

Cable Operator Valuation of Distant Signal Non-Network Programming: 2010-13

— Prepared by —

**Bortz Media & Sports Group, Inc.
5105 DTC Parkway
Suite 200
Greenwood Village, Colorado 80111**

December 22, 2016



TABLE OF CONTENTS

- I. INTRODUCTION AND SUMMARY1**
- II. METHODOLOGY OF THE 2010-13 CABLE OPERATOR SURVEYS.....9**
 - A. The Sample Design.....10
 - B. Questionnaire Design.....14
 - 1. Question 1 – Qualification14
 - 2. Question 2 – Importance15
 - 3. Question 3 – Cost.....16
 - 4. Question 4 – Relative Value Allocation17
 - 5. Questionnaires for Cable Systems Carrying Only WGN18
 - C. Survey Completion and Respondent Qualifications19
- III. 2010-13 IMPROVEMENTS IN SURVEY METHODOLOGY24**
 - A. Compensable Programming on WGN24
 - 1. Importance of WGN in the Distant Signal Marketplace.....25
 - 2. Compensability of Programming on WGN America.....27
 - 3. Changes to the Bortz Surveys30
 - B. Cable Systems with Large Numbers of Distant Signals31
 - 1. Cable System Consolidation31
 - 2. Cable Systems Carrying Large Numbers of Distant Signals33
 - 3. Changes to the Bortz Surveys35
 - C. Sports Programming36
 - D. Sampling Enhancements38
 - E. The Surveys’ Introductory Questions39

F.	The Surveys' Constant Sum Question	40
IV.	RESULTS OF THE 2010-13 CABLE OPERATOR SURVEYS.....	41
A.	Budget Allocation	41
1.	2010-13 Results	41
2.	Confidence Intervals	43
3.	Historical Allocations	44
4.	PTV Survey Allocations	46
5.	Canadian Survey Allocations.....	46
6.	Impact of WGN Compensability	47
B.	Responses to Preparatory Questions.....	49
APP. A.	CABLE OPERATOR SURVEY HISTORICAL BACKGROUND.....	A-1
A.	Historical Background	A-1
1.	1989 and Prior Surveys.....	A-1
2.	1990 through 1992 Surveys	A-3
3.	1993 through 2008 Surveys	A-4
4.	2009 through 2013 Surveys	A-5
B.	Response to Criticisms of Prior Surveys	A-5
1.	Respondent Qualifications	A-5
2.	Category Definitions.....	A-7
3.	Excluded Systems, Program Categories and Signals.....	A-8
4.	Respondent Recall	A-11
5.	Signal Carriage Data.....	A-12
6.	Budget Allocation Process	A-12

7.	Call Backs	A-13
8.	Survey Length.....	A-14
9.	Supply Side	A-14
10.	Attitudes Versus Conduct	A-16
11.	Value of Programming Not Carried.....	A-16
12.	Carriage of Compensable Sports Programming	A-16
13.	WGN Substitution.....	A-17
APP. B.	ADS SURVEY INSTRUMENTS.....	B-1
APP. C.	WGN ONLY SURVEY INSTRUMENTS	C-1
APP. D.	SURVEY ESTIMATION PROCEDURES AND STATISTICAL EVALUATION OF SURVEY ESTIMATES	D-1
A.	Estimation Procedures	D-1
1.	Statistical Estimation Procedures for Question 4.....	D-1
2.	Statistical Estimation Procedures for Questions 2 and 3	D-4
B.	Evaluation of Survey Estimates	D-8
APP. E.	PROGRAM CATEGORY DEFINITIONS.....	E-1

LIST OF TABLES AND FIGURES

Table I-1	Distant Signal Programming Valuation Studies, 2010-13	3
Figure I-1	Average Cable Operator Allocation of Value by Distant Signal Program Type, 2010-13 and 2004-2005	4
Table I-2	Comparison of Bortz Survey Results and Final Basic Fund Awards, 2004-2005	6
Figure I-2	Comparison of Bortz Survey Results and Final Basic Fund Awards, 2004	6
Figure I-3	Comparison of Bortz Survey Results and Final Basic Fund Awards, 2005	7
Table II-1	Stratification Statistics and Respondent Distribution for the 2010, 2011, 2012 and 2013 Surveys	13
Table II-2	Cable Operator Survey Response Rates, 2010-13	21
Table II-3	Cable Operator Survey Timing, 2010-13.....	21
Table II-4	Persons Most Responsible for Programming Carriage Decisions, By Job Title, 2010, 2011, 2012 and 2013.....	23
Figure III-1	Distant Signal Subscriber Reach of WGN and Other Widely Available Distant Signals, 2010-13	26
Table III-1	Distribution of Fees Generated by Signal Type, 2010-13	26
Figure III-2	Distribution of Fees Generated by Signal Type, 2004-05 and 2010-13	27
Table III-2	Proportion and Distribution of Compensable Programming on WGNA, 2004-05 and 2010-13	28
Figure III-3	Average Distribution of WGNA Compensable Programming by Claimant, 2004-05 and 2010-13	28
Figure III-4	Compensable Proportion of Programming on WGN America, 2010-13.....	29
Table III-3	Trend in Form 3 Cable Systems and Semi-Annual Royalties	32
Table III-4	Analysis of Distant Signal Carriage Patterns in Bortz Surveys/Samples, 1998-2013	33
Table III-5	Distant Reach of “9+ Signals” in Bortz Survey Sample.....	35

Table III-6	Fees Generated by 9+ Signals Among Bortz Survey Respondents, 2010-13 (000s)	36
Figure III-5	Percentage of Form 3 Royalties Represented in Cable Operator Survey Samples, 2004-05 and 2010-13	38
Table IV-1	Distant Signal Programming Valuation Studies, 2010-13	42
Figure IV-1	Cable Operator Allocation of Value by Distant Signal Program Type, 2010-13	43
Table IV-2	Comparison of Value Ranges Reflected in Confidence Intervals for Distant Signal Programming Valuation Studies, 2004-2013	44
Table IV-3	Summary of Cable Operator Distant Signal Programming Value Allocations, 1978-2013	45
Table IV-4	Distant Signal Programming Value Among Systems Carrying Public Television Distant Signals, 2010-13	46
Table IV-5	Distant Signal Programming Value Among Systems Carrying Canadian Distant Signals, 2010-13	47
Table IV-6	Comparison of WGN Distant Signal Royalty Parameters, Form 3 Universe and Completed Surveys, 2010-13	48
Table IV-7	Most Important Distant Signal Programming Category to Offer, 2010, 2011, 2012 and 2013	50
Table IV-8	Most Important Distant Signal Programming Category to Offer by Average Rank, 2010, 2011, 2012 and 2013	51
Table IV-9	Most Expensive Distant Signal Programming Category to Acquire, 2010, 2011, 2012 and 2013	52
Table IV-10	Most Expensive Distant Signal Programming Category to Acquire by Average Rank, 2010, 2011, 2012 and 2013	52

I. INTRODUCTION AND SUMMARY

The Copyright Royalty Judges (CRJs) allocate among copyright owners of television programming the compulsory licensing royalties that cable systems pay under Section 111 of the Copyright Act to retransmit out-of-market (distant) broadcast television stations. In doing so, the CRJs have sought to ascertain the relative market value of the different categories of programming. That is, they determine what cable systems would have paid, on a relative basis, for the different types of compensable programming on the distant signals that the cable systems carried pursuant to Section 111, if those systems had been required to negotiate in an open market absent compulsory licensing. Since 1985, the Joint Sports Claimants (JSC) have retained the principals of Bortz Media & Sports Group, Inc. (Bortz) to develop and implement a methodology for making the same determination.¹ This report focuses upon our analysis for the years 2010, 2011, 2012 and 2013.

The cornerstone of that analysis, as in prior years, is an annual survey of cable system operators. We have designed and implemented those surveys relying upon our experience in market research involving the cable television industry and in consultation with several independent experts in the areas of survey design and implementation. Our surveys employ a well-established market research methodology to determine relative market values using a “constant sum” question. The surveys ask a random sample of cable operators how they would allocate a fixed budget among the different “non-network” programming categories on the distant signals they actually carried in the relevant year. Section II of this report discusses in greater detail the methodology of our 2010-13 surveys.

¹ Bortz Media & Sports Group, Inc. operated under the name Bortz & Company prior to January 1998. For purposes of this report, all references to the Company use the name Bortz Media & Sports Group, Inc., Bortz Media or Bortz.

Over the past three decades we have continually sought to assess and to improve our cable operator surveys in response to marketplace changes and issues raised in the cable royalty distribution proceedings. Appendix A describes the evolution of these surveys and the various methodological modifications we have made over time to ensure that the survey results provide the best possible estimates of relative market value. Section III discusses the specific changes that we made in the surveys following the CRJs’ “Phase I” final determination in the 2004-05 cable royalty distribution proceeding, the last litigated Phase I cable royalty distribution proceeding.² The principal changes were: (1) identifying for certain survey respondents the “compensable” programming on WGN, the most widely-carried distant signal; (2) limiting the number of distant signals that respondents were asked to consider to make the survey interview more manageable; (3) eliminating the “sports” category for valuation where we could not confirm that the respondent’s cable system retransmitted such programming on a non-network distant signal basis; (4) modifying preparatory questions to increase their relevance to the ultimate question of relative programming value; and (5) modifying the key valuation question to encompass all potential value factors rather than only the attraction and retention of subscribers. We believe these modifications (along with enhanced sampling to narrow the confidence intervals of the survey results) have improved both the currency and overall design of the 2010-13 surveys — particularly as compared to the cable operator surveys upon which the CRJs relied in the 2004-05 cable royalty distribution proceeding.

² See Distribution Order, Docket No. 2007-3 CRB CD 2004-2005, July 21, 2010 (hereinafter, “2004-05 CRJ Distribution Order”). I understand that although the current proceedings will not be conducted in separate phases, the CRJs will make both (1) a determination allocating the royalty funds among the various program categories (the former “Phase I” determination), and (2) a determination of the relative value of the programming within each category, to the extent that is in dispute (the former “Phase II” determination).

Section IV discusses the results of the 2010-13 Bortz surveys and compares those results to prior years. The key finding from these surveys is that cable operators would have allocated their 2010, 2011, 2012 and 2013 distant signal non-network programming budgets as follows:

Table I-1.
Distant Signal Programming Valuation Studies, 2010-13

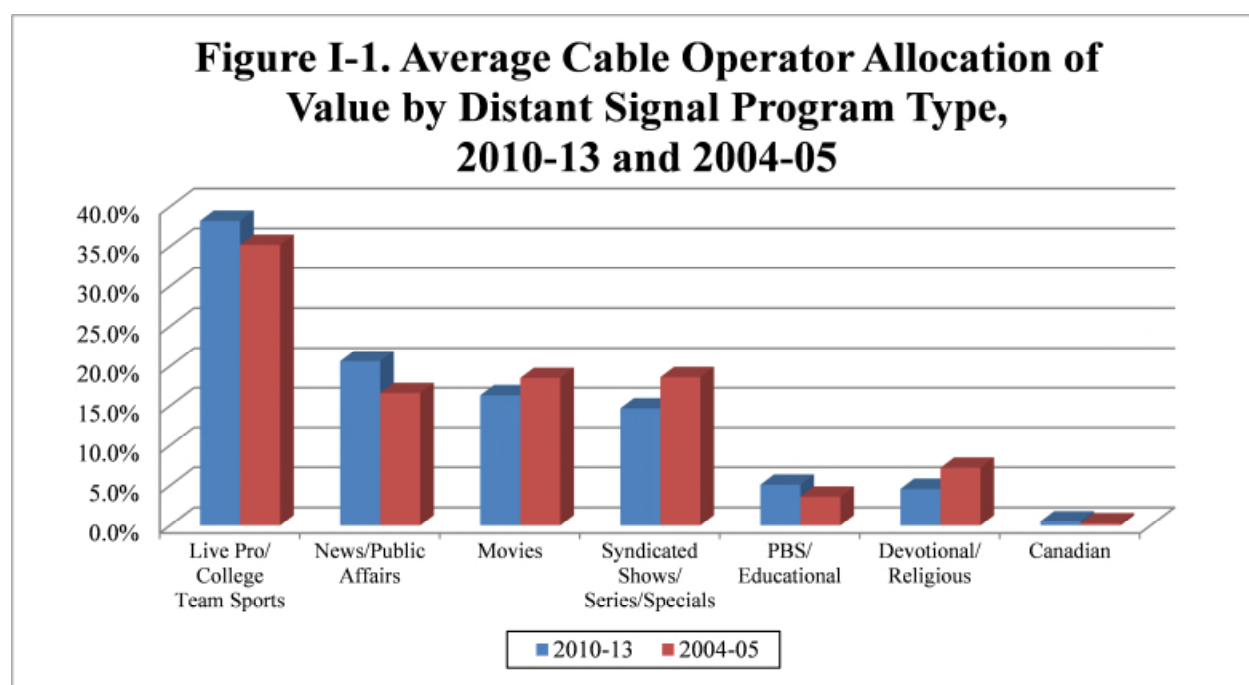
	2010	2011	2012	2013	2010-13 Average
Live professional and college team sports	40.9%	36.4%	37.9%	37.7%	38.2%
News and public affairs programs	18.7%	18.3%	22.8%	22.7%	20.6%
Movies	15.9%	18.6%	15.3%	15.5%	16.3%
Syndicated shows, series and specials	16.0%	17.4%	13.5%	11.8%	14.7%
PBS and all other programming on non-commercial signals	4.4%	4.7%	5.1%	6.2%	5.1%
Devotional and religious programming	4.0%	4.5%	4.8%	5.0%	4.6%
All programming on Canadian signals	<u>0.1%</u>	<u>0.2%</u>	<u>0.6%</u>	<u>1.2%</u>	<u>0.5%</u>
Total*	100.0%	100.0%	100.0%	100.0%	100.0%

*Columns may not add to total due to rounding.

