	98.3%	1.2
	HD programming	286	96.0%	1.5
	HD simulcast of a broadcast station	286	94.1%	1.8
	Internet access	282	97.9%	1.2
	Telephony	286	91.1%	2.3
Second cable operator subgroup (overall)	Digital programming	107	99.6%	0.4
	HD programming	107	95.5%	2.2
	HD simulcast of a broadcast station	107	96.1%	1.7
	Internet access	103	99.2%	0.6
	Telephony	107	94.0%	1.9
Second cable operator subgroup (incumbents)	Digital programming	55	100.0%	0.0
	HD programming	55	96.4%	2.5
	HD simulcast of a broadcast station	55	98.2%	1.8
	Internet access	55	100.0%	0.0
	Telephony	55	98.2%	1.8
Second cable operator subgroup (rivals)	Digital programming	52	98.1%	1.9
	HD programming	52	92.3%	3.7
	HD simulcast of a broadcast station	52	88.5%	4.5
	Internet access	48	95.8%	2.9
	Telephony	52	78.8%	5.7
DBS subgroup	Digital programming	78	97.4%	1.8
	HD programming	78	96.2%	2.2
	HD simulcast of a broadcast station	78	93.6%	2.8
	Internet access	78	97.4%	1.8
	Telephony	78	89.7%	3.5
Wireless MVPD subgroup	Digital programming	33	100.0%	0.0
	HD programming	33	100.0%	0.0
	HD simulcast of a broadcast station	33	100.0%	0.0
	Internet access	33	100.0%	0.0
	Telephony	33	100.0%	0.0
Low penetration test subgroup	Digital programming	68	100.0%	0.0
	High definition programming	68	88.2%	3.9
	HD simulcast of a broadcast station	68	79.4%	4.9
	Internet access	68	94.1%	2.9
	Telephony	68	77.9%	5.1

Source: 2007/2008 survey.

Attachment 15 Subscribers to Various Cable Services January 1, 2006				
Sample Group	Percent of Basic Cable TV Subscribers Who Subscribe to the Service			
	Cable Service	N	Mean	S.E
Sample groups overall	Digital video programming	747	41.8%	0.6
	HD video programming	745	6.7%	0.2
	Cable Internet Access	745	34.8%	0.5
	Circuit switched telephony	752	3.3%	0.4
	VOIP telephony	746	3.4%	0.3
Noncompetitive Communities	Digital video programming	429	41.6%	0.7
	HD video programming	428	6.8%	0.2
	Cable Internet Access	428	34.6%	0.6
	Circuit switched telephony	434	3.3%	0.4
	VOIP telephony	428	3.4%	0.4
Communities relieved from rate regulation	Digital video programming	318	43.5%	0.9
	HD video programming	317	6.3%	0.3
	Cable Internet Access	317	36.5%	0.9
	Circuit switched telephony	318	3.5%	0.6
	VOIP telephony	318	3.1%	0.3
2nd cable operator subgroup (overall)	Digital video programming	106	43.3%	1.2
	HD video programming	106	6.3%	0.4
	Cable Internet Access	106	41.7%	1.5
	Circuit switched telephony	106	7.9%	1.6
	VOIP telephony	106	4.0%	0.5
2nd cable operator subgroup (incumbents)	Digital video programming	54	46.8%	1.3
	HD video programming	54	7.1%	0.5
	Cable Internet Access	54	38.4%	1.8
	Circuit switched telephony	54	5.2%	1.7
	VOIP telephony	54	3.2%	0.6
2nd cable operator subgroup (rivals)	Digital video programming	52	32.8%	2.9
	HD video programming	52	3.9%	0.4
	Cable Internet Access	52	51.7%	2.9
	Circuit switched telephony	52	15.9%	4.3
	VOIP telephony	52	6.5%	1.1
DBS subgroup	Digital video programming	125	42.6%	1.3
	HD video programming	124	5.8%	0.4
	Cable Internet Access	125	33.5%	1.3
	Circuit switched telephony	125	1.1%	0.5
	VOIP telephony	125	2.8%	0.5
Wireless MVPD subgroup	Digital video programming	31	46.3%	2.2
	HD video programming	31	8.7%	0.8
	Cable Internet Access	31	39.9%	1.9
	Circuit switched telephony	31	3.8%	1.3
	VOIP telephony	31	3.0%	0.6
Low penetration test subgroup	Digital video programming	56	46.0%	3.6
	HD video programming	56	4.8%	0.7
	Cable Internet Access	55	27.4%	2.7
	Circuit switched telephony	56	5.4%	3.0
	VOIP telephony	56	0.4%	0.1

Source: 2006 survey.

