

in order to facilitate competition between incumbent cable operators and telephone companies. It was expected that local exchange telephone carriers would begin to compete in video delivery markets, and cable operators would begin to provide local telephone exchange service. The Commission previously reported that there had been an increase in the amount of video programming provided to consumers by telephone companies, although the expected technological convergence that would permit use of telephone facilities for video service had not yet occurred. This year, we find that the rate of entry by LECs appears to be slowing even by the most aggressive telephone companies, and several LECs have reduced or eliminated their MVPD efforts. Alternatively, only a limited number of cable operators have begun to offer telephone service and their strategies for deployment remain varied, with some companies deploying traditional circuit-switched telephone service and others either offering cable-delivered telephony on a limited basis, waiting until Internet Protocol ("IP") technology becomes available, or continuing to test such service. The most significant convergence of service offerings continues to be the pairing of Internet service with other services. There is evidence that a wide variety of companies throughout the communications industries are attempting to become providers of multiple services, including data access.

- *Promotion of Entry and Competition:* Noncable MVPDs continue to report that regulatory and other barriers to entry limit their ability to compete with incumbent cable operators and to thereby provide consumers with additional choices. Non-cable MVPDs also continue to experience some difficulties in obtaining programming from both vertically integrated cable programmers and unaffiliated programmers who continue to make exclusive agreements with cable operators. In multiple dwelling units ("MDUs"), potential entry may be discouraged or limited because an incumbent video programming distributor has a long-term and/or exclusive contract. Other issues also remain with respect to how, and under what circumstances, existing inside wiring in MDUs may be made available to alternative video service providers. Consumers historically reported that their inability to receive local signals from DBS operators negatively affected their decision as to whether to subscribe to DBS. This year's significant increase in DBS

subscribership has been attributed, at least in part, to the authority granted to DBS providers to distribute local broadcast television stations in their local markets by the Satellite Home Viewer Improvement Act of 1999 ("SHVIA") enacted on November 29, 1999. Under SHVIA, DBS operators can offer a programming package more comparable to and competitive with the services offered by cable operators.

- *Horizontal Concentration:* Consolidations within the cable industry continue as cable operators acquire and trade systems. The ten largest operators now serve close to 90 percent of all U.S. cable subscribers. In terms of one traditional economic measure, the Herfindahl-Hirschman Index or HHI, national concentration among the top MVPDs has increased since last year, although it remains below the levels reported in earlier years. DBS operators DirecTV and EchoStar rank among the ten largest MVPDs in terms of nationwide subscribership along with eight cable multiple system operators ("MSOs"). As a result of acquisitions and trades, cable MSOs have continued to increase the extent to which their systems form regional clusters. Currently, 44 million of the nation's cable subscribers are served by systems that are included in regional clusters. By clustering their systems, cable operators may be able to achieve efficiencies that facilitate the provision of cable and other services, such as telephony.

- *Vertical Integration:* The number of satellite-delivered programming networks has decreased by two from 283 in 1999 to 281 in 2000. Vertical integration of national programming services between cable operators and programmers, measured in terms of the total number of services in operation, declined from last year's total of 37 percent to 35 percent this year, continuing a five year trend. In 2000, one or more of the top five cable MSOs held an ownership interest in each of 99 vertically integrated national programming services. The 2000 Report also identifies 75 regional networks, 27 of which are sports channels, many owned at least in part by MSOs, and 30 regional and local news networks that compete with local broadcast stations and national cable networks (e.g., CNN).

- *Technological Advances:* Cable operators and other MVPDs continue to develop and deploy advanced technologies, especially digital compression techniques, to increase the capacities and to enhance the capabilities of their transmission platforms. These technologies allow MVPDs to deliver additional video

options and other services (e.g., data access, telephony, and interactive services) to their subscribers. To access these wide ranging services, consumers use "navigation devices." The Commission adopted rules that required MVPDs to unbundle security from other functions of digital set-top boxes by July 1, 2000. The cable industry reports that cable operators have met this deadline to have digital separate security modules available for consumers. Interface requirements and a certification process for the high-speed cable modems needed to access data services have also been developed. Cable modems are now for sale in selected markets. The Commission expects these developments to increase competition in the market for equipment used by subscribers. In addition, in the last year, interactive television ("ITV") services are beginning to be offered through cable, satellite, and terrestrial technologies. ITV provides or has the potential to provide a wide range of services, including video on demand ("VOD"), e-mail, TV-based commerce, Internet access, and program-related content, using digital set-top boxes and other devices that interface with television receivers (e.g., WebTV).

Ordering Clauses

5. This 2000 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).

6. The Office of Legislative and Intergovernmental Affairs shall send copies of the 2000 Report to the appropriate committees and subcommittees of the United States House of Representatives and United States Senate.

7. The proceeding in CS Docket No. 00-132 IS TERMINATED.

Federal Communications Commission.

Magalie Roman Salas,

Secretary.