As Table I-1 reflects, in each of the years 2010, 2011, 2012 and 2013, cable operators valued the live professional and college team sports programming on the distant signals they carried more highly than any other distant signal non-network programming category. They would have allocated the largest percentage of a distant signal non-network programming budget (40.9 percent in 2010, 36.4 percent in 2011, 37.9 percent in 2012 and 37.7 percent in 2013) to live professional and college team sports programming. The sports allocation in each year is greater than the combined value of the two program categories represented by the Program Suppliers — movies and syndicated shows, series and specials. These two program categories combined accounted for 31.8 percent of the cable operators' programming budgets in 2010, 36.0 percent in 2011, 28.8 percent in 2012 and 27.2 percent in 2013.³

³ The individual category amounts do not add to the combined totals for the two Program Suppliers categories in 2010 and 2013 due to rounding.

Results from the 2010-13 cable operator surveys (averaged across the four years) are compared to the average results from the 2004-05 cable operator surveys on Figure I-1 below. The figure illustrates that average allocations for the sports, news and public affairs, public television programming and Canadian categories were higher during the period 2010-13 as compared with 2004-05. The increases in these categories were offset by lower allocations for the movies, syndicated and devotional programming categories.



In the 2004-05 proceeding, the CRJs found the “Bortz study to be the most persuasive piece of evidence provided on relative value,”⁴ and they concluded that “[t]he Bortz intervals certainly mark the most strongly anchored range of relative programming values produced by the evidence in this proceeding.”⁵ However, the CRJs ruled that, for purposes of making their royalty allocations among the Phase I program categories, it was necessary to adjust the results of the 2004-05 Bortz surveys. *First*, the surveys do not purport to measure the value of music in

⁴ 2004-05 CRJ Distribution Order at 12.

⁵ 2004-05 CRJ Distribution Order at 18.

any of the programming. Accordingly, the CRJs independently determined that value (an average of 3.8 percent for 2004-05) and took the Music Claimants' share "off-the-top."⁶ *Second*, the CRJs concluded that the Public Television (PTV) and Canadian Claimants' survey shares should be increased because the surveys did not ask cable operators to value these categories if they carried only distant non-commercial educational signals or only distant Canadian signals.⁷ *Third*, the Judges noted that respondents to the 2004-05 Bortz surveys may have attributed value to programming on WGN-TV that is non-compensable, i.e., programming that was not available simultaneously on both the WGN signal available over-the-air and the WGN signal available via satellite.⁸ This, the Judges determined, may have inflated the shares of the Program Suppliers and Devotional Claimants at the expense of JSC and the Commercial Television (CTV) Claimants.⁹ A comparison of the 2004-05 cable operator survey results with the adjusted shares awarded by the CRJs is set forth in Table I-2 below.

⁶ 2004-05 CRJ Distribution Order at 56-58.

⁷ 2004-05 CRJ Distribution Order at 14-16, 27-30, 36-39.

⁸ 2004-05 CRJ Distribution Order at 16-17.

⁹ 2004-05 CRJ Distribution Order at 16.

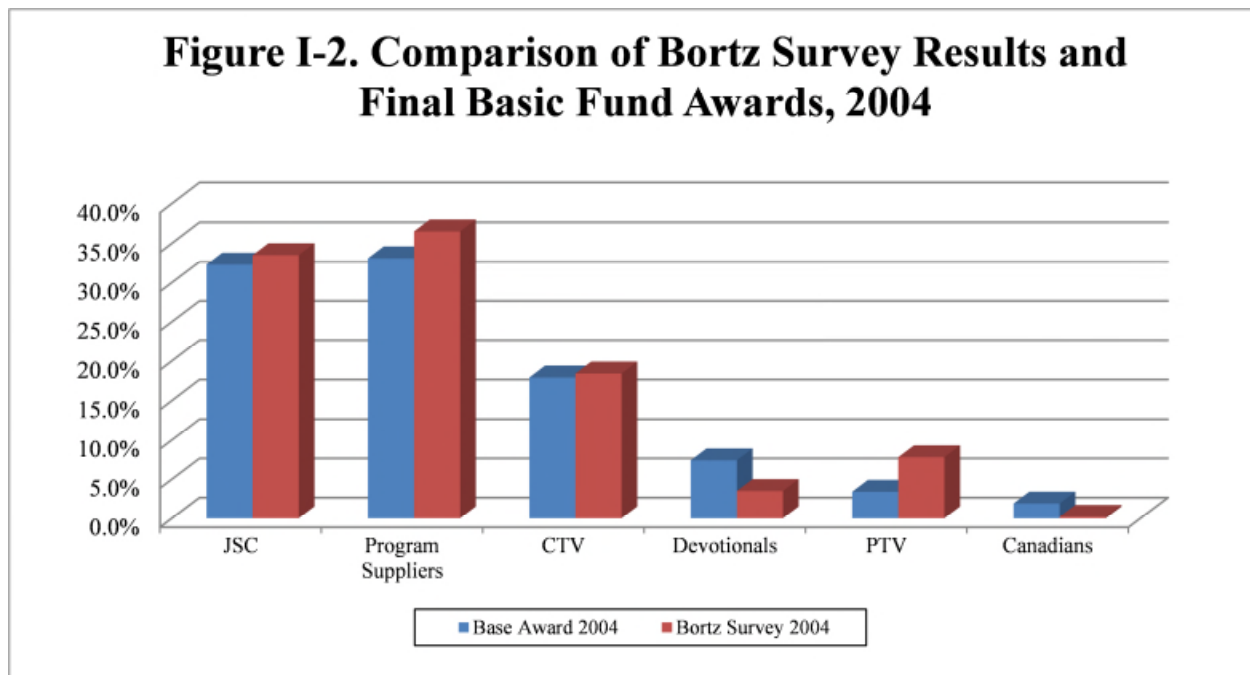
Table I-2. Comparison of Bortz Survey Results and Final Basic Fund Awards, 2004-05

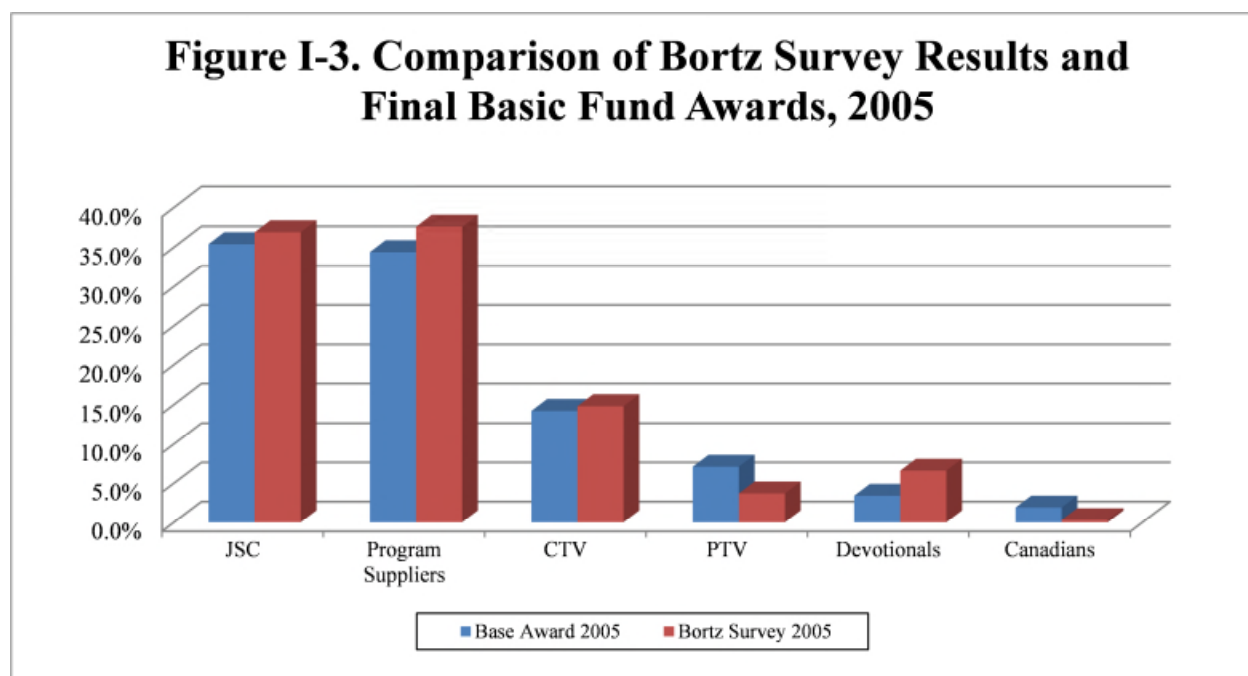
Phase I Category*	Bortz Survey Results		Final Basic Fund Awards	
	2004	2005	2004	2005
JSC	33.5%	36.9%	32.3%	35.4%
Program Suppliers	36.5%	37.6%	33.1%	34.4%
CTV	18.4%	14.8%	17.9%	14.2%
PTV	3.5%	3.7%	7.4%	7.1%
Devotional Claimants	7.8%	6.6%	3.4%	3.4%
Canadian Claimants	0.2%	0.3%	1.9%	1.9%
Music Claimants	<u>NA</u>	<u>NA</u>	<u>4.0%</u>	<u>3.6%</u>
Total**	100.0%	100.0%	100.0%	100.0%

*As described in the 2004-05 CRJ Distribution Order.

**Columns may not add to total due to rounding.

Figures I-2 and I-3 below illustrate the comparison between 2004-05 survey results and basic fund awards graphically.





We believe that our survey results provide the best available estimate of how cable operators valued the different types of non-network programming categories on the distant signals they actually carried in 2010-13, and by extension the best approximation of how the cable operators themselves would have allocated the compulsory licensing royalties they paid to carry that programming. However, as discussed in Section III, improvements to the 2010-13 survey should reduce, but do not fully account for, the impact of non-compensable WGN programming, all of which was in the Program Suppliers and Devotional categories. Accordingly, the 2010-13 survey values for the Program Suppliers and Devotional categories should be regarded as a “ceiling” on the potential value of those categories, while JSC and CTV values are likely understated because all of their programming on WGN was compensable.¹⁰ Additionally, we recognize that some adjustment to the specific point estimates of the survey

¹⁰ The consideration of non-compensable WGN programming may also have reduced some respondents’ relative valuations of Canadian and PTV programming.

results is appropriate to account for a music share and for the exclusion of systems that carry only PBS and/or Canadian distant signals.

II. METHODOLOGY OF THE 2010-13 CABLE OPERATOR SURVEYS

Over a period of more than thirty years, JSC have commissioned surveys of cable operators in connection with cable royalty distribution proceedings. Other “Phase I” parties — specifically CTV, PTV and Devotional Claimants — have supported the JSC surveys in prior proceedings (with or without adjustments). CTV also submitted an independently-conducted cable operator survey to the Copyright Royalty Tribunal (CRT) in the 1983 proceeding, with results that were virtually the same as the JSC survey submitted in that proceeding. The Canadian Claimants submitted cable operator surveys in the 1990-92, 1998-99, 2000-03 and 2004-05 proceedings. The purpose of all these surveys has been to determine how cable operators value, on a relative basis, the different categories of non-network programming on the distant signals they carried.

There have been important similarities in the methodology these surveys employed, including the use of a “constant sum” question that allows the cable operators themselves to place relative values on different program types. As the CRJs concluded in the 2004-05 proceeding, “the constant sum survey . . . has been long regarded as a recognized approach to market research.”¹¹ This approach allows survey respondents to address the same task that the CRJs and their predecessors have confronted — allocating a fixed amount among several program categories based upon the relative market value of those categories. Several expert witnesses for JSC and other parties (CTV, PTV and Devotionals) have testified in support of the Bortz cable operator surveys, as well as the appropriateness of using constant sum questions as a

¹¹ 2004-05 Distribution Order at 13.

basis for allocating the Section 111 cable royalties. The Canadian Claimants likewise have endorsed the use of constant sum questions to determine relative market values.