Attachment 15-a Subscribers to Various Cable Services January 1, 2007				
Sample Group	Percent of Basic Cable TV Subscribers Who Subscribe to the Service			
	Cable Service	N	Mean	S.E
Sample groups overall	Digital video programming	660	46.2%	0.7
	HD video programming	659	10.9%	0.3
	Cable Internet Access	639	39.6%	0.5
	Circuit switched telephony	647	3.5%	0.5
	VOIP telephony	646	7.5%	0.4
Noncompetitive Communities	Digital video programming	379	45.6%	0.8
	HD video programming	379	10.7%	0.3
	Cable Internet Access	365	39.3%	0.6
	Circuit switched telephony	375	3.3%	0.6
	VOIP telephony	374	7.8%	0.5
Communities relieved from rate regulation	Digital video programming	281	48.8%	1.4
	HD video programming	280	11.9%	0.7
	Cable Internet Access	274	40.5%	1.1
	Circuit switched telephony	272	4.3%	0.7
	VOIP telephony	272	6.5%	0.6
2nd cable operator subgroup (overall)	Digital video programming	102	49.9%	1.6
	HD video programming	102	11.3%	0.8
	Cable Internet Access	102	46.3%	1.7
	Circuit switched telephony	99	9.2%	1.7
	VOIP telephony	99	10.4%	1.1
2nd cable operator subgroup (incumbents)	Digital video programming	55	50.5%	1.6
	HD video programming	55	12.0%	0.9
	Cable Internet Access	54	43.8%	1.9
	Circuit switched telephony	55	4.2%	1.6
	VOIP telephony	55	11.4%	1.3
2nd cable operator subgroup (rivals)	Digital video programming	47	47.3%	4.3
	HD video programming	47	8.4%	1.1
	Cable Internet Access	48	55.9%	3.4
	Circuit switched telephony	44	30.9%	5.5
	VOIP telephony	44	6.5%	1.8
DBS subgroup	Digital video programming	78	47.6%	2.2
	HD video programming	77	11.8%	1.1
	Cable Internet Access	72	38.6%	1.6
	Circuit switched telephony	76	2.7%	0.9
	VOIP telephony	76	5.1%	0.8
Wireless MVPD subgroup	Digital video programming	33	54.3%	1.8
	HD video programming	33	15.8%	0.8
	Cable Internet Access	33	42.6%	1.6
	Circuit switched telephony	33	4.3%	1.6
	VOIP telephony	33	8.2%	1.1
Low penetration test subgroup	Digital video programming	68	48.7%	2.0
	HD video programming	68	6.2%	0.7
	Cable Internet Access	67	36.8%	2.0
	Circuit switched telephony	64	3.3%	1.4
	VOIP telephony	64	5.3%	0.8

Source: 2007/2008 survey.

Attachment 15-b Subscribers to Various Cable Services January 1, 2008				
Sample Group	Percent of Basic Cable TV Subscribers Who Subscribe to the Service			
	Cable Service	N	Mean	S.E
Sample groups overall	Digital video programming	671	54.4%	0.8
	HD video programming	670	17.3%	0.5
	Cable Internet Access	657	44.6%	0.6
	Circuit switched telephony	652	3.0%	0.5
	VOIP telephony	652	14.4%	0.5
Noncompetitive Communities	Digital video programming	388	54.0%	0.9
	HD video programming	388	17.2%	0.6
	Cable Internet Access	375	44.4%	0.7
	Circuit switched telephony	379	2.8%	0.5
	VOIP telephony	379	14.8%	0.6
Communities relieved from rate regulation	Digital video programming	283	56.3%	1.5
	HD video programming	282	17.8%	0.9
	Cable Internet Access	282	45.9%	1.2
	Circuit switched telephony	273	3.7%	0.7
	VOIP telephony	273	12.5%	0.8
2nd cable operator subgroup (overall)	Digital video programming	104	56.7%	1.6
	HD video programming	104	18.2%	1.1
	Cable Internet Access	103	51.5%	1.8
	Circuit switched telephony	99	9.3%	1.6
	VOIP telephony	99	17.1%	1.5
2nd cable operator subgroup (incumbents)	Digital video programming	55	57.4%	1.7
	HD video programming	55	19.0%	1.3
	Cable Internet Access	55	49.3%	2.1
	Circuit switched telephony	55	4.2%	1.6
	VOIP telephony	55	19.0%	1.7
2nd cable operator subgroup (rivals)	Digital video programming	49	54.0%	4.1
	HD video programming	49	15.2%	2.0
	Cable Internet Access	48	60.3%	3.5
	Circuit switched telephony	44	31.1%	5.4
	VOIP telephony	44	9.3%	2.5
DBS subgroup	Digital video programming	78	54.8%	2.3
	HD video programming	77	17.5%	1.3
	Cable Internet Access	78	43.9%	1.8
	Circuit switched telephony	77	2.0%	0.9
	VOIP telephony	77	11.0%	1.2
Wireless MVPD subgroup	Digital video programming	33	65.3%	1.9
	HD video programming	33	23.1%	0.8
	Cable Internet Access	33	49.0%	1.8
	Circuit switched telephony	33	4.3%	1.8
	VOIP telephony	33	13.7%	1.7
Low penetration test subgroup	Digital video programming	68	55.1%	1.9
	HD video programming	68	9.4%	1.0
	Cable Internet Access	68	41.6%	2.2
	Circuit switched telephony	64	3.2%	1.5
	VOIP telephony	64	11.0%	1.3

Source: 2007/2008 survey.

