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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See *MCI v. FCC*, 515 F.2d 385 (D.C. Cir. 1974).

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FCC RELEASES REPORT ON 2001 CABLE INDUSTRY PRICES

Washington, DC – The Federal Communications Commission (FCC) today released its annual report on cable industry prices. The report includes information about monthly charges for the basic service tier (“BST”) and cable programming service tier (“CPST,” sometimes referred to as “expanded basic”), monthly charges for equipment, installation fees, reconnect fees, and fees for tier changes.

The report shows that the overall average monthly rate for cable programming services and equipment increased by 7.5% from \$34.42 to \$36.99, for the 12-month period ending July 1, 2001. Specifically, the average monthly charge for equipment increased by 9.1%, from \$2.97 to \$3.24, and the charge for BST and CPST programming services increased by 7.3%, from \$31.45 to \$33.75, over the same period.

The report also compares prices charged by cable operators facing effective competition with those of cable operators not facing effective competition. Both groups increased their average monthly rate for programming and equipment by 7.5% over the 12-month period ending July 1, 2001. As of that date, cable operators facing competition were charging, on average, \$34.93 while operators not facing competition were charging \$37.13. The difference in average monthly rates between the competitive and noncompetitive groups (the “competitive differential”) remained at 6.3% for both 2000 and 2001.

In addition, competitive and noncompetitive cable operators, respectively, charged 55 cents and 60 cents per channel as of July 1, 2001, a differential in average monthly rate per channel of 9.4%. The average price per channel was unchanged for competitive operators and increased by 1.5% for noncompetitive operators over the year ending July 1, 2001. The competitive group averaged 60.9 channels and the noncompetitive group averaged 59.3 channels, reflecting increases in channel offerings of 5.9% and 5.5%, respectively, over the same period.

For the 12 months ending July 1, 2001, competitive and noncompetitive operators attributed, on average, 64.7% and 58.2%, respectively, of rate increases to higher programming costs. Other factors that reportedly led to price increases were system upgrades and general inflation.

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Growth in capacity and advanced services continued for both competitive and noncompetitive cable operators. Approximately two-thirds of all cable systems (68.7% of competitive operators and 63.2% of noncompetitive operators) have achieved a capacity of 750 MHz and above. Over the year ending July 1, 2001, the percentage of noncompetitive cable systems (which represents the vast majority of cable systems in the U.S.) deploying digital video service to at least a portion of their subscribers increased from 57.8% to 77.6%. Similarly, the percentage of those systems deploying Internet access service rose from 51.4% to 70.8%. The percentage offering cable telephony, however, remained virtually constant at 21.1% in July 2001, compared with 20.7% in July 2000.

A full copy of the report is available at www.fcc.gov/mb.

Action by the Commission, April 1, 2001, by Report (FCC 02-107). Chairman Powell, Commissioners Abernathy, Copps and Martin.

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