

available on the Internet at <http://www.fcc.gov/mb>.

Synopsis of the 2002 Report

1. The 2002 Report provides updated information on the status of competition in the market for the delivery of video programming, discusses changes that have occurred in the competitive environment over the last year, and describes barriers to competition that continue to exist. Overall, although competitive alternatives continue to develop, cable television still is the dominant technology for the delivery of video programming to consumers in the multichannel video program distributor (MVPD) services marketplace. As of June 2002, 76.5 percent of MVPD subscribers received their video programming from a franchised cable operator, compared to 78 percent a year earlier.

2. The number of cable subscribers reached nearly 68.8 million as of June 2002, up about 0.4 percent from the 68.55 million cable subscribers in June 2001. Although industry data collected for this report period reflect continued growth through June 2002, a number of major cable system operators have experienced significant subscriber losses and calendar year 2002 may be the first year in which the cable industry as a whole experiences a net loss of subscribers.

3. The total number of non-cable MVPD subscribers grew to 21.1 million as of June 2002 from 19.3 million as of June 2001, an increase of more than nine percent. Direct broadcast satellite (DBS) service has grown significantly and now represents 20.3 percent of all MVPD subscribers. Between June 2001 and June 2002, the number of DBS subscribers grew from almost 16 million households to about 18 million households, which is significantly higher than the cable subscriber growth rate.

4. Over the last year, the number of subscribers to multichannel multipoint distribution service (MMDS) and large dish satellite service (HSD) continue to decline. The participation of incumbent local exchange carriers in the distribution of video programming also continue to decline. The number of subscribers to open video systems (OVS) and private cable has remained relatively stable, although their market share remains small.

5. During the period under review, cable rates continued to rise. According to the Bureau of Labor Statistics, between June 2001 and June 2002, cable prices rose 6.3 percent compared to a 1.1 percent increase in the Consumer Price Index, which measures general

price changes. Concurrently with these rate increases, the number of video and non-video services offered increased and programming costs increased.

6. As the Commission reported earlier, the four largest incumbent local exchange carriers or telephone companies, have largely exited the video business. This remains true today. A few smaller local exchange carriers continue to offer, or are preparing to offer, MVPD service over existing telephone lines. Alternatively, several cable multiple system operators continue to offer telephone services. Cable operators are beginning to deploy Internet protocol telephony solutions in addition to circuit-switched telephone offerings.

7. The most significant convergence of service offerings continues to be the pairing of Internet service with other service offerings. Cable operators continue to build-out the broadband infrastructure that permits them to offer high-speed Internet access. Like cable, the DBS industry is developing ways to bring advanced services to their customers. Many MMDS and private cable operators also offer Internet services. In addition, broadband service providers continue to build advanced systems specifically to offer a bundle of services, including video, voice, and high-speed Internet access.

8. Non-cable MVPDs continue to report that regulatory and other barriers to entry limit their ability to compete with incumbent cable operators. Non-cable MVPDs continue to experience some difficulties in obtaining programming from vertically-integrated cable programmers and from unaffiliated programmers which continue to make exclusive agreements with operators. In multiple dwelling units potential entry may be discouraged or limited because an incumbent video programming distributor has a long term and/or exclusive contract. In addition, non-cable MVPDs report problems obtaining franchises from local governments and difficulties in gaining access to utility poles needed to build out their systems.

9. In sum, the 2002 Report details the status of competitors in the market for the delivery of video programming including: Cable systems, DBS and home satellite dishes, wireless cable systems, private cable operators, broadcast television, local exchange carrier entry, open video systems, broadband service providers, Internet video, home video sales and rentals, and electric and gas utilities. The report also examines market structure and competition by evaluating horizontal concentration in the MVPD

marketplace; analyzing vertical integration between cable television systems and programming services; and discussing technical issues such as cable modems, navigation devices and emerging services.

Ordering Clauses

10. The 2002 Report is issued pursuant to authority contained in sections 4(i), (4)(j), 403, and 628(g) of the Communications Act of 1934 as amended, 47 U.S.C. 154(i), 154(j), 403, and 548(g).

11. The Commission's Office of Legislative Affairs shall send copies of the 2002 Report to the appropriate committees and subcommittees of the United States House of Representatives and the United States Senate.

12. The proceeding in MB Docket No. 02-145 is terminated.

Federal Communications Commission.

Marlene H. Dortch,

Secretary.

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FEDERAL ELECTION COMMISSION

Sunshine Act Notices

AGENCY: Federal Election Commission.

DATE & TIME: Tuesday, January 28, 2003, at 10 a.m.

PLACE: 999 E Street, NW., Washington, DC.

STATUS: This meeting will be closed to the public.

ITEMS TO BE DISCUSSED: Compliance matters pursuant to 2 U.S.C. 437g.

Audits conducted pursuant to 2 U.S.C. 437g, 438(b), and title 26, U.S.C.

Matters concerning participation in civil actions or proceedings or arbitration.

Internal personnel rules and procedures or matters affecting a particular employee.

DATE & TIME: Thursday, January 30, 2003, at 10 a.m.

PLACE: 999 E Street, NW., Washington, DC (ninth floor).

STATUS: This meeting will be closed to the public.

ITEMS TO BE DISCUSSED: Correction and approval of minutes.

New and amended FEC reporting forms—BCRA implementation.

New and amended instructions for FEC reporting forms—BCRA implementation.

Administrative matters.