APPENDIX A

Survey Methodology

A. Sampling Procedure

57. As explained in more detail below, our sample design for 2006 and 2007/2008 follows the approach used in prior years.¹ Specifically, as in past years, we pick the sample from the list of cable operator community units the Commission assigns to each cable operator for each community served. Before picking the sample, we divide the list into groups (or strata) by separating them into noncompetitive communities and communities relieved from rate regulation. In addition, we further break up the noncompetitive and competitive communities into smaller groups. The noncompetitive community units are broken up by size. The competitive community units are broken up by type of competition (*i.e.*, overbuild communities). The sample is drawn by choosing a specific number of community units from each group. The purpose of separating the data into distinct groups before choosing the sample is to achieve a desirable level of precision in the price estimates for each group. Finally, we take steps to ensure the accuracy and reliability of the raw data upon which the report is based. The explanation below builds on the survey methodology discussion included in prior reports by describing our methodology in additional detail.

58. Our samples were drawn from the list of community unit identifiers the Commission assigns to each cable operator for each community that a cable operator serves.² Before drawing our sample, we divided the list into noncompetitive communities and communities relieved from rate regulation, depending on whether the Commission had made a finding of effective competition in that community.³ Next, we assigned each noncompetitive community to one of five subgroups (or strata) – very large, large, medium, small, and very small – depending on the number of subscribers served by the cable system.⁴ Communities relieved from rate regulation were also assigned to subgroups – communities with a second cable operator, with a sufficient level of DBS subscribers, within range of a wireless MVPD, or low penetration – depending on the primary basis for the finding of effective competition.⁵ Communities with a second cable operator were further divided into incumbent cable operators and rival cable operators. Attachments 1-a and 1-b provide additional information on these sample groups.⁶

¹ See Appendix A at 58 and notes 12 and 16 below.

² See 47 C.F.R. § 76.1801.

³ These effective competition findings consisted of findings made as of January 1, 2006 and January 1, 2008, respectively, for the 2006 survey and 2007/2008 survey.

⁴ For an explanation of stratified sampling methods, *see, e.g.*, G. W. Snedecor and W. G. Cochran, *Statistical Methods*, 7th ed. (1980) at 435-59.

⁵ Similar to the noncompetitive subgroups, the operators within the subgroups of communities relieved from rate regulation tend to have similar prices.

⁶ As in previous surveys, we used the most recent 1994 FCC Form 325 census of cable subscribers at the community level. The census was supplemented by more current information when available from effective competition filings. If a cable operator serving a community was not active at the time of the census or reported a subscriber count of 1 or less, we used average number of subscribers for the type of municipality the community represents (*e.g.*, incorporated city). For the 2007/2008 survey, we adjusted these subscriber counts by national growth in cable subscribers from the time of the census until 2008. Due to this adjustment, we changed the size threshold of the very large subgroup from 50,001 to 75,001 subscribers.

59. To determine the number of communities required to achieve statistical precision in our samples, we applied a sampling formula.⁷ This formula includes parameters for the confidence interval of the price estimate, which we set at 95 percent probability of being within one percent of the actual price of expanded basic service. After we derived the number of sample selections from the formula, we increased the number of selections if necessary, to a minimum number per subgroup.⁸ We also increased sample observations to account for an expected non-response rate to our survey questionnaire in each subgroup on the basis of previous surveys.

60. For the 2006 survey, sample size equaled 458 of the 31,743 communities in the noncompetitive group and 334 of 2,055 communities relieved from rate regulation.⁹ For the 2007/2008 survey, the sample size equaled 412 of the 30,352 communities in the noncompetitive group and 300 of 3,205 communities relieved from rate regulation.¹⁰

61. After determining sample sizes, we assigned every community in the subgroup a known probability of being included in the sample.¹¹ Over the past years, the FCC has improved its sampling procedure within strata to ensure that communities in the non-continental U.S. have appropriate representation in the sample and to improve the FCC's ability to measure the effects of overbuilding.¹²

⁷ See B. J. Mandel, *Statistics for Management* (1984) at 258.

⁸ Estimates in general are reasonably robust with a minimum sample size of 30 observations. See C. A. Boneau, *The Effects of Violations of Assumptions Underlying the t test*, *Psychological Bulletin*, 57 (1960) at 49-54.

⁹ This 16.3 percent sampling fraction for communities relieved from rate regulation is relatively high compared to the noncompetitive group (1.4 percent) because there are relatively fewer communities relieved from rate regulation and a minimum number of sample observations are needed for statistical precision. Details of the 2006 sample are reported in Attachment 1-a.

¹⁰ This 9.5 percent sampling fraction for communities relieved from rate regulation is lower than that in the 2006 survey, reflecting growth in the group of communities relieved from rate regulation, from 2,055 to 3,205 communities between the 2006 and 2007/2008 surveys. According to the sampling formula, larger populations generally require a lower sampling fraction. The sampling fraction was also lower because price variance in the DBS subgroup declined between the time of the 2006 survey and 2007/2008 survey. Lower price variance reduces the necessary number of sample selections. Details of the 2007/2008 sample are reported in Attachment 1-b.