This section describes the methodology employed in connection with the 2010, 2011, 2012 and 2013 cable operator surveys. It discusses sampling, questionnaire design, response rates and respondent qualifications.

A. The Sample Design

All of the Bortz surveys, including those for the years 2010 through 2013, have been based on a random sample of cable systems. The use of samples is the norm in survey research because conducting a census of all potential respondents is both unnecessary and cost prohibitive. Appropriate sample design techniques are available that allow results from a sample to be projected to the overall “universe” of all potential survey respondents with a high degree of confidence and accuracy.

More specifically, the 2010-13 Bortz cable operator surveys, like all prior Bortz surveys, are based on a sample of 2010-13 “Form 3” cable systems. Form 3 systems are those that had at least \$527,600 in semi-annual “gross receipts” from retransmitting broadcast signals to their subscribers. According to the Cable Data Corporation (CDC), which compiles data from the statements of account (SOAs) that cable systems file with the Copyright Office, Form 3 systems accounted for more than 98 percent of total royalty payments made by cable operators during each of the years 2010-13. Moreover, Form 3 systems, unlike the smaller Form 1 and 2 systems, specifically identify in their SOAs the signals they retransmitted on a distant basis. The original Bortz survey samples in 2010, 2011, 2012 and 2013 included approximately 360 Form 3 cable

systems each year, or between approximately 30 and 40 percent of the total number of Form 3 cable systems in those years.¹²

Bortz developed the cable operator survey sampling plans based on the design parameters initially established by Dr. George E. Bardwell, Professor of Mathematics and Statistics at the University of Denver. Bortz Media professional staff selected each of the samples.

Bortz utilized a stratified random sampling approach, with the stratification based on copyright royalty payments. Copyright royalty payments are used because this enables survey results to be projected to and estimated for the entire royalty pool – recognizing that the ultimate objective of the copyright proceedings is the allocation of royalties. We obtained the universe level royalty data (i.e., the royalty amounts paid by all Form 3 systems) from records compiled by the Copyright Office based on SOAs filed by cable systems for the first accounting period of each survey year. We constructed the sampling plans so that proportionately more systems with large royalty payments were sampled relative to systems with small royalty payments. This approach maximizes the usefulness of the survey responses as a statistical basis for the allocation of royalty payments.

As shown on Table II-1 below, the sample design included four strata of royalty classes, one of which (largest royalty payers) required that all systems within that stratum be included in the sample. Sample systems were randomly selected from the remaining three strata in accordance with the sample size requirements determined for each stratum using a Neyman Allocation – which yields a sample with the greatest statistical precision (i.e., lowest sampling

¹² This is a very robust sample. By way of comparison, Nielsen television ratings are based on a sample of less than one tenth of one percent of all U.S. TV households. <http://www.mediapost.com/publications/article/233528/nielsen-unveils-plan-to-model-about-half-its-natio.html>.

error) for the specified sample size. The boundaries of the remaining three strata were constructed using the 'cum square root of f rule,' which in this instance determines the appropriate strata boundaries by summing the square root of the number of systems that pay royalties in each increment of \$500. This statistical method is commonly used for defining strata boundaries among populations that exhibit large differences in a key characteristic (i.e., in this case, the amount of royalties paid). The method gives reasonable mathematical assurance the calculated stratum boundaries are effective in reducing the sampling error for a given sample size.

Table II-1.
Stratification Statistics and Respondent Distribution for 2010, 2011, 2012 and 2013 Surveys*

Royalty Stratum	Number of Systems	Mean Royalty	Percent of Total Royalties	Royalty Standard Deviation	Original Sample Size**	Final Eligible Sample	Completed Surveys
2010							
\$0 - 27,999	596	\$14,327	8.8%	\$6,031	58	41	22
\$28,000 - 70,000	341	44,612	15.6%	12,190	68	58	37
\$70,001 - 231,000	207	119,884	25.5%	42,239	142	111	62
\$231,001 or more	<u>92</u>	529,038	<u>50.1%</u>	339,580	<u>92</u>	<u>78</u>	<u>42</u>
Total	1,236		100.0%		360	288	163
2011							
\$0 - 27,689	559	\$14,495	8.0%	\$6,014	54	40	27
\$27,690 - 72,690	302	45,473	13.6%	12,479	61	45	24
\$72,691 - 255,190	193	123,016	23.4%	48,210	151	122	62
\$255,191 or more	<u>94</u>	593,312	<u>55.0%</u>	415,001	<u>94</u>	<u>84</u>	<u>48</u>
Total	1,148		100.0%		360	291	161
2012							
\$0 - 24,126	433	\$13,413	5.6%	\$5,315	56	45	24
\$24,127 - 63,626	233	39,803	8.9%	11,057	63	52	37
\$63,627 - 180,126	156	102,872	15.4%	30,972	117	103	48
\$180,127 or more	<u>124</u>	589,806	<u>70.1%</u>	459,245	<u>124</u>	<u>120</u>	<u>61</u>
Total	946		100.0%		360	320	170
2013							
\$0 - 24,628	443	\$13,382	5.5%	\$5,405	53	41	23
\$24,629 - 65,628	229	40,867	8.6%	11,376	58	45	26
\$65,629 - 209,129	155	111,621	15.9%	38,297	132	115	57
\$209,130 or more	<u>116</u>	656,091	<u>70.0%</u>	551,125	<u>116</u>	<u>108</u>	<u>54</u>
Total	943		100.0%		359	309	160

*Stratification statistics are based on the first reporting period of each year.

**Includes all sampled systems. In 2010, 55 systems not carrying distant signals, 15 systems carrying only PBS signals, and two carrying only Canadian signals were discarded. In 2011, 45 systems not carrying distant signals, 17 carrying only PBS signals, four carrying only PBS and Canadian signals, and two carrying only Canadian signals were discarded. In addition, one statement of account could not be located at the Copyright Office. In 2012, 27 systems not carrying distant signals, 9 systems carrying only PBS signals, and two carrying only PBS and Canadian signals were discarded. In addition, two statements of account could not be located at the Copyright Office. In 2013, 33 systems not carrying distant signals, 11 carrying only PBS signals, two carrying only PBS and Canadian signals, and one carrying only Canadian signals were discarded. In addition, three statements of account could not be located at the Copyright Office.

We selected the sample systems randomly from each stratum in accordance with the sample size requirements given in the foregoing table and using randomly selected starts. In each year, a number of the systems selected within the initial sample frame reported above carried no distant signals. As in prior surveys, we did not attempt to survey these systems

because they did not carry any programming entitled to Section 111 royalties. Similarly, some of the systems in the sample carried only a distant PBS and/or only a distant Canadian signal; as discussed below, consistent with prior surveys we did not survey these systems because it is not possible to obtain an estimate of relative value where the cable operator does not carry diverse types of distant signal programming.

B. Questionnaire Design

As discussed in Appendix A, the Bortz survey questionnaires for the years 2010-13 reflect input from a variety of experts as well as comments and suggestions from the CRJs and their predecessors over a period of more than two decades. Section III describes important changes that we made to the questionnaire design in response to CRJ comments and in consultation with independent survey experts following the 2004-05 cable royalty distribution proceeding.

We utilized two general forms of survey instruments in the 2010-13 cable operator surveys. There was one form for respondents whose cable systems carried distant signals in addition to or other than WGN. Appendix B contains the additional distant signals (ADS) questionnaire that we used with those respondents. There was a second form for respondents whose cable systems carried WGN as their only distant signal. Appendix C contains that questionnaire. This second form differs from the first principally in that respondents were provided with specific information about (and asked to value only) the compensable programming on WGN (see further discussion of this issue in Section III). Each of the questionnaires asked respondents four questions.

1. Question 1 – Qualification. The initial survey question screened survey respondents, requiring an affirmation that the respondent was the individual “most responsible

for programming carriage decisions” made by her system during the year in question. Requiring an affirmative response to this question in order to continue/complete the survey ensures that the interviewer is speaking with the individual who is most qualified to answer the remaining survey questions. In attempting to reach this individual, the interviewer was frequently referred to a regional executive (see Section IIC below).

2. Question 2 – Importance. After qualifying the respondent, the interviewer identified the distant signals that the respondent was to consider. Bortz identified these distant signals for each system by reviewing that system’s Copyright Office statement of account. In this manner, we assured that the respondent considered only programming on distant signals the cable system reported that it actually carried during the year in question. The interviewer then asked each respondent to rank the four to seven types of programming broadcast by these stations in order of their importance for the system to offer. The programming categories were:¹³

- Movies.
- Live professional and college team sports.
- Syndicated shows, series and specials.
- News and other station-produced programs.
- PBS and all other programming broadcast by noncommercial station(s) _____.
- Devotional programs.
- All programming broadcast by Canadian station(s) _____.

¹³ The number of programming categories provided to each respondent depended on whether the distant signals listed on the respondent’s statement of account included PTV, Canadian and/or live professional and college team sports programming, with these categories excluded in instances where the respondent did not carry the relevant programming on a distant basis.

These categories are intended to correspond with the program category definitions to which the claimants have stipulated. See Appendix E. The movies and syndicated shows, series and specials categories are both associated with the Program Suppliers. Each of the other claimant groups is associated with a single category, with the exception of the Music Claimants, who are not considered in the Bortz survey.

The interviewers instructed the respondents to consider only the “non-network” programming on the distant signals listed in providing their rankings, i.e., to exclude from consideration all programming provided by the ABC, CBS and NBC networks. Programming from the FOX network was not considered network programming consistent with rulings made by CRJ predecessors and upheld by the Librarian of Congress.¹⁴

3. Question 3 – Cost. The third survey question asked the respondent to rank how expensive it would have been to acquire the non-network programming in each of the distant signal program categories on the identified distant signals if her system had been required to purchase that programming in the marketplace. Again, the interviewers asked the respondents to rank between four and seven categories of programming depending on the signals carried by the system.

Questions 2 and 3 in the cable operator survey are designed as preliminary questions intended to focus respondents on the particular distant signals carried by the system, the types of programming on those signals, and certain factors (importance and cost) that contribute to the key “budget” allocation required in the fourth and final survey question. The interviewer randomly ordered the program types in both Question 2 and Question 3 to prevent ordering bias.

¹⁴ Distribution of 1990, 1991 and 1992 Cable Royalties, Federal Register, Vol. 61, No. 209, Oct. 28, 1996, pp. 55659-60.

4. Question 4 – Relative Value Allocation. In the fourth and final survey question (the constant sum question), the interviewer asked the respondent to value the various types of non-network programming on the distant signals that her system carried during the relevant year. This required the respondent to allocate a percentage of a finite dollar amount to each of the program categories on the distant signals that the system retransmitted.

In order to avoid confusion as to the actual stations and programming under consideration in the survey, the interviewer read each respondent the list of the specific distant signal stations to be considered for a second time. As further clarification, the interviewer specifically instructed the respondent not to consider any national network programming from ABC, CBS, and NBC. (To avoid possible confusion, this instruction was deleted in instances where no stations affiliated with these networks were carried.) The interviewers again asked the respondents to value between four and seven categories depending upon whether the respondent's cable system carried distant noncommercial and/or Canadian stations or live sports programming on their distant signals:

- Movies broadcast during (survey year) by the U.S. commercial stations I listed.
- Live professional and college team sports broadcast during (survey year) by the U.S. commercial stations I listed.
- Syndicated shows, series and specials distributed to more than one television station and broadcast during (survey year) by the U.S. commercial stations I listed.
- News and public affairs programs produced by or for any of the U.S. commercial stations I listed, for broadcast during (survey year) only by that station.
- PBS and all other programming broadcast during (survey year) by U.S. noncommercial station(s) _____.
- Devotional and religious programming broadcast during (survey year) by the U.S. commercial stations I listed.
- All programming broadcast during (survey year) by Canadian station(s) _____.

As noted above, we phrased each of these program categories to correspond as closely as possible to the program category definitions adopted by the parties in the cable royalty distribution proceedings. See Appendix E.

The interviewer asked each respondent to: “Assume your system spent a fixed dollar amount in [year] to acquire all the non-network programming actually broadcast during [year] by the stations I listed. What percentage, if any, of the fixed dollar amount would your system have spent for each category of programming?” The interviewer read the applicable program categories once so that the respondent had a chance to think about them, and the interviewer instructed the respondent to write down the categories. The interviewer then re-read the program types to allow the respondent to write down their estimates. The interviewer randomly ordered the program types to prevent ordering bias. The interviewer then reviewed the program categories and estimates with the respondent, providing the respondent an opportunity to revise the estimates if necessary.

