

SUPPORTING STATEMENT

A. Justification:

1. FCC Form 1235 is an abbreviated cost of service filing for significant network upgrades that allows cable operators to justify rate increases related to capital expenditures used to improve rate-regulated cable services.

FCC Form 1235 is filed following the end of the month in which upgraded cable services become available and are providing benefits to subscribers. In addition, FCC Form 1235 can be filed for pre-approval any time prior to the upgrade services becoming available to subscribers using projected upgrade costs. If the pre-approval option is exercised, the operator must file the form again following the end of the month in which upgraded cable services become available and are providing benefits to customers of regulated services, using actual costs where applicable.

History:

On March 30, 1994, the Commission released a *Report and Order and Further Notice of Proposed Rulemaking*, FCC 94-39, MM Docket Nos. 93-215 and CS Docket No. 94-28. This rulemaking established rules that enable cable operators, in some circumstances, to increase rates when undertaking significant network upgrades.

The Commission is requesting an extension of this information collection in order to receive the full three-year Office of Management (OMB) approval/clearance for the collection.

This information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

Statutory authority for this information collection is contained in Section 154(i) of the Communications Act of 1934, as amended.

2. FCC Form 1235 is used by cable operators to establish rate increases based on network upgrades. FCC Form 1235 is reviewed by the cable operator's respective local franchising authority (LFA).

3. This collection of information does not involve automated data collection techniques. Due to the comparatively low volume of FCC Form 1235 filings, as well as the form's abbreviated nature, the Commission has not developed an automated version of FCC Form 1235. With the March 1999 sunset of many aspects of the Commission's cable rate regulations, the Commission does not have plans to develop an electronic version of FCC Form 1235.

4. The Commission does not impose a similar information collection on respondents. There are no similar data available.
5. This information collection requirement does not have a significant impact on a substantial number of small businesses/entities.
6. If the Commission did not sponsor the filing of FCC Form 1235, the ability of cable operators to grow and compete with other multichannel video programming distributors ("MVPDs") could be hindered or slowed. This abbreviated cost of service form creates an incentive for cable operators to undertake network upgrades that will improve regulated cable services, while imposing less administrative burden upon cable operators.
7. There are no special circumstances that apply to this collection.
8. The Commission published a Notice (83 FR47149) in the *Federal Register* on September 18, 2018 seeking comments on the information collection requirements contained in this supporting statement. No comments were received from the public as a result of the Notice.
9. There are no payments or gifts given to respondents in return for completing this form.
10. We foresee no need for confidentiality with this collection of information.
11. This collection of information does not address any matters of a private or sensitive nature.
12. We estimate 5 filings annually with the average burden of 20 hours per filing for cable operators. Local Franchise Authorities will review the FCC Form 1235 filings at an estimated average burden of 10 hours per filing.

Total number of annual respondents: 5 cable operators + 5 LFAs = **10 respondents**

Total number of annual responses: **5 FCC Form 1235 filings**

Total annual burden hours: 5 filings by cable operators x 20 hours/filing = 100 hours
5 reviews by LFAs x 10 hours/review = 50 hours
150 hours

Annual in-house costs to cable operators:

| | <u>Hrs.</u> | <u>Wage per hr.</u> | <u>Total</u> | <u>Number of filings</u> | <u>In-House Cost</u> |
|------------------|-------------|---------------------|--------------|--------------------------|----------------------|
| Legal staff | 5 hrs. | \$300 | \$1,500 | 5 filings | \$ 7,500 |
| Accounting staff | 13 hrs. | \$250 | \$3,250 | 5 filings | \$16,250 |
| Clerical staff | 2 hrs. | \$ 20 | \$ 40 | 5 filings | <u>\$ 200</u> |
| | | | | | \$23,950 |

Annual in-house costs to LFAs:

| | <u>Hrs.</u> | <u>Wage per hr.</u> | <u>Total</u> | <u>Number of filings</u> | <u>In-House Cost</u> |
|------------------|-------------|---------------------|--------------|--------------------------|----------------------|
| Legal staff | 5 hrs. | \$300 | \$1,500 | 5 filings | \$ 7,500 |
| Accounting staff | 3 hrs. | \$250 | \$750 | 5 filings | \$ 3,750 |
| Clerical staff | 2 hrs. | \$ 20 | \$ 40 | 5 filings | <u>\$ 200</u> |
| | | | | | \$11,450 |

Total Annual in-house cost: \$23,950 + \$11,450 = **\$35,400**

13. **Annual Cost Burden:** There is no annual cost to this collection of information.
14. There is no cost to the Federal Government.
15. There are no program changes to this collection. There are adjustments/decreases to the collection as follows: -40 to the number of respondents, -20 to the annual number of responses and -600 to the annual burden hours. or adjustments to this collection.
16. The results of this information collection requirement are not planned to be published.
17. We seek continued approval to not display the expiration date for OMB clearance on copies of FCC Form 1235.
18. The Commission published a Federal Register on September 18, 2018 (83 FR 47149) seeking comment from the public on the information collection requirements contained in this collection. In the notice, the Commission inadvertently published that there are 5 respondents. With this submission to OMB, the Commission corrects this number to read 10 respondents. There are no other exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods:

OMB Control Number: 3060-0688

November 2018

Title: Abbreviated Cost of Service Filing for Cable Network Upgrades, FCC Form 1235

No statistical methods are employed.