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

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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

ADDITIONAL INFORMATION ON
CALCULATION OF VARIABLES FROM CABLE RATE SURVEY
FOR CABLE RATE RECONSIDERATION

Attached is additional information concerning the calculation of variables used in the econometric re-estimation of competitive cable rates on reconsideration. The additional information consists of two parts: the computer syntax used to calculate the dependent variable MRIE, and data from the Cable Rate Survey that were used to calculate the overlap variable OVL, but that were not included in the publicly-released data base. The use of this information is described in Appendix C of the Second Order on Reconsideration, Forth Report and Order, and Fifth Notice of Proposed Rulemaking in MM Docket No. 92-266 (adopted February 22, 1994; released March 30, 1994).

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Orig.

FRANCHISE FEE ADJUSTMENT

```
COMPUTE s6_pbas = s6_pbas / 100 .
EXECUTE .
COMPUTE s6_ptot = s6_ptot / 100 .
EXECUTE .
IF (s6_feese ~= "N") mcdadj1 = s7_lmc .
EXECUTE .
IF (s6_pbas > 0 & s6_feese = "N") mcdadj1 = s7_lmc * (1-s6_pbas) .
EXECUTE .
IF (s6_ptot > 0 & s6_feese = "N") mcdadj1 = s7_lmc * (1-s6_ptot) .
EXECUTE .
IF (s6_persu > 0 & s6_feese = "N") mcdadj1 = s7_lmc - (s6_persu / 12) .
EXECUTE .
IF (s6_fpaid > 0 & s6_feese = "0") mcdadj1 = s7_lmc .
EXECUTE .
IF (s6_pbas = 0 & s6_persu = 0 & s6_ptot = 0) mcdadj1 = s7_lmc - ((s6_fpaid /
12) / s7_lts) .
EXECUTE .
```

```
IF (s6_feese != "N") mcdj2 = s7_2mc .  
EXECUTE .  
IF (s6_pbas > 0 & s6_feese = "N") mcdj2 = s7_2mc .  
EXECUTE .  
IF (s6_persu > 0 & s6_feese = "N") mcdj2 = s7_2mc .  
EXECUTE .  
IF (s6_ptot > 0 & s6_feese = "N") mcdj2 = s7_2mc * (1 - s6_ptot) .  
EXECUTE .  
IF (s6_fpaid > 0 & s6_feese = "0") mcdj2 = s7_2mc .  
EXECUTE .  
IF (s6_pbas = 0 & s6_persu = 0 & s6_ptot = 0) mcdj2 = s7_2mc .  
EXECUTE .
```

```
IF (s6_feese ~= "N") mcadj3 = s7_3mc .
EXECUTE .
IF (s6_pbas > 0 & s6_feese = "N") mcadj3 = s7_3mc .
EXECUTE .
IF (s6_persu > 0 & s6_feese = "N") mcadj3 = s7_3mc .
EXECUTE .
IF (s6_ptot > 0 & s6_feese = "N") mcadj3 = s7_3mc * (1 - s6_ptot) .
EXECUTE .
IF (s6_fpaid > 0 & s6_feese = "0") mcadj3 = s7_3mc .
EXECUTE .
IF (s6_pbas = 0 & s6_persu = 0 & s6_ptot = 0) mcadj3 = s7_3mc .
EXECUTE .
```

