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See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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MEDIA BUREAU RELEASES REPORT ON CABLE A LA CARTE PRICING MODEL

Washington, DC -- The Media Bureau of the Federal Communications Commission (FCC) today released its report on the efficacy of ‘a la carte’ pricing in the pay-television service industry. The Report found that although an a la carte option would allow consumers to pay for only the programming they choose, given current viewing practices, few consumers would experience lower bills for multi-channel programming. The Report also includes several policy recommendations that the Congress and Commission should consider to enhance consumer choice, foster competition and provide consumers with the tools to prevent objectionable programming from entering their home.

The Media Bureau Report found that an a la carte regime would not produce the desired result of lower MVPD rates for most pay-television households. The Report estimates that the impact on retail rates of pure or mandatory a la carte sales indicates that only those consumers who would purchase fewer than nine programming networks may see a reduction in their monthly cable bill. Consumers who purchase at least nine networks will likely face an increase in their monthly bills. The average cable household watches approximately 17 channels, including broadcast stations. If the average household purchased each of these channels under an a la carte regime, it would likely face a monthly rate increase under a la carte sales of between 14% and 30%.

FCC Chairman Michael Powell made the following comment on the Media Bureau Report: “We remain committed to our long-standing policy goals of making communications and media technologies available to all Americans at affordable rates and fostering diversity in our nation’s media. Many Americans are frustrated with year after year increases in their pay-television bills and we will continue to address those concerns through the recommendations provided in this report and other avenues available to the Commission.”

The Media Bureau Report is in response to a request made by members of the House of Representatives in May of this year for insight on the feasibility of selling cable and satellite channels on an individual basis or in smaller theme-based packages. Separately, Senator John McCain, Chairman of the United States Senate, Committee on Commerce, Science, and Transportation, asked Chairman Powell to “explore all available options . . . to promote a la carte and satellite offerings as soon as possible where such offerings would benefit consumers.” The study is a result of several actions taken by the FCC to gather information on a la carte pricing. The Media Bureau issued a Public Notice in May seeking public comment and information on technical, economic and legal issues associated with this pricing method. The Bureau also conducted a symposium last summer to explore the advantages and disadvantages of an a la carte marketing scheme, including possible effects on retail prices.

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