

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

DA 95-2042

In the Matter of )  
 )  
Implementation of Sections of the )  
Cable Television Consumer Protection ) MM Docket No. 92-266  
and Competition Act of 1992: Rate Regulation )  
 )

**ORDER**

Adopted: September 27, 1995

Released: September 29, 1995

By the Chief, Cable Services Bureau

Responses Due: November 30, 1995

1. In the *Second Order on Reconsideration, Fourth Report and Order and Fifth Notice of Proposed Rulemaking ("Second Reconsideration Order")*, 9 FCC Rcd 4119 (1994), the Commission promulgated rules implementing benchmark regulation of both basic and cable programming service rates of cable systems not subject to effective competition. The *Second Reconsideration Order* revised the average competitive differential between rates charged by competitive and noncompetitive systems and integrated this differential into the benchmark.

2. Generally, under the *Second Reconsideration Order*, systems not subject to effective competition were required to reduce their regulated rates by the full competitive differential. The Order also provided, however, that particular systems would be eligible for "transition" relief from the impact of the full reduction. Specifically, the *Second Reconsideration Order* provided that "low-price" systems would not be required to implement full reductions pending a Commission review of industry costs.<sup>1</sup> Low-price systems were

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<sup>1</sup> The *Second Reconsideration Order* granted similar transition relief to small systems as defined in that Order. In the *Sixth Report and Order and Eleventh Order on Reconsideration ("Eleventh Reconsideration Order")*, MM Docket No. 92-266 (May 5, 1995), the Commission adopted rules providing special rate and administrative relief to small systems. The *Eleventh Reconsideration Order* obviates the need to conduct an industry cost study to

required only to reduce rate levels to, but not below, the revised benchmark during the transition period.<sup>2</sup> Transition relief would terminate upon completion of an industry cost survey. In no case, however, would transition relief systems, upon termination of the transition period, be required to reduce their rates more than the competitive differential.<sup>3</sup>

3. Pursuant to the *Second Reconsideration Order*, the industry cost survey is needed to determine whether and to what extent low-price systems should be required to provide rate reductions. Accordingly, in this Order, we adopt the cost survey to implement this aspect of our regulatory approach.

4. The survey will be sent to 660 of the 2,271 cable systems that do not qualify for special regulatory treatment provided in the *Eleventh Reconsideration Order*. The questionnaire asks for information regarding primary system costs and operations, including plant costs, intangibles, revenues, operating expenses, and capitalization. The survey should be completed by a company official familiar with the services offered by the cable system and its associated costs and revenues. Specific survey instructions are set forth in information accompanying the survey form. Entities receiving the questionnaire must file their responses with the Commission no later than 60 days from the mailing of the survey. Responses should be mailed to the Cable Services Bureau, ATTN: Cost Survey, Federal Communications Commission, 1919 M Street, N.W., Washington, D.C. 20554.

5. We have designed the survey form to limit administrative burdens associated with the cost survey while ensuring that we receive sufficient data to accomplish its regulatory purpose. We understand that completion of the survey will entail some additional effort on the part of responding operators, but the survey form has been tailored with the specific objective of minimizing the time commitment necessary to complete the form's inquiries.

6. We recognize that some of the data requested in the survey may be sensitive and that responding operators may be reluctant to provide such data without reasonable assurances of confidentiality. We note here, however, that the information provided in response to the survey will not be made available on an individual operator basis. The data received from all responses will be analyzed and aggregated to determine whether low-price systems should be subject to further rate reductions as explained in the *Second Reconsideration Order*. Information provided by operators in response to the survey will not be routinely available for public inspection. The Commission will withhold submitted information from public inspection if the operator makes a showing for nondisclosure as

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determine the rate treatment of small systems.

<sup>2</sup> Low price systems were defined as systems with rate levels below the revised benchmark or above the revised benchmark but whose full reduction rates would fall below the benchmark. *Second Reconsideration Order*, 9 FCC Rcd at 4176.

<sup>3</sup> *Second Reconsideration Order*, 9 FCC Rcd at 4177, n. 162.

provided in 47 C.F.R. § 0.457.

7. Accordingly, IT IS ORDERED, pursuant to Sections 4(i) and 623 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i) and 543, the cable systems subject to the cost survey requirements described herein shall complete and return the questionnaire set forth in the attached Appendix A by the date set forth at the top of this Order.

FEDERAL COMMUNICATIONS COMMISSION

Meredith J. Jones  
Chief, Cable Services Bureau

**INSTRUCTIONS\* FOR  
FCC SURVEY OF CABLE INDUSTRY COSTS****GENERAL INFORMATION**

In the *Report and Order and Further Notice of Proposed Rulemaking* in MM Docket No. 93-215, 9 FCC Rcd 4527, at 4692 and 4698 (1994); the Commission delegated to Cable Services Bureau the authority to conduct cost studies of the cable industry in order to provide the Commission with the information necessary for establishing, under certain circumstances, rates based on cost. General cost studies of the cable industry will be used to provide information that will help the Commission to determine whether any changes should be made in the Commission's interim framework for cost of service regulation.