[FR Doc. 01-2375 Filed 1-25-01; 8:45 am]

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FEDERAL COMMUNICATIONS COMMISSION

[CS DOCKET NO. 01-7, FCC 01-15]

Nondiscrimination in the Distribution of Interactive Television Services Over Cable

AGENCY: Federal Communications Commission.

ACTION: Notice of inquiry.

SUMMARY: In this document, the Commission seeks comment on whether rules should be considered to ensure that interactive television ("ITV") services develop in a competitive fashion. In the Memorandum Opinion and Order in CS Docket 01-30, the Commission found that important questions were raised regarding ITV services that warrant further examination in a proceeding of general applicability. Accordingly, in this document the Commission considers whether industry-wide rules are needed to address any impediments to the development of ITV services and markets.

DATES: Comments are due on or before March 19, 2001; Reply Comments are due on or before April 20, 2001.

ADDRESSES: Parties who choose to file by paper should send comments to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 445 12th Street, SW., Washington, DC 20554. Parties who choose to file by paper should also submit their comments on diskette. Parties should submit diskettes to Royce Dickens, Cable Services Bureau, 445 12th Street SW., Room 3A729, Washington, DC 20554. In addition, commenters must send diskette copies to the Commission's copy contractor, International Transcription Service, 445 12th Street, SW., CY-B400, Washington, DC 20554. Comments filed through the Commission's Electronic Comment Filing System (ECFS) can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>.

FOR FURTHER INFORMATION CONTACT: Royce Dickens, Cable Services Bureau at (202) 418-7200, TTY (202) 418-7172.

SUPPLEMENTARY INFORMATION: This is a summary of the Notice of Inquiry in CS Docket No. 01-7, FCC 01-15, adopted January 12, 2001, and released January 18, 2001 ("Notice"). The complete text of this document is available for inspection and copying during normal business hours in the FCC Reference Center, 554 12th Street, SW., Washington, DC, and also may be purchased from the Commission's copy contractor, International Transcription Service, 445 12th Street, SW., CY-B400, Washington, DC 20554. In addition, the document is available via the Internet at <http://www.fcc.gov/Bureaus/csb>.

Synopsis of the Notice of Inquiry

1. In this Notice, the Commission considers whether rules are needed to address any impediments to the development of ITV services and markets.

2. The Notice seeks comment on what services constitute ITV services, what entities constitute ITV providers, how ITV services will be delivered, what business models will govern the delivery of ITV services to consumers, and the general status of an ITV services market. The Notice seeks comment on whether, if it were determined that operators of cable systems (or another delivery platform) had the incentive and ability to behave anti-competitively vis-a-vis ITV service providers, the Commission should consider prohibiting those operators from discriminating between affiliated and unaffiliated ITV service providers.

3. The Notice also seeks comment on the legal classifications of ITV services, what public policy and statutory objectives ITV rules would promote, and the Commission's authority to protect this market. The Notice asks questions about enforcement of any new rules, proposing alternatively a voluntary arbitration, subject to judicial review, or a Commission complaint procedure.

Filing Procedures

4. Pursuant to applicable procedures set forth in §§ 1.415 and 1.419 of the Commission's Rules, 47 CFR 1.415 and 1.419, interested parties may file comments in response to this Notice on or before March 19, 2001 and reply comments on or before April 20, 2001. Comments may be filed using the Commission's Electronic Comment Filing System ("ECFS") or by filing paper copies. Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, Postal service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form<your e-mail address." A sample form and directions will be sent in reply.

5. Parties who choose to file by paper must file an original and four copies of each filing. If participants want each Commissioner to receive a personal copy of their comments, an original plus

nine copies must be filed. If more than one docket or rulemaking number appears in the caption of this proceeding commenters must submit two additional copies for each additional docket or rulemaking number. All filings must be sent to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 445 12th Street, SW., Washington, DC 20554. The Cable Services Bureau contact for this proceeding is Royce Dickens.

6. Parties who choose to file by paper should also submit their comments on diskette. Parties should submit diskettes to Royce Dickens, Cable Services Bureau, 445 12th Street SW., Room 3A729, Washington, DC 20554. Such a submission should be on a 3.5-inch diskette formatted in an IBM compatible form using MS DOS 5.0 and Microsoft Word, or compatible software. The diskette should be accompanied by a cover letter and should be submitted in "read only" mode. The diskette should be clearly labeled with the party's name, proceeding (including the lead docket number in this case CS Docket No. 01-7), type of pleading (comments or reply comments), date of submission, and the name of the electronic file on the diskette. The label should also include the following phrase "Disk Copy—Not an Original." Each diskette should contain only one party's pleadings, referable in a single electronic file. In addition, commenters must send diskette copies to the Commission's copy contractor, International Transcription Service, 445 12th Street, SW., CY-B400, Washington, DC, 20554.

Federal Communications Commission.

William F. Caton,

Deputy Secretary, Federal Communications Commission.

[FR Doc. 01-2376 Filed 1-25-01; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL ELECTION COMMISSION

Sunshine Act Notices; Meeting

AGENCY: Federal Election Commission.

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DATE & TIME: Tuesday, January 30, 2001 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.