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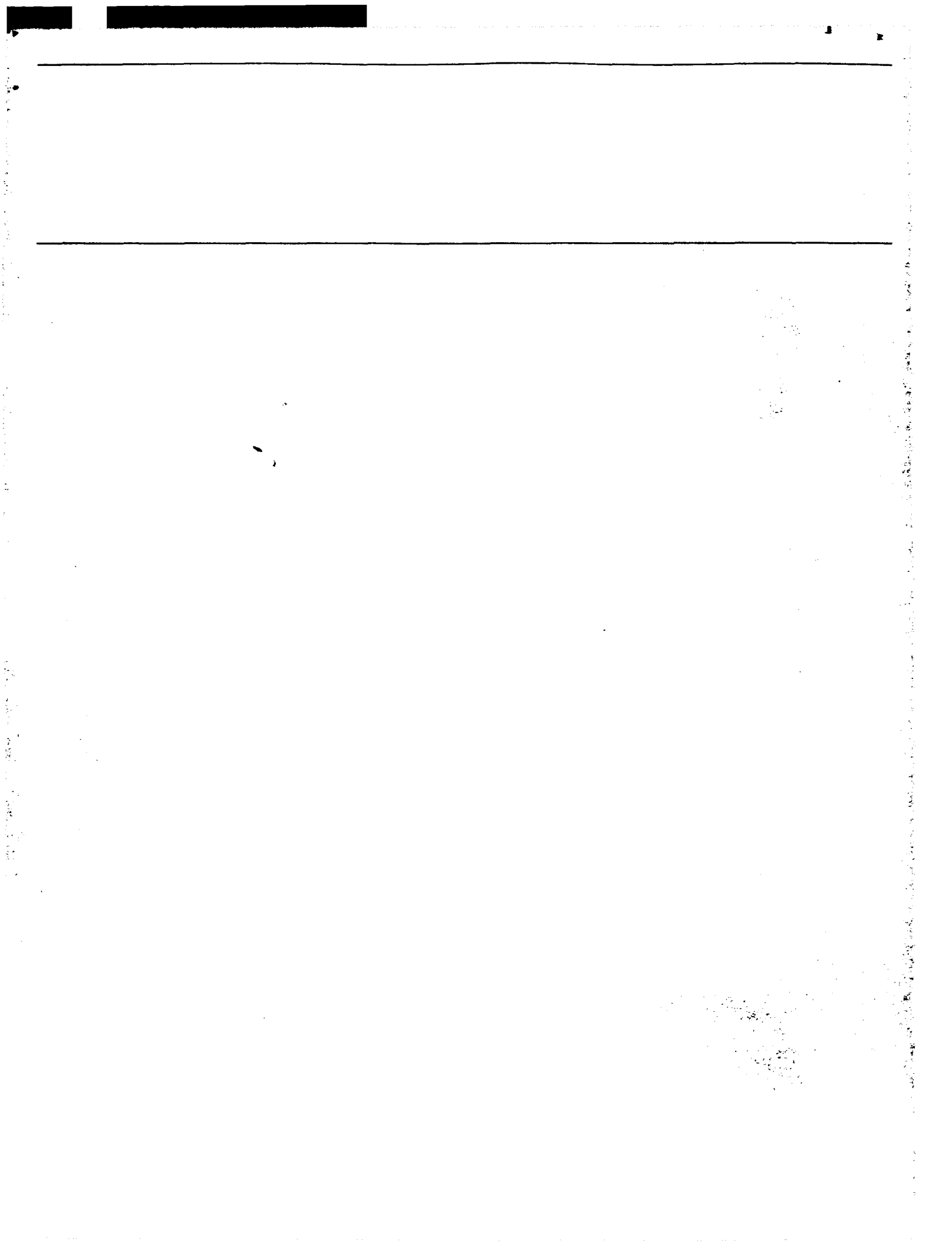
**Report to the Chairman, Subcommittee  
on Telecommunications and Finance,  
Committee on Energy and Commerce,  
House of Representatives**

**August 1989**

# **TELECOMMUNICATIONS**

## **National Survey of Cable Television Rates and Services**





Resources, Community, and  
Economic Development Division

B-226720

August 3, 1989

The Honorable Edward J. Markey  
Chairman, Subcommittee on Telecommunications  
and Finance  
Committee on Energy and Commerce  
House of Representatives

Dear Mr. Chairman:

Your April 29, 1988, letter requested the General Accounting Office to conduct a nationwide survey of cable television rates and services, to assist the Subcommittee in evaluating the effect of the Cable Communications Policy Act of 1984 (Cable Act), which deregulated cable rates in most communities. We surveyed cable television systems to compare rates and services offered in December 1986, just prior to the effective date of deregulation, with those offered in October 1988, the latest date for which we collected information. Specifically, this report addresses changes since 1986 in (1) basic cable rates and services (for both the lowest priced and most popular services offered by cable systems), (2) availability of options such as cable outlets for additional television sets, (3) rates for premium services, and (4) overall revenue to cable system operators per subscriber. Appendixes III through VII contain tables detailing the results of our survey.

## Results in Brief

Cable television rates, once subject to control at the local or state level for the lowest priced basic service, have been deregulated since December 29, 1986, in most communities, pursuant to the Cable Act. Our survey showed that, from December 1, 1986, through October 1988, monthly rates for the lowest priced basic service increased by 29 percent, from an average of \$11.23 to \$14.48 per subscriber. This rate increase was accompanied by an increase in the average number of basic channels offered (from nearly 24 to about 30).

By comparison, monthly rates for the most popular basic cable service increased by 26 percent, from an average per subscriber of \$11.70 to \$14.77.<sup>1</sup> This increase was accompanied, on average, by an increase in the number of basic channels offered (from nearly 27 to about 32).

<sup>1</sup>Because some cable systems offer more than one level or "tier" of basic service, this report also includes information on the service offered by each system to which most customers subscribe, i.e., most popular service (which is usually the lowest priced service since most systems offer only one basic service tier).

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Our survey also showed that:

- For the most popular basic service, the availability of options, such as cable outlets for second television sets and remote control units, increased, but for remotes and added outlets there was usually an extra charge over and above the basic service rate.
- Average monthly rates, per system, for movie premium services decreased, both for three popular individual channels and for combinations of premium channels.

Overall monthly revenue to cable operators per subscriber—a key indicator of cable system revenue patterns—increased, on average, by 14 percent, from \$21.58 to \$24.68.<sup>2</sup>

Despite basic service rate increases for both lowest priced and most popular services, overall cable subscriptions increased by 15 percent, and cable system penetration (total subscribers divided by homes accessible to cable) increased from 55 to 57 percent. Premium service subscribers showed an increase of 14 percent, and the number of homes accessible to cable increased by 16 percent.

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## Background

Since the December 29, 1986, effective date for basic service rate deregulation under the Cable Act, local officials and consumer organizations around the country have expressed concern about increases in cable rates.<sup>3</sup> Cable television industry officials, on the other hand, report that rate increases have been moderate and are justified due to a number of factors, including increases in costs and copyright fees for programming carried, upgrading of systems, and improvements in customer services.

Subcommittee hearings on cable television issues in March 1988 brought forth a wide range of figures on the extent of rate increases. The variances in reported cable rate increases have complicated the Congress' job in reacting to consumer complaints about cable rates and in assessing the impact of the Cable Act. Another complicating factor is the wide

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<sup>2</sup>During this period, the nation's overall price level, as measured by the gross national product implicit price deflator, rose by about 6 percent. Taking inflation into account by adjusting 1988 cable rates to 1986 constant dollars results in increases of about 21 percent for lowest priced basic service, 19 percent for most popular basic service, and 8 percent for revenue per subscriber.

<sup>3</sup>The Cable Act deregulated cable rates only in those localities where the cable system was subject to "effective" competition, as defined by the Federal Communications Commission (FCC). FCC determined that effective competition exists if residents of a locality can receive three or more television stations using their own antenna as an alternative to cable service.

variety of channel offerings, movie and other premium services, and optional services offered by cable systems.

Cable television service is generally marketed as either basic or premium service.<sup>4</sup> Basic service includes any service offering re-transmission of local television broadcast signals, but may also include programs available via satellite transmission, such as CNN, ESPN, and C-Span, either as a single level of service or as two or more "tiers," each priced individually. Additional tiers of basic service are generally referred to as "expanded basic" service. Premium service generally includes movie channels, such as Home Box Office (HBO), Cinemax, and Showtime, available individually or in combination for an additional fee over and above the charge for basic service.

In spite of concerns about rate increases, cable television subscriptions continue to grow. Currently, cable systems serve over 49 million subscribers, representing almost 55 percent of all television households.<sup>5</sup>

Regulation of the cable television industry has historically involved a mixture of federal, state, and local entities establishing policies, regulations, rules, and procedures. The Cable Act prohibited most localities from regulating basic cable television rates, but in return it increased from 3 to 5 percent the allowable franchise fee localities could assess on cable system revenues. (App. I contains more detailed information on the cable industry and its regulation.)

## Basic Cable Rates and Service

Monthly rates for the lowest priced basic service (the service subject to rate regulation prior to the Cable Act) increased by 29 percent per subscriber, on average, from \$11.23 to \$14.48 between December 1986 and October 1988. Similarly, average rates per subscriber for the most popular basic service increased by 26 percent, from \$11.70 to \$14.77. Our survey also showed that cable systems increased the number of basic channels offered during the same time period. Subscribers to the lowest priced basic service received additional channels, from an average of nearly 24 channels in December 1986 to about 30 channels as of October 1988. Channels available to subscribers of the most popular basic service also increased, on average, from nearly 27 to about 32.

<sup>4</sup>Some cable systems also offer a pay-per-view service, which is a growing service. We did not address this issue in this report.

<sup>5</sup>Broadcasting Magazine, July 3, 1989, p. 10.

While the Cable Act essentially prohibited local rate regulation effective December 29, 1986, our survey showed that 34 percent of the cable systems reported that they were already not regulated as of December 1, 1986. For those systems reporting data for both 1986 and 1988, a comparison of rates charged for the most popular basic service by those systems that were regulated versus those systems that were not regulated in 1986 showed little difference. Systems that were regulated in 1986 (but not regulated in 1988) showed rate increases of 27 percent between 1986 and 1988, from an average of \$11.58 to \$14.76 per subscriber for the most popular service. Systems that were not regulated in 1986 (and not regulated in 1988) showed rate increases of 24 percent, from \$12.03 to \$14.90. Our survey found that only about 3 percent<sup>6</sup> of cable systems remained regulated as of October 31, 1988. Rate regulation is permitted in communities lacking "effective" competition under FCC's criteria.

Overall cable subscriptions continued to grow during the period of our survey. Total subscriptions increased by 15 percent, while the number of homes accessible to cable grew at a rate of 16 percent. Overall cable system penetration (total subscribers as a percentage of homes accessible to cable) increased from 55 percent in December 1986 to 57 percent in October 1988.<sup>7</sup> (App. III contains more detailed information on changes in basic rates and services, and app. VII contains information on subscriber changes.)

## Optional Services

We surveyed cable systems about optional services,<sup>8</sup> such as outlets for second television sets and remote control units, to compare changes in such services with changes in basic service rates. We were particularly interested in learning if services, once offered as an option at extra charge in 1986, were being offered as part of basic service in October 1988. We found little movement in that direction for the most popular basic service, other than an increase in the offering of outlets for second sets. Specifically, for the most popular basic service:

<sup>6</sup>This percentage includes municipally owned and cooperative systems, as well as systems operating under contract with military bases.

<sup>7</sup>Our survey results for growth in cable subscriptions reflect responses from cable operators reporting data for both 1986 and 1988. Our estimate is conservative in that it does not take into account subscriber growth from systems new since 1986, or systems where 1986 data were not reported due to changes in ownership or other reasons.

<sup>8</sup>Rates for optional services generally were not subject to state or local regulation prior to the Cable Act.

- Added outlets were offered to subscribers by 10 percent of the cable systems at no additional charge as part of basic service in October 1988, up from 4 percent in December 1986. However, as of October 1988, 81 percent of cable systems still required subscribers to pay an extra monthly charge for additional outlets.
- Availability of remote control units increased, as 78 percent of cable systems offered them to subscribers in October 1988 (over half at an extra monthly charge), up from 61 percent in December 1986. Only about 3 percent of cable systems included the remote control as part of their basic service in both December 1986 and October 1988.
- Availability of set-top converters (for cable channel selection) also increased slightly during this period, from 49 to 54 percent where cable systems included such converters in the most popular basic service at no additional charge to subscribers. Where this option was available to subscribers for an extra monthly charge, availability increased from 16 to 19 percent.
- Program guides were offered by 45 percent of cable systems as of October 1988, up from 39 percent as of December 1986. The percentage of systems offering program guides at an additional monthly charge increased from 14 percent in December 1986 to 19 percent as of October 1988. The percentage of systems including program guides as part of their basic service showed little change, up from 25 to 26 percent. (App. IV contains more detailed information on changes in optional services.)