5. Questionnaires for Cable Systems Carrying Only WGN. As noted above, a different questionnaire was used for systems that carried WGN as their only distant signal. While the four questions described above were also asked in this questionnaire, respondents were provided with a WGN Programming Summary identifying the compensable programming broadcast in the relevant year in each of the five WGN programming categories (see Appendix C-6), and were specifically instructed to provide their responses giving consideration only to that programming. Thus, in Question 4, the interviewer described the categories as:

- Movies listed on the WGN America [year] Programming Summary.
- Live professional team sports listed on the WGN America [year] Programming Summary.

- Syndicated shows, series and specials listed on the WGN America [year] Programming Summary.
- News and other station-produced programs listed on the WGN America [year] Programming Summary.
- Devotional programs listed on the WGN America [year] Programming Summary.

Program categories were again phrased to correspond as closely as possible to the program category definitions adopted by the parties in the cable royalty distribution proceedings. See Appendix E.

As discussed further in Section III, we believe this modification addresses a key limitation of the prior cable operator surveys in that it allows respondents for these systems to consider the relative value of only the compensable programming on WGN, rather than allocating value for all of WGN's programming (a large majority of which is non-compensable). This improvement responds directly to an issue raised in the 2004-05 proceeding.¹⁵

C. Survey Completion and Respondent Qualifications

Bortz Media retained THA Research to conduct telephone interviewing for the 2010-13 cable operator surveys. THA Research has provided market research to cable television industry clients for more than two decades, completing more than 400 assignments. THA's clients have included Disney/ABC/ESPN, Turner Broadcasting/TNT, Scripps Networks, Discovery Communications and Cable One. The company specializes in conducting executive interviews, and has been retained by Bortz for all 13 cable operator surveys starting with the 2001 survey and continuing through 2013.

¹⁵ 2004-05 CRJ Distribution Order at 16.

THA Research attempted to interview a qualified respondent from each of the cable systems in the 2010-13 samples. James M. Trautman, Managing Director, and Brian Broderick, Senior Vice President, of Bortz Media oversaw selection and training of interviewers, conducted mock interviews with THA personnel, and listened to and provided feedback on interviews during the early phases of the studies. Only interviewers specializing in surveying professional and managerial personnel were utilized. THA's principal owner and senior executive conducted many of the interviews personally. THA's principal owner and senior executive also oversaw interviews conducted by each of the other interviewers over the initial phases of the studies to ensure that the other interviewers understood the subject matter, were communicating properly with survey respondents and were accurately recording the information supplied by the respondents. Interviewers were instructed to alert THA's principal, who was in turn to notify Bortz Media, in the event of any indication of respondent confusion. This did not occur, and no confusion was evident in any of the instances in which Bortz Media listened to actual interviews.

THA's principal owner and senior executive has more than 25 years of experience in both conducting executive interviews and managing teams of interviewers. In addition, each of the other interviewers used in these studies had at least five years of executive interviewing experience, including previous experience with earlier cable operator surveys.

Interviewers were not told the name of the client or given any information, other than that on the survey form, regarding the nature of the study.

Interviews were completed with between 52 and 57 percent of cable systems included in the sample frame provided to THA Research:

Table II-2. Cable Operator Survey Response Rates, 2010-13

Survey Year	Eligible Sample	Surveys Completed	Response Rate
2010	288	163	56.6%
2011	291	161	55.3%
2012	320	170	53.1%
2013	309	160	51.8%

Consistent with our experience in the industry generally, response rates were lower in 2010-13 than the 65 to 68 percent achieved in 2004-05. However, the response rates remained excellent in comparison with typical industry results for surveys that seek to interview executives. The number of completed surveys in 2010-13 (163, 161, 170 and 160, respectively) also was comparable to the number of completes obtained in the 2004-05 cable operator surveys (162 and 171, respectively). Further, royalties paid by cable systems responding to our 2010-13 surveys accounted for between 28 and 40 percent of all Form 3 royalty payments in those years, comparable to or higher than the 24 to 32 percent represented in the 2004-05 surveys.

Dates during which surveys were completed are as follows.

Table II-3. Cable Operator Survey Timing, 2010-13

Survey Year	Survey Period
2010	12/7/11-4/30/12
2011	8/27/12-5/2/13
2012	8/11/13-3/13/14
2013	8/13/14-3/25/15

Calls were placed between 8:30 a.m. and 4:30 p.m. Central Time. Interviewers were instructed to call back as often as necessary to obtain a completed interview or refusal. Prospective respondents were assured that their responses would be kept confidential (i.e., results would be reported only in an aggregated form). For interviews involving systems that carried WGN as their only distant signal, respondents were given the option of: (1) receiving the WGN Programming Summary via e-mail and completing the survey at the time of the initial contact; or (2) scheduling a callback and receiving the Summary in the interim. In most of these instances, callbacks were scheduled. For virtually every completed interview, no more than three direct contacts with the eventual respondent were required.

Interviewers were instructed to ask first for the system executive identified in advance from industry sources as most likely to have responsibility for programming decisions, and to confirm that this individual was the person at the system “most responsible for programming carriage decisions made” by the system. If the identified executive did not fit the description, the interviewer was instructed to ask for the person who was most responsible for programming carriage decisions. In all cases, the eventual survey respondent was required to affirm that she was the individual most responsible for programming carriage decisions made by the systems.

As reflected in Table II-4, respondents were overwhelmingly individuals with general management, marketing or programming responsibilities. Notably, and consistent with trends in industry decision-making, respondents to the 2010-13 surveys were more likely to hold regional management positions as compared with respondents to previous surveys.

Table II-4.
Persons Most Responsible for Programming Carriage Decisions,
By Job Title, 2010, 2011, 2012 and 2013

Job Title	2010		2011		2012		2013	
	Number of Respondents	Percent of Total	Number of Respondents	Percent of Total	Number of Respondents	Percent of Total	Number of Respondents	Percent of Total
General Manager/Area VP/Regional VP/District VP/President, CEO or Owner	46	28.2%	42	26.1%	44	25.9%	63	39.4%
Marketing Director/Mgr./Specialist; VP Marketing; Regl. Marketing Dir./Mgr.	72	44.2%	68	42.2%	77	45.3%	48	30.0%
Video Product Dir./Mgr./Sr. Dir./VP/Regl. Dir./VP Content	26	16.0%	12	7.5%	19	11.2%	20	12.5%
VP	4	2.5%	7	4.3%	5	2.9%	15	9.4%
VP/Director/Mgr. of Programming	6	3.7%	14	8.7%	18	10.6%	7	4.4%
VP or Dir. Sales & Marketing/Regl. Dir. Sales & Marketing	6	3.7%	11	6.8%	2	1.2%	0	0.0%
Dir. Competitive Intelligence	0	0.0%	4	2.5%	0	0.0%	0	0.0%
Other	3	1.8%	3	1.9%	5	2.9%	7	4.4%
Total	163	100.0%	161	100.0%	170	100.0%	160	100.0%

Upon completion of the survey, THA Research returned the completed questionnaires to Bortz Media for proofing and data entry. The electronic database entries for every survey were checked against the original survey form to confirm that responses were recorded correctly in the database, and this process was repeated a second time to ensure the accuracy of the entries.

III. 2010-13 IMPROVEMENTS IN SURVEY METHODOLOGY

The 2010-13 surveys discussed in this report share many similarities with the surveys presented in the 2004-05 and prior cable royalty distribution proceedings. However, the 2010-13 surveys reflect certain modifications made in response to issues raised by the CRJs in the 2004-05 proceeding as well as to the ongoing evolution of the distant signal marketplace. These modifications represent a continuation of Bortz Media's efforts to improve the cable operator surveys, and to maintain their currency in light of marketplace developments. Following the 2004-05 proceeding, we conducted a pilot study for the year 2009 to determine whether certain modifications could be successfully implemented. The 2010-13 surveys build off our experience with that pilot study. This section describes the modifications that we made to the 2004-05 surveys.

A. Compensable Programming on WGN

Historically, including in 2004 and 2005, the Bortz surveys asked respondents to evaluate the programming on WGN as a distant signal without informing them that certain of this programming is not compensable, i.e., that some WGN programming was not entitled to receive Section 111 royalties because it was not available on both the over-the-air and satellite signals of WGN. Thus, respondents were presumably considering all of the programming (including non-compensable programming) on WGN in making relative value allocations.

In their order allocating the 2004-05 cable royalties, the CRJs stated that a "problem with the Bortz study flows from its handling of compensable as compared to non-compensable programming" on WGN.¹⁶ Further, as discussed below, WGN has occupied an increasingly

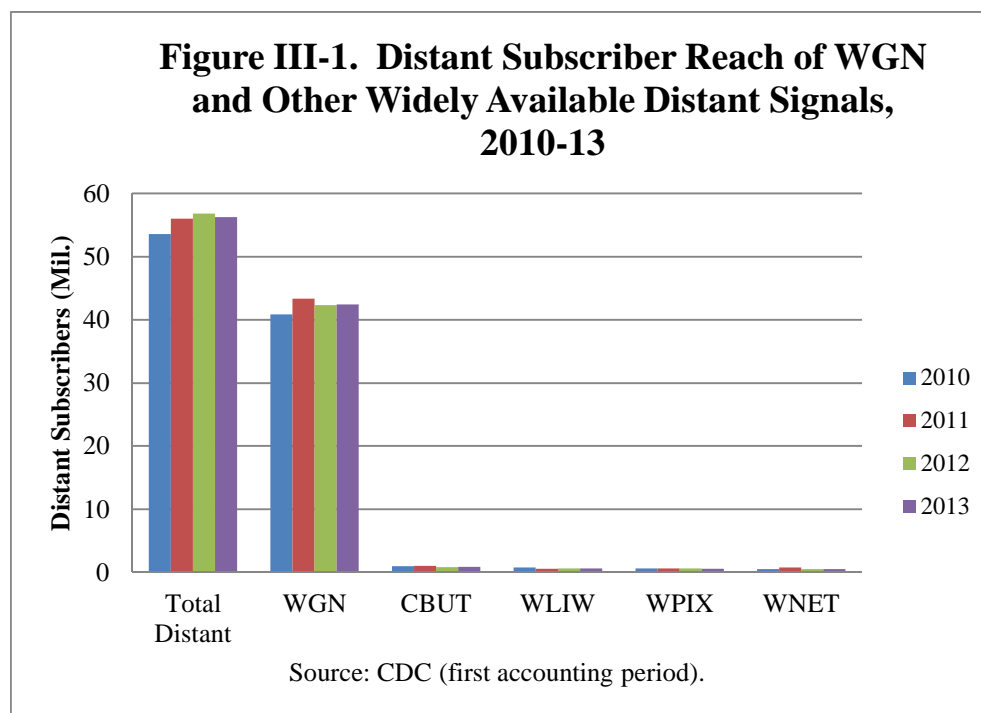
¹⁶ 2004-05 CRJ Distribution Order at 16.

dominant position in the distant signal marketplace; the proportion of compensable programming on WGN has continued to decline; and there has been a shift in the relative compensable amounts of various programming types on the signal. For all these reasons, we recognized the need to, when feasible, focus the 2010-13 survey respondents' attention on only the compensable WGN programming that their systems retransmitted.

1. Importance of WGN in the Distant Signal Marketplace. WGN was by far the most widely carried distant signal during the 2010-13 period. Approximately three-fourths of the Form 3 systems that retransmitted distant signals during 2010-13 retransmitted WGN as a distant signal. WGN was available on a distant basis to 41 million or more of the 53 to 57 million Form 3 cable subscribers that received any distant signals in each of the years 2010, 2011, 2012 and 2013. By comparison, the next most widely carried distant signals were available on a distant basis to fewer than 1.2 million subscribers. There were never more than five signals in each year (other than WGN) that had distant reach in excess of 500,000 subscribers.¹⁷ Figure III-1 illustrates the wide disparity in distant reach between WGN and the next most widely available distant signals.¹⁸

¹⁷ Bortz Media analysis of Cable Data Corporation data for both accounting periods of each year.

¹⁸ The next most widely available distant signals include two PTV signals, a Canadian signal, and WPIX, an independent that carried JSC programming from MLB's New York Mets.



Moreover, Table III-1 below shows that WGN by itself accounted for approximately three-fourths of total fees generated by signals carried on a distant basis from 2010-13. All other independent stations (i.e., between 440 and 600 stations depending on the year) combined to generate the next largest proportion of royalty fees at 11 to 15 percent. No other signal type accounted for more than five percent of total fees generated.

