

means "governments of cities, counties, towns, townships, villages, school districts, or special districts, with a population of less than 50,000."<sup>11</sup> As of 1992, there were approximately 85,006 such jurisdictions in the United States.<sup>12</sup> This number includes 38,978 counties, cities, and towns; of these, 37,566, or 96 percent, have populations of fewer than 50,000.<sup>13</sup> The Census Bureau estimates that this ratio is approximately accurate for all governmental entities. Thus, of the 85,006 governmental entities, we estimate that 81,600 (91 percent) are small entities. Below, we further describe and estimate the number of small entity licensees that may be affected by the proposed rules, if adopted.

The rules proposed in the *Space Station Reform NPRM* and *First R&O* would affect satellite operators, if adopted. The Commission has not developed a definition of small entities applicable to satellite operators. Therefore, the applicable definition of small entity is generally the definition under the SBA rules applicable to Satellite Telecommunications.<sup>14</sup> This definition provides that a small entity is expressed as one with \$11.0 million or less in annual receipts.<sup>15</sup> 1997 Census Bureau data indicate that, for 1997, 273 satellite communication firms had annual receipts of under \$10 million. In addition, 24 firms had receipts for that year of \$10 million to \$24,999,990.<sup>16</sup>

In addition, Commission records reveal that there are approximately 240 space station operators licensed by this Commission. We do not request or collect annual revenue information, and thus are unable to estimate the number of licensees that would constitute a small business under the SBA definition. Small businesses may not have the financial ability to become space station licensees because of the high implementation costs associated with satellite systems and services.

Below, we further describe and estimate the number of small entity

licensees that may be affected by the rules proposed in the *Part 25 Earth Station Streamlining NPRM*:

1. *Cable Services.* The Commission has developed its own small business size standard for a small cable operator for the purposes of rate regulation. Under the Commission's rules, a "small cable company" is one serving fewer than 400,000 subscribers nationwide.<sup>17</sup> Based on our most recent information, we estimate that there were 1,439 cable operators that qualified as small cable companies at the end of 1995.<sup>18</sup> Since then, some of those companies may have grown to serve over 400,000 subscribers, and others may have been involved in transactions that caused them to be combined with other cable operators. Consequently, we estimate that there are fewer than 1,439 small cable companies that may be affected by the proposed rules.

The Communications Act of 1934, as amended, also contains a size standard for a "small cable operator," which is "a cable operator that, directly or through an affiliate, serves in the aggregate fewer than one percent of all subscribers in the United States and is not affiliated with any entity or entities whose gross annual revenues in the aggregate exceed \$250,000,000."<sup>19</sup> The Commission has determined that there are 67,700,000 subscribers in the United States.<sup>20</sup> Therefore, an operator serving fewer than 677,000 subscribers shall be deemed a small operator, if its annual revenues, when combined with the total annual revenues of all of its affiliates, do not exceed \$250 million in the aggregate.<sup>21</sup> Based on available data, we estimate that the number of cable operators serving 677,000 subscribers or less totals approximately 1,450.<sup>22</sup> We do not request or collect information on whether cable operators are affiliated with entities whose gross annual revenues exceed \$250,000,000,<sup>23</sup> and

therefore are unable to estimate accurately the number of cable system operators that would qualify as small cable operators under the definition in the Communications Act.

2. *Satellite Telecommunications Services.* The rules adopted in this Third Report and Order affect providers of satellite telecommunications services. Satellite telecommunications service providers include satellite operators and earth station operators. The Commission has not developed a definition of small entities applicable to satellite operators. Therefore, the applicable definition of small entity is generally the definition under the SBA rules applicable to Satellite Telecommunications.<sup>24</sup> This definition provides that a small entity is expressed as one with \$12.5 million or less in annual receipts.<sup>25</sup> 1997 Census Bureau data indicate that, for 1997, 273 satellite communication firms had annual receipts of under \$10 million. In addition, 24 firms had receipts for that year of \$10 million to \$24,999,990.<sup>26</sup>

3. *Auxiliary, Special Broadcast and other program distribution services.* This service involves a variety of transmitters, generally used to relay broadcast programming to the public (through translator and booster stations) or within the program distribution chain (from a remote news gathering unit back to the station). The Commission has not developed a definition of small entities applicable to broadcast auxiliary licensees. Therefore, the applicable definition of small entity is the definition under the Small Business Administration (SBA) rules applicable to radio broadcasting stations (NAICS 513112) and television broadcasting stations (NAICS 513120). These definitions provide that a small entity is one with either \$6.0 million or less in annual receipts for a radio broadcasting station or \$12.0 million in annual receipts for a TV station. See 13 CFR 121.201. As of September 1999, there were 3,237 FM translators and boosters,

franchise authority's finding that the operator does not qualify as a small cable operator pursuant to section 76.901(f) of the Commission's rules. See 47 CFR 76.990(b).

<sup>24</sup> "This industry comprises establishments primarily engaged in providing point-to-point telecommunications services to other establishments in the telecommunications and broadcasting industries by forwarding and receiving communications signals via a system of satellites or reselling satellite telecommunications." Small Business Administration, 1997 NAICS Definitions, NAICS 513340.

<sup>25</sup> 13 CFR 120.121, NAICS code 513340.

<sup>26</sup> U.S. Census Bureau, 1997 Economic Census, Subject Service: Information, "Establishment and Firm Size," Table 4, NAICS 513340 (Issued Oct. 2000).

<sup>11</sup> 5 U.S.C. 601(5).

<sup>12</sup> U.S. Dept. of Commerce, Bureau of the Census, "1992 Census of Governments."

<sup>13</sup> *Id.*

<sup>14</sup> "This industry comprises establishments primarily engaged in providing point-to-point telecommunications services to other establishments in the telecommunications and broadcasting industries by forwarding and receiving communications signals via a system of satellites or reselling satellite telecommunications." Small Business Administration, 1997 NAICS Definitions, NAICS 513340.

<sup>15</sup> 13 CFR 120.121, NAICS code 513340.

<sup>16</sup> U.S. Census Bureau, 1997 Economic Census, Subject Service: Information, "Establishment and Firm Size," Table 4, NAICS 513340 (Issued Oct. 2000).

<sup>17</sup> 47 CFR 76.901(e). The Commission developed this definition based on its determinations that a small cable company is one with annual revenues of \$100 million or less. See *Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992: Rate Regulation*, MM Doc. Nos. 92-266 and 93-215, Sixth Report and Order and Eleventh Order on Reconsideration, 10 FCC Rcd 7393, 7408-7409 ¶¶ 28-30 (1995).

<sup>18</sup> Paul Kagan Assocs., Inc., Cable TV Investor, Feb. 29, 1996 (based on figures for Dec. 30, 1995).

<sup>19</sup> 47 U.S.C. 543(m)(2).

<sup>20</sup> See FCC Announces New Subscriber Count for the Definition of Small Cable Operator, Public Notice, 16 FCC Rcd 2225 (2001).

<sup>21</sup> 47 CFR 76.1403(b).

<sup>22</sup> See FCC Announces New Subscriber Count for the Definition of Small Cable Operator, Public Notice, 16 FCC Rcd 2225 (2001).

<sup>23</sup> We do receive such information on a case-by-case basis only if a cable operator appeals a local