## Premium Services

In contrast to basic service rate increases (both for lowest priced and most popular service), rates for premium services decreased slightly, both individually and for combinations of premium channels.<sup>1</sup> Rates charged by cable systems for three popular premium channels decreased by \$.15 to \$.37 per month for each channel. Average rates per month for combinations of two, three, and four premium channels also decreased, by \$.82, \$1.31 and \$1.67, respectively.

The number of subscribers purchasing premium channels increased by 14 percent from December 1986 to October 1988, generally paralleling the overall growth in cable subscriptions. The proportion of total cable subscribers purchasing one or more premium channels stayed the same, at about 50 percent. (App. V contains more detailed information on changes in optional services.)

<sup>1</sup>Rates for premium services were never subject to state or local regulation.

## Revenue Per Subscriber

The "bottom line" after sorting out various increases and decreases in basic rates, options, and premium channels is their effect on the cable systems' total revenues. Monthly average revenue to cable operators per subscriber increased from \$21.58 to \$24.68 between December 1986 and October 1988, an increase of 14 percent.<sup>10</sup> (App. VI contains more detailed information on changes in revenue per subscriber.)

## Objective, Scope, and Methodology

The Subcommittee on Telecommunications and Finance, House Committee on Energy and Commerce, requested us to analyze changes in patterns and differentials in rates charged by cable systems after deregulation, compared to December 1986, just prior to the effective date of deregulation pursuant to the Cable Act.

The questionnaire we developed requested two kinds of information from cable operators. First, we requested information on basic cable service, including rates, channels offered, and number of subscribers for each tier of basic service. The cable industry has claimed that basic service rate increases have often been accompanied by increased channel offerings. Second, we requested information on rates and availability of options (remote control units, additional outlets, etc.) and premium services. While the rates of such services are not at issue since they were not subject to regulation, cable industry representatives have stated that increases in basic rates have frequently been offset somewhat by accompanying reductions for options and premium services.

We interviewed federal, state, and local government officials, as well as representatives of the cable industry and other private sector organizations, to better identify and understand cable industry issues and the development of the Cable Act. We also reviewed documents relating to the cable industry, FCC orders and opinions, and congressional testimony and committee reports.

We obtained cable system names and addresses from a data base maintained by Television Digest, Inc., publisher of the annual Television and Cable Factbook, a well-known industry reference book. Of the 8,908 cable systems in their data base, we selected our sample from 8,126 systems for which subscriber counts were available. We randomly selected 1,950 systems to survey, stratifying them into five size groupings. We

<sup>10</sup>For the same 23-month period of our survey, the Bureau of Labor Statistics' Urban Consumer Price Index, (CPI) showed a 21.5 percent increase in the average consumer's monthly bill for cable television service. By comparison, the CPI showed a 8.7 percent increase for the 2 years prior to deregulation (Jan. 1985 to Dec. 1986).



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received 1,451 usable responses, a response rate of 74 percent. Because we used a stratified random sample, we can make estimates for cable systems like those that responded to our questionnaire. Our estimates are based on a 74-percent response rate and correspond to the percentage of the entire population that would have responded to our questionnaire had we sent it to all cable systems rather than a sample.

We appreciate the cooperation of those cable operators who took the time to answer our questionnaire. Because responses to the survey were voluntary, the cooperation of cable operators, associated corporate officials, and industry representatives was essential to the success of this study.


Appendix II gives a complete description of the methods used in conducting this survey. Appendixes III through VII contain tables detailing the results of our survey and include the sampling errors for all estimates reported. Appendix VIII contains a copy of our questionnaire.

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The detailed work related to conducting our survey took place between September 1988 and May 1989. In accordance with Subcommittee policy, we did not obtain comments on a draft of this report from representatives of the cable industry.

Major contributors to this report are listed in appendix IX. If I can be of further assistance, please contact me at (202) 275-5525.

Sincerely yours,



John M. Ols, Jr.  
Director, Housing and Community  
Development Issues

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**Abbreviations**

CPI	Consumer Price Index
FCC	Federal Communications Commission
GAO	General Accounting Office
HBO	Home Box Office
NCTA	National Cable Television Association

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# Background on the Cable Industry

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## Development of Cable Television

Cable television began in the late 1940's as a service to television viewers living in mountainous and geographically remote areas who could not receive over-the-air television signals. The first cable television systems were small local ventures, serving as local or community antenna services to receive and distribute television signals to subscribers for a fee. Today, while such small systems still represent a substantial percentage of the cable industry, it has grown and changed dramatically.

By 1952, cable television systems were operating in about 70 communities nationwide serving approximately 14,000 subscribers. The industry continued to grow and develop in the 1960's and early 1970's. As the technology for providing cable service improved, systems expanded their channel capacity and began to supplement their service by importing television signals from distant cities and adding programming services designed specifically for cable television. "Premium" cable service began in 1972 with Home Box Office (HBO) movie service, and in 1975 HBO began nationwide distribution by telecommunications satellite. By 1978 HBO served about 2 million subscribers over 700 cable systems. Also in 1978, satellite distribution of the Showtime movie channel began as a competitor to HBO. Following this programming, other services became available, such as MTV music videos and children's programming, resulting in the wide variety of cable programming currently offered as alternatives to over-the-air broadcast television viewing.

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## Cable Industry Regulation

Regulation of the cable television industry has historically involved a mixture of federal, state, and local entities establishing policies, regulations, rules, and procedures. However, control of cable rates has its foundation primarily at the state and local levels. The Cable Communications Policy Act of 1984 (Cable Act) prohibited most localities from regulating basic cable television rates except where there was no effective competition. Our survey found that only 3 percent<sup>1</sup> of the cable systems remained regulated as of October 31, 1988.

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## State and Local Regulation

When cable television first developed as a means of providing better television reception, many cities and a few states began regulating the rates charged to cable subscribers. This regulation, tied to the cable system's use of local streets and rights-of-way to connect subscribers, was a

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<sup>1</sup> This percentage includes municipally owned and cooperative systems, as well as systems operating under contract with military bases.

condition of the local government's grant of a franchise or license permitting the cable system to construct and operate cable facilities.<sup>2</sup> The franchise agreement could also be used by the locality to prevent cable operators from charging unreasonably high rates for what was seen as an essential service in these areas. In addition, cities viewed the ability to deny or delay a requested rate increase as a useful tool to enforce other provisions of a franchise agreement, such as the obligation to provide service to all residents of the service area. As cable television expanded both its services and the areas that it served, rate regulation remained an important part of the franchise process.

While many states expressly empowered their cities, towns, and counties to issue cable franchises, some state governments assumed authority over cable on some matters and granted franchising authority to local governments. For example, state laws placed the role of rate regulation within state agencies in Alaska, Connecticut, Hawaii, Nevada, New Jersey, and Vermont. The states of Massachusetts, Minnesota, and New York established standards for rate regulation by municipal franchising authorities. However, cable commissions in Massachusetts and New York actually set rates under certain conditions. Two states, California and Massachusetts, took the initiative to deregulate basic rates prior to passage of the national Cable Act. In Massachusetts, for instance, basic cable rates were deregulated in communities where at least four over-the-air television signals were available.

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## Federal Regulation

Federal regulation of cable began in earnest in the 1960's, when the Federal Communications Commission (FCC) ruled that a cable system importing television signals from distant cities could destroy or seriously degrade the service offered by a local television broadcaster. Over time, FCC, in its attempt to protect television broadcasters from harm, placed a number of restrictions on cable operators.

In 1966 FCC asserted its authority over all cable television systems, arguing that cable television, which at that time was still only a community antenna service for delivering over-the-air broadcast signals, was ancillary to broadcasting. FCC sought to have jurisdiction over services derived from broadcasting and affecting the broadcast service. In 1968, FCC began to develop a comprehensive set of cable regulations. The rules

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<sup>2</sup>Some systems emerged without any government authorization or attention, while others operated with franchise agreement but with no provision in it for local rate approval.

FCC developed went into effect in 1972.<sup>3</sup> These rules included standards for franchising of cable systems by local governments. For instance, FCC limited the franchise fee that local governments could charge to 3 percent of gross subscriber revenues, 5 percent with special approval. Cable systems located in major television markets had to plan to develop a minimum capacity of 20 channels, to develop capability of two-way communication, and to provide channels and facilities for community use. The rules also established technical standards for cable systems.

In 1969, FCC limited local government regulation of cable rates to service that includes local television signals,<sup>4</sup> along with public, education, and government access channels. Consequently, cities never had jurisdiction to regulate the rates for pay services, including premium movie services generally offered to cable customers at an extra charge. However, because some cable systems chose to package some satellite-delivered programs (ESPN, CNN, MTV, etc.) with their basic service, these also became subject to local rate regulation as part of the basic service package. In 1975, FCC reaffirmed state and local authority to regulate basic service rates, select cable franchisees, establish franchise boundaries, regulate the construction of cable facilities, and maintain rights-of-way.

As localities sought to exert their control over cable franchisees, some local authorities required cable systems to provide community services not related to cable operations, and used franchise fees from cable operators as a source of new revenue. The cable industry complained that localities had different sets of rules and imposed different sets of obligations on their cable systems.<sup>5</sup>

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## Cable Communications Policy Act of 1984

With the development in the 1970's of satellite-delivered cable programming, cable television was no longer entirely ancillary to over-the-air broadcasting. Federal and local policies that had grown up under earlier conditions of cable service did not fit the new industry. Federal legislation, the Cable Communications Policy Act of 1984, was enacted to accommodate the changes and clarify the relationship between federal and local roles in cable regulation. The National League of Cities and the

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<sup>3</sup>Thomas F. Baldwin and D. Stevens McVoy, Cable Communication, Second edition, 1988, p. 177.

<sup>4</sup>This FCC action, known as the "must carry" rules, required cable systems to carry all broadcast stations considered local according to a complex FCC definition.

<sup>5</sup>Statement of James P. Mooney, President of the National Cable Television Association, before the Subcommittee on Telecommunications and Finance, House Committee on Energy and Commerce, March 30, 1988, p. 12.



National Cable Television Association (NCTA) were heavily involved during negotiations over the Cable Act, acting as representatives of municipal governments (cable regulators) and the cable industry, respectively.

The Cable Act established a comprehensive national regulatory scheme designed to ensure that the cable industry would be allowed to develop in an "atmosphere free from unnecessary and economically burdensome government regulation." While most localities no longer had authority to regulate basic cable television rates, they still could regulate other cable activities as in the past, such as franchise agreement awards and renewals, cable system channel capacity, facilities and equipment construction, and quality of customer service. In addition, the Cable Act increased from 3 to 5 percent the allowable franchise fee localities could assess on cable operator revenues.

The Cable Act deregulated basic cable rates only in those localities where the cable system was subject to "effective" competition, and the act tasked FCC with developing a definition. In April 1985, FCC determined that a cable system is subject to effective competition, generally, if it operates in an area where three or more television channels are either (1) "significantly viewed" by residents or (2) transmitting an acceptable signal in the community, as defined by FCC.<sup>7</sup> This meant that a television viewer could expect to obtain three over-the-air channels using his or her own antenna as an alternative to subscribing to cable service. In accordance with the timetable set by the Cable Act, FCC's "effective competition" rule became effective on December 29, 1986.

In 1988, the U.S. Court of Appeals generally affirmed FCC's rules established pursuant to the Cable Act, but ordered FCC to either better support its current standard for determining the availability of television channels or develop a new standard.<sup>7</sup> In response, FCC, in March 1988, changed the method it uses to assess whether a television channel provides an acceptable signal or is significantly viewed throughout the community.

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<sup>7</sup>FCC Report and Order, MM Docket No. 84-1296, 50 FR 18650-51.

<sup>7</sup>American Civil Liberties Union v. FCC, U.S. Court of Appeals, District of Columbia, 823 F. 2d 1554 (D.C. Cir 1987) Cert. denied, 56 U.S.L.W. 3644 (March 22, 1988).

# Methodology Used in Conducting the Survey of Cable Television Rates and Services

In developing our survey we reviewed cable television rate and service data from a number of government and private sector sources, to determine the extent to which we could rely on these sources to meet the Subcommittee's needs rather than conduct our own original survey. We considered data available from FCC, the U.S. Copyright Office, the Bureau of Labor Statistics, and two private publishers of cable data, but none of these sources met all of the criteria we established for our needs, including being computer-readable, complete, current, and containing comprehensive rate and subscriber data on a variety of cable services. Consequently, we decided to collect our own data through use of a questionnaire sent to a national sample of cable operators.

In researching the cable industry to understand the structure and operating practices of cable operators, we examined previous cable rate surveys, including those conducted by both the National Cable Television Association and the National League of Cities, and interviewed officials of both organizations; we also interviewed other individuals knowledgeable about cable issues in general. Further, we pre-tested our draft questionnaire with 14 cable operators in four states, carefully considering their comments and making appropriate changes in the final version.

We obtained cable system names and addresses from a data base maintained by Television Digest, Inc., publisher of the annual Television and Cable Factbook, a well-known industry reference book. Television Digest, Inc., canvasses cable systems annually, updating its data base. We contracted to purchase its data base of 8,908 cable systems, specifically system names, addresses, and subscriber figures, updated as of October 19, 1988.

