

SUPPORTING STATEMENT

A. Justification

1. Section 623 of the Cable Television Consumer Protection and Competition Act of 1992 requires the Commission to prescribe rules and regulations for determining reasonable rates for basic tier cable service which is the reason for the Commission creating FCC Form 1240.

FCC Form 1240 is filed by cable operators seeking to adjust maximum permitted rates¹ for regulated basic cable services to reflect changes in external costs. Cable operators submit FCC Form 1240 to their respective local franchising authorities (“LFAs”) to justify rates for the basic service tier or with the Commission, in situations where the Commission has assumed jurisdiction.² FCC Form 1240 is filed by cable operators annually.

The Commission discontinued the FCC Form 1210 in 90 FR 31145 (July 14, 2025), FCC 25-33. The Commission is requesting approval of the modification to the information collection to remove the FCC Form 1210 and reduce the paperwork burden.

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 of the Communications Act of 1934, as amended.

2. Information contained in FCC Form 1240 filings is used by the LFAs to adjudicate permitted rates for regulated cable services, to account for the addition and deletion of channels, and for the allowance for pass through of external costs and costs due to inflation.

3. The use of information technology is feasible for this collection. An automated diskette version of FCC Form 1240 is available to respondents. The Commission estimates that 90% of FCC Form 1240 filings are filed electronically with the LFAs.³ FCC Form 1240 is also available on the Commission’s Internet Website.

4. The Commission does not impose a similar information collection requirement on the respondents.

5. This information collection requirement does not have a significant economic impact on a substantial number of small businesses/small entities.

¹ Maximum permitted are calculated through use of FCC Form 1240 and represent the highest rates a rate-regulated operator can charge.

² The Commission may assume jurisdiction over local rates where an LFA is unable to perform its regulatory duties.

³ Respondents may file paper forms; however, FCC Form 1240 is rarely filed with the Commission, but mostly with the LFAs.

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6. If the Commission or LFAs did not collect this information, the FCC would not be able to carry out its statutory responsibilities under Section 623 of the Communications Act of 1934, as amended, and reduced administrative burdens on cable operators, LFAs and the Commission could not be realized.
7. There are no special circumstances associated with this information collection.
8. The Commission published a Notice (88 FR 33881) in the *Federal Register* on May 25, 2023 seeking comment on the information collection requirements contained in this collection. No comments were received from the public as a result of the Notice.
9. Respondents will not receive any payments.
10. There is no need for confidentiality with this collection of information.
11. This information collection does not address any private matters of a sensitive nature.
12. The information collection burden is as follows:

| <u>Number of Respondents</u> | <u>Number of Filings/ Responses</u> | <u>Total Number of Applications/ Responses</u> | <u>Respondent's Burden Hours</u> | <u>Total Annual Burden Hours</u> | <u>Hrly. In-House Cost</u> | <u>Total Annual In-House Cost</u> |
|------------------------------|-------------------------------------|--|----------------------------------|----------------------------------|----------------------------|-----------------------------------|
| 100 | 1 | 100 ⁴ | 1 | 100 | \$48.08 | \$4,808.00 |
| 100 | 1 | 100 ⁵ | 15 | 1,500 | \$48.08 | \$72,120.00 |
| <u>200</u> | 1 | 200 ⁶ | 8 | 1,600 | \$48.08 | \$76,928.00 |
| | | 50 ⁷ | 1 | 50 | \$48.08 | \$2,404.00 |
| | | <u>50⁸</u> | 1 | <u>50</u> | \$48.08 | <u>\$2,404.00</u> |
| | | | | 3,300 | | \$158,664.00 |

⁴ These 100 applications represent filings that the respondent coordinated information with outside contractors to allow the contractors to prepare the applications/filings, and required 1 hours of the respondent's time per application.

⁵ These 100 applications represent filings completed by the respondent with in-house cable staff.

⁶ These 200 applications represent filings reviewed by the LFA.

⁷ These are 50 cable operator inquiries to LFAs. 47 CFR § 76.933(g)(2) states if an LFA has taken no action within the 90-day review period, then the proposed rates may go into effect at the end of the review period, subject to a prospective rate reduction and refund if the LFA subsequently issues a written decision disapproving any portion of such rates. However, if an operator inquires as to whether the LFA intends to issue a rate order after the initial review period, the LFA or its designee must notify the operator of its intent in this regard within 15 days of the operator's inquiry. We estimate this will occur in 25% (25% of the total 200 applications = 50 inquiries) of the instances when Form 1240s are filed by cable operators with their LFAs.

⁸ These are 50 LFA responses to cable operators.

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| <u>Number of Respondents</u> | <u>Number of Filings/ Responses</u> | <u>Total Number of Applications/ Responses</u> | <u>Respondent's Burden Hours</u> | <u>Total Annual Burden Hours</u> | <u>Hrly. In-House Cost</u> | <u>Total Annual In-House Cost</u> |
|------------------------------|-------------------------------------|--|----------------------------------|----------------------------------|----------------------------|-----------------------------------|
| 400 | | 500 | | | | |

Total Number of Annual Respondents: 400 Cable Operators

Total Number of Annual Responses: 500 responses

Total Annual Burden Hours: 3,300 hours

Total Annual "In-house" Cost: \$158,664

13. Annual Cost Burden:

a. Total capital and start-up costs: None

b. Total operation and maintenance costs: We estimate that cable operators that use outside legal and accounting contractors will pay for these services at an average rate of \$275/hour⁹, and each filing will take 15 hours to complete.

FCC Form 1240: 100 filings x 15 hours x \$275/hour = **\$412,500** —

c. **Total annual cost to respondents: \$412,500**

14. There is no cost to the Federal Government.

15. There are program changes which are due to the removal of the FCC Form 1210, which is discontinued. Also, program changes/reductions are due to the number of communities certified to regulate rates and the removal of the FCC Form 1210 burden; therefore, the number of respondents have decreased by -3,000, the number of responses have reduced by -4,850, the annual burden hours have reduced by -41,500 and the annual cost reduced by -2,784,375.

16. The results of this information collection requirement are not planned to be published.

17. The Commission requests an extension of the waiver not to publish the expiration date on these forms requested. Approval from the Office of Management and Budget (OMB) approval of the expiration date of the information collection will be displayed on OMB's website.

⁹ The Commission arrived at the hourly rate of \$275 for the consultants because we are not sure if legal and/or accounting contractors will work on the documents.

Therefore, the \$275 hourly fee was calculated as follows: \$300/hour (legal) + \$250/hour (accounting) = \$550/2 = \$275/hour.

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18. There are no exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods

No statistical methods are employed.