JOINT STATEMENT OF
COMMISSIONERS MICHAEL J. COPPS AND JONATHAN S. ADELSTEIN
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

Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming

In Sections 623(k) and 628(g), Congress charged the Commission with reporting annually on cable rates and on the status of competition in the market for the delivery of video programming. As the government's expert agency, Congress expected the Commission to gather comprehensive data and subject it to in-depth analysis in these reports. Unfortunately, in these reports, the Commission gathers less than adequate data and conducts less analysis than it did even a few years ago. At a time of significant increases in rates year after year, Congress and consumers deserve a better effort from the FCC.

We took issue with our Report on cable rates last year because we believed the analysis was insufficient. At that time, the Commission recognized the report's shortcomings, noting that "in several previous surveys, we included an econometric analysis of the survey results." The Commission further stated its "plan to resume the econometric analysis in subsequent reports." Yet, this year, the Commission again fails to conduct this analysis which in the past has provided information on specific factors that influence rate increases and the extent of that influence. Moreover, the Commission once again did not audit any of its results, notwithstanding problems with our methodology disclosed in a recent report from the General Accounting Office.

We remain concerned that this year's competition report continues to serve mainly as a recitation of the record rather than providing an in-depth analysis of the status of competition. As with last year's version, this report fails to examine adequately the circumstances that distinguish those places where competition is occurring and those where it is not, and to evaluate barriers to greater competition. And it fails to consider sufficiently many of the important issues raised in the Notice, such as the impact of increasing vertical and horizontal consolidation of our media. In sum, the report seldom delves beneath the surface.

In part, the fault lies with the limited data we received in response to our notices. But it is also incumbent on the Commission to undertake a pro-active and comprehensive information-gathering effort and then to commit the resources necessary to analyze the data.

We recognize that there have been some positive steps in these reports in response to previous criticisms. For example, we are pleased that we have at long last begun to analyze what is happening in other countries. In addition, we are also pleased that we have added a separate section that focuses specifically on video program distribution in rural areas. In future years, we would like to see us build on the discussions here.

Finally, notwithstanding the concerns we have expressed with our reports, none of our comments should take away from the large investments that have been made by those that deliver video programming. Nor do our concerns with the reports diminish the benefits American consumers receive as new services are deployed. These investments and services come not only from existing participants in the market but also from telephone companies and others that are expanding their efforts to deliver video programming. But these reports serve as the factual foundation for many Commission decisions as well as providing Congress with statutorily-mandated information that can inform the national policy debate.

We have an obligation to do more to gather accurate and complete data as well as provide the information and analysis that Congress required.