Associated Press

Report May Spur Oversight of Cable TV

By JOHN DUNBAR – 14 hours ago

WASHINGTON (AP) — A report by the Federal Communications Commission will show that cable TV companies have met a subscriber saturation point that may lead to the agency exerting greater regulatory authority over the industry.

The finding is contained in an annual report that assesses competition in the pay-television market, according to an FCC official who asked not to be named because the report has not yet been released. The report may be released at the agency's November meeting, which has yet to be scheduled.

It will conclude that the agency has reached the "70/70" threshold, a measure contained in a relatively obscure provision of the 1984 cable act.

The law says that when cable systems with 36 or more channels are available to 70 percent of households in the U.S. and 70 percent of those households subscribe to them, the commission may "promulgate any additional rules necessary to promote diversity of information sources."

The last video competition report released by the FCC questioned the way cable subscribership penetration is measured and sought more information on how it is calculated.

The cable television industry strongly disagrees that the standard has been reached.

"Every independent analysis of the marketplace shows that cable serves less than 70 percent of the nation's households and even the FCC staff concluded last year that cable was well short of this threshold," said Kyle McSlarrow, head of the National Cable & Telecommunications Association.

McSlarrow called the provision "a relic of decades-old regulation" and said "twisting statistics in order to breathe life into this rule" is an attempt to justify regulation in an already competitive market.

Cable is facing increasing competition for video services from traditional telecommunications companies like Verizon Communications Inc. and AT&T Inc. It has also lost market share to satellite television providers over the years.

It's not certain what type of regulation such a finding may lead to.

"It's never been invoked before," said Andrew Schwartzman, president and CEO of the Media Access Project, a public interest law firm. What powers the FCC could assume is "a matter of some dispute," he said.

It could lead to the agency forcing cable systems to charge lower rates for groups that lease space on their systems or provide more access to independent programers, he said.