Table III-1. Distribution of Fees Generated by Signal Type, 2010-13

Signal Type	2010		2011		2012		2013	
	Fees Generated	Percent of Total	Fees Generated	Percent of Total	Fees Generated	Percent of Total	Fees Generated	Percent of Total
WGN	\$123,198,129	73.5%	\$131,079,427	73.7%	\$138,933,691	75.3%	\$147,055,453	77.5%
Other Independents*	\$24,426,342	14.6%	\$24,971,820	14.0%	\$22,872,203	12.4%	\$20,925,250	11.0%
PTV	\$6,993,571	4.2%	\$8,400,269	4.7%	\$8,498,516	4.6%	\$9,561,166	5.0%
Network Affiliates (ABC, CBS, NBC)	\$7,502,167	4.5%	\$8,004,999	4.5%	\$8,677,167	4.7%	\$6,184,108	3.3%
Canadian	<u>\$5,404,302</u>	<u>3.2%</u>	<u>\$5,462,856</u>	<u>3.1%</u>	<u>\$5,526,837</u>	<u>3.0%</u>	<u>\$5,903,990</u>	<u>3.1%</u>
Total**	\$167,524,512	100.0%	\$177,919,371	100.0%	\$184,508,413	100.0%	\$189,629,967	100.0%

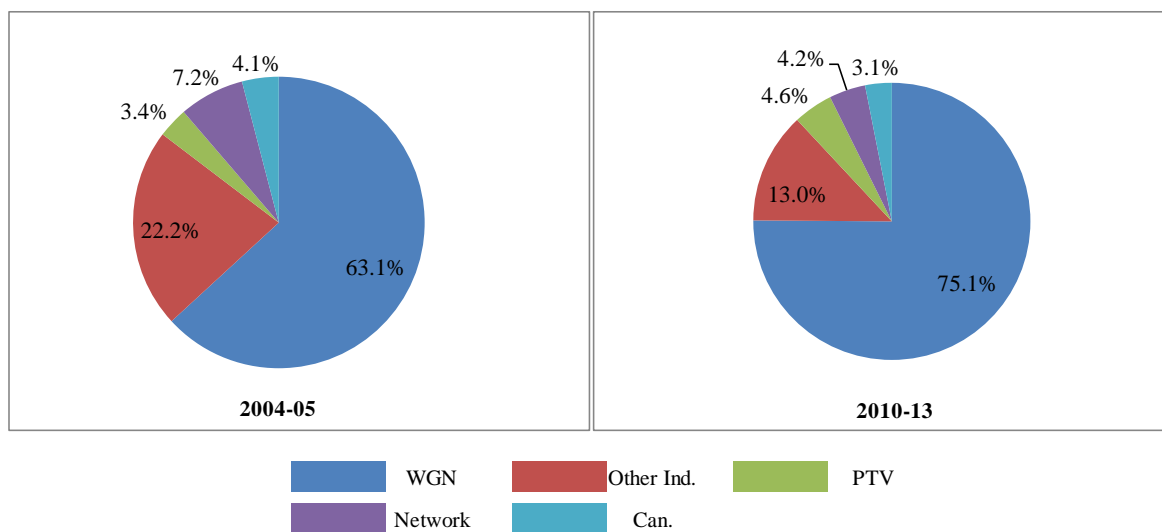
* Includes low power stations.

** Columns may not add to total due to rounding.

Source: Bortz Media compilation based on CDC data for both accounting periods of each year.

As shown on Figure III-2 below, the proportion of fees generated by WGN increased from just over 63 percent in 2004-05 to more than 75 percent from 2010-13. Shares of fees generated declined over this same time period for independent stations other than WGN, stations affiliated with the ABC, CBS and NBC networks, and Canadian stations.

Figure III-2. Distribution of Fees Generated by Signal Type, 2004-05 and 2010-13



Source: Bortz Media analysis of CDC data.

2. Compensability of Programming on WGN America. WGN is delivered as both a local over-the-air broadcast signal serving the Chicago television market (WGN Chicago) and as the satellite signal WGN America (WGNA). Nearly all cable operators carrying WGN as a distant signal in 2010-13 carried WGNA. Only the WGNA programming that aired simultaneously on both WGNA and WGN Chicago is compensable for copyright purposes.

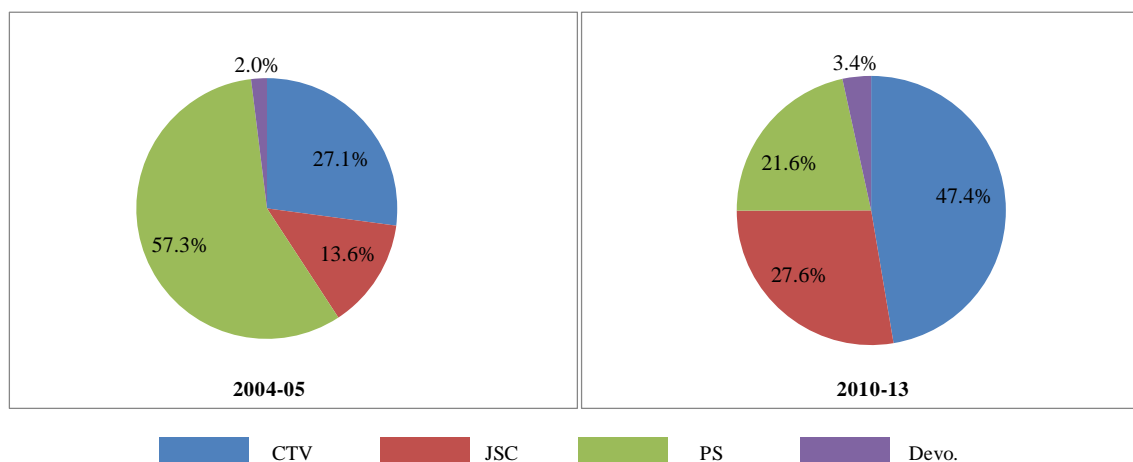
CTV witness Richard Ducey testified during the 2004-05 proceeding that: “While evidence in the 1998-99 proceeding showed that about half of the WGN program time was non-compensable, the new analysis shows that about 70 percent of the programming was non-compensable in 2004-05, with the greatest difference in the Program Suppliers (78 percent non-compensable) and Devotionals (90 percent non-compensable) programming on the distant

signal.”¹⁹ Bortz Media has completed its own assessment of compensable programming on WGNA in 2010, 2011, 2012 and 2013, and this analysis is compared to CTV’s 2004-05 findings in Table III-2 and Figure III-3 below.

Table III-2. Proportion and Distribution of Compensable Programming on WGNA, 2004-05 and 2010-13

Category	2004	2005	2010	2011	2012	2013
Compensable Proportion of Total WGNA Programming Hours	33.5%	28.0%	18.1%	14.8%	13.3%	14.4%
Distribution of Compensable Programming Hours by Claimant:						
CTV	23.5%	30.7%	38.9%	48.3%	54.0%	48.2%
JSC	15.5%	11.8%	21.9%	26.4%	32.4%	29.8%
Program Suppliers	59.3%	55.3%	35.1%	21.3%	10.9%	19.1%
Devotionals	<u>1.8%</u>	<u>2.1%</u>	<u>4.1%</u>	<u>4.1%</u>	<u>2.7%</u>	<u>2.8%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Figure III-3. Average Distribution of WGNA Compensable Programming by Claimant, 2004-05 and 2010-13



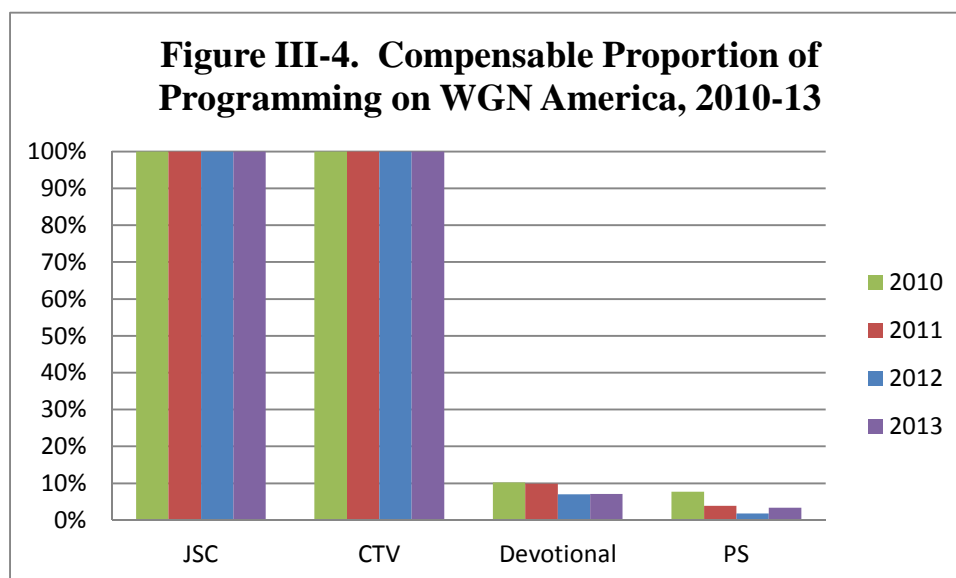
Source: Bortz Media analysis of TMS data.

As Table III-2 reflects, between 2010 and 2013, the proportion of programming on WGNA that was compensable declined from 18 to 14 percent (dipping to 13 percent in 2012), and was lower than the 28 to 34 percent compensable ratio evident in 2004-05. Moreover, as

¹⁹ CTV 2004-05 Direct Case, Statement of Richard V. Ducey, p. 6, June 1, 2009.

indicated on both Table III-2 and Figure III-3, the decline in compensable program time on WGNA is attributable almost entirely to the reduction in compensable Program Suppliers content, which accounted for less than one-fourth of compensable programming from 2010-13, compared with well over half of compensable programming from 2004-05.

As illustrated on Figure III-4 below, all CTV and JSC programming on WGNA was compensable, but the proportion of Program Suppliers content on WGNA that was compensable declined from about eight percent in 2010 to only two to three percent in 2012 and 2013. Consequently, the cable operators asked to value all of the programming on WGNA (the most widely carried distant signal) were valuing a substantial amount of Program Suppliers (as well as Devotional) programming that was non-compensable. Further, because of the decline in the amount and proportion of compensable Program Suppliers content, this was an even more substantial issue for this category in 2010-13 than in 2004-05.



3. Changes to the Bortz Surveys. Given the above factors, Bortz Media sought to address the issue of WGN compensable programming in its surveys for 2009 and beyond. We first undertook to identify the compensable programming on WGNA in each year (i.e., for the 2009 study, as well as for the 2010, 2011, 2012 and 2013 surveys presented here). This was accomplished by obtaining comprehensive, 365-day program listings for both WGN Chicago (the over-the-air broadcast signal) and WGNA (the satellite signal) from Tribune Media Services (TMS).²⁰ These listings were then compared in order to identify the programming that aired simultaneously on both stations (i.e., the compensable programming).

As discussed in Section II, we re-designed the questionnaire to focus solely on compensable programming in instances where WGN was the only distant signal carried by a cable system. We drafted a Programming Summary that identified the compensable programming within each programming category, presenting respondents with information about program or series titles, quantities of the programming and typical air times. We then provided each respondent for a WGN-only system with a Programming Summary prior to administering the survey questionnaires. The WGN Only questionnaires for 2010, 2011, 2012 and 2013, including the accompanying Programming Summaries, are set forth in Appendix C. In our judgment, this change represents an important improvement to our previous methodology in that, for the first time, a significant segment of survey respondents have provided their estimates of the value of WGN programming based only on the programming that is compensable in this proceeding. See pages 46-48 below (discussing the impact of WGN compensability).

²⁰ For portions of 2010, TMS listings for WGNA did not cover certain overnight hours. Therefore, Bortz Media supplemented the TMS data with programming schedules obtained from *Orbit* magazine in order to ensure that a complete programming data set was used.

B. Cable Systems with Large Numbers of Distant Signals

During the 2004-05 Proceedings, the CRJs asked about the number of distant signals carried by responding systems.²¹ Following a review of this issue, we recognized that a small but growing percentage of respondents were being asked to value the programming on large numbers of distant signals. We had concerns about the ability of respondents to adequately evaluate the different categories of distant signal programming in such instances. This issue is of increased importance because, as the cable industry has consolidated, the proportion of systems reporting large numbers of distant signals has continued to grow. Following consultation with other experts involved in the 2004-05 proceedings, we concluded that it would be advisable to establish a limit on the number of distant signals presented to a respondent for any given cable system. Based on the analysis below, we determined that asking respondents only about the eight most widely carried distant signals on their systems would constitute an improvement to the survey.

1. Cable System Consolidation. Table III-3 below shows that the number of Form 3 cable systems declined by more than 40 percent from 2004 to 2013. Concurrently, the average semi-annual royalties paid by a Form 3 system nearly tripled from approximately \$40,000 in 2004 to over \$115,000 in 2013.

