Office of
CHAIRMAN JAMES H. QUELLO
FEDERAL COMMUNICATIONS COMMISSION

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Editorial Page Editor
Washington Post
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Washington, D.C. 20071

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To the Editor;

I am writing to correct misimpressions that may have been created by the *Washington Post*'s August 18, 1993 article entitled "Cable Rules Will Raise Some Bills."

The article's suggestion that the FCC's implementation of the 1992 Cable Act will generally lead to higher cable rates was extremely misleading. Unfortunately, I am afraid that the *Post* has fallen prey to some factions of the cable industry who are mounting a public relations campaign against the Cable Act. By uncritically publishing the undocumented complaints of some "industry executives," the article will only add to public confusion regarding a complex law.

Here are the facts:

First, the hypothetical example chosen by the *Post* to illustrate its conclusion actually demonstrated a decrease in the cable subscriber's monthly bill, from $24 to $16.55. It is important to note that every cable system is different and each subscriber selects the level of service he or she wants, all of which affect the impact of the FCC's rate rules. While we cannot guarantee that every subscriber will save the $7.45 per month cited in the *Post's* example, it does illustrate the point that the vast majority of subscribers will save money.

Second, and more significant, the article asserts that subscribers to basic cable service will suffer increases, while subscribers to enhanced services will reap the savings. It is true that there will be adjustments in cable rates as regulations bring rate structures in line with actual costs, but the article overlooked some vital facts. Even where rates for basic service go up, the subscriber will benefit from reduced equipment prices. The trade publication *Cable World* reported, for example, that the monthly basic rate for the Tampa, Florida cable system will rise from $21.25 to $21.63. But at the same time, the $6.95 charge for additional outlets and the $3.50 charge for remotes in that system will be eliminated, and installation rates will drop from $29.95

to between $17 and $25. Moreover, the *Post* article ignores the fact that the vast majority of cable subscribers — perhaps as many as 95% — take some form of "expanded basic" service, where rate reductions likely will be the greatest.

The 1992 Cable Act was intended to bring cable rates in line with rates charged where competition exists, and the FCC is committed to bringing about that result. While the economics of the industry are complex, as are the rate structures, the bottom line test will be what consumers pay for cable services *as a whole*.

The Cable Act of 1992 was the most significant piece of consumer legislation to emerge from Congress in years. It required the FCC to adopt a wide variety of new rules, pursuant to specific statutory directives. Congress has maintained an intense interest in the Cable Act to ensure that the FCC implements the law pursuant to its instructions. The *Post's* conclusion as stated in a sub-headline that the "New Law is Shifting Costs, Offsetting Goal of Rolling Back Rates" is an exaggeration that needs to be corrected in fairness to Congress, the FCC and the American public.

Sincerely,

James H Quello

James H. Quello
Chairman

cc: Katherine Graham
Paul Farhi