¹¹ For documentation on the method used to select our samples, see SAS Institute, SAS OnlineDoc 9.1.3. Cary, NC: SAS Institute Inc. (2006) at support.sas.com. We ran the Surveyselect Procedure, PPS method (probability proportional to size without replacement) with the strata and size options. In the SAS program, the PPS method assigns a probability of selection, ranging from 0 to 1, for each community on the basis of size of the community. The program then makes random selections in accordance with those probabilities. Not uncommon with large sample sizes under the PPS method, the mathematical probability initially exceeded 1 for the largest communities in some strata, where a value of 1 is the maximum allowable probability. Subsequently, for sampling purposes only, we set a maximum community size at which no probability would exceed 1. We adjusted the subscriber counts in those communities down to this maximum, as recommended in the SAS documentation. This adjustment was made for sampling purposes only and in effect lowered the sampling weight of some of the largest communities.

¹² This probability of selection generally depended upon our estimate of the number of subscribers in the community relative to all communities in the stratum. However, if a community was a "state or federal reservation," such as a military base, or a "privately owned settlement" such as a resort, it was assigned the minimum weight of 1 subscriber. If a community was a "privately owned settlement" such as a resort, and was not part of the very large stratum or large stratum, it was assigned a weight of 1 subscriber. In addition, adjustments were made to the selection probabilities of some communities in Alaska, Hawaii, Guam, and Puerto Rico. All except 35 communities were assigned a weight of 1 subscriber. The weights of the 35 communities were based on the actual number of subscribers. All the communities regardless of weight were included in the sample pool. Because these areas have a high number of small communities, this served to diversify the sample in stratum where we were selecting small

(continued....)

Because of these adjustments to the sampling procedure, in the future, the FCC may want to consider applying weighted averages within the strata as well. Consistent with past reports, we calculate weighted average cable prices using the subscriber weights associated with the sampling strata.

62. For each community in the sample, we asked the cable operator serving the community to complete a questionnaire. In communities where the Commission has made a finding of effective competition on the basis of competition from a rival cable operator, we asked both the incumbent and the second cable operator to complete a questionnaire. We made the questionnaire available in electronic spreadsheet format. Each cable operator in the sample downloaded a copy of the questionnaire from a Commission website and e-mailed back a completed questionnaire for each of its communities in the sample. A responsible party within the company was asked to certify the completeness and accuracy of the company's responses. Some cable operators had multiple questionnaires to complete. Because our sample was designed to produce overall population averages, larger cable operators were responsible for completing more questionnaires relative to smaller cable operators. The survey response rate (ratio of completed to requested questionnaires) equaled 95 percent for both the 2006 survey and the 2007/2008 survey.¹³

B. Data Quality Control

63. A number of steps were taken to improve the accuracy and reliability of the raw data upon which this report is based. First, as indicated above, a responsible party within each cable operator's company was asked to certify the completeness and accuracy of that company's response. Next, we systematically examined all responses returned to us in the completed questionnaires to ensure that all responses were complete, appeared to be reasonably accurate, and appeared reliable. The responses were audited using statistical quality-control tests to identify observations with apparent inaccuracies. For example, when a particular response was found to be outside of its expected reasonable range, internally inconsistent, or missing, we examined all of the information on that questionnaire more closely. Finally, we examined the data in the tables created for the report as a second layer of quality control to ensure the accuracy of the underlying data. After our examination, we contacted the cable operator in question and asked that the operator correct all responses on that questionnaire that appeared unreasonable, or provide information needed to complete missing responses. We asked the cable operators to double-check their answers and revise their responses to particular questions as necessary. In all cases, the cable operators we contacted cooperated with these requests and submitted revised data.¹⁴ Of the 70 MSOs and individual cable operators in the sample in 2006, 32 operators were asked to review their responses. Of the 92 MSOs and individual cable operators in the sample in 2007/2008, 55 operators were asked to

(...continued from previous page)

samples. For example, without the adjustment up to a third of the sample in the low penetration stratum might have consisted of communities in Puerto Rico in close geographic proximity and operated by the same company. Finally, in the 2006 survey, for the second cable operator stratum we independently sampled incumbent and rival cable operators. That is, selection of an incumbent did not necessarily mean that the rival in the community would be selected, and the other way around. For the 2007/2008 survey, however, we selected geographic communities, with jointly both the incumbent and rival, selected using the SAS Surveyselect, PPS method, as described in the preceding footnote.

¹³ The supplemental survey taken in 2006 had a response rate of 90 percent. The same operators were surveyed for the supplemental as for the initial survey and the pattern of responses and non-responses was similar for both surveys. The higher rate of non-response was due primarily to the sale or transfer of cable systems subsequent to the initial survey.

