

memorandum

DATE: December 21, 2005

TO: Donald Stockdale

FROM: Donna Gregg

SUBJECT: Peer Review of *Further Report on the Packaging and Sale of Video Programming Services to the Public*

In November 2004, the FCC's Media Bureau issued a *Report on the Packaging and Sale of Video Services to the Public* in response to a request from several members of the House of Representatives' Committee on Energy and Commerce, who raised questions concerning the packaging and sale of programming services by multichannel video programming distributors. Because questions arose regarding the appropriateness of the assumptions relied upon and the conclusions reached in the Media Bureau's 2004 Report, the Media Bureau, in conjunction with Chief Economist Leslie Marx, has undertaken additional analysis of a number of the issues examined therein. In particular, staff has reviewed the findings of the Booz-Allen-Hamilton Study relied upon in the Bureau's 2004 Report. See Booz Allen Hamilton, *The a la Carte Paradox: Higher Consumer Costs and Reduced Programming Diversity, An Economic Analysis of the Implications of a la Carte Pricing on Cable Customers* (July 2004). The results of the staff's additional study are set forth in the attached report, entitled *Further Report on the Packaging and Sale of Video Programming Services to the Public* ("Further Report").

Under the Information Improvement Act, OMB requires that influential scientific information be subject to peer review to enhance the quality and credibility of the government's scientific information. I request that you convene a panel to conduct a peer review of the Media Bureau's Further Report. This review should address the following subject areas:

- Whether the Further Report's criticisms of the Booz-Allen-Hamilton Study upon which the First Report relied are appropriate;
- Whether the economic analysis and examples in the Further Report showing potential benefits of a la carte pricing, both in terms of the price of programming and programming diversity, are appropriate;
- Whether the Further Report's criticisms of the First Report are correct and complete;
- Whether the conclusions and findings of the Further Report generally are clear and understandable.

I also ask that you provide a brief written report of your review, findings and recommendations with regard to this Report by January 5, 2006.

Thank for your assistance in this matter.

Attachment