This survey is intended to collect the data needed to perform these cost studies. The survey form has been sent to 660 of the 2,271 cable systems that do not qualify for special regulatory treatment provided in Sixth Report and Order and Eleventh Order on Reconsideration, MM Docket Number 92-266 and MM Docket Number 93-215. The questionnaire asks for three sorts of information: corporate level information, system level information, and franchise information. The questionnaire asks for information about plant costs, intangibles, revenues, operating and other expenses, employment, and plant facility statistics, at the system level. The questionnaire asks for information about assets, debt, equity, and partners' capital at the consolidated parent company level. Finally, the questionnaire asks for information permitting calculation of benchmark rates at the franchise level.

**Responding Official:** This survey should be completed by a company official familiar with the services offered by the cable system and its associated costs and revenues.

**Instructions:** Complete the attached questionnaire.

**When and Where to File:** The questionnaire shall be filed no later than 60 days from the date of mailing with the Cable Services Bureau, ATTN: Cost Survey, Federal Communications Commission, 1919 M Street, N.W., Washington, D.C. 20554.

**\*Please Read These Instructions As You Complete The Survey Form**

August 1995

**If You Need Help**

If you have any questions while completing this Form, please call the FCC's Cable Services Bureau Regional Help Lines Monday through Friday, 9:00 a.m. to 5:30 Eastern Standard Time. An operator will answer your questions or direct you to a knowledgeable staff person. Otherwise, leave a message stating your question, and a knowledgeable staff person will return your call.

<u>NORTHEAST</u> <u>202-416-0859</u>	<u>SOUTHEAST</u> <u>202-416-0860</u>	<u>CENTRAL</u> <u>202-416-0876</u>	<u>WESTERN</u> <u>202-416-0953</u>
<u>Connecticut</u>	<u>Alabama</u>	<u>Illinois</u>	<u>Alaska</u>
<u>D.C.</u>	<u>Arkansas</u>	<u>Indiana</u>	<u>Arizona</u>
<u>Delaware</u>	<u>Florida</u>	<u>Iowa</u>	<u>California</u>
<u>Maine</u>	<u>Georgia</u>	<u>Kansas</u>	<u>Colorado</u>
<u>Maryland</u>	<u>Kentucky</u>	<u>Michigan</u>	<u>Guam</u>
<u>Massachusetts</u>	<u>Louisiana</u>	<u>Minnesota</u>	<u>Hawaii</u>
<u>New Hampshire</u>	<u>Mississippi</u>	<u>Missouri</u>	<u>Idaho</u>
<u>New Jersey</u>	<u>North Carolina</u>	<u>Nebraska</u>	<u>Marshall Islands</u>
<u>New York</u>	<u>Puerto Rico</u>	<u>North Dakota</u>	<u>Montana</u>
<u>Pennsylvania</u>	<u>South Carolina</u>	<u>Ohio</u>	<u>Nevada</u>
<u>Rhode Island</u>	<u>Tennessee</u>	<u>Oklahoma</u>	<u>New Mexico</u>
<u>Vermont</u>	<u>Texas</u>	<u>South Dakota</u>	<u>Oregon</u>
<u>West Virginia</u>	<u>Virginia</u>	<u>Wisconsin</u>	<u>Utah</u>
	<u>U.S. Virgin Islands</u>		<u>Washington</u>
			<u>Wyoming</u>

**Confidentiality:** All data submitted in response to this survey will be considered part of the public record and will be provided upon request to interested parties. Requests for confidentiality will be considered on a case by case basis.

**GENERAL INSTRUCTIONS**

Sections A-F of this questionnaire request information for the system to which this survey is addressed. Sections G-I request financial information to be provided from the company's consolidated books. Sections J-M request information for the system to which this survey is addressed and whose community code or system identification number is identified on the address label. Section N requests information at the system level, and limited information from each franchise comprising the system. Finally, Section O requests information from a randomly selected franchise which belongs to the system.

Unless otherwise directed, reported amounts should be the recorded balances on the books for requested items. If costs and revenues are not maintained separately for cable and non-cable items, or if cable costs and revenues are not maintained separately at the system level, you should allocate or assign costs and revenues as follows: 1) Directly assign costs and revenues whenever possible; 2) Allocate costs and revenues between cable and non-cable operations on a rational basis that reflects the cost-causative linkage between the cost elements and the activities to which they are assigned; 3) Allocate costs and revenues from the company to the system level according to percentage of company subscribers contributed by each system.