¹⁴ In some instances in which "channel lineup" information was missing or appeared incorrect, the information was obtained from cable operators' publicly available websites.

review their responses. Each of these operators replied with either a data correction or reasonable explanation as to why a particular response was plausible.¹⁵ In the case of missing data, some cable operators provided the data and others explained that the company did not collect the particular information. Missing values were excluded from the study.

C. Sampling Accuracy

64. After the survey data were collected and checked, estimates of population averages and sampling variances were calculated for the responses to each question. Results of these calculations are presented in this report. Averages of strata were calculated as simple unweighted averages. Industry-wide and group averages were calculated as weighted averages of the strata. Weights were based on the relative number of industry-wide or group subscribers in the stratum.

65. Because our survey is based on a sample of communities rather than a 100 percent census, the price averages in this report are subject to sampling variance. Expanding the survey to include all communities might increase accuracy, but would also increase the cost of the report. Our sample results are likely to be different from results that would be obtained if we were able to collect prices from all communities nationwide. The attachments report estimates of sampling variance or statistical “standard error” for each price average calculated. Standard errors can be used to express a degree of confidence that the true average falls within a range around a sample average. Degree of confidence is usually expressed as assurance that in 95 out of 100 similar samples, the true average will fall within the stated range (the “95 percent confidence interval”).¹⁶ Standard errors can also identify whether or not differences in prices, either over time or between noncompetitive communities and communities relieved from rate regulation, are statistically significant at a 95 percent confidence level.

66. Sample designs were essentially the same for the 2005, 2006, and 2007/2008 surveys.¹⁷ Cable operators were asked to report cable prices and other information related to cable service as of January 1, 2006 and January 1, 2005 for the 2006 survey and as of January 1, 2008, January 1, 2007, and January 1, 2006 for the 2007/2008 survey. This enables us to compute percentage changes in price over two-year periods. Comparing short-term price averages and percentage changes from the same survey sample increases statistical confidence in the estimate of percentage change. In addition to random sampling variance (a different group of cable operators is selected for each sample), change in compositions of the sample groups may affect the calculated average.¹⁸

¹⁵ In addition, we subsequently identified several extreme values in the statistical analysis stage of data review and removed from the database. For example, we identified several extreme values after we transformed receipts data into receipts per subscriber. We identified these values using Grubb’s test at a 99 percent probability level, and removed these values after concluding each resulted from measurement error. See F. E. Grubbs, *Procedures for Detecting Outlying Observations in Samples*, *Technometrics*, 11, 1 (1969) at 1-21.

¹⁶ This “95 percent confidence interval” is the range surrounding the sample average plus or minus 1.955 multiplied by the standard error. For example, the price for expanded basic service as of January 1, 2006 averaged \$45.25, and the standard error was 16 cents, as shown in Attachment 2. We estimate at a 95 percent confidence level that the true average lies between \$44.94 and \$45.56. We arrive at the lower end of the range by subtracting $1.955 \times \$0.16$ from our average of \$45.25. We arrive at the upper end by adding $1.955 \times \$0.16$ to \$45.25.

¹⁷ The 2005 survey design included a sampling rule limiting the number of observations to one community per county per cable operator. This sampling rule did not produce its intended effect of increasing the diversity of cable operators selected. It was therefore not used in the 2006 or the 2007/2008 surveys.

¹⁸ See, e.g., D. Holt and C. J. Skinner, *Components of Change in Repeated Surveys*, *International Statistical Review*, 57 (1989) at 1-18.

APPENDIX B

Econometric Analysis

A. Introduction

1. Below we describe a model that examines the effects of market structure as well as demand and cost factors on cable prices. The model is based on the textbook paradigm of “structure-conduct-performance,” *i.e.*, performance is affected by conduct (of buyers and sellers), which in turn is affected by structure (of the relevant market).¹⁹ A majority of the studies have used market concentration as a measure of structure, and price or profit as a measure of performance. In this study, we use the same econometric regression analysis techniques that have been used previously and apply these techniques to the MVPD market to estimate the effects of market concentration on the price of cable service.²⁰

B. Model Specification

2. Through our Price Survey, we created a data set based on responses from cable operators for the years 2006-2008. Following the approach taken in previous empirical studies, we consider two specifications of the following log linear relationship between cable prices and market concentration along with other explanatory variables: For each cable community:

$$\ln(\text{Price}) = \beta_0 + \beta_1 \ln(\text{HHI}) + \beta_2 \ln(\text{Income}) + \beta_3 \ln(\text{National Subscribers}) + \beta_4 \ln(\text{Capacity}) + \beta_5 \ln(\text{Density}) + \beta_6 \ln(\text{Density Squared}) + \beta_7 (\text{Vertical Affiliation}) + \beta_8 (\text{Overbuild Competition}) + \beta_9 (\text{Local-into-Local}) + \beta_{10} \ln(\text{Channels}) + \beta_{11}(2007) + \beta_{12}(2008) + \varepsilon.$$

Where:

Price = price for expanded basic cable service,

HHI = the Herfindahl-Hirschman Index in the main zip code of the cable community,

Income = median family income in the county containing the cable community,

National Subscribers = number of subscribers served by the cable operator’s parent company,