²¹ Trautman 2004-05 testimony at 202-04.

Table III-3. Trend in Form 3 Cable Systems and Semi-Annual Royalties

Year	Number of Form 3 Cable Systems	Form 3 Cable System Average Royalty (First Acctg. Period)
2004	1,647	\$39,998
2005	1,382	\$46,855
2006	1,287	\$53,517
2007	1,212	\$57,606
2008	1,212	\$64,469
2009	1,247	\$67,300
2010	1,236	\$78,672
2011	1,148	\$88,283
2012	946	\$110,218
2013	943	\$115,265
Percent Change: 2004-2013	-42.7%	188.2%

Source: Bortz Media analysis of Copyright Office remittance records for the first accounting period of each year.

This change reflects consolidation of cable systems for copyright reporting purposes. That is, systems that had historically identified themselves as separate and distinct for reporting purposes (and thus filed two or more separate statements of account) now file as a single system. This may have occurred because systems previously owned by different entities are now under common ownership or because for accounting purposes separate commonly owned systems have now chosen to file a single statement of account. Such consolidation has resulted in greater concentration of royalty payments among the largest cable systems (many of which now serve, as single entities, multiple communities that were formerly managed — at least for copyright purposes — as separate Form 3 systems). In 2013, for example, the 75 largest royalty paying systems accounted for almost 60 percent of all royalties paid by Form 3 systems. By comparison, the 75 largest payers in 2004 contributed about one-third of all Form 3 royalties.

2. Cable Systems Carrying Large Numbers of Distant Signals. At least partly due to the consolidation described above, the Form 3 cable system universe includes a growing number of systems reporting and paying royalties for large numbers of distant signals. Moreover, as might be expected, these systems (which often cover large geographical areas) are frequently among the larger royalty payers. These systems frequently carry signals that are distant only to a small fraction of subscribers and therefore account for only a small fraction of royalties.

In order to better understand this trend, Bortz Media compared distant signal carriage patterns evident in completed Bortz surveys from the 1998, 1999, 2004 and 2005 surveys, and then examined the signal carriage characteristics for eligible cable systems in the 2010, 2011, 2012 and 2013 Bortz survey samples (see Table III-4 below).

Table III-4. Analysis of Distant Signal Carriage Patterns in Bortz Surveys/Samples, 1998-2013

Number of Distant Signals Carried by System	1998-99		2004-05		2010-13	
	Completed Surveys	1998-99 Distribution	Completed Surveys	2004-05 Distribution	Eligible Sample	2010-13 Distribution
5 or less	249	91.9%	258	77.5%	860	71.2%
6	10	3.7%	20	6.0%	59	4.9%
7	6	2.2%	8	2.4%	47	3.9%
8	3	1.1%	13	3.9%	37	3.1%
9	1	0.4%	9	2.7%	24	2.0%
10	1	0.4%	4	1.2%	27	2.2%
11	1	0.4%	4	1.2%	24	2.0%
12	0	0.0%	2	0.6%	18	1.5%
13 or more	<u>0</u>	<u>0.0%</u>	<u>15</u>	<u>4.5%</u>	<u>112</u>	<u>9.3%</u>
TOTAL	271	100.0%	333	100.0%	1208	100.0%

This analysis shows that only about one percent of completed surveys (three out of 271) in 1998-99 involved systems carrying more than eight distant signals. Moreover, there were no completed surveys involving systems with more than 11 distant signals. By 2004-05, however, the proportion of responding systems with more than eight distant signals had increased to over

10 percent (34 out of 333), and five percent of responding systems carried more than 11 distant signals. The growing prevalence of systems reporting many distant signals continued through 2010-13, with 17 percent of systems (205 out of 1,208) in our eligible samples for these four years reporting carriage of more than eight distant signals. Further, over 10 percent of eligible sampled systems in 2010-13 carried more than 11 distant signals.

Most of the distant signals carried on the systems reporting large numbers of distant signals are available on a distant basis to only a small fraction of the cable system's subscribers.²² Bortz Media analyzed our eligible survey samples for 2010, 2011, 2012 and 2013 using CDC data in order to assess the "distant reach" of signals carried by cable systems with more than eight distant signals. Specifically, we ranked the distant signals carried by each system with more than eight distant signals in order of each signal's adjusted DSE value.²³ For each such system, we then identified all distant signals ranked ninth or lower in distant reach on that system (the "9+" signals).

²² Statements of Account filed with the Copyright Office report partial distant signal carriage in terms of the portion of a system's gross receipts accounted for by each geographical area to which a signal is distant. We believe this represents an effective proxy for the subscriber reach of each signal, and (for convenience) describe the resulting reach ratios in the context of subscribers rather than gross receipts.

²³ Cable Data Corporation (CDC) reports the Distant Signal Equivalent (or DSE) value of each signal in its database of Form 3 cable systems. For a signal that is distant to all of the cable system's subscribers (i.e., that is fully distant), the CDC DSE value would be either 1.0 for an independent or Canadian signal, or 0.25 for an Educational or Network signal. When the signal is only partially distant and/or is only available to a portion of the system's subscribers as a distant signal, the DSE value reported by CDC is proportionately reduced to reflect the effective distant reach of the signal. For example, an independent signal that is distant to half of a system's subscribers would have a reported CDC DSE value of 0.5. In order to compare the "distant reach" of each signal equally, the values assigned to Educational and Network signals must be multiplied by a factor of four. The "adjusted DSE value" referred to above takes into account this multiplier.

Table III-5 below shows the findings from this analysis. From 2010 to 2013, more than 93 percent of the 9+ signals were distant to fewer than five percent of system subscribers, and nearly 81 percent were distant to two percent or fewer of system subscribers.

Table III-5. Distant Reach of "9+ Signals" in Bortz Survey Sample*

Distant Reach Percentage	2010		2011		2012		2013		Total	
	Number of Signals	Percent of Total	Number of Signals	Percent of Total	Number of Signals	Percent of Total	Number of Signals	Percent of Total	Number of Signals	Percent of Total
Less than 1%	144	55.4%	242	61.9%	380	71.0%	387	73.4%	1,153	67.3%
1-1.99%	38	14.6%	52	13.3%	71	13.3%	70	13.3%	231	13.5%
2-4.99%	43	16.5%	68	17.4%	59	11.0%	47	8.9%	217	12.7%
5-9.99%	21	8.1%	21	5.4%	15	2.8%	6	1.1%	63	3.7%
10% or more	<u>14</u>	<u>5.4%</u>	<u>8</u>	<u>2.0%</u>	<u>10</u>	<u>1.9%</u>	<u>17</u>	<u>3.2%</u>	<u>49</u>	<u>2.9%</u>
Total	260	100.0%	391	100.0%	535	100.0%	527	100.0%	1,713	100.0%

*"9+ signals" are those signals ranked 9th or lower in distant reach on cable systems that carry at least 9 distant signals.

Source: Bortz Media analysis of Cable Data Corporation data for the first accounting period of each year.

We also determined that the 9+ signals accounted for less than one percent of fees generated by all Form 3 systems that carried any U.S. commercial distant signals over the 2010-13 period (and are thus eligible for inclusion in the Bortz survey sample), and for less than 1.5 percent of fees generated by systems that responded to the survey. Further, with the exception of WGN (which is nearly always carried on a fully distant basis), the 9+ signals include all types of signals (network, independent, PTV, Canadian) with all types of programming. In nearly every instance, each of the 9+ signals is the same type of signal as one or more of the eight more widely-carried distant signals.

3. Changes to the Bortz Surveys. As discussed above, 17 percent of cable systems in the Bortz samples for 2010-13 reported carrying more than eight distant signals. However, our analysis of carriage patterns for these systems showed that signals nine and higher (as measured by distant reach) were rarely distant to more than 10 percent of the system's subscribers, and in the majority of instances were distant to less than one percent of the system's

subscribers. Based on this analysis, we concluded that asking respondents only about the eight most widely carried distant signals on such systems would constitute an improvement to the survey in light of changes in distant signal carriage patterns — and modified our survey approach accordingly in the 2010, 2011, 2012 and 2013 studies. Among the systems responding to the 2010-13 Bortz surveys, 21 (2010), 28 (2011), 29 (2012) and 39 (2013) carried nine or more distant signals and therefore were not asked about all of the distant signals they carried. However, fees generated by the 9+ signals on those systems accounted for only 0.8% (2010) to 2.0% (2013) of the total royalties paid by systems responding to the survey in each year (see Table III-6 below).

Table III-6. Fees Generated by 9+ Signals Among Bortz Survey Respondents, 2010-13 (000s)

Survey Year	Total Respondent Royalties	9+ Fees Generated	9+ % of Total
2010	\$26,996	\$218	0.8%
2011	\$34,517	\$446	1.3%
2012	\$41,496	\$469	1.1%
2013	\$38,350	\$776	2.0%

As such, the 9+ signals accounted for royalties that are similar to or less than those accounted for by Form 1 and 2 cable systems, which have never been included in the Bortz surveys since they are not required to identify the distant signals that they carry.

C. Sports Programming

As discussed in Appendix A, it has been and remains Bortz Media's practice to ask survey respondents only about programming actually broadcast by the distant signals on their systems. After completing our studies for the years 2004 and 2005, we determined that the

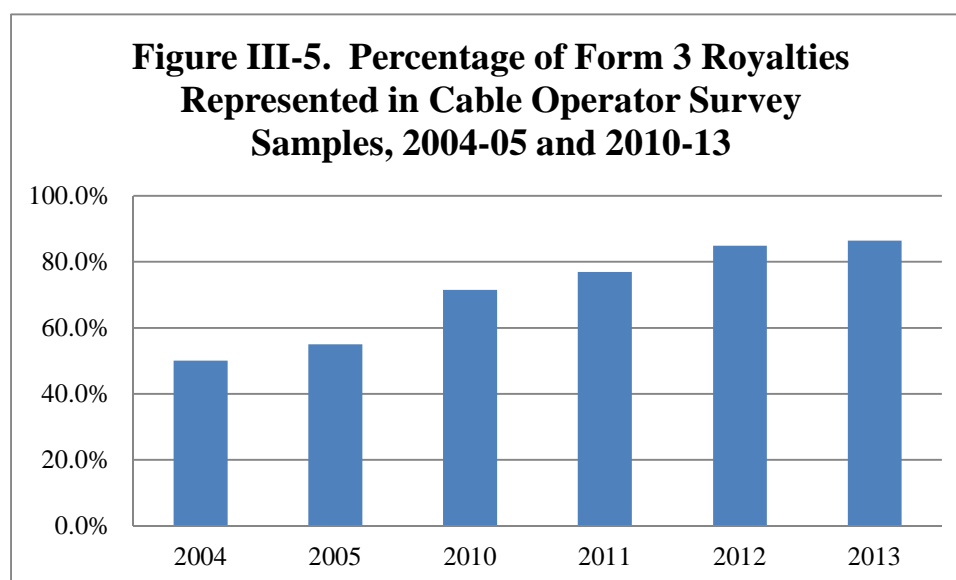
distant signals carried by two systems in 2004 and one system in 2005 may not have broadcast any live professional and college team sports programming. While we do not believe this fact materially affected our 2004-05 survey findings (as we explained to the CRJs in the 2004-05 proceeding²⁴), we nevertheless determined that carriage of live professional and college team sports programming in future cable operator surveys should be verified in advance of completing the surveys — and that we should exclude the live professional and college team sports category as an option for respondents if we could not verify that their distant signals broadcast live professional and college team sports.

We could not verify the presence of distant signal non-network professional and collegiate sports programming for nine systems in the 2010 sample, 12 systems in the 2011 sample, 15 systems in the 2012 sample, and 11 systems in the 2013 sample. For these systems, we excluded the live professional and college team sports category as a response option on the survey questionnaire. There were two systems that responded to the survey in 2010 for which the sports category was excluded, seven in 2011, seven in 2012 and four in 2013.

²⁴ Bortz Media & Sports Group, Inc., Cable Operator Valuation of Distant Signal Non-Network Programming: 2004-05, at 39-40.

D. Sampling Enhancements

As discussed above, there has been an ongoing decline in the number of Form 3 cable systems, as well as an increasing proportion of total royalties accounted for by the largest systems. This industry consolidation has benefited the Bortz surveys by enabling our stratified sample (see Section IIA2) to encompass an increased proportion of the total royalties paid by Form 3 systems. Specifically, the samples for 2010-13 included systems that accounted for 71 percent (2010), 77 percent (2011), 85 percent (2012), and 86 percent (2013) of the total royalties attributable to the entire Form 3 universe. This compares with samples accounting for 50 percent of total royalties in 2004 and 55 percent in 2005 (see Figure III-5 below).