**Report all amounts rounded to the nearest dollar.**

**LINE INSTRUCTIONS:**

**SECTION A: OPERATOR INFORMATION**

**A1-A6:** Enter the specified identification information for your cable system.

**A7:** Enter the name of your system's parent company.

**SECTION B: ORGANIZATIONAL STATUS OF THE SYSTEM**

**B1 :** Enter the legal form of ownership of the system.

**SECTION C: CERTIFICATION**

**C1-C5:** Enter the specified identification information for the person completing this questionnaire. The Commission may address follow-up questions for clarification to this contact officer. The contact officer should keep a copy of the completed questionnaire in a convenient location.

**SECTION D: PLANT COSTS**

**D1-D7:** Indicate the gross capitalized cost (or value) of headend, trunk, distribution system, drops, customer premise equipment, maintenance, warehouse, production facilities, business offices, other tangible cable assets, net working capital and accumulated depreciation as of December 31, 1994.

**D8-D14:** Indicate which valuation method other than original cost is used, if original cost data is not available.

## **SECTION E: INTANGIBLES**

- E1-E6:** Report the breakout of intangible assets identified on your books into customer lists, franchise & organization costs, goodwill, capitalized start-up losses, accumulated amortization, and other, as of December 31, 1994.
- E1:** Include the capitalized costs associated with the development of subscribership recorded on your books.
- E2:** Include the capitalized expenditures associated with the organization of the business and with the acquisition of franchise rights.
- E3:** Include the amount of goodwill recorded on your books.
- E4:** Include the capitalized start-up losses recorded on your books in accordance with Financial Accounting Standard No. 51.
- E5:** Include the accumulated amortization associated with the intangible assets included on Lines E1-E4.
- E6:** Include the amount of any other intangibles recorded on your books.

## **SECTION F: OTHER ASSETS**

- F1:** Include the gross capitalized value of all other assets related to cable operations, including long term investments, deferred charges, etc.

## **SECTION G: DEBT (Answer questions on a consolidated company basis -- i.e. for the parent company and all of its subsidiaries)**

- G1-G5:** Report the amount of debt capital outstanding separately for each type of debt capital outstanding as of December 31, 1994.
- G6:** Report the sum of the amounts indicated in G1, G2, G3, G4, and G5.
- G7:** Report the amount of guaranteed partnership distributions for the year ending December 31, 1994.
- G8:** Report the amount of preferred stock capital outstanding as of December 31, 1994.
- G9-G13:** Separately report the percentage of total debt capital represented by each type of

debt capital outstanding as of December 31, 1994.

**G15:** Compute the weighted, consolidated embedded (actual historical) cost of short- and long-term debt capital for all debt outstanding as of December 31, 1994. This cost should be computed as follows:

- (a) calculate, on a dollar basis, total annual fixed interest charges on all consolidated short- and long-term debt issues or obligations, including any amortized discount or premium and issuance expenses;
- (b) divide the result from (a) by the total short- and long-term consolidated debt outstanding;
- (c) multiply the amount calculated in (b) by debt as a percentage of total capital (i.e multiply (b) by debt in consolidated short-and long-term debt (item "a") divided by the sum of consolidated short-and long-term debt (item "a"), common equity (excluding preferred stock), preferred stock, and partners', joint venturers', or sole proprietors' capital contributed as of December 31, 1994.

**G16:** Compute the weighted, consolidated embedded (actual historical) cost of preferred stock capital, for all preferred stock issues outstanding as of December 31, 1994. This cost should be computed as follows:

- (a) compute the net proceeds ratio for each issue, which is the net proceeds to the operator divided by the par or stated amount issued;
- (b) compute the cost of money for each issue, which is the dividend rate divided by the net proceeds ratio calculated in (a);
- (c) compute the annual dividend requirement for each issue, which is the par or stated amount outstanding multiplied by the cost of money calculated in (b);
- (d) compute the total annual dividend requirement for all issues, which is the sum of the annual dividend requirements calculated in (c); and
- (e) compute the cost of preferred stock capital for all issues outstanding, which is the par or stated amount outstanding for all issues divided into the total annual dividend requirement for all issues calculated in (d).
- (f) multiply the amount calculated in step (e) by preferred stock capital as a percentage of total capital, i.e (multiply (e) by preferred equity divided by the

sum of consolidated short-and long-term debt plus common equity (excluding preferred stock), preferred stock, and partners', joint venturers', or sole proprietors' capital contributed as of December 31, 1994.