Capacity = cable plant capacity in megahertz (MHz),

Density = population density per square mile in the county containing the cable community,

¹⁹ The estimation of the relationship between market concentration and measures of firm performance was pioneered by Collins and Peterson in their 1969 study of the effects of concentration on profits in 417 industries. N. Collins and L. Peterson, *Price-Cost Margins and Industry Structure*, Review of Economics and Statistics, 51 (Aug. 1969) at 27-2. Later, Weiss used a slightly different model specification to estimate the effects of concentration on profitability. L. Weiss, *The Concentration-Profits Relationship and Antitrust*, in H. Goldschmidt et al, *Industrial Concentration: The New Learning* (1974), updated in F.M. Scherer and D. Ross, *Industrial Market Structure and Economic Performance*, 3rd Ed. (1990) (Scherer and Ross). Since the publication of these two seminal articles, regressions of profit/price on concentration have become a frequently used empirical tool in industrial organization literature. See, e.g., T.F. Bresnahan, *Empirical Studies of Industries with Market Power*, R. Schmalensee and R. Willig, *Handbook of Industrial Organization Vol. II* (1989) at Ch. 17; Scherer and Ross at 4-5; M.D. Whinston, *Lectures on Antitrust Economics: Chapter 3* at 27, www.csio.econ.northwestern.edu (Whinston); W.N Evans, L. Froeb, and G. Werden, *Endogeneity in the Concentration-Price Relationship: Causes, Consequences, and Cures*, Journal of Industrial Economics (Dec. 1993) at 431-38 (Evans, Froeb, and Werden); and L. Weiss, *The Structure-Conduct-Performance Paradigm and Antitrust*, 127 U. Pa. L. Rev. 1104 (1978-79).

²⁰ The MVPD “product market” in this study consists of cable, cable overbuilders (including telephone company fiber and DSL delivered video service), and direct broadcast satellite (DBS) operators.

Vertical Affiliation = an indicator variable indicating whether a cable operator was affiliated with one or more programming networks,

Overbuild Competition = an indicator variable indicating that a petition requesting a finding of effective competition based on a second cable operator in the community had been granted,

Local-into-Local = an indicator variable indicating that at least one DBS operator offered local broadcast channels in the community,

Channels = the number of channels, including local broadcast channels, the cable operator offered on the expanded basic tier in each cable community,

2007 and 2008 = indicator variables for the years 2007 and 2008, and

ϵ = error term.

3. The equation above includes variables representing market structure as well as demand and cost factors. Certain variables can influence both demand and cost. For example, the “income” variable can be considered both a demand and a cost factor. Higher income is generally associated with increased ability to pay for cable services (thus influencing demand), but may also mean that higher labor cost prevails in the area, thus contributing to higher cable prices.

4. The “capacity” variable measures the cable plant capacity and represents a combination of cost and demand factors. Higher MHz may enable a cable operator to provide more channels and a variety of services, including Internet access and telephony, which may lead to higher demand. But upgrading the cable plant to provide increased capacity in MHz also requires investment capital and so represents a cost factor. Cable operators have upgraded their plans both to provide advanced services and to meet competition from other MVPDs, particularly DBS. The “channel” variable measures the number of channels offered in the expanded basic package, and thus provides a quality measure, and allows the capacity variable to model more closely the availability of spectrum for advanced services other than traditional cable video service.

5. The “density” variable represents a cost factor. In higher density areas, fixed costs are spread across a greater number of households. Given cable operator behavior in clustering around major metropolitan areas, it is likely that economies of scale are associated with clustering, and thus that economies of scale overwhelm the marginal cost associated with serving more customers in higher-density areas. This would be represented by a negative sign on the density coefficient.

6. The “local-into-local” variable indicates the presence of more intense local competition from DBS in the MVPD market and thus may be associated with lower cable prices in the area. Similarly the “overbuild competition” variable is included in the model to measure competition when a second cable operator is providing service in the same cable community. Generally, as shown in the report above, the presence of a second wireline MVPD leads to lower prices in “overbuild” communities.²¹

7. The “vertical affiliation,” “HHI,” and “national subscribers” variables are three variables that represent market structure in the equation. If a vertically integrated cable operator has cost savings or increased efficiencies due to the ownership of or affiliation with one or more programming networks,

²¹ In the 2005 survey we used an “effective competition” dummy variable to measure the intensity of price competition. This variable included communities that met all four tests for a finding of effective competition by the Commission. We believe, as shown in the report above, that the overbuild variable captures a more intense price competition in overbuild communities than in communities that are found to be competitive on the basis of meeting either the DBS or the low penetration test. See Tables 1, 1-a, and 1-b, *supra*, of this report.

then the prices charged by the affiliated cable operator may be lower if some of these benefits are passed on to consumers.²²

8. The HHI is a measure of concentration that is calculated by summing the squared market shares of the participants in the market. It is a measure of concentration that takes account of the distribution of the size of firms in the market. The HHI varies with the number of firms in the market and degree of inequality among firm size. Generally, the HHI increases when there are fewer firms in the market.

