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Federal Communications Commission
Office of the Secretary

Mrs. Donna Gregg
Chief, Media Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: Annual Survey of Cable Rates
MM Docket 92-266

Dear Mrs. Gregg:

In furtherance of the Commission's statutory obligation to publish an annual statistical report on cable rates, the Media Bureau has adopted an order directing a sample of cable operators to complete a price survey questionnaire concerning rates charged during calendar year 2005.¹ Several systems operated by Time Warner Cable Inc. ("Time Warner Cable") have received this survey questionnaire and have completed it pursuant to the Bureau's instructions. However, Time Warner Cable wishes to express its concern with what we believe are serious shortcomings in the Bureau's survey methodology and to urge the Commission to take corrective action in the future.

Specifically, as it has in previous years, the Bureau's questionnaire focuses exclusively on the itemized rate card prices for a limited selection of the equipment and services offered by cable operators. In today's highly competitive video marketplace, however, cable consumers have numerous pricing options other than the rate card prices, including temporary promotional rates, discounted packages of video services, and, most recently, discounted bundles of video and/or voice and/or high speed Internet services (the "double play" and "triple play" packages).

Based on these developments, the Commission's practice of surveying "list" basic cable prices to the exclusion of other common pricing options is not reflective of what actually transpires in the marketplace. That list pricing is no longer an accurate measure of actual prices is borne out by the practices of the market analysts who regularly report on cable pricing. Those analysts now routinely focus their attention on discounted and bundled price offerings as the best measure of the price competition among cable operators, DBS operators, and telephone companies.² These reports offer compelling evidence that the Commission's narrowly focused survey approach is out of touch with marketplace realities.³

¹ *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*, Order, DA 06-311 (Feb. 13, 2006).

² Examples of two such reports, one by SG Cowen & Company and one by the Bank of America, are attached.

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Time Warner Cable believes that continued reliance by the Commission's price survey would result in an incomplete and misleading picture regarding the impact that competition is having on the prices that cable consumers actually can and do pay when they subscribe to video service. Consequently, we urge the Commission to modify its rate survey in order to collect data not only on "list" prices, but also on promotional rate reductions and on the standard discounted pricing for packages of video service and bundles of video, voice and high speed data service. We would also request that, to the extent the Commission continues to rely solely on rate card data in this or future surveys, it make clear in its reports that the data is limited in this manner and does not reflect the now pervasive practice of promotional and standard discounts.

Sincerely,



cc: Chairman Martin ✓
Commissioner Copps
Commissioner Adelstein
Commissioner Tate

³ For example, the Cowen report notes that the major cable operators are offering promotional and standard bundling discounts for customers who take multiple products, and that cable operators' bundled prices are often from 10 to more than 30 percent lower than the price to purchase the bundled products separately. See SG Cowen & Co., "Cable Pricing Survey – February 2006," Mar. 23, 2006.