**SECTION H: EQUITY** (Answer questions on a consolidated company basis -- i.e. for the parent company and all of its subsidiaries)

- H1:** Report the par (or stated) value of common stock outstanding as of December 31, 1994.
- H2:** Report contributed capital in excess of the par value of common stock outstanding as of December 31, 1994. Contributed capital (also referred to as capital surplus or paid-in capital) is equal to the excess over par value that was received when the common shares were issued.
- H3:** Report retained earnings (or deficits) as of December 31, 1994. Retained earnings are equal to the cumulative net income (or losses) that have not been distributed as either preferred or common dividends.
- H4:** Report the book value of treasury stock as of December 31, 1994. Treasury stock is the book value of common shares that have been reacquired by the company since they were issued.
- H5:** Report the book value of common stockholders' equity as of December 31, 1994. The book value of common stockholders' equity is the sum of the par value of common stock, contributed capital in excess of the par value of common stock, and retained earnings (or deficits), less the book value of treasury stock

**SECTION I: PARTNERS' CAPITAL** (Answer questions on a consolidated company basis -- i.e. for the parent company and all of its subsidiaries)

- I1:** Report partners', joint venturers', or sole proprietors' capital, as of December 31, 1994.
- I2:** To the best of your ability, compute the weighted cost of partners', joint venturers', or sole proprietors' capital for calendar year 1994.

**SECTION J: REVENUES**

- J1:** Include revenues from basic service. Basic service is the lowest level of cable service you offer, and is the package of channels (or "tier") that includes signals from local television stations (such as ABC, CBS, NBC affiliates, independent

stations and noncommercial stations) and Public, Educational and Governmental channels (PEG channels).

- J2: Include revenues earned for cable advertising operations associated with the provision of basic service.
- J3: Include any other revenues attributable to basic service other than amounts listed in J1 and J2.
- J4: Include revenues from cable programming service (CPS). Cable programming service is any tier or package of program channels, other than basic service and programming separately offered as pay-per-channel programming or pay-per-program services.
- J5: Include revenues earned for cable advertising operations associated with the provision of cable programming service.
- J6: Include any other revenues attributable to cable programming service other than amounts listed in J4 and J5.
- J7: Include revenues earned from service installation and repair at subscriber premises.
- J8: Include revenues earned from the rental of customer premises equipment.
- J9: Include revenues earned from the sale of customer premises equipment.
- J10: Include revenues earned from provision of commercial leased access services.
- J11: Include revenues earned from regulated services other than basic service, cable programming service, leased access service, installation and repair services, and equipment rental and sales.
- J12: Include revenues earned from unregulated cable services.
- J13: Include revenues earned from non-multichannel video services.

**SECTION K: OPERATING AND OTHER EXPENSES (for the calendar years of 1992 and 1994).**

- K1: Include salaries, wages, and benefits expense for laborers, technicians, and their

supervisors involved in the construction, maintenance, testing, operation, and general support of headend, trunk and distribution facilities, drops, and customer premises facilities.

- K2:** Include non-wage and non-salary expenses associated plant & maintenance including plant expenses for: pole rental, electricity, maintenance, vehicles, depreciation, property taxes, and other.
- K3:** Include the salaries, wages, and benefits expense for personnel involved in programming acquisition and production.
- K4:** Include basic tier programming expenses.
- K5:** Include cable programming service programming expenses.
- K6:** Include pay per view and premium programming expenses.
- K7:** Include all programming expenses not listed in K3-K8.
- K8:** Include franchise fees.
- K9:** Include all other expenses associated with maintaining franchise agreements, not listed in K8.
- K10:** Include salaries, wages, and benefits expense for personnel involved in general and administrative activities, including accounting and finance, human resource management, information management, legal affairs, research and development, and executive affairs, customer services, and advertising.
- K11:** Include all other non-wage or non-salary, general, and administrative expenses.
- K12:** Include salaries, wages, and benefits expense for officers, executives, or managers.
- K13:** Include wages, salaries, and benefits of all employers other than those reported in K1, K3, and K10.
- K14:** Include federal income taxes.
- K15:** Include state income taxes.
- K16:** Include interest expense, including amortization of any discounts premiums and

issuance expenses, as calculated in line G-15, item (b) in this instruction sheet.

**K17-K30:** Include the 1992 and 1994 annual depreciation expense, and the annual 1992 and 1994 value of assets acquired for the categories listed in items K17-K30.

**K31:** Include all other operating expenses

**K32:** For 1992 and 1994, include preferred stock dividend requirements as calculated in Line G-16, item (d) in this instruction sheet.

#### **SECTION L: EMPLOYMENT**

**L1-L5:** Include the number of employees for each line according the following calculations:

- a) for each employee who worked for any length of time during the calender year, calculate the ratio of annual hours worked to 2,000 hours.
- b) add together all of the ratios calculated in a).

