

Title: Annual Survey of Cable Industry Prices, FCC Form 333**SUPPORTING STATEMENT****Part A. Justification:**

1. *The Communications Act (Act)* requires the Federal Communications Commission (Commission) to publish annually a statistical report (Report),¹ on the average rates (prices) cable operators charge for the basic service, and other cable programming services, including lease of equipment.² The Act requires the Commission to compare prices of cable operators subject to effective competition to the prices of operators not subject to effective competition, under a statutorily defined standard.³ To meet this Congressional mandate, the Commission's Annual Survey of Cable Industry Prices (Survey) collects the information needed to prepare the Report.⁴ FCC Form 333 is the survey instrument (questionnaire) for collecting the information. Each year, to implement the Survey, the Media Bureau releases an *Order* directing a randomly selected sample of cable operators across communities nationwide to complete the Form-333 questionnaire.⁵ Consistent with requirements of the *Communications Act*, this questionnaire solicits data on the basic service and other cable programming services.⁶ To calculate annual changes, it requests prices and other data for January 1 of the survey year and preceding year. The questionnaire is the basis of the information and analysis in the Report.

¹ Section 623(k) of the Communications Act of 1934, amended by the *Cable Television Consumer Protection Act of 1992*. Section 623(k), adopted as Section 3(k) of the Cable Act, Pub. L. No. 102-385, 106 Stat. 1460, codified at 47 U.S.C. § 543(k); 47 U.S.C. § 543(k)(1) (cross-referencing 47 U.S.C. § 543(a)(2)). (*Communications Act*). The most recent Report is *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*, 31 FCC Rcd 11498 (2016).

² Cable operator (operator) refers to an entity operating as a multichannel video programming distributor that makes available for purchase, by subscribers or customers, multiple channels of video programming, delivered over a cable system registered with the Commission. 47 CFR § 76.905(d). The basic service refers to the programming to which customers must subscribe for access to any other service. *Id.* § 543(b)(7). Other cable programming is any service, including lease of equipment, other than basic service or for which per channel or per program rates apply. *Id.*

³ Section 111 of the STELA Reauthorization Act of 2014 (STELAR), Pub. L. No. 113-200, 128 Stat. 2059 (2014) enacted Dec. 4, 2014 (H.R. 5728, 113th Cong.) directed the Commission to streamline the filing process of effective competition petitions for small cable operators. Accordingly, the Commission changed its process for determining effective competition. *Amendment to the Commission's Rules Concerning Effective Competition, Implementation of Section 111 of the STELA Reauthorization Act, Report and Order*, 30 FCC Rcd 6574 (2016).

⁴ The Act also requires the Commission to report on television broadcast retransmission consent fees. STELAR instructs the Commission to include in the Report "the aggregate average total amount paid by cable systems in compensation under section 325 of the Communications Act of 1934, as amended." Section 110 of STELAR; 47 U.S.C. § 543(k)(2).

⁵ The most recently released *Order* is *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*, MM Docket No. 92-266, Order, MB DA 17-342 (2017).

⁶ In the questionnaire, the other services are expanded basic (which is generally the most subscribed service and consists of the basic channels and typically many national cable networks), and the next-most-subscribed service (which the Survey defines as consisting of expanded basic service plus at least seven additional video channels).

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This revised survey collection questionnaire being submitted contains changes to the currently approved questionnaire.⁷ Revisions are necessary, in part to meet requirements under STELAR (*supra* notes 3 and 4). Further, we are removing questions related to a Congressional requirement that has sunset,⁸ and other questions no longer of sufficient value. Also, following discussions with survey respondents, we clarify several questions and instructions. Finally, we revise the numeric order of some questions, so respondents may better cross-reference related questions.

Revisions to Section A

Remove A5: A5 is no longer necessary due to a recent change in the statutory standard for determining effective competition (*supra* note 3), and because the Media Bureau maintains its own record regarding the status of effective competition in each community within the survey universe.

A5. Local governments have authority to regulate the price of the basic service tier unless the FCC grants an “Effective Competition” petition for the franchise area. If the FCC has granted Effective Competition status, the answer to question A5 is “no”. If the FCC has not granted Effective Competition status, the answer depends on whether the local government exercises its authority to regulate the price of the basic service tier. Does the local government regulate the basic tier rate in this community? (Yes/No).