The cable television industry has a wide range of different-sized systems, based on number of subscribers. In order to capture the industry's diversity and accurately represent any significant differences in rates and services based on size, we designed our sample using five size groupings (or strata) of systems. We set forth the following sizes for our strata:

## Number of Subscribers

1-1,000 (Very small)  
1,001-3,500 (Small)  
3,501-10,000 (Medium)  
10,001-50,000 (Large)  
50,001 and up (Very large)

In order to sample by size of cable system, it was essential that the universe of systems from which we selected our sample include a subscriber count for each system. Of the 8,908 systems in Television Digest's data base, we eliminated 782 systems from our universe that did not have an accompanying subscriber count, leaving 8,126 systems usable for our survey. As shown in table II.1, we selected a total of 1,950 systems, from the five groupings created, to receive our questionnaire.

Table II.1: GAO Sample Selection  
Methodology

Size of cable system	Television Digest (universe), number of systems	GAO sample, number of systems	Response rate (percent)
1-1,000 (Very small)	4,491	500	61.6
1,001-3,500 (Small)	1,630	425	69.2
3,501-10,000 (Medium)	1,010	450	77.3
10,001-50,000 (Large)	845	425	84.9
50,001 and up (Very large)	150	150	93.3
<b>Total</b>	<b>8,126</b>	<b>1,950</b>	<b>74.4</b>

Our sample of 1,950 cable systems represented about 24 percent of our universe of systems. However, our sample accounted for about 62 percent of the subscribers according to Television Digest

- 26.2 million of the total of 42.2 million subscribers in the 8,126 systems. Our coverage of subscribers was greater than the 24 percent coverage of cable systems because we selected larger samples from the larger sized systems.

The survey was conducted between December 1988 and May 1989. Cable systems that did not respond to the original December mailing were sent followup questionnaires to encourage response. In order to achieve as high a response rate as possible, we sent followup questionnaires to nonrespondents in February and March 1989. We also sent out postcard reminders. By May 1989, we had received 1,451 usable responses, a response rate of 74 percent.

To obtain as many usable responses as possible, we reviewed and edited all questionnaires for consistency and contacted cable system officials by telephone to resolve any ambiguous response patterns. Also, in our questionnaire, we pledged that responses would be kept confidential and reported in summary form only, and that no individual cable system's or company's responses would be identified.

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**Appendix II**  
**Methodology Used in Conducting the Survey**  
**of Cable Television Rates and Services**

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All sample surveys are subject to sampling error. The sampling error is the maximum amount by which results obtained from a statistical sample can be expected to differ from the true universe characteristic (value) we are estimating. At the 95-percent confidence level, this means that the chances are 19 out of 20 that if we surveyed all cable systems, the results would differ from the estimates we obtained by less than the sampling error of these estimates. All sampling errors for the estimates in this report were calculated at the 95-percent confidence level and are reported in the tables in appendixes III through VII. The tables also contain estimates of the number of cable systems that would have responded had we sampled all systems.

# Changes in Basic Cable Rates and Services

The following tables show how basic rates and services offered to subscribers have changed over the 23-month period from December 1, 1986, to October 31, 1988—both for the most popular and the lowest priced basic service—based on (1) monthly charges, (2) number of channels and tiers of service carried, and (3) monthly charges per channel.<sup>1</sup> Tables are also included comparing basic rates of cable systems that were subject to rate regulation in December 1986 (just prior to the effective date of deregulation pursuant to the Cable Act) with cable systems whose rates had already been deregulated by state or local action.

Because some cable systems offer more than one tier of basic service, we are reporting information on both the lowest priced service and the service to which most customers subscribe, i.e., most popular service. Since most systems have only one tier of basic service, the most popular service is generally also the lowest priced service. The tables also include the sampling errors for the numbers presented, as well as estimates of the number of cable systems that would have responded had we surveyed all systems.

<sup>1</sup>Lowest priced basic service rates were subject to state or local regulation prior to the Cable Act.

**Appendix III**  
**Changes in Basic Cable Rates and Services**

**Table III.1: Average Monthly Charge Per Subscriber With Most Popular Basic Service Tier**

Cable system size	Average charge per subscriber on:		
	12/1/86	12/31/87	10/31/88
Very small	<b>\$11.30</b>	<b>\$12.65</b>	<b>\$13.91</b>
	( ± .42)	( ± .47)	( ± .49)
	N=2102	N=2524	N=2748
	( ± 185)	( ± 184)	( ± 181)
Small	<b>11.20</b>	<b>12.88</b>	<b>14.16</b>
	( ± .39)	( ± .38)	( ± .40)
	N=936	N=1043	N=1116
	( ± 66)	( ± 64)	( ± 62)
Medium	<b>10.96</b>	<b>12.76</b>	<b>14.10</b>
	( ± .18)	( ± .18)	( ± .19)
	N=716	N=743	N=770
	( ± 32)	( ± 31)	( ± 30)
Large	<b>11.58</b>	<b>13.45</b>	<b>14.87</b>
	( ± .21)	( ± .19)	( ± .20)
	N=666	N=688	N=706
	( ± 23)	( ± 22)	( ± 21)
Very large	<b>12.31</b>	<b>13.98</b>	<b>15.17</b>
	( ± .00)	( ± .00)	( ± .00)
	N=131	N=134	N=137
	( ± 0)	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$11.70</b>	<b>\$13.46</b>	<b>\$14.77</b>
	( ± .09)	( ± .09)	( ± .09)
	N=4550	N=5132	N=5477
	( ± 201)	( ± 199)	( ± 195)
<b>Percent increase 1986-1988</b>	<b>26.2</b>		
	( ± 1.6)		

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Appendix III  
Changes in Basic Cable Rates and Services

Table III.2: Average Number of Channels Received Per Subscriber With Most Popular Basic Service Tier

Cable system size	Average number of channels received per subscriber on:		
	12/1/86	12/31/87	10/31/88
Very small	<b>15.8</b>	<b>18.2</b>	<b>19.7</b>
	( $\pm 1.2$ )	( $\pm 1.8$ )	( $\pm 2.2$ )
	N=2102	N=2524	N=2748
	( $\pm 185$ )	( $\pm 184$ )	( $\pm 181$ )
Small	<b>18.9</b>	<b>21.8</b>	<b>23.6</b>
	( $\pm 1.4$ )	( $\pm 1.5$ )	$\pm 1.5$ )
	N=940	N=1047	N=1116
	( $\pm 66$ )	( $\pm 64$ )	( $\pm 62$ )
Medium	<b>22.5</b>	<b>26.0</b>	<b>28.6</b>
	( $\pm 1.0$ )	( $\pm 1.0$ )	( $\pm 1.0$ )
	N=716	N=743	N=770
	( $\pm 32$ )	( $\pm 31$ )	( $\pm 30$ )
Large	<b>26.8</b>	<b>30.9</b>	<b>33.3</b>
	( $\pm 1.0$ )	( $\pm 0.9$ )	( $\pm 0.9$ )
	N=668	N=690	N=706
	( $\pm 23$ )	( $\pm 22$ )	( $\pm 21$ )
Very large	<b>30.9</b>	<b>33.9</b>	<b>35.4</b>
	( $\pm 0.0$ )	( $\pm 0.0$ )	( $\pm 0.0$ )
	N=131	N=134	N=137
	( $\pm 0$ )	( $\pm 0$ )	( $\pm 0$ )
<b>All systems</b>	<b>26.6</b>	<b>30.0</b>	<b>32.1</b>
	( $\pm 0.5$ )	( $\pm 0.4$ )	( $\pm 0.4$ )
	N=4556	N=5138	N=5477
	( $\pm 201$ )	( $\pm 199$ )	( $\pm 195$ )

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Appendix III  
Changes in Basic Cable Rates and Services

Table III.3: Average Monthly Charge Per  
Channel for Most Popular Basic Service  
Tier

Cable system size	Average charge per subscriber on:		
	12/1/86	12/31/87	10/31/88
Very small	<b>\$.71</b>	<b>\$.70</b>	<b>\$.71</b>
	(± .06)	(± .07)	(± .07)
	N=2102	N=2524	N=2748
	(± .185)	(± .184)	(± .181)
Small	<b>.59</b>	<b>.59</b>	<b>.60</b>
	(± .03)	(± .03)	(± .03)
	N=936	N=1043	N=1116
	(± .66)	(± .64)	(± .62)
Medium	<b>.49</b>	<b>.49</b>	<b>.49</b>
	(± .02)	(± .02)	(± .02)
	N=716	N=743	N=770
	(± .32)	(± .31)	(± .30)
Large	<b>.43</b>	<b>.44</b>	<b>.45</b>
	(± .02)	(± .01)	(± .01)
	N=666	N=688	N=706
	(± .23)	(± .22)	(± .21)
Very large	<b>.40</b>	<b>.41</b>	<b>.43</b>
	(± .00)	(± .00)	(± .00)
	N=131	N=134	N=137
	(± 0)	(± 0)	(± 0)
<b>All systems</b>	<b>\$.44</b>	<b>\$.45</b>	<b>\$.46</b>
	(± .01)	(± .01)	(± .01)
	N=4551	N=5132	N=5477
	(± .201)	(± .199)	(± .195)

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems.



Appendix III  
Changes in Basic Cable Rates and Services

Table III.4: Average Monthly Charge Per Subscriber With Lowest Priced Basic Service Tier

Cable system size	Average charge per subscriber on:		
	12/1/86	12/31/87	10/31/88
Very small	<b>\$11.07</b>	<b>\$12.49</b>	<b>\$13.72</b>
	( ± 31)	( ± 43)	( ± 46)
	N=2766	N=2748	N=2766
	( ± 181)	( ± 181)	( ± 181)
Small	<b>10.91</b>	<b>12.64</b>	<b>13.86</b>
	( ± 35)	( ± 36)	( ± 38)
	N=1120	N=1120	N=1124
	( ± 62)	( ± 62)	( ± 62)
Medium	<b>10.65</b>	<b>12.63</b>	<b>14.01</b>
	( ± 19)	( ± 19)	( ± 21)
	N=781	N=781	N=781
	( ± 29)	( ± 29)	( ± 29)
Large	<b>11.13</b>	<b>13.10</b>	<b>14.53</b>
	( ± 22)	( ± 20)	( ± 21)
	N=714	N=716	N=716
	( ± 21)	( ± 20)	( ± 20)
Very large	<b>11.72</b>	<b>13.62</b>	<b>14.94</b>
	( ± 00)	( ± 00)	( ± 00)
	N=139	N=139	N=139
	( ± 0)	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$11.23</b>	<b>\$13.12</b>	<b>\$14.48</b>
	( ± 10)	( ± 10)	( ± 10)
	N=5520	N=5504	N=5526
	( ± 194)	( ± 195)	( ± 194)
<b>Percent increase 1986-1988</b>	<b>28.9</b>		
	( ± 2.0)		

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

Appendix III  
Changes in Basic Cable Rates and Services

Table III.5: Average Number of Channels Received Per Subscriber With Lowest Priced Basic Service Tier

Cable system size	Average number of channels received per subscriber on:		
	12/1/86	12/31/87	10/31/88
Very small	<b>15.7</b>	<b>18.0</b>	<b>19.5</b>
	( $\pm 1.3$ )	( $\pm 1.9$ )	( $\pm 2.3$ )
	N=2766	N=2748	N=2766
	( $\pm 181$ )	( $\pm 181$ )	( $\pm 181$ )
Small	<b>18.4</b>	<b>21.3</b>	<b>22.5</b>
	( $\pm 1.4$ )	( $\pm 1.5$ )	( $\pm 1.3$ )
	N=1124	N=1124	N=1124
	( $\pm 62$ )	( $\pm 62$ )	( $\pm 62$ )
Medium	<b>20.4</b>	<b>24.6</b>	<b>27.1</b>
	( $\pm 0.6$ )	( $\pm 0.6$ )	( $\pm 0.6$ )
	N=781	N=781	N=781
	( $\pm 29$ )	( $\pm 29$ )	( $\pm 29$ )
Large	<b>23.9</b>	<b>29.1</b>	<b>31.9</b>
	( $\pm 0.9$ )	( $\pm 1.0$ )	( $\pm 1.0$ )
	N=716	N=716	N=716
	( $\pm 20$ )	( $\pm 20$ )	( $\pm 20$ )
Very large	<b>27.7</b>	<b>31.1</b>	<b>32.9</b>
	( $\pm 0.0$ )	( $\pm 0.0$ )	( $\pm 0.0$ )
	N=139	N=139	N=139
	( $\pm 0$ )	( $\pm 0$ )	( $\pm 0$ )
<b>All systems</b>	<b>23.8</b>	<b>27.9</b>	<b>30.1</b>
	( $\pm 0.4$ )	( $\pm 0.5$ )	( $\pm 0.5$ )
	N=5526	N=5508	N=5526
	( $\pm 194$ )	( $\pm 195$ )	( $\pm 194$ )