#### **SECTION M: PLANT FACILITY STATISTICS**

**M1:** Report whether this system was purchased from a previous owner?

**M2:** If the answer to M1 is yes, what year was system purchased?

**M3:** What was the capacity of the original system in channels?

**M4:** What was the capacity of the original system in Mhz?

**M5:** What was the capacity in channels as of December 31, 1994?

**M6:** What was the capacity in Mhz as of December 31, 1994?

**M7:** How many total channels were in use as of December 31, 1994?

**M8:** Report satellite channels as a percent of total channel capacity, as of December 31, 1994.

**M9:** Report the number of headends as of December 31, 1994.

- M10: Report the number of hubs as of December 31, 1994.
- M11: Report the number of miles of aerial cable as of December 31, 1994.
- M12: Report the number of miles of underground cable as of December 31, 1994.
- M13: Report number of miles of fiber cable as of December 31, 1994.
- M14: Does the system have two-way interactive capacity? Enter "1" for yes, "2" for no.
- M15: Report the average number of outlets per household as of December 31, 1994.
- M16: Report the number of addressable converters in use as of December 31, 1994.
- M17: Report the number of non-addressable converters in use as of December 31, 1994.
- M18: Report the number of remotes in use as of December, 31, 1994.
- M19: Do you face any unique geographic, environmental, or regulatory conditions which significantly affect the construction, maintenance, and operating costs of your plant and equipment?

#### **SECTION N: MISCELLANEOUS**

- N1: Indicate the average number of channels carried for retransmission consent per franchise.
- N2: Indicate the average number of leased access channels in use per franchise.
- N3: Indicate the average number of channels requesting fees or barter for retransmission consent per franchise.
- N4: Indicate the number of households in the system service area.
- N5: Indicate the number of households passed by the system.
- N6: Indicate number of basic service subscribers
- N7: Indicate number of cable programming services subscribers to the most popular CPS tier.
- N8: Indicate number of pay per view service orders.

- N9:** Indicate number of premium service subscribers.
- N10:** Indicate number of channels dedicated to premium service and pay-per-view service.
- N11:** Indicate the average number of years subscribers retain service. If you have separate retention calculations for single and multiple dwelling unit households, report the weighted average (i.e. multiply the retention number for single dwellers by single dwellers' share of subscribers and add to the number for multiple dwellers multiplied by multiple dwellers' share of subscribers).

### **SECTION O: BENCHMARK FACTORS**

- O1:** If you have previously filed a FCC Form 1200, put an "X" in the "Yes" box. Otherwise, put an "X" in the "No" box.

If you answered "No" to O1, complete O2 through O17. If you answered "Yes," leave O2 through O17 blank.

**O2-O5:** Self-explanatory

- O6:** Enter the average monthly number of tier changes in regulated, non-basic tiers, for which subscribers were charged, in fiscal year 1992. This does not include new or reconnecting subscribers, or subscribers disconnecting all service. This average should be computed over just those months for which there was a charge to make such changes. (In other words, if there was a charge for 8 months of the year, and no charge for 4 months, then you should calculate the number of tier changes as the sum of the number of tier changes for each of those 8 months, divided by 8).
- O7:** Enter the average monthly number of additional outlets rented to subscribers in your fiscal year 1992. Include all additional residential outlets for each subscriber, other than the primary outlet. This average should be computed over just those months for which there was a charge for additional outlets. (In other words, if there was a charge for 8 months of the year, and no charge for 4 months, then you should calculate the number of additional outlets as the sum of the number of tier changes for each of those 8 months, divided by 8).
- O8:** Enter the average monthly number of remotes rented to subscribers in your fiscal year 1992. If a single subscriber rented multiple remotes, count each remote

separately. This average should be computed over just those months for which there was a charge for renting remotes. (In other words, if there was a charge for 8 months of the year, and no charge for 4 months, then you should calculate the number of remotes as the sum of the number of tier changes for each of those 8 months, divided by 8).

- O9:** Enter the number of subscribers to your system as of March 31, 1994.
- O10:** Enter "1" if your system is part of a Multiple System Operator (MSO) as of March 31, 1994; "0" if not. An MSO is an entity that owns or controls more than one cable system. Ownership or control means having an equity interest (active or passive) of more than 20 percent or exercising *de jure* control, such as through a general partnership or majority voting shareholder interest.
- O11:** Enter the number of systems in your MSO that are within the United States jurisdiction. A system that serves multiple franchise areas should be counted only once. If you entered "0" in O12, you must enter a "1" in this line.
- O12:** Indicate the number of regulated channels per tier as of March 31, 1994. A channel is a unit of cable service identified and selected by a channel number or similar designation. A channel will be counted as regulated if more than 50% of the time in operation it was used to provide a service subject to benchmark rate regulation.
- O13:** Indicate number of regulated non-broadcast channels per tier as of March 31, 1994. Non-broadcast channels are all channels other than those received via off-the-air broadcast signals. Broadcast signals received via satellite or relayed to the cable system via microwave and not receivable off-the-air by the cable system are considered non-broadcast signals.
- O14:** For each tier, enter your standard monthly charge for the last whole monthly billing period ending on or before 9/30/92.
- O15:** For each tier, enter your standard monthly charge for the last whole monthly billing period ending on or before 3/31/94.
- O16:** Indicate the number of subscribers per tier as of September 30, 1992. A subscriber is a household that receives basic cable service (and perhaps other services) from a cable operator. Each household receiving service counts as a separate subscriber, including households that receive service via a bulk subscription and pay rates that differ from the standard individual household rates.