9. A positive relationship between HHI and prices is expected where a dominant firm is able to exploit its dominant position and charge higher prices than its competitors. Higher prices as a result of unilateral action by the dominant firm may in many instances lead to a loss of consumer welfare. However, a positive relationship between HHI and prices can also result if the markets in which firms have larger market shares tend to be markets with higher costs. In these circumstances, HHI may not be a good indicator of market power, and higher prices may not represent a loss of consumer welfare.²³

10. The variable indicating the number of nationwide subscribers indicates the overall size of the parent company of the cable operator. If large cable operators have a cost advantage over smaller operators, then prices should be lower in areas served by a cable operator that has a large number of subscribers nationwide. The year indicator variables reflect unexplained variation in cost and market factors over time.

11. Although the above equation provides a useful analysis of the effects of market structure and other demand and cost variables on prices, it may suffer from endogeneity due to a simultaneous relationship between market shares and prices. Over time, markets that exhibit higher prices may attract increased investment, increased research and development, and the entry of new competitors, thus affecting market shares. One consequence of the endogeneity of market shares is that the use of the ordinary least squares (OLS) technique to estimate the equation will lead to biased conclusions because of the correlation between the market share variable and the error term, which would violate one of the basic assumptions of OLS.²⁴

12. To correct for the endogeneity of market share, we use two-stage least squares to estimate the equation. This technique purges the link between an endogenous explanatory variable and the error term by using appropriate exogenous variables as instruments. The selected instruments must be indirectly correlated with the dependent variable (price) through its effect on the endogenous explanatory variable (market share) but not directly correlated with price. We note that it is difficult to find variables that meet this test in the purest sense, so we use the variables available that most closely meet this definition.²⁵ We use two variables related to market size and the cost of entry into the market as instruments. Specifically, we use the following variables as instruments: the fraction of households in the county that are located in an urban area and location of franchise area in terms of latitude.²⁶ The

²² See T. Chipty, *Vertical Integration, Market Foreclosure, and Consumer Welfare in the Cable Television Industry*, *American Economic Review* (Jun. 2001) at 428-53.

²³ See C.M. Newmark, *Price-Concentration Studies: There You Go Again*, DOJ/FTC Joint Workshop on Merger Enforcement, Concentration and Market Shares panel (Feb. 2004) (Newmark).

²⁴ For a discussion of ordinary least squares and endogeneity, see J. Wooldridge, *Introductory Econometrics* (2003) at Ch 15 (Woodbridge).

²⁵ Statistical tests on the first stage of estimation indicate that the variables function reasonably well as instruments.

²⁶ To employ a more parsimonious relationship, this study uses percent of urban households as an instrument in place of “number of households” and “percent of multiple dwelling units” variables used in the 2005 survey. In

(continued....)

latitude variable affects consumer ability to receive DBS service; a higher latitude (*i.e.*, further north) requires a dish angle pointing closer to the horizon and thus increases the probability that terrain will block the signal. Similarly, in urban areas, there is a higher probability that buildings will block consumer ability to aim dishes at DBS satellites.²⁷

13. We use the natural log of the variables to estimate the equation. We choose the log linear form so that the estimated coefficients can be interpreted as elasticities. HHI is based on subscriber information found in data from Centris.²⁸ The cable price, cable channels, national subscribers, capacity, overbuild competition, local-into-local, and year dummy variables are from the price survey. Vertical affiliation is based on information provided in the Video Competition Report.²⁹ All other variables are from the Census Bureau.

14. The difference between the two specifications concerns the observations that are included, based on the overbuild variable. In the first specification, there were 1,993 observations for which data were complete. In this specification, the overbuild coefficient shows the percentage difference in price between markets with overbuild competition and those without competition, without distinguishing between the overbuilder and the incumbent. In the second specification, the overbuilder observations are excluded, so that the overbuilder coefficient shows the difference in price between an incumbent cable operator facing overbuild competition and an incumbent cable operator not facing overbuild competition. This specification uses 1,846 observations. We estimated two specifications because we wanted to investigate the difference between incumbent behavior and total cable operator behavior in overbuilt markets.

A. Results

15. The tables below report the estimated regression coefficients.

(...continued from previous page)

addition, because we replaced the “effective competition” variable with the “overbuild competition” variable in the second stage of estimation, overbuild competition is no longer used as an instrument.

²⁷ Entrants have also reported difficulty gaining access to apartment buildings, which represent a greater percentage of households in urban areas.

²⁸ Centris conducts thousands of surveys of households on the use of various telecommunications services. These surveys are then used to model typical telecommunications usage for various areas, and the likely usage is extrapolated down to the Census block level. We matched price survey data to Centris data based on the main zip code in the cable community.

²⁹ *Implementation of Section 19 of the 1992 Cable Act (Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming)*, 2006 Report, adopted November 27, 2007.