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Appendix III  
Changes in Basic Cable Rates and Services

Table III.6: Average Monthly Charge Per Channel for Lowest Priced Basic Service Tier

Cable system size	Average charge per subscriber on:		
	12/1/86	12/31/87	10/31/88
Very small	<b>\$.71</b>	<b>\$.69</b>	<b>\$.70</b>
	( ± .06)	( ± .07)	( ± .07)
	N=2766	N=2748	N=2766
	( ± 181)	( ± 181)	( ± 181)
Small	<b>.59</b>	<b>.59</b>	<b>.61</b>
	( ± .04)	( ± .03)	( ± .03)
	N=1120	N=1120	N=1124
	( ± 62)	( ± 62)	( ± 62)
Medium	<b>.52</b>	<b>.51</b>	<b>.52</b>
	( ± .02)	( ± .01)	( ± .01)
	N=781	N=781	N=781
	( ± 29)	( ± 29)	( ± 29)
Large	<b>.47</b>	<b>.45</b>	<b>.46</b>
	( ± .02)	( ± .02)	( ± .02)
	N=714	N=716	N=716
	( ± 21)	( ± 20)	( ± 20)
Very large	<b>.42</b>	<b>.44</b>	<b>.45</b>
	( ± .00)	( ± .00)	( ± .00)
	N=139	N=139	N=139
	( ± 0)	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$.47</b>	<b>\$.47</b>	<b>\$.48</b>
	( ± .01)	( ± .01)	( ± .01)
	N=5520	N=5504	N=5526
	( ± 194)	( ± 195)	( ± 194)

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Appendix III  
Changes in Basic Cable Rates and Services

Figure III.1: Average Monthly Charge Per  
Subscriber for Basic Service

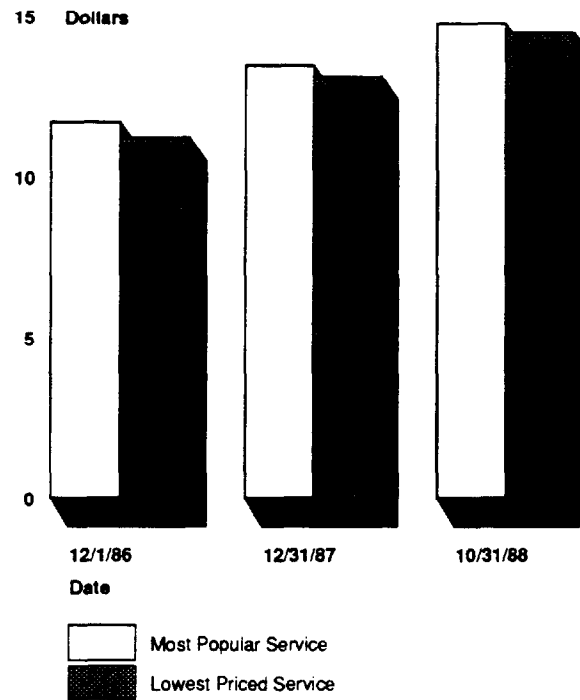
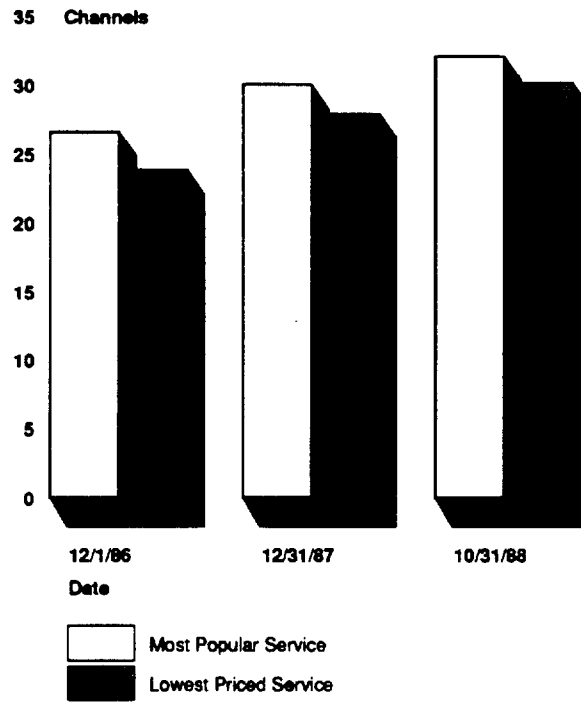


Figure III.2: Average Number of  
Channels Received Per Subscriber for  
Basic Service



**Appendix III**  
**Changes in Basic Cable Rates and Services**

**Table III.7: Changes in Rates for Lowest Priced Basic Service Tier**

<b>Change in rate</b>	<b>Percentage of subscribers with rate change between 12/1/86 and 10/31/88</b>
No change or decrease	<b>4.6</b> ( ± 1.1 )
Increase (percent)	
>0 ≤10	<b>5.2</b> ( ± 0.9 )
>10 ≤20	<b>22.4</b> ( ± 2.0 )
>20 ≤30	<b>22.5</b> ( ± 1.9 )
>30 ≤40	<b>17.3</b> ( ± 1.7 )
>40 ≤50	<b>10.0</b> ( ± 1.5 )
> 50	<b>17.9</b> ( ± 1.8 )

Note: The table above contains sampling errors for the values presented. Also,  $N=4385 \pm 201$ , which is our estimate of the number of cable systems (N) that would have responded had we surveyed all systems. The estimated number of subscribers in 1988 whose cable systems reported data for lowest priced basic rates in 1986 and 1988 is 25.4 million  $\pm$  .9 million.

**Appendix III**  
**Changes in Basic Cable Rates and Services**

**Table III.8: Number of Tiers of Basic Service Offered by Cable Systems**

Cable system size	Percentage of systems offering:					
	One tier		Two tiers		Three tiers +	
	12/1/86	10/31/88	12/1/86	10/31/88	12/1/86	10/31/88
Very small	91.0 ( $\pm 3.2$ )	93.8 ( $\pm 2.6$ )	7.8 ( $\pm 3.0$ )	4.6 ( $\pm 2.2$ )	<sup>a</sup>	<sup>a</sup>
Small	73.7 ( $\pm 4.4$ )	78.9 ( $\pm 4.0$ )	24.9 ( $\pm 4.4$ )	20.1 ( $\pm 3.9$ )	<sup>a</sup>	<sup>a</sup>
Medium	61.9 ( $\pm 3.8$ )	74.4 ( $\pm 3.4$ )	34.9 ( $\pm 3.8$ )	23.1 ( $\pm 3.3$ )	3.2 ( $\pm 1.4$ )	2.6 ( $\pm 1.2$ )
Large	52.5 ( $\pm 3.7$ )	69.8 ( $\pm 3.3$ )	40.5 ( $\pm 3.6$ )	24.1 ( $\pm 3.1$ )	7.0 ( $\pm 1.9$ )	6.1 ( $\pm 1.7$ )
Very large	51.1 ( $\pm 0.0$ )	61.2 ( $\pm 0.0$ )	38.1 ( $\pm 0.0$ )	33.1 ( $\pm 0.0$ )	10.8 ( $\pm 0.0$ )	5.8 ( $\pm 0.0$ )
All systems	76.5 ( $\pm 2.0$ )	84.1 ( $\pm 1.7$ )	20.9 ( $\pm 1.9$ )	13.6 ( $\pm 1.5$ )	2.6 ( $\pm 0.7$ )	2.3 ( $\pm 0.8$ )

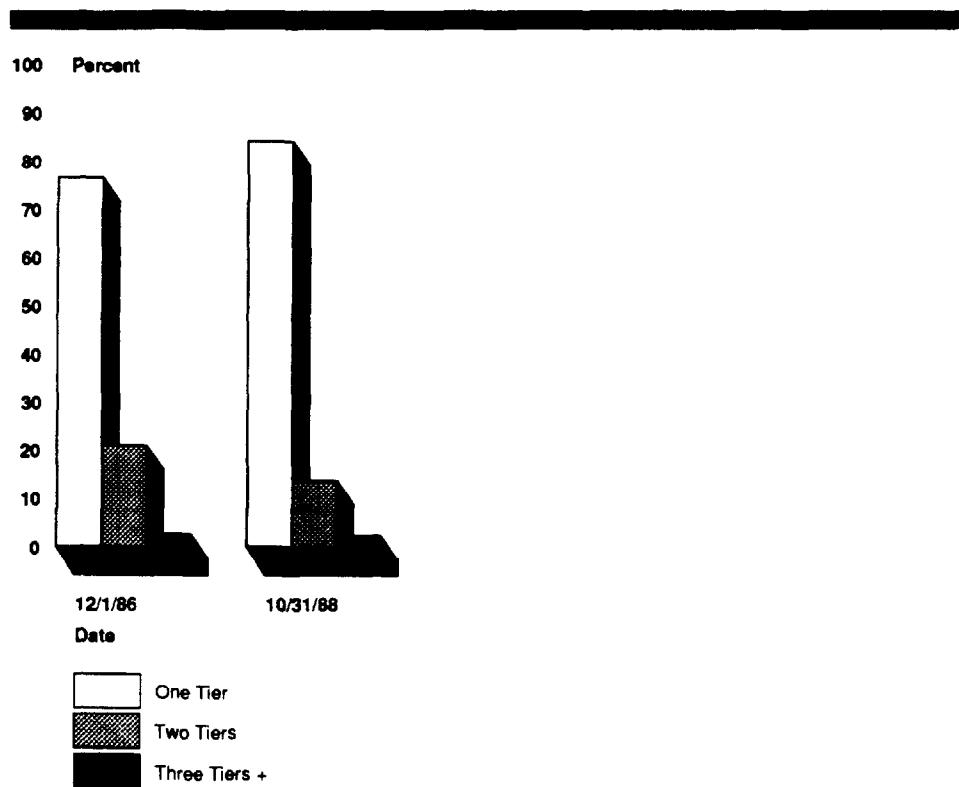
Note: The table above contains sampling errors for the values presented. Below are our estimates of the number of cable systems (N) that would have responded had we surveyed all systems

		12/1/86	10/31/88
Very small	N=	2407 $\pm$ 185	2748 $\pm$ 181
Small	N=	1078 $\pm$ 63	1128 $\pm$ 62
Medium	N=	765 $\pm$ 30	779 $\pm$ 29
Large	N=	712 $\pm$ 21	718 $\pm$ 20
Very large	N=	139 $\pm$ 0	139 $\pm$ 0
All systems	N=	5101 $\pm$ 199	5512 $\pm$ 194

<sup>a</sup>Unreliable estimate.

Appendix III  
Changes in Basic Cable Rates and Services

Figure III.3: Number of Tiers of Basic Service Offered by Cable Systems





Appendix III  
Changes in Basic Cable Rates and Services

Table III.9: Rates for Most Popular Basic Service Tier Provided by Systems That Were Regulated Prior to Effective Date of the Cable Act

Cable system size	Average monthly charge per subscriber in systems that were regulated in 1986, but not regulated in 1988	
	12/1/86	10/31/88
Very small	<b>\$11.19</b>	<b>\$14.38</b>
	( ± .63)	( ± .75)
	N=1150	N=1266
	( ± 162)	( ± 167)
Small	<b>11.09</b>	<b>14.10</b>
	( ± .51)	( ± .55)
	N=629	N=710
	( ± 65)	( ± 66)
Medium	<b>10.79</b>	<b>14.21</b>
	( ± .21)	( ± .22)
	N=456	N=480
	( ± 35)	( ± 35)
Large	<b>11.46</b>	<b>14.87</b>
	( ± .24)	( ± .23)
	N=406	N=425
	( ± 28)	( ± 28)
Very large	<b>12.08</b>	<b>14.98</b>
	( ± .00)	( ± .00)
	N=100	N=105
	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$11.58</b>	<b>\$14.76</b>
	( ± .10)	( ± .11)
	N=2740	N=2987
	( ± 180)	( ± 185)
<b>Percent increase 1986-1988</b>	<b>27.4</b>	
	( ± 1.9)	

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Appendix III  
Changes in Basic Cable Rates and Services

Table III.10: Rates for Most Popular Basic Service Tier Provided by Systems That Were Not Regulated Prior to Effective Date of the Cable Act

Cable system size	Average monthly charge per subscriber in systems that were not regulated in 1986, and not regulated in 1988	
	12/1/86	10/31/88
Very small	<b>\$11.49</b>	<b>\$13.48</b>
	( ± .50)	( ± .49)
	N=790	N=916
	( ± 141)	( ± 150)
Small	<b>11.44</b>	<b>14.44</b>
	( ± .50)	( ± .60)
	N=242	N=268
	( ± 47)	( ± 49)
Medium	<b>11.31</b>	<b>13.90</b>
	( ± .34)	( ± .39)
	N=236	N=245
	( ± 29)	( ± 30)
Large	<b>11.82</b>	<b>14.91</b>
	( ± .40)	( ± .36)
	N=253	N=264
	( ± 26)	( ± 26)
Very large	<b>13.13</b>	<b>15.88</b>
	( ± .00)	( ± .00)
	N=31	N=32
	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$12.03</b>	<b>\$14.90</b>
	( ± .20)	( ± .20)
	N=1551	N=1726
	( ± 154)	( ± 163)
<b>Percent increase 1986-1988</b>	<b>23.8</b>	
	( ± 3.5)	