- O17: Indicate the number of subscribers per tier as of March 31, 1994. A subscriber is a household that receives basic cable service (and perhaps other services) from a cable operator. Each household receiving service counts as a separate subscriber, including households that receive service via a bulk subscription and pay rates that differ from the standard individual household rates.

### **FCC NOTICE TO INDIVIDUALS REQUIRED BY THE PRIVACY ACT AND THE PAPERWORK REDUCTION ACT**

The solicitation of personal information in this form is authorized by the Communications Act of 1934, as amended. The information in this form will provide the Commission with the information necessary for establishing, under certain circumstances, rates based on cost. All information provided in this form will be available for public inspection. Your response is required in order for the Commission to undertake necessary cost studies, as referenced in *Report and Order and Further Notice of Proposed Rulemaking* in MM Docket No. 93-215, 9 FCC Rcd 4527, at 4692 and 4698 (1994).

Public reporting burden for this information is estimated to average 30 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Federal Communications Commission, Records Management Division, Washington, D.C. 20554, and to the Office of Management and Budget, Paperwork Reduction Project (3060-0642), Washington, D.C. 20503. Do not send completed forms to these addresses.

**THE FOREGOING NOTICE IS REQUIRED BY THE PRIVACY ACT OF 1974, P.L. 93-579, DECEMBER 31, 1975, 5 U.S.C. 522a(e)(3) AND THE PAPERWORK REDUCTION ACT OF 1980, P.L. 96-511, DECEMBER 11, 1980, 44 U.S.C. 3507.**

### FCC SURVEY OF CABLE INDUSTRY COSTS

#### INSTRUCTIONS

Please provide information, at the system level (unless requested otherwise) on operator system identification, system organizational status, certification, plant costs, revenues, operating and other expenses, plant facility statistics, miscellaneous, and benchmark factors, as directed below in Sections A-O.

#### A. OPERATOR INFORMATION

System Name		A1
System Address		A2
City		A3
State		A4
Zip Code		A5
System ID Number		A6
Parent/Consolidated Company Name		A7

#### B. ORGANIZATIONAL STATUS OF THE SYSTEM

Report the legal form of ownership of the system by reporting one of the following letters: "C" corporation, "S" subchapter S corporation, "G" general partnership, "L" limited partnership, "J" joint venture, "I" individual proprietorship, "O" other.

Legal Entity  B1

#### C. CERTIFICATION

I certify that I have examined this report, and that all statements of fact contained herein are true, complete and correct to the best of my knowledge, information and belief, and are made in good faith.

Signature		C1
Printed Name and Title		C2
Date		C3
Telephone Number		C4
Fax Number		C5