Remove A18-A19: The Commission added these questions under a Congressional requirement to monitor the broadcast digital television transition (*supra* note 8), and this transition has sunset.

A18. Choose the physical infrastructure in the community that best describes your video service (coaxial only, hybrid fiber-coaxial cable, fiber to the home, twisted copper pair, fiber-copper, other-please explain).

A19. Answer "yes" to one of Questions a-f, or explain in g, the scenario best describing the way local broadcast television station signals you receive from local broadcasters are sent from the video (cable) headend to subscribers in the community.

- a. The system is all-digital with either one or two transmission paths. Signals are either standard definition (SD) digital only or have both SD and high definition (HD) digital capability. If SD only, customer premises equipment (CPE) converts the SD signal to analog for viewing by analog television customers. If both SD and HD, and there is a single transmission path, the HD signal is converted to SD, and then from SD to analog, using CPE, for viewing by SD digital and analog television customers, respectively.
- b. Transmission is analog only. Signals are sent in analog from headend to subscribers. Headend equipment is in place to convert a broadcast digital signal to analog, in case a station is digital only. If no headend equipment is in place to convert a signal from digital to analog then select response (g) and describe.
- c. Separate analog and digital signals are sent on separate paths from the headend to be viewed by analog and digital customers, respectively. Digital signal can be either SD or HD, with an HD version being converted by a SD digital subscriber’s set-top box to SD format.
- d. Separate analog, SD, and HD signals are sent from the headend to be viewed by analog, SD digital, and HD digital customers, respectively.

⁷ OMB Control No. 3060-0647.

⁸ *Digital Television Broadcast Signals: Amendment to Part 76 of the Commission’s Rules*, CS Docket 98-120, 22 FCC RCD 21064, 21070.

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- e. SD digital signals only are sent from the headend, and the set-top box can convert the signals to analog format for viewing on analog television.
- f. HD digital signals only are sent from the headend, and the set-top box can convert the signals to SD digital format, and then to analog format if necessary.
- g. If none of the above, please describe.

Revise A20-A22 & C1 (Now A17-A24): To improve presentation and clarity, we reformat A20-A22 into A17-A22, and C1 into A23-A24, and add further instructions. These questions are in part required under STELAR (*supra* note 4) and ask about (a) cable system carriage of local broadcast stations under the two types of regulation (retransmission consent and must carry); (b) retransmission consent fees paid by cable operators to broadcasters, (c) carriage of multicast subchannels of broadcast stations (in addition to a station’s primary channel, stations often multicast subchannels of programming); (d) digital viewing format (SD and HD); and (e) the number of broadcast stations or channels by cable service.

Following A22, we add an automatic calculation as a quality control check. The calculation uses the responses to A21 and A22 to derive annual retransmission consent fees per subscriber. If this calculated fee falls outside a reasonable range, a comment will ask the respondent to check the responses. C1 (now A23-A24) will ask only about stations (or channels) offered with Basic Service instead of all services, will no longer ask about analog viewing format, and we clarify the terms broadcast stations and channels.

Current Version (Questions A20-A22 & C1)

A20. Number of local broadcast television stations on the basic tier by carriage type and channel format.

Carriage Type	Primary Channels						Multicast				
	Analog Format		Standard Definition		High Definition		Standard Definition		High Definition		
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	
Retransmission Consent											
Must Carry Regulations											

[Instructions]

A21. Total annual amount paid to local broadcasters in retransmission consent fees.

A22. Number of cable subscribers that form the basis of the annual payments referenced in A21.

C1. Report the number of local broadcast channels offered with each service. Count all primary broadcast, HD simulcast, and digital multicast channels. Enter “0” if none. Do not report a number under “Other Service”. Enter the basic service number and the same number automatically appears under the next 3 services since these include basic. If that number is incorrect, over-write with the correct number for that service.

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Revised Version (Questions A17-A24)

[Instructions]

Local Broadcast Stations *	1/1/2017	1/1/2018
A17. How many stations were carried under retransmission consent agreement?		
A18. How many stations were carried under must-carry rights?		
Multicast Sub-channels **	1/1/2017	1/1/2018
A19. For the stations carried under retransmission consent agreement, how many multicast sub-channels were carried?		
A20. For the stations carried under must-carry rights, how many multicast sub-channels were carried?		

