

**STATEMENT OF
CHAIRMAN KEVIN J. MARTIN**

Re: Implementation of Section 3 of the Cable Television Consumer Protection and Competition Act of 1992, Statistical Report on Average Rates for Basic Service, Cable Programming Service, and Equipment, MM Docket No. 92-266

Congress requires us to issue an annual report on the price of basic cable services. This year's report reveals what we already know from our monthly bills: cable rates are rising. In fact, for the past decade, cable rates have risen faster than the rate of inflation.

In 1996, Congress passed a comprehensive statute that embraced the idea that competition was preferable to regulation. Since then, the price for every service the Commission regulates has decreased—except for cable. For instance, the average rate for wireless service has plummeted 80% and average interstate telephony rates have decreased almost 40%. This is, in part, because those other services have been subjected to competition from providers who have competed on price, as well as on service options and quality. In contrast, cable prices alone have increased, and they have risen more than 90%. (See attached chart.)

Cable does face some competition from DBS, but our report reveals that DBS and cable do not seem to compete on price. In other words, the presence of a DBS operator does not have an impact on the price the cable operator charges its subscribers. Significantly, however, where a second cable operator is present, cable prices are significantly lower (\$43.33 without competition vs. \$35.94 where there is competition).

And we are not alone in this conclusion. The Government Accounting Office also concluded that the average monthly cable rate was significantly lower only in areas with another wire-based competitor.¹

In light of these findings, I believe it is critical then that the Commission act to remove regulatory barriers to the ability of a second cable operator to enter the market. When consumers have the ability to choose among more than one cable operator, they receive one of the most important benefits of competition that the 1996 Act envisioned: lower prices. I look forward to continuing to work to foster additional cable competition and choice that can lead to greater consumer benefits.

¹ See U.S. General Accountability Office, *Issues Related to Competition and Subscriber Rates in the Cable Television Industry*, GAO-04-8 (Oct. 2003)

Rates for Communications Services (1995 - 2005)

