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Federal Communications Commission
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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 2002 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,” also known as “expanded basic”), monthly charges for equipment, installation fees, reconnect fees, and fees for digital service.

The report shows that the overall average monthly rate for cable programming services and equipment increased by 8.2% from \$37.06 to \$40.11, over the 12-month period ending July 1, 2002. This compares with a 5-year compound annual rate of increase of 7.1% from July 1997 to July 2002. Specifically, the 8.2% increase reflects average increases in monthly charges of 3.7% for the BST, from \$13.93 to \$14.45; 10.8% for the CPST, from \$19.88 to \$22.02; and 12.0% for equipment, from \$3.25 to \$3.64, over the same period. The average number of channels increased from 59.0 to 62.7 channels, an increase of 6.3% for the year ending July 1, 2002. To reflect this growth in channels, the FCC calculated the average rate per channel. On this basis, the average overall monthly rate per channel increased from 65.6 cents to 66.4 cents per channel, an increase of 1.2%. Over the same period, the consumer price index increased by 1.5%. Thus, in real terms, the per channel rate fell by approximately two-tenths of one percent.

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 8.2% over the 12-month period ending July 1, 2002. As of that date, cable operators facing competition were charging, on average, \$37.84 while operators not facing competition were charging \$40.26. The difference in average monthly rates between the competitive and noncompetitive groups (the “competitive differential”) was 6.4% for 2002, close to the 5-year average differential of 6.5%. On a per channel basis, competitive and noncompetitive cable operators, respectively, charged 63.7 cents and 66.6 cents per channel as of July 1, 2002, a differential in average monthly rate per channel of 4.6%.

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

Action by the Commission, June 16, 2003, by Report (FCC 03-136). Chairman Powell, Commissioners Abernathy, and Martin with Commissioner Copps dissenting and issuing a statement and Commissioner Adelstein concurring and issuing a statement.

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