Retransmission Consent Fees	2016	2017
A21. Total annual amount paid to local broadcasters in retransmission consent fees *		
A22. Number of subscriber's subject to retransmission consent fees **		
Average Annual Fees per Subscriber (automatically calculated)		

[Instructions]

Local Broadcast Channels by Standard and High Definition		
Number of Local Broadcast Channels on 1/1/2018	Standard Definition	High Definition
A23. How many primary channels of local broadcast stations are carried with basic service? (If shown in both SD and HD, count once under SD and again under HD.)		
A24. How many multicast sub-channels of local broadcast stations are carried in your channel lineup with any programming service (do not include the primary channel reported above)?		

Revisions to Section B

Remove B1: Question B1 (number of households passed) is no longer necessary. **B5** in current version becomes B1 in revised version.

Move B2 (becomes B13). An unnumbered question before B20 in the current survey becomes B2 in the revised version. This question asks whether a “next most subscribed” service is offered. If not offered, respondent is prevented from answering questions on this service.

Move B3 (becomes B9).

Remove B4: Question B4 (do you offer Internet access) is no longer necessary.

Remove B6: Question B6 (market name of basic service) is no longer necessary.

Remove B13: Question B13 (market name of expanded basic service) is no longer necessary.

Remove B20: Question B20 (market name of next most subscribed service) is no longer necessary.

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In Section B, we are rearranging questions so that they are asked in the order of field then service, rather than by service then field, as follows.

Monthly Programming Price			
Revised Question #	Former Question #	1/1/2017	1/1/2018
B3. Basic Service	B8		
B4. Expanded Basic Service	B15		
B5. Next Most Popular Service	B22		

Number of Channels					
Revised Question #	Former Question #	1/1/2017		1/1/2018	
		Standard Definition	High Definition	Standard Definition	High Definition
B6. Basic Service	B9				
B7. Expanded Basic	B16				
B8. Next Most Popular	B23				
B9. All Video Channels	B3				

Number of Video Subscribers			
Revised Question #	Former Question #	1/1/2017	1/1/2018
B10. Basic service only	B7		
B11. At least expanded basic	B14		
B12. Next most popular service	B21		
B13. Total of video subscribers	B2		

Revised Question #	Former Question	1/1/2017	1/1/2018
B14. Is equipment needed to view any basic service channels?	B10		
B15. Is equipment needed to view any expanded basic service channels?	B17		
B16. Is equipment needed to view any next most popular service channels?	B24		

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Note: B18, B20 and B22, below, no longer ask about these features: VOD, IPG, RCU, other.

Monthly Equipment Lease Fees					
Revised Question #	Former Question #	1/1/2017		1/1/2018	
B17. Basic Service Fee	B11				
B18. Check features (DVR, HD) *	B12	DVR _	HD _	DVR _	HD _
B19. Expanded Basic Fee	B18				
B20. Check features (DVR, HD) *	B19	DVR _	HD _	DVR _	HD _
B21. Next Most Popular Fee	B25				
B22. Check features (DVR, HD) *	B26	DVR _	HD _	DVR _	HD _

Revisions to Section C

Move C1 (becomes A23-A24).

Streamline C2-C3 (now C1-C2): These questions ask, respectively, about the number of PEG and commercial leased access stations by service. In the revised survey, we ask only about basic and expanded basic service, not all services.

C4 becomes C3.

Other

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 cable operators. The data collected is used by the Commission to monitor cable prices consistent with the goals of the *Communications Act*. (*Supra* note 1). The questionnaire forms the basis of the survey results that are published in an annual Report on cable industry prices.

This OMB filing includes a copy of the most recently published Report (*supra* note 1), and an archive of annual reports is on the Commission's website at <https://www.fcc.gov/general/cable-industry-prices-reports>.

Information on the survey methodology can be found in the Methodology Appendix of the Report.

This OMB filing includes a copy of the most recently released *Order* (*supra* note 5), also available on the Commission's website at <https://www.fcc.gov/document/cable-price-survey>.

3. To reduce burden and facilitate processing of the survey, the Commission makes the survey questionnaire available to respondents in electronic format and respondents complete the survey online. Paper versions of the survey are no longer furnished.

