

SUPPORTING STATEMENT

A. Justification:

1. *The Cable Television Consumer Protection and Competition Act of 1992* (“Cable Act”) requires the Commission to publish an annual 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 Survey of Cable Industry Prices (“Price Survey”) is intended to collect the data needed to prepare this 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. The survey is designed to solicit information concerning rates for basic and expanded basic cable programming services, and equipment used to receive those services.

The Commission notes that it has OMB approval for this survey through August 31, 2012. We have, however, streamlined and substantially shortened this data collection for the 2010 survey and thus hereby request approval for the revised survey. The changes are primarily as follows:

- We have substantially shortened the questionnaire in order to reflect changes in industry conditions, technology, and Commission needs. As a result of these changes, the questionnaire for 2010 asks 57 questions,² whereas the 2009 questionnaire asked 127 questions.
- The 2010 survey is further simplified because it requests two years of data for a number of questions, whereas the 2009 questionnaire requested three years of data for many of those questions.

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 is 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.

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. § 76.905(b).

² The 2010 questionnaire also requests a channel lineup section that has been greatly reduced in size and simplified in comparison with the channel lineup sections in prior surveys. We intend to update the list of cable programming networks included in the channel lineup section each time we release the questionnaire so that the list reflects the most recent industry information.

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The most recent report:

http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-09-53A1.doc

Earlier reports:

<http://www.fcc.gov/mb/csrptpg.html>

3. The Commission makes this survey available to respondents in electronic format and recipients complete the survey and submit their responses via the Internet. Paper versions of the survey are no longer furnished.
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 (75 FR 8065). The Notice appeared in the Federal Register on February 23, 2010 and comments were due on April 26, 2010. No comments were received from the public.

We also discussed the questionnaire with representatives of the cable industry in order to get feedback from them regarding the clarity of the revised questions.
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 only need to 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.

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12. The Commission's annual Price Survey is a filing requirement imposed on a small percentage of cable operators. The survey requests data from about 770 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.

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 of their cable systems that are included in the random sample. Those MSOs submit multiple survey questionnaires, one for each of their communities surveyed. For the purpose of this survey, we consider each questionnaire submitted as an individual response.

The Commission estimates that the average burden to respondents for gathering the data, completing one questionnaire, and filing a survey will take, on average, 6.0 hours.

Operators serving approximately 770 cable community units will be surveyed. Based on the response rate for previous surveys that we have conducted, we estimate that approximately 95% of the recipients will respond, giving us a total of approximately 732 responses and respondents.

Total Number of Annual Respondents:

95% of 770 respondents = **732 Cable Operators**

Total Number of Annual Responses: 732 Completed Cable Industry Price Surveys

Total Annual Burden Hours: 732 Cable Industry Price Surveys x 6.0 hrs/survey = **4,392 hours**

Total Annual In-House Costs: We believe cable operators will use in-house professional staff, paid at an average wage of \$48.35 (equivalent to GS-13, Step 5 for the Washington-Baltimore area) per hour.

732 Cable Industry Price Surveys x 6.0 hrs/survey x \$48.35 per hour = **\$212,353.20**

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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Cost of analyzing survey results:

Professional staff (GS-15, Step 5) @ \$67.21 per hour x 480 hours = \$32,260.80

+30% overhead = 9,678.24

Total Cost to the Federal Government: \$41,939.04

15. The Commission is reporting program changes to the number of annual responses of -26 and -3,188 to the annual burden hours. Also, the estimated time per response has been reduced from 10 hours to 6.0 hours. These reductions are due to a reduction in the number of respondents and responses to this collection and a shorter and more simplified survey that will take respondents less time to complete. There are no adjustments to this information collection.

16. The Commission will publish a report based on the results of this survey. This report will be published in the Federal Register, will be available on the Commission's web site, and also will be available in hard-copy form upon request. The Commission is required by Section 623(k) of the Communications Act, as amended, to publish this report.

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

18. The Commission published a Notice in the Federal Register (75 FR 8065) seeking comments on the information collection requirements contained in this supporting statement. In the Notice, the Commission published the following information incorrectly: the annual number of responses as 758, the annual number of respondents as 758 and the annual burden hours as 4,548. With this submission those numbers are being corrected to read as follows: the annual number of responses is 732, the annual number of respondents is 732 and the annual burden hours are 4,392. There are no exceptions to the Certification Statement.