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

**Appendix III**  
**Changes in Basic Cable Rates and Services**

**Table III.11: Rates for Lowest Priced Basic Service Tier Provided by Systems That Were Regulated Prior to Effective Date of the Cable Act**

<b>Cable system size</b>	<b>Average monthly charge per subscriber in systems that were regulated in 1986, but not regulated in 1988</b>	
	<b>12/1/86</b>	<b>10/31/88</b>
Very small	<b>\$10.85</b>	<b>\$14.07</b>
	( ± .39)	( ± .69)
	N=1150	N=1266
	( ± 162)	( ± 167)
Small	<b>10.80</b>	<b>13.72</b>
	( ± .44)	( ± .50)
	N=629	N=710
	( ± 65)	( ± 66)
Medium	<b>10.47</b>	<b>14.10</b>
	( ± .20)	( ± .24)
	N=456	N=480
	( ± 35)	( ± 35)
Large	<b>10.98</b>	<b>14.54</b>
	( ± .24)	( ± .23)
	N=406	N=423
	( ± 28)	( ± 28)
Very large	<b>11.46</b>	<b>14.81</b>
	( ± .00)	( ± .00)
	N=101	N=105
	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$11.06</b>	<b>\$14.49</b>
	( ± .10)	( ± .11)
	N=2741	N=2985
	( ± 180)	( ± 185)

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

Appendix III  
Changes in Basic Cable Rates and Services

Table III.12: Rates for Lowest Priced Basic Service Tier Provided by Systems That Were Not Regulated Prior to Effective Date of the Cable Act

Cable system size	Average monthly charge per subscriber in systems that were not regulated in 1986, and not regulated in 1988	
	12/1/86	10/31/88
Very small	<b>\$11.45</b>	<b>\$13.44</b>
	( ± 50)	( ± 48)
	N=790	N=916
	( ± 141)	( ± 150)
Small	<b>11.22</b>	<b>14.24</b>
	( ± 49)	( ± 60)
	N=242	N=268
	( ± 47)	( ± 49)
Medium	<b>11.06</b>	<b>13.91</b>
	( ± 38)	( ± 42)
	N=233	N=245
	( ± 29)	( ± 30)
Large	<b>11.44</b>	<b>14.57</b>
	( ± 47)	( ± 43)
	N=247	N=262
	( ± 26)	( ± 26)
Very large	<b>12.69</b>	<b>15.44</b>
	( ± 00)	( ± 00)
	N=30	N=30
	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$11.66</b>	<b>\$14.56</b>
	( ± 24)	( ± 23)
	N=1542	N=1722
	( ± 154)	( ± 163)

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

# Availability and Rates for Cable Television Options

The following tables show some typical options available to cable subscribers as of December 1986 and October 1988, and how rates and availability have changed over that period. The tables also include the sampling errors for the numbers presented, as well as estimates of the number of cable systems that would have responded had we surveyed all systems.

**Table IV.1: Availability of Options With Most Popular Basic Service Tier**

Availability	Percentage of systems providing:			
	Added outlets	Remote control	Set-top converter	Program guide
<b>Included in basic charge</b>				
12/1/86	3.6 ( $\pm 1.4$ )	2.9 ( $\pm 1.0$ )	49.4 ( $\pm 3.2$ )	25.4 ( $\pm 2.8$ )
10/31/88	10.4 ( $\pm 1.9$ )	3.4 ( $\pm 0.9$ )	54.0 ( $\pm 3.0$ )	26.4 ( $\pm 2.6$ )
<b>Added monthly charge</b>				
12/1/86	89.1 ( $\pm 2.3$ )	54.4 ( $\pm 3.2$ )	15.6 ( $\pm 2.4$ )	13.8 ( $\pm 1.6$ )
10/31/88	80.7 ( $\pm 2.5$ )	69.5 ( $\pm 2.9$ )	18.9 ( $\pm 2.4$ )	18.5 ( $\pm 2.1$ )
<b>One-time charge</b>				
12/1/86	5.5 ( $\pm 1.7$ )	4.1 ( $\pm 1.4$ )	6.8 ( $\pm 1.9$ )	<sup>a</sup>
10/31/88	7.9 ( $\pm 1.7$ )	4.7 ( $\pm 1.4$ )	7.0 ( $\pm 1.8$ )	<sup>a</sup>
<b>Not available</b>				
12/1/86	<sup>a</sup>	38.7 ( $\pm 3.2$ )	28.1 ( $\pm 3.1$ )	60.4 ( $\pm 3.0$ )
10/31/88	<sup>a</sup>	22.4 ( $\pm 2.8$ )	20.1 ( $\pm 2.7$ )	54.7 ( $\pm 2.9$ )

Note: The table above contains sampling errors for the values presented. Below are our estimates of the number of cable systems (N) that would have responded, for each option, had we surveyed all systems.

		12/1/86	10/31/88
Very small	N=	4473 $\pm$ 201	5363 $\pm$ 196
Remote control	N=	4314 $\pm$ 200	5184 $\pm$ 198
Set-top converter	N=	4198 $\pm$ 200	5051 $\pm$ 199
Program guide	N=	4196 $\pm$ 200	5053 $\pm$ 199

<sup>a</sup>Unreliable estimate.

**Appendix IV**  
**Availability and Rates for Cable**  
**Television Options**

**Table IV.2: Optional Services Offered at Extra Charge With Most Popular Basic Service Tier**

Optional service	Average extra charge per cable system	
	Monthly charge	One-time charge
<b>Additional outlet</b>		
12/1/86	<b>\$2.51</b>	<b>\$12.67</b>
	( ± 08)	( ± 1.95)
10/31/88	<b>2.77</b>	<b>13.54</b>
	( ± 08)	( ± 1.44)
<b>Remote control</b>		
12/1/86	<b>3.45</b>	<b>67.01</b>
	( ± 07)	± 10.08)
10/31/88	<b>3.41</b>	<b>60.73</b>
	( ± .15)	( ± 7.09)
<b>Set-top converter</b>		
12/1/86	<b>1.91</b>	<b>30.97</b>
	( ± .13)	( ± 3.98)
10/31/88	<b>1.91</b>	<b>29.22</b>
	( ± 10)	( ± 3.16)
<b>Program guide</b>		
12/1/86	<b>1.35</b>	<b>4.86</b>
	( ± 07)	( ± 3.55)
10/31/88	<b>1.30</b>	<b>4.22</b>
	( ± 09)	( ± 2.80)

Note: The table above contains sampling errors for the values presented. Below are our estimates of the number of cable systems (N) that would have responded, for each option, had we surveyed all systems

		Monthly charge		One-time charge	
		12/1/86	10/31/88	12/1/86	10/31/88
Added outlet	N=	3946 ± 196	4266 ± 201	236 ± 75	269 ± 77
Remote control	N=	2336 ± 156	3592 ± 188	162 ± 58	231 ± 71
Set-top converter	N=	652 ± 105	940 ± 127	209 ± 68	309 ± 87
Program guide	N=	578 ± 68	929 ± 109	<sup>a</sup>	23 ± 20

<sup>a</sup>Unreliable estimate

# Premium Cable Services

The following tables show changes in the availability, rates, and growth of premium services offered by cable systems between December 1986 and October 1988. The tables also include the sampling errors for the numbers presented, as well as estimates of the number of cable systems that would have responded had we surveyed all systems.

**Table V.1: Number of Premium Channels Available**

Cable system size	Number of channels available to average subscriber as of:	
	12/1/86	10/31/88
Very small	<b>2.5</b>	<b>3.0</b>
	( $\pm 0.4$ )	( $\pm 0.3$ )
	N=2030	N=2686
	( $\pm 185$ )	( $\pm 182$ )
Small	<b>3.3</b>	<b>3.8</b>
	( $\pm 0.2$ )	( $\pm 0.2$ )
	N=955	N=1124
	( $\pm 66$ )	( $\pm 62$ )
Medium	<b>4.1</b>	<b>4.7</b>
	( $\pm 0.2$ )	( $\pm 0.2$ )
	N=716	N=774
	( $\pm 32$ )	( $\pm 29$ )
Large	<b>4.9</b>	<b>5.3</b>
	( $\pm 0.1$ )	( $\pm 0.1$ )
	N=686	N=714
	( $\pm 22$ )	( $\pm 21$ )
Very large	<b>5.7</b>	<b>5.7</b>
	( $\pm 0.0$ )	( $\pm 0.0$ )
	N=133	N=137
	( $\pm 0$ )	( $\pm 0$ )
<b>All systems</b>	<b>4.9</b>	<b>5.2</b>
	( $\pm 0.1$ )	( $\pm 0.1$ )
	N=4520	N=5434
	( $\pm 200$ )	( $\pm 196$ )

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

Appendix V  
Premium Cable Services

Table V.2: Monthly Charge for Individual Premium Channels

Date	Average charge per system for		
	Home Box Office	Showtime	Cinemax
12/1/86	<b>\$10.46</b>	<b>\$10.32</b>	<b>\$10.00</b>
	(± 07)	(± 09)	(± 10)
	N=4073	N=2498	N=2395
	(± 194)	(± 162)	(± 157)
10/31/88	<b>10.31</b>	<b>9.95</b>	<b>9.81</b>
	(± 07)	(± 10)	(± 09)
	N=4755	N=2967	N=3069
	(± 200)	(± 174)	(± 175)

Note: The table above contains sampling errors for the values presented as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Table V.3: Cable Systems Offering Discounts for Combinations of Premium Channels

Combination	Percentage of systems
<b>Two channels</b>	
12/1/86	<b>45.1</b>
	(± 2.7)
10/31/88	<b>54.5</b>
	(± 2.9)
<b>Three channels</b>	
12/1/86	<b>30.9</b>
	(± 2.1)
10/31/88	<b>40.4</b>
	(± 2.5)
<b>Four channels</b>	
12/1/86	<b>20.5</b>
	(± 1.5)
10/31/88	<b>24.5</b>
	(± 1.7)

Note: The table above contains sampling errors for the values presented. Also, N=5533 ± 194, which is our estimate of the number of cable systems (N) that would have responded had we surveyed all systems



Table V.4: Monthly Charge for Packages of Premium Channels

Date	Average charge per cable system for		
	Two channels	Three channels	Four channels
12/1/86	<b>\$18.64</b>	<b>\$26.47</b>	<b>\$34.28</b>
	( ± 19)	( ± 31)	( ± 43)
	N=2495	N=1710	N=1133
	( ± 161)	( ± 115)	( ± 82)
10/31/88	<b>17.82</b>	<b>25.16</b>	<b>32.61</b>
	( ± 22)	( ± 32)	( ± 40)
	N=3009	N=2215	N=1347
	( ± 174)	( ± 137)	( ± 89)

Note: The table above contains sampling errors for the values presented as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Appendix V  
Premium Cable Services

Table V.5: Growth in Total Number of  
Subscribers to Premium Channels

Cable system size	Percent increase between 12/1/86 and 10/31/88
Very small	15.3
	( ± 7.9)
	N=1814
	( ± 182)
Small	11.6
	( ± 3.6)
	N=733
	( ± 66)
Medium	14.9
	( ± 2.4)
	N=557
	( ± 35)
Large	17.2
	( ± 4.2)
	N=591
	( ± 26)
Very large	10.7
	( ± 0.0)
	N=122
	( ± 0)
All systems	13.9
	( ± 1.7)
	N=3816
	( ± 199)

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems. The estimated number of premium channel subscribers in 1986 whose cable systems reported premium subscription rates for 1986 and 1988 is 13.2 million ± 5 million.

**Appendix V**  
**Premium Cable Services**

**Table V.6: Cable Subscribers Purchasing One or More Premium Channels**

Cable system size	Percentage of subscribers on:	
	12/1/86	10/31/88
Very small	<b>40.7</b>	<b>40.3</b>
	( $\pm 3.9$ )	( $\pm 3.6$ )
	N=1734	N=2228
	( $\pm 181$ )	( $\pm 186$ )
Small	<b>41.6</b>	<b>41.0</b>
	( $\pm 4.6$ )	( $\pm 3.5$ )
	N=721	N=924
	( $\pm 66$ )	( $\pm 66$ )
Medium	<b>41.2</b>	<b>42.7</b>
	( $\pm 2.1$ )	( $\pm 1.7$ )
	N=552	N=635
	( $\pm 35$ )	( $\pm 34$ )
Large	<b>49.4</b>	<b>50.4</b>
	( $\pm 1.7$ )	( $\pm 1.6$ )
	N=579	N=646
	( $\pm 26$ )	( $\pm 24$ )
Very large	<b>57.2</b>	<b>54.6</b>
	( $\pm 0.0$ )	( $\pm 0.0$ )
	N=119	N=130
	( $\pm 0$ )	( $\pm 0$ )
<b>All systems</b>	<b>50.4</b>	<b>49.9</b>
	( $\pm 0.8$ )	( $\pm 0.7$ )
	N=3704	N=4563
	( $\pm 197$ )	( $\pm 201$ )

Note: The table above contains sampling errors for the values presented, as well as estimates of the number of cable systems (N) that would have responded had we surveyed all systems. The estimated number of subscribers whose cable systems reported both total and premium subscription data is 25.6 million  $\pm$  8 million in 1986 and 33.0 million  $\pm$  9 million in 1988.