Further, as noted in Section II, royalties paid by cable systems responding to our 2010-13 surveys accounted for between 28 and 40 percent of all Form 3 royalty payments in those years, comparable to or higher than the 24 to 32 percent represented in the 2004-05 surveys. As a result, the statistical error parameters associated with the survey samples have been reduced. For the completed 2010-13 studies, confidence intervals have been narrowed by 30 to 60 percent for

the major programming categories as compared with the 2004 and 2005 studies (see Appendix D).

E. The Surveys' Introductory Questions

The first introductory question in the 2004-05 surveys asked respondents to identify the programming on the distant signals carried that was “most popular” with their subscribers. The second introductory question initially asked respondents if they used any distant signal programming in their advertising and promotional efforts; if the respondents answered affirmatively, they were then asked which types of programming on their distant signals were used. These questions were developed for and used in the initial Bortz cable operator survey for the year 1983, and in all subsequent Bortz surveys through 2005.

During the 2004-05 hearings, the CRJs raised issues about the connection of these introductory questions to the issue of relative value. Bortz Media witness James Trautman acknowledged that the purpose of these questions was primarily to focus respondents on issues relating to programming value prior to asking respondents about relative value directly.²⁵ Following the 2004-05 hearings, Bortz Media (in consultation with other market research experts) determined that it would be beneficial to change the introductory questions used in the 2010-13 surveys to focus more directly on issues linked to relative value, and to use a ranking structure in order to yield responses that provided a stronger indication of relative value perceptions. As such, respondents were asked to rank the distant signal programming types in terms of both relative importance and relative cost to their system (see Appendices B and C for the specific wording of the two questions). We believe these changes helped in focusing the

²⁵ Transcript pages 93-100 and 204-210.

2010-13 respondents more clearly on the relative values of the different distant signal non-network programming categories in preparation for answering the key allocation question.

F. The Surveys' Constant Sum Question

The key constant sum question in the 2004 and 2005 Bortz surveys (as in prior surveys) asked respondents to assess the different programming categories in terms of their relative value in “attracting and retaining subscribers.” We formulated the question in this manner because, in our experience, the primary basis for cable operator decision-making focuses on the attraction and retention of subscribers. In their 2004-05 Distribution Order, the CRJs acknowledged the role that subscriber considerations play in determining cable operator perspectives, but also observed that additional factors might influence relative value.²⁶

In the 2010-13 surveys, Bortz Media modified the valuation question to ask respondents simply to estimate the relative value to their cable system of each type of programming carried on the distant signals at issue (see Appendices B and C, which contain study questionnaires for each year, for specific wording of the valuation question). In this manner, we sought to broaden the valuation factors considered by respondents to encompass not just subscriber acquisition and retention (which we would expect to remain their primary consideration in thinking about programming value), but also any other elements that may affect the relative market value of the non-network distant programming carried by their cable systems.

²⁶ 2004-05 Distribution Order at 12-13.

IV. RESULTS OF THE 2010-13 CABLE OPERATOR SURVEYS

This section discusses the results of the 2010-13 cable operator surveys. Results for the key budget allocation question are also compared to those for previous cable operator surveys, focusing on the 2004-05 studies.

A. Budget Allocation

1. 2010-13 Results. The key question in the 2010, 2011, 2012 and 2013 surveys (Question 4) asked the respondents to “estimate the relative value” to their systems of the different categories of non-network programming on the distant signals the systems carried during the year in question. Consistent with the task faced by the CRJs, each respondent was requested to express this relative value allocation in terms of a percentage of a fixed dollar amount (a “budget”) that would have been spent to acquire all of the non-network programming on those distant signals.

In each of the 2010-13 studies, cable operators allocated the largest percentage of their distant signal non-network programming budget to live professional and college team sports. Sports programming was accorded 40.9 percent in 2010, 36.4 percent in 2011, 37.9 percent in 2012 and 37.7 percent in 2013. News and public affairs programs ranked second in each of the four surveys, receiving allocations of 18.7 percent (2010), 18.3 percent (2011), 22.8 percent (2012) and 22.7 percent (2013). The two categories represented by Program Suppliers in this proceeding, movies and syndicated shows, series and specials, generated a combined allocation of 31.8 percent in 2010, 36.0 percent in 2011, 28.8 percent in 2012 and 27.2 percent in 2013.²⁷ Cable operators allocated 4.4 percent (2010), 4.7 percent (2011), 5.1 percent (2012) and

²⁷ The individual category amounts shown in Table IV-1 do not add to the combined totals for the two Program Suppliers categories in 2010 and 2013 due to rounding.

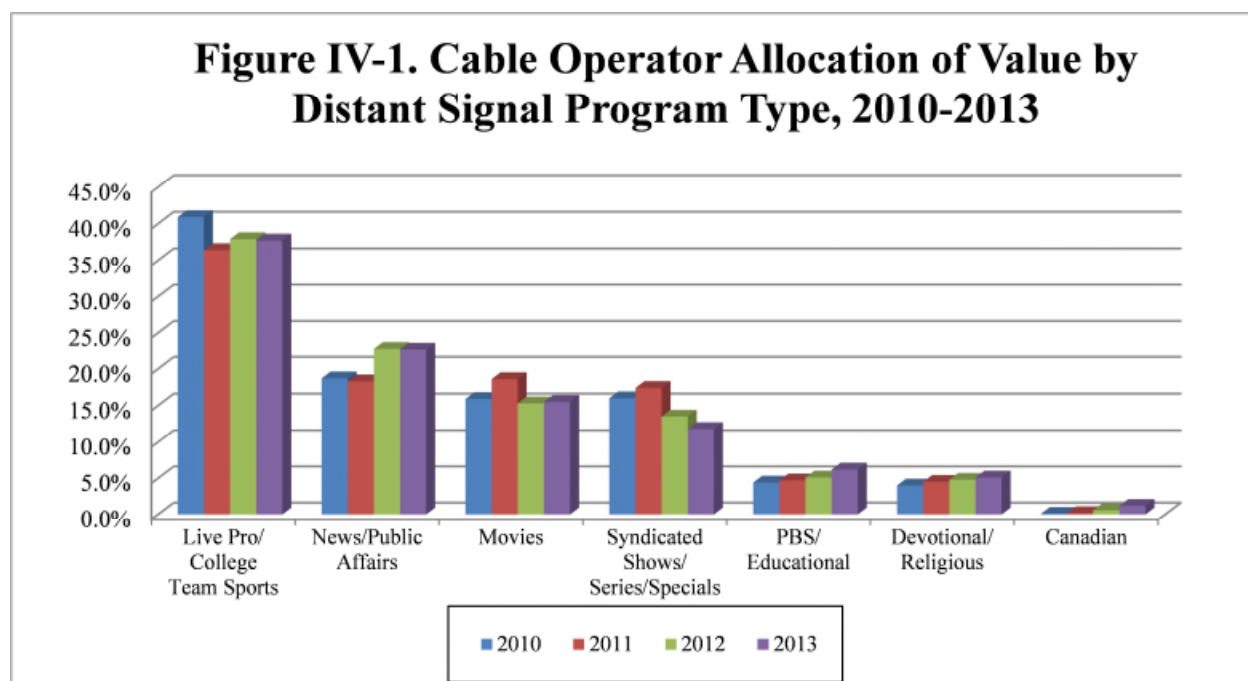
6.2 percent (2013) of the value of their distant signal non-network programming to programming on public television stations, 4.0 percent (2010), 4.5 percent (2011), 4.8 percent (2012) and 5.1 percent (2013) to devotional programming, and 0.1 percent (2010), 0.2 percent (2011), 0.6 percent (2012) and 1.2 percent (2013) to programming on Canadian distant signals. These results are shown in Table IV-1 below.

Table IV-1.
Distant Signal Programming Valuation Studies, 2010-13

	2010	2011	2012	2013
Live professional and college team sports	40.9%	36.4%	37.9%	37.7%
News and public affairs programs	18.7%	18.3%	22.8%	22.7%
Movies	15.9%	18.6%	15.3%	15.5%
Syndicated shows, series and specials	16.0%	17.4%	13.5%	11.8%
PBS and all other programming on non-commercial signals	4.4%	4.7%	5.1%	6.2%
Devotional and religious programming	4.0%	4.5%	4.8%	5.1%
All programming on Canadian signals	<u>0.1%</u>	<u>0.2%</u>	<u>0.6%</u>	<u>1.2%</u>
Total*	100.0%	100.0%	100.0%	100.0%

*Columns may not add to total due to rounding.

The 2010-13 survey responses to Question 4 are illustrated graphically in Figure IV-1.



2. Confidence Intervals. Table IV-2 below summarizes value ranges by programming category in 2004-05 and 2010-13, factoring in the confidence intervals associated with the estimate for each programming category in each year. See Appendix D at D-8. Confidence intervals reflect the uncertainty surrounding a point estimate of value obtained using a sample-based survey methodology. The range presented therefore illustrates the range of possible “true values” that would have been obtained (in this case, with 95% confidence) if all Form 3 systems that carried distant signals in 2010-13 (as well as 2004-05) had been surveyed. As discussed in Section III, the enhanced sample utilized in the 2010-13 studies has resulted in narrower — that is, improved — confidence ranges for these surveys as compared with the 2004-05 ranges.

Table IV-2.
Comparison of Value Ranges Reflected in Confidence Intervals for Distant Signal Programming Valuation Studies, 2004-2013*

	2004	2005	2010	2011	2012	2013
Live professional and college team sports	31.2 - 35.8%	34.4 - 39.4%	39.3 - 42.5%	34.9 - 37.8%	36.1 - 39.7%	36.4 - 38.9%
News and public affairs programs	16.7 - 20.1%	13.1 - 16.5%	17.5 - 19.9%	17.1 - 19.6%	21.8 - 23.8%	21.7 - 23.6%
Movies	16.5 - 19.1%	17.4 - 21.0%	15.2 - 16.6%	17.7 - 19.5%	14.5 - 16.1%	14.7 - 16.2%
Syndicated shows, series and specials	16.5 - 20.9%	16.3 - 20.5%	15.0 - 16.9%	16.3 - 18.4%	12.9 - 14.1%	11.0 - 12.5%
PBS and all other programming on non-commercial signals	2.6 - 4.4%	2.8 - 4.6%	3.6 - 5.3%	3.9 - 5.6%	4.3 - 5.9%	5.4 - 7.0%
Devotional and religious programming	7.1 - 8.5%	5.8 - 7.4%	3.6 - 4.4%	4.1 - 4.9%	4.4 - 5.2%	4.8 - 5.4%
All programming on Canadian signals	0.0 - 0.4%	0.1 - 0.5%	0.0 - 0.2%	0.0 - 0.3%	0.1 - 1.2%	0.4 - 2.1%

*Range reflects potential values for each year based on 95% confidence interval.

3. Historical Allocations. The results of the 2010-13 cable operator surveys are compared to the results of surveys conducted for prior years in Table IV-3 below. The table shows the results of all prior surveys using constant sum questions conducted on behalf of JSC and CTV. It demonstrates that, notwithstanding a number of changes in methodology over the years (many in response to issues raised by the CRT, CARPs, CRJs or other parties), the results have been relatively consistent.