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4. The statute requires that a new survey be conducted each year. The results of this survey, which require information on a community basis, constitute the only statistically valid dataset that can be used to comply with the statutory requirement to publish annually a report that compares the prices charged by cable operators who face effective competition with those charged by operators who do not face such competition.
5. Although small cable operators are 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 operators from whom we request a survey.
6. If this collection of information were not conducted, neither the Commission nor Congress would have data available that would enable them to assess the reasonableness of cable rates charged by cable operators who do not face effective competition. The data collected allows the Commission to compare prices charged by operators who face effective competition and operators who do not face effective competition. Also, the Commission would be out of 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 (83 FR 3707) on January 26, 2018, seeking information on the information collection requirements contained in this collection. No comments were received from the public.

The Commission is regularly in contact with cable operator respondents, and in the process, obtains their views on the availability of data, clarity of instructions, reporting format, and the data elements to be recorded, disclosed, or reported.
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 because of 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 reviews the request and makes a determination.
11. This information collection does not address matters of a sensitive nature.
12. The Survey is a filing requirement imposed on a small percentage of cable operators. The survey samples "cable communities," where a community represents one operator in one community it serves. The survey requests data from about 750 of 34,000 cable communities nationwide. Because we conduct a randomly-selected sample, we are unlikely to sample the same communities in succeeding samples. However, because we want the survey to reflect

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population distribution nationwide, larger communities have a higher probability of being selected in succeeding years than smaller communities.

Many cable parent entities are multiple system operators (MSOs), operating more than one cable system, and serving multiple communities within each system. Most MSOs, along with other parent entities, for efficiency, respond to the survey on behalf of all communities, submitting one questionnaire for each of their communities in the sample. We typically receive responses from about 100 different parent entities who on average file 8.3 responses. The distribution of responses, however, is skewed among these entities. The median parent cable entity files one response while the largest MSO nationwide is likely to file around 200 responses. For any parent cable entity, the number of responses required is approximately proportional to its share of cable subscribers nationwide.

The Commission estimates that the average burden to respondents for gathering data, completing one questionnaire, and filing a survey is **7.0 hours**.

Operators serving 750 cable community units will be surveyed. Based on the response rate for previous surveys conducted, we estimate that 97% of the recipients will respond to the questionnaire, giving us a total of **728** responses.

Total Number of Respondents: 97% of 750 respondents = **728 respondents**

Total Number of Annual Questionnaire Responses: 97% of 750 = **728 responses**

Total Number of Annual Burden Hours: 7.0 hours x 728 responses = **5,096 hours**

Total Annual In-House Costs: We believe cable operators will use in-house professional staff, paid at an average wage of \$73.20 (equivalent to GS-15, step 5 for Washington-Baltimore area) per hour.

Total Annual In-House Costs = 728 responses x 7.0 hours x \$73.20 per hour = **\$373,027.20**

13. Annual Cost Burden: No such cost associated with this collection of information.

14. Cost to the Federal Government: We base our estimate on our experience in preparing the survey collection in previous years. In the estimate, Commission staff is paid at an average wage of \$73.20 (equivalent to GS-15, step 5 for Washington-Baltimore area) per hour. Operating hours in general consist of (1) Survey preparation (developing the sample, testing the online questionnaire software, etc.), (2) processing submitted questionnaires, (3) conducting quality control measures, and (4) analyzing the information collection. We include hours spent in discussions with survey respondents throughout the process. We also include hours spent researching and assessing potential revisions discounted over three years between Paperwork Reduction Act filings.

Operating Cost: **480 hours x \$73.20 = \$35,136**

Overhead Cost (using factor of 30%) = **\$10,540.80**

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Total Annual Cost to Federal Government = \$35,136 + \$10,541 (rounded) = **\$45,677**

15. The Commission has **program changes** to this collection due to revisions to the Annual Survey of Cable Industry Prices, FCC Form 333. This program changes/decreases are as follows: 48 to the number of respondents, 48 to the annual number of responses, 336 to the number of burden hours due to lowering the sample size of our survey.

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 website, and will be available in hard-copy form upon request. The latest *Order* implementing the 2017 Survey was released in April 2017 and the Media Bureau expects to complete the Report near the end of the year. The Commission is required by Section 623(k) of the *Communications Act* to publish the report.

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

18. There are no exceptions to the Certification Statement.