# Revenue to Cable Systems Per Subscriber

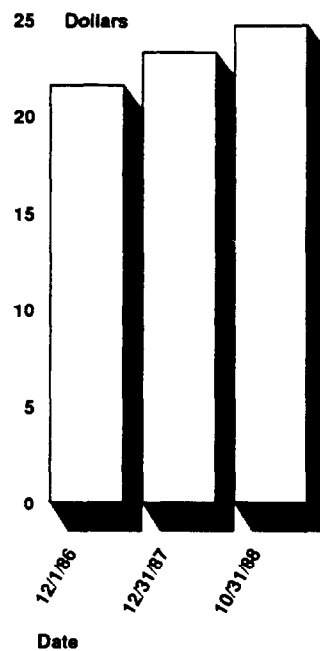
The following tables show changes in monthly revenues to cable operators per subscriber over the 23-month period covered by our survey, December 1986 through October 1988. The tables also include the sampling errors for the numbers presented, as well as estimates of the number of cable systems that would have responded had we surveyed all systems.

**Table VI.1: Average Monthly Cable System Revenue Generated by Each Subscriber**

Cable system size	Average revenue per subscriber on:		
	12/1/86	12/31/87	10/31/88
Very small	<b>\$17.61</b>	<b>\$18.90</b>	<b>\$20.10</b>
	( ± 89)	( ± 1 01)	( ± 88)
	N=1617	N=2093	N=2389
	( ± 178)	( ± 185)	( ± 185)
Small	<b>18.26</b>	<b>19.91</b>	<b>21.46</b>
	( ± 71)	( ± 65)	( ± 68)
	N=779	N=905	N=978
	( ± 67)	( ± 66)	( ± 65)
Medium	<b>19.03</b>	<b>20.84</b>	<b>22.32</b>
	( ± 44)	( ± 42)	( ± 41)
	N=599	N=640	N=678
	( ± 34)	( ± 34)	( ± 33)
Large	<b>21.30</b>	<b>23.35</b>	<b>25.06</b>
	( ± 47)	( ± 45)	( ± 47)
	N=628	N=656	N=670
	( ± 25)	( ± 24)	( ± 23)
Very large	<b>23.72</b>	<b>25.16</b>	<b>26.28</b>
	( ± 00)	( ± 00)	( ± 00)
	N=125	N=130	N=133
	( ± 0)	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$21.58</b>	<b>\$23.29</b>	<b>\$24.68</b>
	( ± 21)	( ± 21)	( ± 21)
	N=3748	N=4424	N=4848
	( ± 195)	( ± 201)	( ± 201)
<b>Percent increase 1986-1988</b>	<b>14.4</b>		
	( ± 2.5)		

Note: The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Figure VI.1: Average Monthly Cable System Revenue Generated by Each Subscriber



Appendix VI  
Revenue to Cable Systems Per Subscriber

Table VI.2: Revenue Generated Per Subscriber by Systems That Were Regulated Prior to Effective Date of the Cable Act

Cable system size	Average monthly revenue per subscriber in systems that were regulated in 1986, but not regulated in 1988	
	12/1/86	10/31/88
Very small	<b>\$17.76</b>	<b>\$21.06</b>
	( ± 1.29)	( ± 1.19)
	N=835	N=1096
	( ± 145)	( ± 160)
Small	<b>18.33</b>	<b>21.61</b>
	( ± .91)	( ± .88)
	N=518	N=621
	( ± 62)	( ± 65)
Medium	<b>18.80</b>	<b>22.38</b>
	( ± .47)	( ± .47)
	N=386	N=422
	( ± 34)	( ± 34)
Large	<b>21.19</b>	<b>25.06</b>
	( ± .55)	( ± .58)
	N=372	N=394
	( ± 28)	( ± 28)
Very large	<b>23.84</b>	<b>26.44</b>
	( ± .00)	( ± .00)
	N=96	N=104
	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$21.73</b>	<b>\$24.93</b>
	( ± .23)	( ± .24)
	N=2207	N=2637
	( ± 163)	( ± 178)

Note: The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems

Appendix VI  
Revenue to Cable Systems Per Subscriber

Table VI.3: Revenue Generated Per Subscriber by Systems That Were Not Regulated Prior to Effective Date of the Cable Act

Cable system size	Average monthly revenue per subscriber in systems that were not regulated in 1986, and not regulated in 1988	
	12/1/86	10/31/88
Very small	<b>\$17.40</b>	<b>\$19.42</b>
	( ± 1.27)	( ± 1.02)
	N=638	N=799
	( ± 130)	( ± 142)
Small	<b>17.54</b>	<b>20.26</b>
	( ± .81)	( ± .94)
	N=211	N=249
	( ± 45)	( ± 48)
Medium	<b>19.57</b>	<b>22.27</b>
	( ± .88)	( ± .81)
	N=193	N=215
	( ± 27)	( ± 28)
Large	<b>21.64</b>	<b>25.11</b>
	( ± .85)	( ± .81)
	N=249	N=260
	( ± 26)	( ± 26)
Very large	<b>23.28</b>	<b>25.62</b>
	( ± .00)	( ± .00)
	N=29	N=29
	( ± 0)	( ± 0)
<b>All systems</b>	<b>\$21.41</b>	<b>\$24.37</b>
	( ± .47)	( ± .47)
	N=1319	N=1554
	( ± 142)	( ± 155)

Note: The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems

# Changes in Cable System Subscriptions and Other Information

The following tables show changes that occurred from December 1986 through October 1988 in a number of categories, including cable system subscribers, as well as background information about several aspects of cable system operations. The tables also include the sampling errors for the numbers presented, as well as estimates of the number of cable systems that would have responded had we surveyed all systems.

**Table VII.1: Growth in Total Cable Subscriptions**

<b>Cable system size</b>	<b>Percent increase in subscribers between 12/1/86 and 10/31/88</b>
Very small	<b>15.1</b>
	( $\pm 5.9$ )
	N=2048
	( $\pm 185$ )
Small	<b>10.6</b>
	( $\pm 1.9$ )
	N=955
	( $\pm 66$ )
Medium	<b>12.0</b>
	( $\pm 1.4$ )
	N=720
	( $\pm 31$ )
Large	<b>16.4</b>
	( $\pm 2.5$ )
	N=686
	( $\pm 22$ )
Very Large	<b>15.3</b>
	( $\pm 0.0$ )
	N=132
	( $\pm 0$ )
<b>All systems</b>	<b>15.0</b>
	( $\pm 1.1$ )
	N=4541
	( $\pm 200$ )

Note: The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems. Also, our survey results for growth in cable subscriptions reflect responses from cable operators reporting data for both 1986 and 1988. Our estimate is conservative in that it does not take into account subscriber growth from systems new since 1986, or systems for which 1986 data were not reported due to changes in ownership or other reasons. The estimated total number of subscribers in 1986 whose cable systems reported data for both 1986 and 1988 are 29.8 million  $\pm$  8 million.



**Appendix VII**  
**Changes in Cable System Subscriptions and**  
**Other Information**

**Table VII.2: Changes in Cable System Penetration**

Cable system size	Percent penetration on: <sup>a</sup>	
	12/1/86	10/31/88
Very small	<b>55.5</b>	<b>56.1</b>
	( $\pm 4.8$ )	( $\pm 3.9$ )
	N=1958	N=2623
	( $\pm 184$ )	( $\pm 183$ )
Small	<b>64.1</b>	<b>64.0</b>
	( $\pm 2.4$ )	( $\pm 2.3$ )
	N=890	N=1078
	( $\pm 66$ )	( $\pm 63$ )
Medium	<b>63.4</b>	<b>64.1</b>
	( $\pm 1.8$ )	( $\pm 1.8$ )
	N=676	N=756
	( $\pm 33$ )	( $\pm 30$ )
Large	<b>57.6</b>	<b>58.0</b>
	( $\pm 1.5$ )	( $\pm 1.5$ )
	N=674	N=706
	( $\pm 23$ )	( $\pm 21$ )
Very large	<b>49.7</b>	<b>52.6</b>
	( $\pm 0.0$ )	( $\pm 0.0$ )
	N=133	N=136
	( $\pm 0$ )	( $\pm 0$ )
<b>All systems</b>	<b>55.5</b>	<b>57.1</b>
	( $\pm 0.6$ )	( $\pm 0.7$ )
	N=4330	N=5299
	( $\pm 200$ )	( $\pm 197$ )

Note: The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems. Also, the estimated total number of homes accessible to cable in systems reporting data in 1986 and 1988 for both homes accessible and total subscribers are 52.7 million  $\pm$  1.5 million, and 63.0 million  $\pm$  1.8 million homes, respectively.

<sup>a</sup>Number of subscribers/number of homes accessible to the cable system.

**Appendix VII**  
**Changes in Cable System Subscriptions and**  
**Other Information**

**Table VII.3: Distribution of Subscribers  
Among Cable Systems**

<b>Cable system size</b>	<b>Percentage of subscribers on:</b>	
	<b>12/1/86</b>	<b>10/31/88</b>
Very small	<b>3.4</b> ( $\pm 0.7$ )	<b>4.1</b> ( $\pm 0.8$ )
Small	<b>7.0</b> ( $\pm 1.0$ )	<b>7.3</b> ( $\pm 0.9$ )
Medium	<b>13.9</b> ( $\pm 0.8$ )	<b>13.9</b> ( $\pm 0.7$ )
Large	<b>41.4</b> ( $\pm 1.4$ )	<b>41.4</b> ( $\pm 1.4$ )
Very large	<b>34.3</b> ( $\pm 0.9$ )	<b>33.2</b> ( $\pm 0.8$ )

Note: The estimated number of subscribers in systems reporting total subscribers are 29.9 million  $\pm$  .8 million in 1986, and 36.5 million  $\pm$  .9 million in 1988. Also, the table above contains sampling errors for the values presented. Below are our estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

12/01/86 - N=4542  $\pm$  200  
10/31/88 - N=5448  $\pm$  195

Appendix VII  
Changes in Cable System Subscriptions and  
Other Information

Table VII.4: Growth in Number of Homes  
Accessible to Cable

Cable system size	Percent increase between 12/1/86 and 10/31/88
Very small	<b>40.9</b>
	( $\pm 26.9$ )
	N=2695
	( $\pm 182$ )
Small	<b>23.8</b>
	( $\pm 7.7$ )
	N=1078
	( $\pm 63$ )
Medium	<b>20.6</b>
	( $\pm 5.2$ )
	N=759
	( $\pm 30$ )
Large	<b>19.0</b>
	( $\pm 4.5$ )
	N=708
	( $\pm 21$ )
Very large	<b>8.8</b>
	( $\pm 0.0$ )
	N=138
	( $\pm 0$ )
<b>All systems</b>	<b>16.2</b>
	( $\pm 2.1$ )
	N=5377
	( $\pm 196$ )

Note: The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems. Also, the estimated total number of homes accessible to cable in 1986 are 54.8 million  $\pm$  1.5 million.

