



NEWS

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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. Circ 1974).

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FCC to Examine Cable Ownership Rules

Washington, DC – The Federal Communications Commission today announced the adoption of a *Second Further Notice of Proposed Rulemaking* that examines the Commission's cable horizontal and vertical ownership limits. The Commission intends to take a fresh look at rules that will foster competition and diversity in the video programming market.

The *Second Further Notice of Proposed Rulemaking* seeks additional comment and empirical evidence to enable the Commission to formulate sustainable cable horizontal and vertical ownership limits. The *Notice* suggests regulatory approaches and solicits empirical evidence and theoretical justification supporting or contradicting each of the suggested approaches by taking the following actions:

- Examining the legal framework governing cable ownership,
- Examining industry developments that may affect the development of sustainable cable ownership limits,
- Examining the relevant product and geographic markets, the economic basis for establishing particular cable horizontal and vertical ownership limits and the potential benefits and harms of cable industry consolidation; and
- Addressing the viability of proposals for setting limits suggested in the record in response to the 2001 *Further Notice of Proposed Rulemaking*.

The item follows a 2001 ruling by the District of Columbia Circuit Court, *Time Warner Entertainment Co. v. FCC*, which reversed and remanded the Commission's cable horizontal and vertical limits. The *Further Notice of Proposed Rulemaking* is intended to permit the Commission to address a number of significant events that have occurred in the cable and related industries and to build an evidentiary record on which to establish sustainable cable horizontal and vertical rules.

Timeline:

- The 1992 Cable Act directed the FCC to establish limits on the number of subscribers a cable operator may serve and on the number of channels a cable operator may devote to affiliated programming (added as Section 613(f) of the Communications Act).
- September 23, 1993: The FCC implemented a 30% limit on horizontal cable ownership and a 40% channel occupancy, or vertical, ownership limit.

- October 8, 1999: The FCC revised its cable ownership and attribution rules to reflect a changing MVPD marketplace.
- May 19, 2000: The U.S. Court of Appeals for the District of Columbia Circuit upheld the constitutionality of the statute.
- March 2, 2001: The U.S. Court of Appeals for the District of Columbia Circuit remanded the FCC's horizontal and vertical limits for cable companies.
- September 13, 2001: The FCC launched a proceeding to review cable ownership rules.
- May 13, 2005: The FCC launches a second proceeding to gather additional evidence on cable ownership rules in light of significant industry and other developments since establishment of the cable ownership rules.

The *Second Further Notice of Proposed Rulemaking* is available online at <http://www.fcc.gov/>.

Action by the Commission, May 13, 2005 by *Second Further Notice of Proposed Rulemaking* (FCC 05-96). Chairman Martin, Commissioners Abernathy, Copps, and Adelstein. Commissioners Copps and Adelstein issuing a joint statement.

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