**FCC SURVEY OF CABLE INDUSTRY COSTS**

**DEFINITIONS**

- BUSINESS OFFICES.** Land, buildings, office equipment, computers, etc., used to service the accounts of subscribers.
- CAPITALIZED START-UP LOSSES.** Capitalized start-up losses recorded on your books in accordance with Financial Accounting Standard No. 51.
- CASH FLOW.** Operating revenues minus operating expenses before interest, depreciation, retirements, and improvements.
- COST OF DEBT.** The annual interest cost including the amortized effect of any discounts, premiums, or issuance expenses, divided by the principal amount of debt outstanding.
- COST OF PREFERRED STOCK.** The annual dividend requirement divided by the average par or stated amount of preferred stock outstanding.
- CPE** Converters, remotes inside wiring, and other customer equipment installed on the customer's premises.
- DROPS.** Investment in drop connections from the distribution plant to the customer premises.
- FAIR VALUE** is the current market value of plant or property in service.
- FLOATING DEBT.** Debt arrangement which makes provisions for changes in interest rates, excluding interest rate protection agreements.
- HEADEND.** Land, buildings, satellite earth stations, character generators, automated insertion equipment, addressability electronics, monitoring equipment, hub facilities, hub interconnection facilities, local origination facilities, etc.
- INTANGIBLE ASSETS.** Organizational and franchise costs, subscriber lists, capitalized start-up losses, goodwill, other intangibles, and accumulated amortization.
- MAINTENANCE & WAREHOUSE FACILITIES.** Land, maintenance sheds, warehouses, equipment, tools vehicles, etc. used to repair and maintain the headend, trunk & distribution system, drops, and CPE.
- ORIGINAL COSTS** are construction cost, adjusted for depreciation, retirements, and improvements.
- OTHER TANGIBLE ASSETS.** Other tangible assets supporting cable activities.
- OTHER DEBT.** Capitalized lease obligations, and the interest on these obligations.
- PEG.** Channels designated for public, educational, or governmental use.
- PRODUCTION FACILITIES.** Land, buildings, vehicles and equipment, including studios, connecting links and cameras, provided for public access, as well as internally generated programming.
- REGULATED NON-BROADCAST CHANNELS.** All regulated channels other than broadcast signals that are received off-the-air by the cable system. A channel is considered regulated if more than 50% of the time in operation it was used to provide a service subject to benchmark rate regulation.
- REPRODUCTION COSTS** are the present costs of constructing plant or property in service.
- SATELLITE CHANNELS.** Channels used to deliver satellite services more than 50% of the time they are in operation
- STOCKHOLDERS' EQUITY.** Par value of common stock plus contributed capital in excess of par value, plus retained earnings (or deficits), minus common stock held in treasury.
- TRUNK & DISTRIBUTION SYSTEM.** Coaxial cable, fiber cable, electronic equipment, connectors, splitters, directional couplers.

FCC SURVEY OF CABLE INDUSTRY COSTS

**D. PLANT COSTS**

**NOTE:** Report original costs for each plant category in Section D listed below. Indicate which valuation method other than original cost – reproduction costs (RC), or fair value (FV) is used, if original cost data is not available.

	VALUE	VALUATION METHOD
Gross capitalized cost of headend, trunk, and distribution system as of December 31, 1994.		D1
Gross capitalized cost of drops as of December 31, 1994.		D2
Gross capitalized cost of customer premise equipment as of December 31, 1994.		D3
Gross capitalized cost of maintenance, warehouse, production facilities, and business offices as of December 31, 1994.		D4
Gross capitalized cost of other tangible cable assets as of December 31, 1994.		D5
Net working capital (current assets minus current liabilities) as of December 31, 1994.		D6
Accumulated depreciation as of December 31, 1994.		D7

**E. INTANGIBLES**

Customer lists, as of December 31, 1994.	E1
Franchise & organizational costs, as of December 31, 1994.	E2
Goodwill, as of December 31, 1994.	E3
Capitalized start-up losses, as of December 31, 1994.	E4
Accumulated amortization, as of December 31, 1994.	E5
All other intangibles, as of December 31, 1994.	E6

**F. OTHER ASSETS**

Gross capitalized value of all other assets related to cable operations, including long term investments, deferred charges, etc.	F1
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FCC SURVEY OF CABLE INDUSTRY COSTS

**DEBT**

**Instructions**

Answer questions for this section on a parent/consolidated company basis.

Total funding and percentage of total debt accounted for by the following sources as of December 31, 1994.

	Total (\$)	Percentage
Senior bank debt	G1	G9
Senior institutional (non-bank) debt	G2	G10
Senior public debt	G3	G11
Debt held by equity investors (excluding preferred stock)	G4	G12
Other debt (excluding preferred stock)	G5	G13
Total debt (excluding preferred stock)	G6	100% G14
Guaranteed partnership distribution	G7	
Preferred stock	G8	
Weighted Cost of debt outstanding (excluding preferred stock), as of December 31, 1994	G15	
Weighted cost of preferred stock outstanding, as of December 31, 1994	G16	

**EQUITY**

**Instructions**

Answer questions for this section on a parent/consolidated company basis.

Par value of common stock as of December 31, 1994.	H1
Contributed capital in excess of par value of common stock as of December 31, 1994.	H2
Retained earnings (deficits) as of December 31, 1994.	H3
Common stock held in treasury as of December 31, 1994.	H4
Total common stockholders' equity, as of December 31, 1994	H5

**PARTNERS' CAPITAL**

**Instructions**

Answer questions for this section on a parent/consolidated company basis.

