

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.

Revised Information Collection Requirements

The questionnaire in this collection contains changes to the currently approved questionnaire. Increases in burden hours relate to the implementation of the STELAR Reauthorization Act of 2014 (STELAR)², and to a higher survey response rate on average, from 95 percent to 97 percent. Other changes offset these increases to an extent.

STELAR

STELAR requires the FCC to seek information on the FCC Form 333 survey questionnaire:

*[STELAR] provides additional transparency on how retransmission consent costs affect cable rates as part of the FCC’s yearly cable rates report.*³

*Section 202 of the bill would amend section 623(k) of the Communications Act to include in the FCC’s yearly cable rates report specific information about the aggregate average total amount paid by cable systems in compensation to television broadcast stations under section 325 of the Communications Act. This information shall be published in a manner substantially similar to the way other information, such as monthly prices for basic cable service and other cable programming, is published in the FCC’s annual report... For these reasons, the Committee finds that including information regarding compensation under section 325 in the FCC’s annual cable rates report is important for consumers, policymakers, and industry participants. The Committee intends that information included under section 202 shows how compensation under section 325 has changed or may change over time. In implementing section 202 and thereafter, the Committee therefore intends that the FCC include compensation under section 325 for as many prior periods as it determines such information is attainable without unnecessary burden.*⁴

To implement STELAR, the FCC is revising the questionnaire to restructure question A20 regarding broadcast channels. Essentially, we are seeking the same information in a different format and burden will not change. In addition we are adding questions A21 and A22. Instructions will state “Questions

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 Pub. L. No. 113-200, 128 Stat. 2059 (2014) enacted Dec. 4, 2014 (H.R. 5728, 113th Congress).

³ STELAR, *Summary of Provisions* at 6.

⁴ STELAR, *Section 202. Update to Cable Rates Report* at 14.

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A20 and A21 are required by Congress and refer to retransmission consent fees at the system level you are reporting. Do not include other expenses such as copyright and other fees paid to local broadcasters.” These are the new questions:

A21. Total annual amount paid to local broadcasters in retransmission consent fees (Year 1, Year 2).

A22. Number of cable subscribers that form the basis of the annual payments referenced in A21 (Year 1, Year 2)

Other Revisions

- The Commission is editing question A18 by adding an answer choice to the list of choices. The new choice that respondents may select is “hybrid fiber-copper.” This edit will reduce burden because respondents to whom the new choice applies will no longer write their responses under the choice “Other (explain).”
- Similarly, we are editing question A19 by revising the answer choices. Choice (a) becomes a new answer choice and the former choice (a) will be incorporated into choice (b). This change will reduce burden because respondents to whom the new choice applies will no longer write their responses under choice (g) -- “If none of the above, please describe.”
- We are removing eight questions, B27-B34, regarding “family programming service.” According to our survey results to date, only half of cable operators offer such service. Of the operators that offer such service, subscription is always below one percent of subscribers. The value of these data to our analysis and report is insubstantial in comparison to the burden on respondents. Removal of these questions also reduces the reporting burden in section C, the channel lineup.

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.

Information on the survey methodology can be found in the methodology appendix of the annual report.

The most recent report: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-12-1322A1.pdf

Earlier reports: <http://www.fcc.gov/mb/csrrptg.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.

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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 (80 FR 30458) on May 28, 2015 seeking information on the information collection requirements contained in this collection. No comments were received from the public.

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 must describe the specific information they wish to protect and provide an explanation of why such confidential treatment is appropriate. If a respondent submits a request for confidentiality, the Commission will review it and make a determination.

11. This information collection does not address matters of a sensitive nature.

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 800 of the 34,000 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, **7.0 hours**.

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Operators serving approximately 800 cable community units will be surveyed. Based on the response rate for previous surveys that we have conducted, we estimate that approximately 97% of the recipients will respond, giving us a total of approximately 776 responses and respondents.

Total Number of Annual Respondents:

97% of 800 respondents = **776 cable operators**

Total Number of Annual Responses: 776 completed Cable Industry Price Surveys

Total Annual Burden Hours: 776 Cable Industry Price Surveys x 7.0 hours = **5,432 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.

776 Cable Industry Price Surveys x 7.0 hours per survey x \$49.32 per hour = **\$267,906**

13. Annual Cost Burden: There is no cost associated with this collection of information.

14. Cost to the Federal Government:

Cost of analyzing survey results:

Professional staff (GS-15, Step 5) @ \$68.56 per hour x 480 hours = \$32,908.80

+30% overhead = 9,872.64

Total Cost to the Federal Government: \$42,781.44

15. The Commission has program changes to this collection which are due to revisions to the Annual Survey of Cable Industry Prices, FCC Form 333. These program changes/increases are as follows: 16 to the number of respondents, 16 to the number of annual responses and 872 to the annual burden hours.

There are no adjustments to this 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. There are no exceptions to the Certification Statement.