**Appendix VII**  
**Changes in Cable System Subscriptions and**  
**Other Information**

**Table VII.5: Number of Over-The-Air  
Channels Available in Cable Community**

<b>Cable system size</b>	<b>Number of channels available to average subscriber on 10-31-88</b>
Very small	<b>6.7</b>
	( $\pm 0.8$ )
	N=2605
	( $\pm 183$ )
Small	<b>7.2</b>
	( $\pm 0.4$ )
	N=1066
	( $\pm 63$ )
Medium	<b>8.4</b>
	( $\pm 0.3$ )
	N=759
	( $\pm 30$ )
Large	<b>9.0</b>
	( $\pm 0.3$ )
	N=700
	( $\pm 21$ )
Very large	<b>9.0</b>
	( $\pm 0.0$ )
	N=136
	( $\pm 0$ )
<b>All systems</b>	<b>8.7</b>
	( $\pm 0.2$ )
	N=5265
	( $\pm 197$ )

Note: The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

Appendix VII  
Changes in Cable System Subscriptions and  
Other Information

Table VII.6: Number of Active Channels  
Carried by Cable Systems

Cable system size	Number of channels available to average subscriber on	
	12/1/86	10/31/88
Very small	<b>18.9</b> ( $\pm 1.7$ ) N=2048 ( $\pm 185$ )	<b>23.2</b> ( $\pm 2.6$ ) N=2695 ( $\pm 182$ )
Small	<b>23.6</b> ( $\pm 0.9$ ) N=951 ( $\pm 66$ )	<b>28.4</b> ( $\pm 1.1$ ) N=1124 ( $\pm 62$ )
Medium	<b>28.2</b> ( $\pm 1.1$ ) N=718 ( $\pm 32$ )	<b>34.0</b> ( $\pm 1.1$ ) N=777 ( $\pm 29$ )
Large	<b>33.6</b> ( $\pm 0.9$ ) N=678 ( $\pm 23$ )	<b>39.4</b> ( $\pm 1.0$ ) N=712 ( $\pm 21$ )
Very large	<b>38.2</b> ( $\pm 0.0$ ) N=133 ( $\pm 0$ )	<b>41.8</b> ( $\pm 0.0$ ) N=137 ( $\pm 0$ )
<b>All systems</b>	<b>33.2</b> ( $\pm 0.4$ ) N=4528 ( $\pm 200$ )	<b>37.9</b> ( $\pm 0.5$ ) N=5444 ( $\pm 195$ )

Note: The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

Table VII.7: Year Cable Service Became  
Available in Community

Year cable service began	Percentage of systems
Before 1960	<b>7.0</b> ( $\pm 1.2$ )
1960-1969	<b>21.6</b> ( $\pm 2.1$ )
1970-1979	<b>23.2</b> ( $\pm 2.3$ )
1980 and after	<b>48.2</b> ( $\pm 2.9$ )

Note: The table above contains sampling errors for the values presented. Also, N=4891  $\pm$  200, which is our estimate of the number of cable systems (N) that would have responded had we surveyed all systems.

**Appendix VII**  
**Changes in Cable System Subscriptions and**  
**Other Information**

**Table VII.8: Changes in Cable System Ownership Since 12/29/86**

<b>Ownership</b>	<b>Percentage of systems</b>
Changed	<b>34.1</b> ( $\pm 2.9$ )

Note: The table above contains the sampling error for the value presented. Also,  $N=5483 \pm 195$  which is our estimate of the number of cable systems (N) that would have responded had we surveyed all systems.

**Table VII.9: Availability of Discounts for Low Income or Elderly Subscribers as of 10/31/88**

<b>Availability</b>	<b>Percentage of systems</b>
Discounts offered	<b>17.7</b> ( $\pm 2.0$ )

Note: The table above contains the sampling error for the value presented. Also,  $N=5413 \pm 196$  which is our estimate of the number of cable systems (N) that would have responded had we surveyed all systems.

**Table VII.10: Regulation of Basic Cable Service Rates**

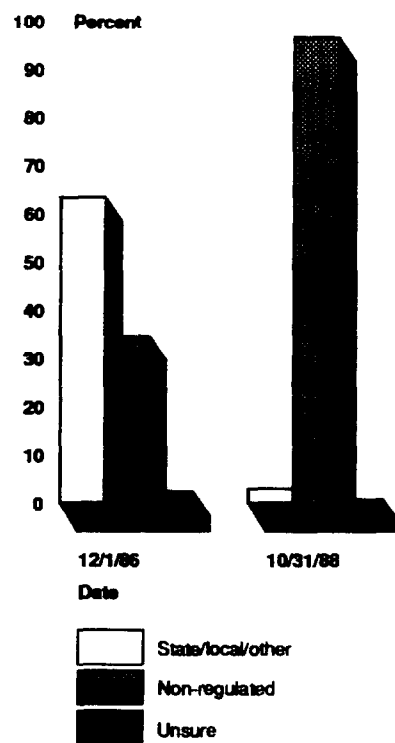
<b>Regulation</b>	<b>Percentage of</b>	
	<b>Systems</b>	<b>Subscribers</b>
State/local/other		
12/1/86	<b>63.2</b> ( $\pm 2.9$ )	<b>70.0</b> ( $\pm 1.9$ )
10/31/88	<b>2.9</b> ( $\pm 1.1$ )	<b>0.8</b> ( $\pm 0.3$ )
Not regulated		
12/1/86	<b>34.5</b> ( $\pm 2.9$ )	<b>29.5</b> ( $\pm 1.8$ )
10/31/88	<b>96.4</b> ( $\pm 1.2$ )	<b>99.2</b> ( $\pm 0.3$ )
Unsure		
12/1/86	<b>2.3</b> ( $\pm 1.0$ )	<b>0.6</b> ( $\pm 0.3$ )
10/31/88	<b>0.7</b> ( $\pm 0.6$ )	<b>0.1</b> ( $\pm 0.0$ )

Note: The estimated total number of subscribers whose systems reported regulatory status are 29.9 million  $\pm$  8 million for 1986, and 36.3 million  $\pm$  9 million for 1988. Also, the table above contains sampling errors for the values presented. Below are our estimates of the number of cable systems (N) that would have responded had we surveyed all systems.

	<b>Systems</b>	<b>Subscribers</b>
12/01/86 - N=	5059 $\pm$ 199	4518 $\pm$ 200
10/31/88 - N=	5488 $\pm$ 195	5412 $\pm$ 196

Appendix VII  
Changes in Cable System Subscriptions and  
Other Information

Figure VII.1: Regulation of Basic Cable  
Service Rates



**Appendix VII**  
**Changes in Cable System Subscriptions and**  
**Other Information**

**Table VII.11: Initial Installation Charge for Basic Cable Service**

<b>Cable system size</b>	<b>Average charge per system on:</b>	
	<b>12/1/86</b>	<b>10/31/88</b>
Very small	<b>\$23.55</b>	<b>\$25.60</b>
	( ± 1.48)	( ± 1.02)
	N=2263	N=2731
	( ± 186)	( ± 181)
Small	<b>22.41</b>	<b>25.90</b>
	( ± 1.27)	( ± 1.26)
	N=1055	N=1116
	( ± 64)	( ± 62)
Medium	<b>23.14</b>	<b>25.86</b>
	( ± .75)	( ± .64)
	N=756	N=781
	( ± 30)	( ± 29)
Large	<b>24.54</b>	<b>28.77</b>
	( ± .60)	( ± .62)
	N=710	N=716
	( ± 21)	( ± 20)
Very large	<b>25.02</b>	<b>29.22</b>
	( ± .00)	( ± .00)
	N=139	N=139
	( ± 0)	( ± 0)
<b>All systems</b>	<b>23.43</b>	<b>26.21</b>
	( ± .75)	( ± .58)
	N=4923	N=5482
	( ± 200)	( ± 195)

Note. The table above contains sampling errors for the values presented, as well as our estimates of the number of cable systems (N) that would have responded had we surveyed all systems



# Survey Questionnaire

United States General Accounting Office



## Survey of Rates and Services Offered by Cable Television Systems

### Introduction

The U.S. General Accounting Office (GAO) assists the U.S. Congress in evaluating federal programs and issues which affect government operations. As a part of a congressionally requested review by the Chairman, Subcommittee on Telecommunications and Finance, House Committee on Energy and Commerce, we are surveying cable systems to identify the rates charged and services offered. In addition, GAO staff will visit several cable systems to gain a greater understanding of rates charged and services offered.

This cable system was selected as part of a nationwide sample of cable systems. Because this cable system represents other cable systems with a similar number of subscribers, your response is **essential** to the success of this study. Furthermore, if you manage more than one cable system, you may receive more than one questionnaire to complete. However, you may not receive a questionnaire for every cable system you manage. It is **essential** to the success of this study that you complete **all** the questionnaires you receive.

*Please complete this questionnaire only for the cable system which is described in the label which appears on the bottom of this page.* Through the analysis of the data you provide, we hope to obtain an objective assessment of how rates and services may have changed since cable rate deregulation. With your earnest effort to respond to the questions, we should be able to provide a quality report with statistically valid information to the Congress.

Your answers will be **confidential**. Your response will be combined with those of other cable systems and will be **reported in summary form only**. No individual cable system's or company's responses will be identified.

Please complete the questionnaire within 10 days of its receipt. A self-addressed business-reply envelope is enclosed for returning your completed questionnaire.

Space is provided at the end of the questionnaire for any comments or insight into cable television rates you may wish to make. If you have any questions please call collect either Tom Heck or Jackie Cook at (202) 634-6284.

We sincerely appreciate your effort in filling out the questionnaire and helping us to provide accurate and timely information to the Congress. If the business-reply envelope has been misplaced, please return your completed questionnaire to:

Mr. John Ols  
Associate Director  
U.S. General Accounting Office  
Room 4476  
441 G Street, N.W.  
Washington, D.C. 20548

Appendix VIII  
Survey Questionnaire

1. On October 31, 1988, how many subscribers did this cable system serve? *(Enter number)*

**DEFINITION:** Subscribers refers to the total of individual subscribers and subscribers billed on a bulk-rate basis (e.g., if the basic tier service is \$10 and a 200-unit apartment building is billed \$500, then you would count \$500/\$10=50 subscribers).

\_\_\_\_\_ Total number of subscribers

(17-18)

2. Were any subscribers to this cable system subject to different rate structures based on factors such as geographic location or date of connection? *(Check one.)*

(19)

1. ☐ Yes

2. ☐ No ———→ SKIP TO QUESTION 4

3. Of the total number of subscribers indicated in question 1, how many were subject to the most common rate structure? *(Enter number)*

\_\_\_\_\_ Number of subscribers belonging to the most common rate structure

(16-21)

**IMPORTANT PLEASE READ:** Complete the rest of this questionnaire only for those subscribers you listed in QUESTION 3. For example, if you had a total of 10,000 subscribers for this system but only 9,000 listed in Question 3 then answer the rest of the questionnaire **ONLY** for the 9,000 subscribers.

Appendix VIII  
Survey Questionnaire

I. BASIC SERVICE INFORMATION

Basic service generally refers to any service tier which includes the retransmission of an off-air television signal. A signal includes any channel which can be received without special equipment (e.g., antennas on tall masts). Basic service may also include a number of cable networks such as CNN, ESPN, C-SPAN, etc. By first tier we mean the lowest level of service while the second tier and third tier (etc.) represent expanded basic service.

If you only have ONE tier of basic service, answer Questions 4 through 9 ONLY for tier one.

4. How many tiers of basic service did this cable system offer on the following dates? (Check one box per date)

(22-24)

	Tiers of Basic Service			
	1	2	3	4 or More
1. December 1, 1986				
2. December 31, 1987				
3. October 31, 1988				

5. For the dates listed, what is the lowest basic service tier, if any, a subscriber must take to buy a premium channel (such as Home Box Office)? (Check one box per date)

(25-27)

	Basic Service Tier 1	Basic Service Tier 2	Basic Service Tier 3	Basic Service Not Required
	(1)	(2)	(3)	(4)
1. December 1, 1986				
2. December 31, 1987				
3. October 31, 1988				

6. For each of the following dates, how much did this cable system charge for the initial installation, aerial or underground, of the basic service most typically requested by this system's subscribers? Exclude any discounts available for reducing subscribers' cost for installation. (Enter dollars and cents)

(28-42)

	Initial Installation
1. December 1, 1986	\$ .
2. December 31, 1987	\$ .
3. October 31, 1988	\$ .

Appendix VIII  
Survey Questionnaire

7. Please fill out the tables on the next page concerning this cable system's **basic service** based on the instructions and definitions below.

---

A. In **Column A** please provide the number of basic channels offered by this cable system which corresponds to the specific tier of basic service for the dates listed. *(Enter number)*

**EXAMPLE:** If your "First Tier" has 20 channels and your "Second Tier" has an **additional** 30 channels, then enter 20 for "First Tier" and 50 for "Second Tier."

---

---

B. In **Column B** please enter the amount this cable system charged monthly for basic service, including all franchise fees for the specific tier of basic service during the dates listed. *(Enter dollars and cents)*

**DEFINITION:** Basic service refers to any service tier which includes the retransmission of an off-air television signal. A signal includes any channel which can be received without special equipment (e.g., antennas on tall masts). Basic service may also include a number of cable networks such as CNN, ESPN, C-SPAN, etc.

**EXAMPLE:** If this cable system charges \$10.95 for the "First Tier" of basic service and charges an **additional** \$5.00 for the "Second Tier," then put \$10.95 for the "First Tier" and \$15.95 for the "Second Tier."

---

**Appendix VIII  
Survey Questionnaire**

**REMEMBER:** If you checked in Question 1 that all subscribers have the same rate structure, then answer the following questions for all subscribers; if you checked that there were different rate structures, then answer only for the subscribers you listed in Question 3.

**NOTE:** If this system has only ONE tier of basic service answer the part of this table for Tier I only.

**Tier I:** Please complete Columns A to B for the basic service tier with the lowest level of service.

(43-62)

	<b>COLUMN A</b>	<b>COLUMN B</b>
	Number of Basic Channels Offered	Monthly Basic Service Rate Charge
<b>BASIC SERVICE TIER I</b>		
1. December 1, 1986		\$ .
2. December 31, 1987		\$ .
3. October 31, 1988		\$ .

**Tier II:** Please complete Columns A to B for the basic service tier with the next level of service. If this cable system does not have a second tier of basic service, then skip to Question 8.

