

SUPPORTING STATEMENT

A. Justification:

1. *The Cable Television Consumer Protection and Competition Act of 1992* (“Cable Act”) requires the Commission to publish annually a report on average rates for basic cable service, cable programming service, and equipment. The report must compare the prices charged by cable operators subject to effective competition¹ and those that are not subject to effective competition. The Annual Cable Industry Price Survey (“Price Survey”) is intended to collect the data needed to prepare that report.

Each year, in order to implement this congressional mandate, the Media Bureau releases an *Order*, which directs certain randomly selected cable operators to respond to a price survey questionnaire. The survey is designed to solicit information concerning rates for basic and expanded basic cable programming services and equipment used to receive those services.

OMB approved the 2006 Price Survey questionnaire on February 7, 2006, for a three-year period with an expiration date of February 28, 2009. OMB also approved a supplemental questionnaire to the 2006 survey on August 7, 2006, with an expiration date of August 31, 2009. Under those approvals, we mailed the 2007/2008 Survey to cable operators on January 25, 2008. The 2007/2008 Survey is essentially the same as the survey which was approved by OMB for 2006, except that the dates were changed, the main survey and the supplemental questions were combined into one document, and questions for the years 2007 and 2008 also were combined to form a single questionnaire covering both years. OMB approved the combined survey as a non-substantial change request on February 28, 2008.

Subsequently, we determined that a small number of additional questions related to the cable industry’s carriage of digital broadcast signals would be needed to complete the report that will be prepared later this year based on the findings from the survey. Answers to these additional questions are needed to support the statutorily mandated transition to digital television broadcasting, a transition that must be completed by February 17, 2009. These questions made up a brief (one-and-one-half page) stand-alone questionnaire entitled “Supplemental Questions to the 2007/2008 Survey of Cable Industry Prices” (“Supplemental Questions”). These Supplemental Questions were submitted and approved by OMB.

Therefore, the subsequent annual cable industry price surveys and the supplemental questions were incorporated into the main survey questionnaire.

As noted on the OMB Form 83-i, this information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

Statutory authority for this collection of information is contained in Sections 4(i) and 623(k) of the Communications Act of 1934, as amended.

2. Each year, the Price Survey questionnaire is distributed to randomly selected groups of cable operators that face effective competition and that do not face effective competition. The data collected are used by the Commission to monitor cable prices consistent with the goals of the Cable Act. The survey results are published in an annual report on cable industry prices. The information obtained from the Survey Questions is needed to complete that report.

¹ Under the Cable Act, a cable operator may obtain a finding of effective competition for a community that meets one of four tests. These tests are specified in 47 C.F.R. Section 76.905(b).

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3. The Commission makes this survey available electronically in a web-based format. If respondents are unable to access the internet, they can contact the Commission via telephone to make other filing arrangements.
4. The statute requires that a new survey be conducted each year. The results of this survey constitute the only statistically valid data set that can be used to comply with the statutory requirement to publish annually a report that compares the prices charged by cable operators that face effective competition with those charged by operators that do not face such competition.
5. Although small cable operators will be included among the sample of respondents, this collection of information does not have a significant impact on a substantial number of small businesses. The information to be collected is readily available to all cable operators, regardless of size, in the normal course of business. The number of small cable operators from whom we request a survey is substantially smaller than the number of large cable operators from whom we request a survey.
6. If this collection of information were not conducted, neither the Commission nor Congress would have available data that would enable them to assess the reasonableness of cable rates charged by cable operators who do not face effective competition in comparison with the prices charged by cable operators subject to effective competition. Also, the Commission would not be in compliance with Section 623(k) of the Communications Act of 1934, as amended.
7. There are no special circumstances associated with this collection of information.
8. The Commission published a Notice in the Federal Register (71 FR 52793) on September 7, 2006 seeking public comments for the information collections. No comments were received. The Commission also published another Federal Register Notice seeking additional public comments (73 FR 16858) on March 31, 2008 this public comment period will end on April 30, 2008.
9. There will be no payments or gifts to the respondents.
10. If individual respondents to this survey wish to request confidential treatment of any data provided in connection with this survey, they can do so upon written request, in accordance with Sections 0.457 and 0.459 of the Commission's rules. To receive confidential treatment of their data, respondents need only describe the specific information they wish to protect and provide an explanation of why such confidential treatment is appropriate.
11. This information collection does not address matters of a sensitive nature.
12. The Commission's Annual Cable Industry Price Survey is a filing requirement imposed on a small percentage of cable operators. The survey requests data from about 790 of the 33,000 cable communities nationwide. Since it is based on a randomly selected sample, it is likely that we will not survey the same communities in succeeding years. However, because we want our survey to reflect population distribution nationwide, a larger community has a higher chance of being selected in succeeding years than a smaller community. Furthermore, cable systems facing effective competition have a higher probability of being selected than cable systems not facing effective competition because there are relatively fewer cable systems facing effective competition. Some cable operators own and operate more than one cable system. These operators are called "multiple system operators" or MSOs. Large MSOs, for efficiency reasons, usually respond on behalf of all cable systems included in the random sample that are part of their operation. Those MSOs submit multiple survey questionnaires, one for each of their