EQUIPMENT ADJUSTMENT

```
-> COMPUTE eqrev3 = (s7_crent * s7_fyacb) + (s7_rrent * s7_fyarc) + (s7_aofee *
-> s7_fyaaao) + (s7_tcfee * s7_fyatc) .
-> EXECUTE .
->
-> DO IF ((MISSING(s3_aochr) & MISSING(s3_bassu) & MISSING(s3_erent) &
-> MISSING(s3_insch)) & ((s7_ifee ~= 0 | s7_dfee ~= 0 | s7_rfee ~= 0 |
-> s7_crent ~= 0 | s7_rrent ~= 0 | s7_aofee ~= 0 | s7_tcfee ~= 0) & (s7_fynip
-> = 0 & s7_fyndi = 0 & s7_fynre = 0 & s7_fyacb = 0 & s7_fyarc = 0 & s7_fyaaao
-> = 0 & s7_fyatc = 0))) .
-> RECODE
-> eqrev3 (0 thru Highest=SYSMIS) .
-> END IF .
-> EXECUTE .
-> COMPUTE inadj3 = (s3_insch / 12) / s2_hhsub .
-> EXECUTE .

-> IF (s6_ptot > 0 & s6_feese = "N") inadj3 = inadj3 * (1-s6_ptot) .
-> EXECUTE .
-> COMPUTE eqadj3 = eqrev3 .
-> EXECUTE .

-> IF (s6_ptot > 0 & s6_feese = "N") eqadj3 = eqrev3 * (1-s6_ptot) .
-> EXECUTE .
-> COMPUTE eqsub3 = (eqadj3 / s7_lts) + inadj3 .
-> EXECUTE .

-> IF (s7_ifee ~= 0 | s7_dfee ~= 0 | s7_rfee ~= 0 | s7_crent ~= 0 | s7_rrent
-> ~= 0 |
-> s7_aofee ~= 0 | s7_tcfee ~= 0) & (s7_fynip = 0 & s7_fyndi = 0 & s7_fynre
-> = 0 & s7_fyacb = 0 &
-> s7_fyarc = 0 & s7_fyaaao = 0 & s7_fyatc = 0) eqr3 = (s3_insch + s3_erent +
-> s3_aochr) / s3_bassu .
-> EXECUTE .

-> COMPUTE eqr3ad3 = eqr3 .
-> EXECUTE .
-> IF (s6_ptot > 0 & s6_feese = "N") eqr3ad3 = eqr3 * (1-s6_ptot) .
-> EXECUTE .

-> COMPUTE mceadj3 = mceadj1 + eqsub3 .
-> EXECUTE .
-> IF (s7_ifee ~= 0 | s7_dfee ~= 0 | s7_rfee ~= 0 | s7_crent ~= 0 | s7_rrent
-> ~= 0 |
-> s7_aofee ~= 0 | s7_tcfee ~= 0) & (s7_fynip = 0 & s7_fyndi = 0 & s7_fynre
-> = 0 & s7_fyacb = 0 &
-> s7_fyarc = 0 & s7_fyaaao = 0 & s7_fyatc = 0) mceadj3 = mceadj1 * (1 +
-> eqr3ad3) .
-> EXECUTE .

-> COMPUTE mcewtd3 = (mceadj3 * s7_lts) + (mceadj2 * s7_2ts) + (mceadj3 * s7_3ts)
-> .
-> EXECUTE .

-> COMPUTE ewtd3noe = ((mceadj1 * s7_lts) + (mceadj2 * s7_2ts) + (mceadj3 *
-> s7_3ts)) / chanwtd .
-> EXECUTE .

-> COMPUTE ewtd3 = mcewtd3 / chanwtd .
-> EXECUTE .

-> COMPUTE lnp3 = LN(ewtd3) .
-> EXECUTE .
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-> COMPUTE ln3nce = LN(ewtd3nce) .  
-> EXECUTE .
```

April 25, 1994

ADDITIONAL INFORMATION
FROM CABLE RATE SURVEY DATA BASE

Percentage of households in franchise area to which competitors offer service--from Schedule 4, Line 4:

S5_COMMI	%
CA 0751	100
FL 0679	80
GA 0881	50
IN 0530	50
MD 0009	100
MD 0014	100
MI 0567	90
NE 0112	60
NJ 0311	100
NJ 0373	100
NJ 0404	100
OH 0263	53
PA 0478	100
PA 0479	100
PA 0562	85
PA 2512	100
TN 0022	100
TN 0292	100
UT 0098	100
VA 0559	100
FL 0914	100

For other franchise areas, competitors' homes passed can be found by matching systems in competitive franchise areas.

Information about competition in systems' other franchise areas:

AL 0371	Second franchise area has 50% overlap (though competitor has less than 15% penetration). One of remaining 3 franchise areas has competition.
AR 0026	Second franchise area has 80% overlap (though competitor has less than 15% penetration).
GA 0025, GA 0032	Competition in 1 of remaining 4 franchise areas (in addition to the 2 in the data base).
MD 0009, MD 0014	Error in OVERLAP variable. OVERLAP = 1.0. All franchise areas have 100% overlap.
NE 0112	Competition in 1 of remaining 2 franchise areas.

NJ 0404 Competition in 1 of remaining 51 franchise areas.

OH 0264, OH0263 Competition in 1 of remaining 8 franchise areas.

PA 0478, PA0479 Competition in 31 of remaining 54 franchise areas.

TN 0022, TN 0292 Competition in remaining 2 franchise areas.

VA 0559 All franchise areas have competition. (Second franchise area isn't in data base because it didn't begin operation until 10/92.)

WI 0649 Second franchise area has 95% overlap (though competitor has less than 15% penetration).

Franchise areas other than the two for which data are provided in the data base are considered competitive if a second system in the franchise area has more than 50% penetration.