2(7-27)

	<b>COLUMN A</b>	<b>COLUMN B</b>
	Number of Basic Channels Offered	Monthly Basic Service Rate Charge
<b>BASIC SERVICE TIER II</b>		
1. December 1, 1986		\$ .
2. December 31, 1987		\$ .
3. October 31, 1988		\$ .

**Tier III:** Please complete Columns A to B for the basic service tier with the next level of service. If this cable system does not have a third tier of basic service, then skip to Question 8.

(28-48)

	<b>COLUMN A</b>	<b>COLUMN B</b>
	Number of Basic Channels Offered	Monthly Basic Service Rate Charge
<b>BASIC SERVICE TIER III</b>		
1. December 1, 1986		\$ .
2. December 31, 1987		\$ .
3. October 31, 1988		\$ .

Appendix VIII  
Survey Questionnaire

**REMEMBER:** If you checked in Question 1 that all subscribers have the same rate structure, then answer the following questions for **all** subscribers; if you checked that there were different rate structures, then answer **only** for the subscribers you listed in Question 3.

8. Corresponding to the basic service for Tiers I, II and III you described in Question 7, please specify how many subscribers were billed for the following tiers of basic service for the dates listed. Also, please enter the total number of subscribers in the last column.

**DEFINITION:** Subscribers refers to the total of individual subscribers and subscribers billed on a bulk-rate basis (e.g., if the basic tier service is \$10 and a 200-unit apartment building is billed \$500, then you would count  $\$500/\$10=50$  subscribers).

**NOTE:** If this cable system has more than 3 basic service tiers the total will equal **MORE** than the sum of Tiers I, II and III.

3(7-80)

**NUMBER OF BASIC SUBSCRIBERS**

	Tier I	Tier II	Tier III	Total Number of Subscribers
1. December 1, 1986				
2. December 31, 1987				
3. October 31, 1988				

Appendix VIII  
Survey Questionnaire

9. Consider the following ways that subscribers can pay for options that may be available from this system:

- NOT AVAILABLE -- Option is not offered
- INCLUDED IN TIER CHARGE -- Option is included in the cost of the basic service tier
- EXTRA MONTHLY CHARGE -- option is available only for an additional monthly charge
- ONE-TIME CHARGE -- option is available only for an additional one-time charge

On the following tables, please check the way that best describes how subscribers in each basic service tier paid for the following options on the dates listed below. If you checked either "Extra Monthly Charge" or "One-Time Charge" please enter the amount charged (excluding any deposits or installation charges) in the column provided. (Enter dollars and cents)

Tier I - Lowest Tier of Basic Service

4(7-88)

CHECK ONE					
	Not Available (1)	Included in Tier Charge (2)	Extra Monthly Charge (3)	One-Time Charge (4)	Amount of Additional Charge (1)
<b>A. ONE ADDITIONAL OUTLET</b>					
1. December 1, 1986					\$ .
2. December 31, 1987					\$ .
3. October 31, 1988					\$ .
<b>B. REMOTE CONTROL CONVERTOR</b>					
4. December 1, 1986					\$ .
5. December 31, 1987					\$ .
6. October 31, 1988					\$ .
<b>C. SET TOP CONVERTOR</b>					
7. December 1, 1986					\$ .
8. December 31, 1987					\$ .
9. October 31, 1988					\$ .
<b>D. SYSTEM PROGRAM GUIDE</b>					
10. December 1, 1986					\$ .
11. December 31, 1987					\$ .
12. October 31, 1988					\$ .

**Appendix VIII  
Survey Questionnaire**

**Tier II - Second Tier of Basic Service**

5/7-88

NOTE -- Fill out this table only if this system has at least **TWO** tiers of basic service. If this system has only **ONE** basic service tier, then skip to Question 10.

CHECK ONE					
	Not Available (1)	Included in Tier Charge (2)	Extra Monthly Charge (3)	One-Time Charge (4)	Amount of Additional Charge (1)
<b>A. ONE ADDITIONAL OUTLET</b>					
1. December 1, 1986					\$ .
2. December 31, 1987					\$ .
3. October 31, 1988					\$ .
<b>B. REMOTE CONTROL CONVERTOR</b>					
4. December 1, 1986					\$ .
5. December 31, 1987					\$ .
6. October 31, 1988					\$ .
<b>C. SET TOP CONVERTOR</b>					
7. December 1, 1986					\$ .
8. December 31, 1987					\$ .
9. October 31, 1988					\$ .
<b>D. SYSTEM PROGRAM GUIDE</b>					
10. December 1, 1986					\$ .
11. December 31, 1987					\$ .
12. October 31, 1988					\$ .



Appendix VIII  
Survey Questionnaire

Tier III - Third Tier of Basic Service

6/7-88

NOTE -- Fill out this table only if this system has at least **THREE** tiers of basic service. If this system has only **TWO** basic service tiers, then skip to Question 10.

CHECK ONE					
	Not Available (1)	Included in Tier Charge (2)	Extra Monthly Charge (3)	One-Time Charge (4)	Amount of Additional Charge (1)
<b>A. ONE ADDITIONAL OUTLET</b>					
1. December 1, 1986					\$
2. December 31, 1987					\$
3. October 31, 1988					\$
<b>B. REMOTE CONTROL CONVERTOR</b>					
4. December 1, 1986					\$
5. December 31, 1987					\$
6. October 31, 1988					\$
<b>C. SET TOP CONVERTOR</b>					
7. December 1, 1986					\$
8. December 31, 1987					\$
9. October 31, 1988					\$
<b>D. SYSTEM PROGRAM GUIDE</b>					
10. December 1, 1986					\$
11. December 31, 1987					\$
12. October 31, 1988					\$

Appendix VIII  
Survey Questionnaire

II. PREMIUM SERVICE INFORMATION

**REMEMBER:** If you checked in Question 1 that all subscribers have the same rate structure, then answer the following questions for **all** subscribers; if you checked that there were different rate structures, then answer **only** for the subscribers you listed in Question 3.

10. For the following dates, what was the number of premium channels offered by this cable system? Please **exclude** pay-per-view channels. (Enter number)

(87-72)

	Number of Premium Channels
1. December 1, 1986	
2. December 31, 1987	
3. October 31, 1988	

11. For the following dates how many **subscribers** (pay households) paid for one or more premium channels to this cable system? (Enter number)

(77-27)

	Number of Subscribers
1. December 1, 1986	
2. December 31, 1987	
3. October 31, 1988	

12. For the following dates how many premium channel **subscriptions** (pay units), including those billed on a bulk rate, were billed by this cable system? (Enter number)

**NOTE:** For the purposes of this question if a subscriber had HBO and the Disney channel, then you would count 2 subscriptions in this question.

In addition to individual subscribers, if a subscriber is billed on a bulk-rate, then follow this example: Suppose your HBO rate is \$15 and your Disney channel rate is \$10, and a 100-unit apartment building is billed \$300 for HBO plus \$150 for the Disney channel, then you would count  $\$300/\$15=20$  subscriptions plus  $\$150/\$10=15$  subscriptions, that is 35 subscriptions in total.

(28-61)

	Number of Subscriptions
1. December 1, 1986	
2. December 31, 1987	
3. October 31, 1988	

Appendix VIII  
Survey Questionnaire

13. For the following dates, what was a subscriber's monthly non-package (a la carte) rate for each of the premium channels listed? (Enter dollars and cents) (If this cable system does not offer a non-package (a la carte) rate for the listed premium channel, then check "Not Offered A La Carte"; if this system does not carry this channel, then check "Not Offered At All.")

B7-611

	Per Month Charge (1)	Not Offered A La Carte (2)	Not Offered At All (3)
<b>Home Box Office</b>			
1. December 1, 1986	\$ .		
2. December 31, 1987	\$ .		
3. October 31, 1988	\$ .		
<b>Showtime</b>			
4. December 1, 1986	\$ .		
5. December 31, 1987	\$ .		
6. October 31, 1988	\$ .		
<b>Cinemax</b>			
7. December 1, 1986	\$ .		
8. December 31, 1987	\$ .		
9. October 31, 1988	\$ .		

Appendix VIII  
Survey Questionnaire

14. At any time during the time period from December 1, 1986 to October 31, 1988, did this cable system offer monthly discounts to subscribers who ordered more than one premium channel as a package or combination? (Check one.)

1. ☐ Yes, this cable system offered a premium channel combination discount ———→ **CONTINUE TO QUESTION 15**

2. ☐ This cable system did not offer a premium channel combination discount ———→ **SKIP TO QUESTION 16**

15. Consider this system's most popular two, three, and four premium channel **discount** combinations. Excluding the basic service tier charge and other discount options (such as program guides, and remote control, etc.), how much did this cable system charge per month on the dates listed for the following combinations? (Enter dollars and cents) (If this cable systems did not offer a combination, then check the column "Not Available.")

Monthly Charge For Combination

	Two Channel		Three Channel		Four Channel	
	Charge (1)	Not Avail- able (2)	Charge (1)	Not Avail- able (2)	Charge (1)	Not Avail- able (2)
1. December 1, 1986	\$ . . . . .		\$ . . . . .		\$ . . . . .	
2. December 31, 1987	\$ . . . . .		\$ . . . . .		\$ . . . . .	
3. October 31, 1988	\$ . . . . .		\$ . . . . .		\$ . . . . .	

**Appendix VIII  
Survey Questionnaire**

**III. BACKGROUND INFORMATION —**

**REMEMBER:** If you checked in Question 1 that all subscribers have the same rate structure then answer the following questions for all subscribers; if you checked that there were different rate structures, then answer only for the subscribers you listed in Question 3.

16. On October 31, 1988, how many off-air UHF and VHF channels were available ("significantly viewed") in this system's franchise area? (Enter number of channels)

\_\_\_\_\_ Number of UHF and VHF channels (52-54)

17. In what year did cable service first become available in this franchise area?

19 \_\_\_\_\_ (55-56)

18. Has this cable system changed ownership since December 29, 1986? (Check one.)

1. ☐ Yes, this cable system has changed ownership  
2. ☐ This cable system has not changed ownership  
3. ☐ Unsure if this cable system has changed ownership (57)

19. What was the total number of active channels (including basic, premium, and pay-per-view, etc.) available to subscribers of this cable system on the dates listed? (Enter number)

(58-60)

	Total Number of Active Channels
1. December 1, 1986	
2. December 31, 1987	
3. October 31, 1988	

20. What was the number of homes passed by this cable system on the dates listed? (Enter number)

**DEFINITION:** Number of homes passed means the number of homes to which cable service was available without a line extension.

107-303

	Number of Homes Passed
1. December 1, 1986	
2. December 31, 1987	
3. October 31, 1988	

21. Which of the following levels of government, if any, regulated (approved) the rate this cable system charged for basic service on the dates listed? (For each date check all that apply)

**DEFINITION:** For the purposes of this question, "basic service" refers to any service that includes the retransmission of off-air signals.

(31-45)

	State Government (1)	Local Government or Municipality (2)	Other (3)	Not Regulated (4)	Unsure (5)
1. December 1, 1986					
2. March 24, 1988*					
3. October 31, 1988					

\* Date when Federal Communication Commission (FCC) changed the definition of effective competition.

22. On October 31, 1988, did this cable system offer low income and elderly discount rates? (Check one.)

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1. ☐ Yes, this cable system offered a discount rate(s) for low income or elderly subscribers  
2. ☐ This cable system did NOT offer a discount rate(s) for low income or elderly subscribers

Appendix VIII  
Survey Questionnaire

23. What was the **TOTAL REVENUE PER SUBSCRIBER** directly received by this cable system from all subscriber services for the months listed? *(Enter dollars and cents)*

**DEFINITION:** Subscriber revenue includes basic service, premium services, pay-per-view, installation charges, and other revenues such as additional outlets, guides, and converter rentals. Please exclude revenues from advertising, institutional networks, leased access, home shopping royalties, and other non-subscriber revenues.

(47-84)

	Total Monthly Revenue Per Subscriber
1. December, 1986	\$ .
2. December, 1987	\$ .
3. October, 1988	\$ .

Please make a copy of your completed questionnaire before returning it in the enclosed postage paid envelope. In the event we need to contact you to obtain clarification of any of the information in this questionnaire, please provide the following information.

Name of person completing this questionnaire \_\_\_\_\_

Title of person completing this questionnaire \_\_\_\_\_

Telephone Number of person completing this questionnaire

( ) \_\_\_\_\_

24. If you have any additional comments on the issue of cable rates, please use the space below.

(88)

THANK YOU FOR YOUR COOPERATION

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# Major Contributors to This Report

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Resources,  
Community, and  
Economic  
Development Division,  
Washington, D.C.

Lowell Mininger, Assistant Director  
Thomas A. Heck, Assignment Manager  
Jacqueline A. Cook, Evaluator-in-Charge  
Rebecca L. Johnson, Evaluator  
Jonathan T. Bachman, Social Science Analyst  
Alice G. Feldesman, Social Science Analyst

---

Denver Regional  
Office

Frank Sutherland, Evaluator  
Maria A. Durant, Evaluator









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