First Regression Estimation: Includes Both Incumbent and Overbuilder in Overbuilt Markets		
Dependent Variable (Log Price)	Estimated Coefficient	t-Statistic
Log HHI	0.110***	3.23
Log Income	0.042***	3.76
Log National Subscribers	0.029***	14.55
Log Capacity	0.074***	3.46
Log Density	-0.000	0.21
Log Density Squared	0.000	0.03
Overbuild Competition	-0.112***	12.14
Local-into-Local	0.032***	4.22
Vertical Affiliation	-0.071***	7.84
Log Channels	0.118***	3.92
2007	0.054***	9.60
2008	0.106***	16.66
Constant	0.993***	3.25
Observations	1993	---
Centered R-Squared	0.46	---
Root Mean Squared Error	0.103	---

Significant at: *** 99-percent confidence level.

Second Regression Estimation: Includes only Incumbent Observations in Overbuilt Markets		
Dependent Variable (Log Price)	Estimated Coefficient	t-Statistic
Log HHI	0.072**	2.26
Log Income	0.026**	2.31
Log National Subscribers	0.030***	14.58
Log Capacity	0.071***	3.22
Log Density	-0.000	0.87
Log Density Squared	0.000	0.69
Overbuild Competition	-0.141***	10.89
Local-into-Local	0.034***	4.43
Vertical Affiliation	-0.059***	7.01
Log Channels	0.130***	4.06
2007	0.051***	9.08
2008	0.100***	16.18
Constant	1.834***	4.91
Observations	1846	---
Centered R-Squared	0.47	---
Root Mean Squared Error	0.099	---

Significant at: *** 99-percent confidence level; ** 95-percent confidence level.

16. All of the estimated regression coefficients have the sign that was expected, and generally show high levels of statistical significance, except for the local-into-local and density variables.³⁰ The three structural variables – nationwide subscribers, local HHI, and vertical affiliation – are significant at the 99 percent confidence level. The positive relationship between cable prices and HHI may suggest a structure-conduct nexus in which cable operators with high market shares wield unilateral market power to charge higher prices. The estimated coefficient for cable operators with a parent company having a large number of nationwide subscribers is positive and significant. This result may reflect large MSO market power, or may be a consequence of a greater adoption of advanced services such as digital video recorders (“DVRs”). The year indicator variables are positive and significant, reflecting the general rise in cable prices over time.

17. A few numerical examples are helpful to illustrate the possible unilateral market power represented by the positive coefficient estimated for the HHI variable. Recall that the specification is based on natural logs, so the coefficients represent percentage changes, and that the coefficient in the first equation for HHI is approximately negative 0.11. This coefficient indicates that, all other things being equal, if the cable operator in a local community managed to acquire a higher market share that led to the HHI in that market increasing by 10 percent, cable price in that market would increase 1.1 percent. Similarly, if the cable operator in a local community managed to acquire a higher market share that led to the HHI in that market increasing by 20 percent, cable price in that market would increase 2.2 percent. Conversely, if the cable operator in a local community lost market share so that the HHI in that market decreased by 10 percent, cable price in that market would decrease 1.1 percent.

18. To make the example even more concrete, consider the situation when the Verizon FiOS market share increases. Suppose that the cable operator served 65 percent of MVPD households, each DBS provider served 12.5 percent, and Verizon served 10 percent, for an HHI of 4,637.5. Suppose Verizon’s market share increased to 20 percent of MVPD households, and that 5 percent came from the cable operator and that 2.5 percent came from each DBS provider. The HHI post-entry would drop 9.4 percent to 4,200. In this situation, based on the coefficient from the first equation, we would predict a one percent decrease in the price of the cable operator’s expanded basic package. We note that the effect on prices of a shift in market share between incumbents and rivals is less pronounced than the effect on prices of initial entry as measured by the overbuild variable, which is at least ten times greater.

19. Prices are lower in franchise areas where the cable operators are vertically affiliated with one or more programming networks than in areas where the cable operator is not so affiliated. The negative coefficient for the vertically integrated variable suggests that vertically integrated operators pass some of their cost savings to their subscribers. A significant and positive coefficient for the capacity variable indicates that prices tend to be higher in areas with higher-capacity cable systems, presumably reflecting higher costs of providing cable services. A negative coefficient for the density variable indicates efficiencies with increasing density, resulting in lower prices. The positive coefficient for density squared, however, indicates that this relationship bottoms out at some level of population density. It may be that it is very expensive to maintain a system in the highest-density areas such as in major cities. The estimated results also show that higher income leads to higher cable prices due to increased demand and/or higher labor costs.

20. One further interesting result is the fact that the magnitude of the coefficient for overbuilders

³⁰ Due to the continued roll out of DBS local-into-local service, there may be insufficient variation among communities to explain price changes in the model. The density variables have the expected signs, but are not statistically significant.

is greater when the overbuilders themselves are excluded. This indicates that incumbent cable operators are not matching overbuilder prices, but rather are undercutting them. Thus, the regressions indicate that cable operators are not accommodating entry, but instead are responding aggressively, perhaps as a signaling mechanism to discourage entry in other communities. Further statistical tests would be required to determine the statistical significance of this result, but this finding points to an interesting avenue for further research.