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communities surveyed. For the purpose of this survey, we consider each questionnaire submitted as an individual response.

The main Survey and the Supplemental Questions were combined to form a single questionnaire and the Commission estimates that the average burden to respondents for gathering the data, completing one questionnaire, and filing a survey will take 10.0 hours to complete the Survey.

We will send the Survey Questions to operators, that is, to 790 cable community units. Based on the response rate for previous surveys, we estimate that approximately 96% of the recipients will respond, giving us a total of approximately 758 responses and respondents.

Total Number of Annual Respondents:

96% of 790 respondents = **758 Cable Operators**

Total Number of Annual Responses: 758 Cable Industry Price Surveys

Total Annual Burden Hours:

758 Cable Industry Price Surveys x 10.0 hrs/Survey = **7,580 hrs.**

Total Annual In-House Costs: We believe cable operators will use in-house professional staff, paid at an average wage of \$47.21 (equivalent to GS-13, Step 5) per hour to prepare the cable price surveys.

758 Cable Industry Price Surveys x 10.0 hrs/survey x \$47.21 per hour = **\$357,851.80.**

13. Annual Cost Burden:

- a. Total capital and start-up costs: None.
- b. Total operation and maintenance costs: None.
- c. Total annualized cost requested: **None.**

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14. Cost to the Federal Government:

Cost to key-enter survey responses not received electronically:
 Para-professional (GS-9, Step 5) @ \$27.37 per hour x 5 hours² = \$ 136.85

Cost of analyzing survey results:
 Professional staff (GS-15, Step 5) @ \$65.62 per hour x 520 hours³ = \$ 34,122.40
 \$ 34,259.25
 +30% overhead = 10,277.76
Total Cost to the Federal Government: \$ 44,537.01

15. The Commission is reporting an adjustment of -1,516 hours to the total annual burden hours. This change is due to the Commission combining the Main Cable Price Survey and the Supplemental Survey into one Survey. Also, the Cable Price Survey Questionnaire (FCC Form 333) is available in a web-based format instead of an Excel spreadsheet. Therefore, the new web-based format is more user-friendly to the public and in turn will take the public less time to complete and submit to the Commission. There are no program changes to this information collection.

16. The Commission will publish a report based on the results of this survey. This report will combine the results from the Survey Questions. Section 623(k) of the Communications Act, as amended, requires the Commission to publish the report. The data gathered from the Survey Questions are needed to complete the report. The report will be published in the FCC Record, will be available on the Commission’s web site, and also will be available in hard-copy form upon request.

17. The expiration date will be displayed on the document.

18. In the 60 day Federal Register Notice (Notice),⁴ the Commission reported the total number of respondents as “780,” the estimated time per response as “8 hours,” and the total annual burden hours as “6,240 hours.” The Commission revises these numbers to read as: the total number of respondents – 758, estimated time per response – 10 hours, and lastly the total annual burden hours as 7,580 hours. Lastly, the obligation to respond is “mandatory” instead of “required to obtain or retain benefits.” There are no other exceptions to the Certification Statement.

² This number represents the total staff hours required to fulfill the task by Commission staff.

³ This number represents the total staff hours required to fulfill the task by Commission staff.

⁴ See 71 FR 52793.

