



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 6, 2015

The Honorable Elizabeth Warren
United States Senate
C2 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Warren:

Thank you for your letter requesting that the Federal Communication Commission (FCC) provide more information regarding rates for cable and Internet services. I apologize for the tardiness of this response. Specifically, you ask that the FCC inventory pricing information on how much Americans pay on average for broadband and cable services based on state and telecommunications provider, as well as average rates by urban and rural areas. I agree that transparency, along with competition, empower consumers navigating the ever-changing telecommunication industry.

An enduring mission of the Commission is to promote and evaluate competition in the telecommunication marketplace. Accordingly, our work on cable service pricing is focused on the impact of competition. In 1992, the Cable Television Consumer Protection and Competition Act amended the Communications Act to provide the FCC with authority to collect cable pricing information and detailing the narrow scope in which it should be reported. Section 623(k) of the Act (47 USC 543(k)) requires the FCC to publish annually a statistical report on the average rates that cable operators charge for "basic cable service, other cable programming," and cable equipment. That section also requires the FCC to compare the rates of cable operators found to be subject to effective competition with those of cable operators that the FCC has not found to date to be subject to such effective competition.

To comply with this legislative mandate, since 1993, the Commission annually collects the rates from a random sampling of cable operators serving communities where the Commission has granted a petition for effective competition, and a random sample of operators serving other communities nationwide. For the last report, published in 2014, eight hundred cable operators were surveyed. The questionnaire included questions on the prices of basic cable service and other cable programming service offerings. The Commission also requested pricing information for expanded basic service—the basic service channels plus a large number of popular national cable networks—which is generally the most-subscribed-to level of service after basic service. The Commission also collected information on the price of the "next most popular" (next most subscribed) service after expanded basic, which generally includes all the programming channels included in the expanded basic service package and at least seven additional cable network channels. Finally, pricing information for converter boxes and other customer premises equipment was collected.

The latest report, discussing data for the year ending Jan 1, 2014 is available here: https://apps.fcc.gov/edocs_public/attachmatch/DA-14-1829A1.pdf. The report shows an average price for all communities of \$66.61 for the year ending January 1, 2014, a 3.1% increase over the prior year, and a 5.9% compound average annual growth rate from 1995-2014. The

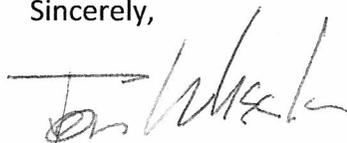
FCC's yearly compendium of cable pricing data is the primary basis of pricing data used by many commercial sources in their analysis of cable prices and industry trends.

The Commission collects data on broadband pricing only in limited circumstances such as in its work to ensure universal service – another key mission at the FCC. Decades ago the FCC was charged with making sure that every American had access to a telephone. Now it is access to the Internet that is essential for full participation in our society and democracy. The Commission relies upon its Universal Service Fund (USF) to help support programs that connect low-income Americans, connect libraries and school and expand coverage in hard-to-reach rural areas. To ensure that access in high-cost rural areas is available at reasonably comparable rates, the Wireline Competition Bureau collects data for a sample of stand-alone voice and broadband rates in urban areas to set rate benchmarks for recipients of high-cost Universal Service Fund support.

The methodology for determining the sample, the data collected, and the formula used to determine the reasonably comparable rate for USF are all described on our website (see <https://www.fcc.gov/encyclopedia/urban-rate-survey-data>). Such rates may not reflect the prices paid by consumers for a number of reasons: for example, subscribers may be on rate plans no longer offered by service providers, and may receive bundle or promotional discounts not reflected in the rates. As noted above, while we do have a sample of broadband rates in urban areas, the Commission does not collect data on prices paid by consumers and therefore does not have the data available to provide information about the prices consumers pay for broadband, either overall or along the different dimensions detailed in the letter (by state, by cable vs. telecom provider, in urban vs. rural areas).

I hope that this information is helpful, and please do not hesitate to contact me if I may be of further assistance.

Sincerely,

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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 6, 2015

The Honorable Bernard Sanders
United States Senate
332 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Sanders:

Thank you for your letter requesting that the Federal Communication Commission (FCC) provide more information regarding rates for cable and Internet services. I apologize for the tardiness of this response. Specifically, you ask that the FCC inventory pricing information on how much Americans pay on average for broadband and cable services based on state and telecommunications provider, as well as average rates by urban and rural areas. I agree that transparency, along with competition, empower consumers navigating the ever-changing telecommunication industry.

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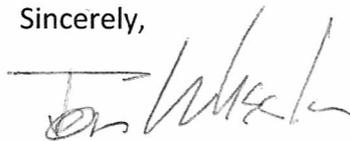
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 6, 2015

The Honorable Edward J. Markey
United States Senate
218 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Markey:

Thank you for your letter requesting that the Federal Communication Commission (FCC) provide more information regarding rates for cable and Internet services. I apologize for the tardiness of this response. Specifically, you ask that the FCC inventory pricing information on how much Americans pay on average for broadband and cable services based on state and telecommunications provider, as well as average rates by urban and rural areas. I agree that transparency, along with competition, empower consumers navigating the ever-changing telecommunication industry.

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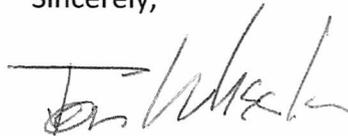
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 6, 2015

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

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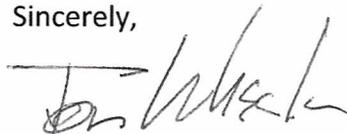
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Tom Wheeler