

**STATEMENT OF COMMISSIONER
MICHAEL J. COPPS, CONCURRING**

Re: Implementation of Section 3 of the Cable Television Consumer Protection and Competition Act of 1992; Statistical Report on Average Rates for Basic Service, Cable Programming Service, and Equipment.

As I did last year, I will vote to concur in today's report on ever-rising cable rates. I think the document we release today does represent an improvement over years past, but it still has not achieved the level of comprehensiveness in data-gathering and analysis that I have called for over the years I have been here. Nevertheless, I do thank the Chairman for his willingness to amend the Bureau's methodology in response to some of the criticisms that Commissioner Adelstein and I have made about earlier reports. That helps.

Of particular importance, I note that this year's report contains an econometric analysis of the survey results. This allows us better to gauge the relative importance of the various factors influencing the price of cable service. For instance, it discloses that there is a positive relationship between local market share and cable prices, as well as between a provider's number of nationwide subscribers and prices. In other words, customers of a large national cable company that controls a large share of a local market generally pay more than customers of a company with either a smaller national or local market share. Correlation does not necessarily imply causation, of course, but this result certainly raises troubling questions about market power that I hope will receive the Commission's further attention in future reports.

Despite the welcome addition of econometric analysis, today's report still suffers from some of the same flaws that have been identified by critics of earlier reports. For example, the Government Accountability Office pointed out more than two years ago that the FCC relies on an unreliable definition of competition. Yet today's report continues along the same lines that the GAO criticized. Another example: we continue to rely on the operators' own reports of their rate and cost structures, without any auditing of our own to assure the accuracy of their data.

Given the importance of the cable industry to the nation's economy and the staggering sums that consumers now pay for video service each month – not to mention our statutory mandate under section 623(k) of our Act – I believe the FCC has a plain responsibility to provide more in-depth research. I hope that next year we can build on the improvements in this year's report in order to provide industry, scholars, and the American public with a report that reflects more comprehensively what is actually happening in the cable market and that gives a more robust accounting of the factors that affect cable prices.