Total partners', joint venturers', sole proprietors' capital, as of December 31, 1994	I1
Weighted cost of guaranteed partnership distribution as of December 31, 1994	I2

FCC SURVEY OF CABLE INDUSTRY COSTS

REVENUES

Report annual 1994 revenues for the following items:

Basic Tier Revenue

Basic service		J1
Basic service advertising		J2
Other basic service		J3

CPS Tier Revenue

Cable programming services		J4
Cable programming service advertising		J5
Other cable programming service		J6

Equipment and Installation Revenue

Service installation		J7
Equipment rental		J8
Equipment sales		J9

Other Revenue

Commercial leased access		J10
Other regulated cable services		J11
Unregulated cable services		J12
Non-multichannel video services		J13

**FCC SURVEY OF CABLE INDUSTRY COSTS**

Report the annual depreciation expense, and value of assets purchased (investment) for the asset categories listed in Items K17 through K30

	1992 Depreciation Expense	1994 Depreciation Expense	1992 Investment	1994 Investment	
Headend, trunk, & distribution system					K17
Drops					K18
Remotes					K19
Converters					K20
Other customer premises equipment					K21
Maintenance, warehouse, production facilities, and business offices					K22
Other tangible cable assets					K23
Tangible non-cable assets					K24
Goodwill					K25
Customer lists					K26
Franchise rights					K27
Capitalized losses					K28
Other intangible cable assets					K29
Intangible non-cable assets					K30

Report 1992 and 1994 expenses for the following items

All other operating expenses
Preferred stock dividend requirements

1992	1994	
		K31
		K32

FCC SURVEY OF CABLE INDUSTRY COSTS

**OPERATING AND OTHER EXPENSES**

Report 1992 and 1994 expenses for the following items

	1992	1994	
<b>Cable Plant and Plant Support Related Expenses</b>			
Gross payroll for plant employees (including benefits & taxes)			K1
All other plant & maintenance expenses, including plant expenses for: pole rental, electricity, maintenance, vehicles, depreciation, property taxes, and other.			K2
<b>Programming Related Expenses</b>			
Gross payroll for employees involved in program acquisition and program production (including benefits & taxes)			K3
Programming expenses for basic tier (including satellite services, PEG, retransmission, etc.)			K4
Programming expenses for cable programming services (CPS)			K5
Programming expenses for pay-per-view & pay-per-channel services			K6
Other programming expenses			K7
<b>Franchise Related Expenses</b>			
Franchise fees			K8
All other expenses associated with maintaining franchise agreements, not elsewhere included.			K9
<b>Selling, General, and Administrative Expenses</b>			
Gross payroll paid to selling, general and administrative employees (including benefits & taxes)			K10
All other selling, general and administrative expenses			K11
Gross payroll paid to officers, executives, or management (including benefits & taxes)			K12
Wages, salaries, benefits & taxes of all employees other than those reported in K1, K3, and K10.			K13
<b>Tax Expenses</b>			
Federal income taxes			K14
State and local income taxes			K15
<b>Interest Expenses</b>			
Interest expense (including amortization of any discount, premiums, and issuance expenses).			K16

FCC SURVEY OF CABLE INDUSTRY COSTS

**L EMPLOYMENT**

Please read the instruction sheet before completing this section

	1992	1994	
Number of plant employees			L1
Number of program acquisition and program production employees			L2
Number of selling, general, and administrative employees			L3
Number of officers, executives, and managers			L4
Number of employees other than those reported above			L5

**M PLANT FACILITY STATISTICS**

Was system purchased from a previous owner?		M1
If yes, what year was system purchased?		M2
Capacity of the original system in channels		M3
Capacity of the original system in Mhz		M4
Capacity in channels as of December 31, 1994		M5
Capacity in Mhz as of December 31, 1994		M6
Total channels in use as of December 31, 1994		M7
Satellite channels as a percent of total channel capacity		M8
Number of headends as of December 31, 1994		M9
Number of hubs as of December 31, 1994		M10
Number of miles of aerial cable as of December 31, 1994		M11
Number of miles of underground cable as of December 31, 1994		M12
Number of miles of fiber cable as of December 31, 1994		M13
Does the system have two-way interactive capacity? Enter "1" for yes, "2" for no.		M14
Average number of outlets per household as of December 31, 1994		M15
Number of addressable converters in use as of December 31, 1994		M16
Number of non-addressable converters in use as of December 31, 1994		M17
Number of remotes in use as of December, 31, 1994		M18

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FCC SURVEY OF CABLE INDUSTRY COSTS

Do you face any unique geographic, environmental, or regulatory conditions which significantly affect the construction, maintenance, and operating costs of your plant and equipment?

Yes/No

M19

If yes, concisely describe these condition(s).

MISCELLANEOUS

Average number of channels carried for retransmission consent purposes per franchise
Average number of leased access channels in use per franchise
Average number of channels requesting fees or barter for retransmission consent per franchise
Number of households in system service area
Number of households passed by system
Number of basic service subscribers in system
Number of cable programming services (CPS) subscribers to most popular CPS tier in system
Number of pay-per-view service orders in the system.
Number of premium service subscribers in the system
Number of channels dedicated to premium service and pay-per-view service.
Average number of years subscribers retain service.

	1992	1994	
			M1
			M2
			M3
			M4
			M5
			M6
			M7
			M8
			M9
			M10
			M11