**Table IV-3.
Summary of Cable Operator Distant Signal Programming Value Allocations, 1978-2013**

	Year	Live Professional & College Team Sports	News and Public Affairs	Movies	Syndicated Shows, Series and Specials	PBS and All Other Non-Comm.	Devotional	Canadian	Total*
BBDO	1978	\$27	\$2	\$66	\$5	NA	NA	NA	\$100
	1979 -- MSOs	\$35.00	\$9.40	\$38.00	\$10.57	\$7.03	NA	NA	\$100.00
	1979 -- Managers	\$33.98	\$6.21	\$42.98	\$10.62	\$6.21	NA	NA	\$100.00
	1980	\$32.95	\$12.62	\$37.76	\$11.76	\$4.91	NA	NA	\$100.00
ELRA	1983	\$35.66	\$13.33	\$25.02	\$15.84	\$2.51	\$7.24	\$0.40	\$100.00
BBC	1983	36.1%	12.1%	30.2%	18.6%	3.1%	NA	NA	100.0%
Bortz & Company	1986	38.5%	11.3%	25.1%	17.5%	4.1%	3.5%	0.1%	100.0%
	1989	34.2%	11.8%	31.2%	16.9%	1.3%	4.3%	0.2%	100.0%
Burke	1990	37.2%	11.9%	30.1%	14.5%	2.7%	3.6%	--	100.0%
Bortz & Company	1991	36.3%	14.8%	25.7%	15.6%	2.9%	4.3%	0.5%	100.0%
	1992	38.8%	12.4%	25.6%	16.0%	3.0%	3.9%	0.3%	100.0%
	1993	43.4%	12.6%	23.4%	14.4%	2.0%	4.0%	0.2%	100.0%
	1994	39.7%	11.2%	26.3%	16.4%	2.1%	3.7%	0.5%	100.0%
	1995	41.4%	10.8%	25.8%	16.3%	3.4%	2.1%	0.3%	100.0%
	1996	36.9%	16.4%	22.3%	16.8%	2.8%	4.5%	0.4%	100.0%
	1997	42.5%	14.3%	20.7%	15.8%	3.7%	2.3%	0.6%	100.0%
	1998	37.0%	14.8%	21.9%	17.8%	2.9%	5.3%	0.4%	100.0%
	1999	38.8%	14.7%	22.0%	15.8%	2.9%	5.7%	0.2%	100.0%
	2000	35.4%	15.6%	23.6%	16.2%	2.6%	6.6%	--	100.0%
Bortz Media & Sports Group	2001	35.4%	16.5%	20.1%	18.6%	2.9%	6.2%	0.3%	100.0%
	2002	36.2%	16.3%	20.6%	16.8%	3.9%	6.4%	--	100.0%
	2003	37.8%	17.3%	20.1%	15.6%	3.0%	6.1%	0.2%	100.0%
	2004	33.5%	18.4%	17.8%	18.7%	3.5%	7.8%	0.2%	100.0%
	2005	36.9%	14.8%	19.2%	18.4%	3.7%	6.6%	0.3%	100.0%
	2006	34.8%	18.3%	17.7%	19.1%	3.9%	5.9%	0.3%	100.0%
	2007	34.3%	16.7%	19.7%	18.6%	4.2%	6.3%	0.2%	100.0%
	2008	33.4%	18.9%	18.3%	17.1%	3.7%	8.4%	0.3%	100.0%
	2009	41.4%	14.0%	18.9%	17.3%	3.4%	4.8%	0.3%	100.0%
	2010	40.9%	18.7%	15.9%	16.0%	4.4%	4.0%	0.1%	100.0%
	2011	36.4%	18.3%	18.6%	17.4%	4.7%	4.5%	0.2%	100.0%
	2012	37.9%	22.8%	15.3%	13.5%	5.1%	4.8%	0.6%	100.0%
	2013	37.7%	22.7%	15.5%	11.8%	6.2%	5.1%	1.2%	100.0%

*Rows may not add to total due to rounding.

NOTE: Prior to 1992, category definitions, the number of categories addressed and the research methodology of individual surveys summarized above varied, in some cases significantly.

4. PTV Survey Allocations. Respondents were asked to allocate value to public television and Canadian programming only in instances when their system actually carried such stations as distant signals. As shown on Table IV-4 below, respondents at systems that carried public television distant signals allocated an average value of 9.6 percent to public television programming in 2010, 7.8 percent in 2011, 8.2 percent in 2012 and 10.3 percent in 2013.

Table IV-4.
Distant Signal Programming Value Among Systems Carrying Public Television Distant Signals, 2010-13

	2010	2011	2012	2013
Live professional and college team sports	35.8%	35.1%	33.8%	34.8%
News and public affairs programs	20.1%	19.3%	22.6%	21.7%
Movies	14.4%	16.4%	16.8%	15.9%
Syndicated shows, series and specials	15.6%	16.4%	13.4%	11.2%
PBS and all other programming on non-commercial signals	9.6%	7.8%	8.2%	10.3%
Devotional and religious programming	4.3%	4.7%	4.9%	5.3%
All programming on Canadian signals	<u>0.2%</u>	<u>0.2%</u>	<u>0.3%</u>	<u>0.8%</u>
Total*	100.0%	100.0%	100.0%	100.0%

*Columns may not add to total due to rounding.

The lower allocation for PTV in Table IV-1 reflects the fact that not all survey respondents carried distant PTV stations.

5. Canadian Survey Allocations. Table IV-5 shows that, for systems that carried Canadian distant signals, the average value attributed to the programming on these signals was 2.4 percent in 2010, 4.6 percent in 2011, 6.4 percent in 2012 and 7.9 percent in 2013.

Table IV-5.
Distant Signal Programming Value Among Systems Carrying Canadian Distant Signals,
2010-13

	2010	2011	2012	2013
Live professional and college team sports	26.4%	34.4%	24.0%	35.5%
News and public affairs programs	24.3%	19.4%	26.0%	20.3%
Movies	10.0%	16.9%	17.0%	17.3%
Syndicated shows, series and specials	25.7%	18.1%	12.0%	8.6%
All programming on Canadian signals	2.4%	4.6%	6.4%	7.9%
Devotional and religious programming	5.0%	4.1%	5.6%	5.5%
PBS and all other programming on non-commercial signals	<u>6.1%</u>	<u>2.5%</u>	<u>9.0%</u>	<u>5.0%</u>
Total*	100.0%	100.0%	100.0%	100.0%

*Columns may not add to total due to rounding.

Similar to PTV, the lower allocations for the Canadian category in Table IV-1 results from the fact that many cable systems do not carry any Canadian signals on a distant basis.

6. Impact of WGN Compensability. As discussed in Section III, the 2010-13 surveys asked cable systems carrying WGN as their only distant signal to value only the compensable programming on WGN. Table IV-6 below summarizes the representation of systems carrying WGN among survey respondents as compared with the universe:

**Table IV-6. Comparison of WGN Distant Signal Royalty Parameters,
Form 3 Universe and Completed Surveys, 2010-13**

Cable System Carriage Pattern	Total Royalties	
	Amount	Percent of Total*
<u>2010</u>		
<i>Form 3 Universe</i>		
WGN as Only Distant Signal	\$30,016,218	35.8%
All Systems Carrying WGN as Distant Signal	\$73,405,580	87.5%
All Systems with One or More U.S. Commercial Distant Signals	\$83,904,538	
<i>Completed Surveys (Weighted Projection)</i>		
WGN as Only Distant Signal	\$27,486,044	32.8%
All Systems Carrying WGN as Distant Signal	\$71,961,715	85.8%
All Systems with One or More U.S. Commercial Distant Signals	\$83,904,538	
<u>2011</u>		
<i>Form 3 Universe</i>		
WGN as Only Distant Signal	\$25,331,358	28.1%
All Systems Carrying WGN as Distant Signal	\$79,745,398	88.5%
All Systems with One or More U.S. Commercial Distant Signals	\$90,062,962	
<i>Completed Surveys (Weighted Projection)</i>		
WGN as Only Distant Signal	\$17,351,594	19.3%
All Systems Carrying WGN as Distant Signal	\$75,197,063	83.5%
All Systems with One or More U.S. Commercial Distant Signals	\$90,062,962	
<u>2012</u>		
<i>Form 3 Universe</i>		
WGN as Only Distant Signal	\$21,335,549	22.1%
All Systems Carrying WGN as Distant Signal	\$88,613,419	91.9%
All Systems with One or More U.S. Commercial Distant Signals	\$96,440,393	
<i>Completed Surveys (Weighted Projection)</i>		
WGN as Only Distant Signal	\$22,349,660	23.2%
All Systems Carrying WGN as Distant Signal	\$87,992,926	91.2%
All Systems with One or More U.S. Commercial Distant Signals	\$96,440,393	
<u>2013</u>		
<i>Form 3 Universe</i>		
WGN as Only Distant Signal	\$20,287,301	20.4%
All Systems Carrying WGN as Distant Signal	\$93,614,085	94.2%
All Systems with One or More U.S. Commercial Distant Signals	\$99,344,219	
<i>Completed Surveys (Weighted Projection)</i>		
WGN as Only Distant Signal	\$18,267,901	18.4%
All Systems Carrying WGN as Distant Signal	\$89,202,366	89.8%
All Systems with One or More U.S. Commercial Distant Signals	\$99,344,219	

* Represents percent of total for all systems with one or more U.S. commercial distant signals.

Source: Bortz Media compilation based on CDC data for the first accounting period of each year and annual survey responses.

Instructing respondents at cable systems that carried WGN as their only distant signal to value only the compensable programming on WGN addressed in part the CRJs' observation that respondents to the 2004-05 surveys likely attributed value to programming on WGN that is non-compensable in these proceedings and that this potentially inflated the shares of the Program Suppliers and Devotional Claimants at the expense of JSC and the CTV Claimants. As a result, Bortz Media believes the 2010-13 results presented in Table IV-1 above provide a closer approximation of each claimant's share as compared with 2004-05. However, it remains likely that respondents carrying WGN along with other signals attributed greater value to Program Suppliers and the Devotional Claimants and less value to JSC and CTV. Thus, the results in Table IV-1 reflect ceilings on Program Suppliers and the Devotional Claimants and floors for JSC and CTV. The consideration by ADS survey respondents of non-compensable WGN programming – all of which was in the Program Suppliers and Devotional categories – also may have depressed the relative valuations of Canadian and PTV signals by those respondents.

B. Responses to Preparatory Questions

Question 2 asked respondents to rank the categories of distant signal programming they carried that were most important for their system to offer. Responses were tabulated without weighting by the amount of royalties paid by the responding systems since the question asked respondents to provide a rank order for each category of programming rather than a discrete value. Table IV-7 summarizes the responses to this question.

Table IV-7.
Most Important Distant Signal Programming Category to Offer,
2010, 2011, 2012 and 2013

Response	Percent Ranked "Most Important" to Offer			
	2010	2011	2012	2013
Live professional and college team sports	67.5%	60.8%	57.0%	56.6%
News and public affairs programs	21.7%	19.5%	29.6%	36.5%
Movies	5.2%	9.8%	2.9%	3.3%
PBS and all other programming on non-commercial signals	1.7%	0.2%	0.0%	1.9%
Syndicated shows, series and specials	4.0%	9.7%	10.6%	1.7%
Devotional and religious programming	0.0%	0.0%	0.0%	0.0%
All programming on Canadian signals	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total*	100.0%	100.0%	100.0%	100.0%

*Columns may not add to total due to rounding.

As Table IV-7 shows, in 2010-13 well over one-half of the survey respondents believed that it was most important to offer the live professional and college team sports programming on the distant signals they carried. News and public affairs programming was considered most important by the next largest number of respondents.

Table IV-8 below shows the average ranking for each category in terms of importance.

Table IV-8.
Most Important Distant Signal Programming Category to Offer by Average Rank,
2010, 2011, 2012 and 2013

Response	Average Rank*			
	2010	2011	2012	2013
Live professional and college team sports	1.52	1.44	1.48	1.52
News and public affairs programs	2.73	2.77	2.08	2.04
Movies	3.20	2.86	3.43	3.23
Syndicated shows, series and specials	3.25	2.95	3.14	3.71
PBS and all other programming on non-commercial signals	4.15	4.75	4.78	4.39
All programming on Canadian signals	6.89	6.16	6.14	5.03
Devotional and religious programming	5.08	5.25	5.27	5.09

*Lower average values reflect a higher ranking.

Question 3 asked the respondents to rank each of the program categories on the distant signals they carried in terms of how expensive it would have been to acquire that program category directly in the marketplace (also without weighting by royalties paid). As shown below on Table IV-9, 88 percent or more of respondents in all four years indicated that the sports programming on the distant signals they carried would have been the most expensive to acquire in the marketplace. Movies were mentioned by 12 percent or less of the respondents as the most expensive program category to acquire.

Table IV-9.
Most Expensive Distant Signal Programming Category to Acquire,
2010, 2011, 2012 and 2013

Response	Percent Ranked			
	"Most Expensive" to Acquire			
	2010	2011	2012	2013
Live professional and college team sports	91.6%	91.7%	94.4%	88.0%
Movies	3.8%	6.9%	4.3%	12.0%
Syndicated shows, series and specials	0.9%	1.1%	1.3%	0.0%
News and public affairs programs	2.9%	0.3%	0.0%	0.0%
PBS and all other programming on non-commercial signals	0.7%	0.0%	0.0%	0.0%
Devotional and religious programming	0.0%	0.0%	0.0%	0.0%
All programming on Canadian signals	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total*	100.0%	100.0%	100.0%	100.0%

*Columns may not add to total due to rounding.

Finally, Table IV-10 shows the average ranking of the categories in terms of perceived acquisition cost.

Table IV-10.
Most Expensive Distant Signal Programming Category to Acquire by Average Rank,
2010, 2011, 2012 and 2013

Response	Average Rank*			
	2010	2011	2012	2013
Live professional and college team sports	1.09	1.01	1.01	1.10
Movies	2.82	2.39	2.20	2.03
Syndicated shows, series and specials	3.13	2.95	3.18	3.18
News and public affairs programs	3.15	3.47	3.47	3.64
PBS and all other programming on non-commercial signals	4.85	4.88	4.99	5.02
Devotional and religious programming	5.28	5.37	5.43	5.36
All programming on Canadian signals	6.89	5.86	5.28	5.52

*Lower average values reflect a higher ranking.

APPENDIX A. CABLE OPERATOR SURVEY HISTORICAL BACKGROUND

Appendix A initially summarizes the history and evolution of cable operator surveys conducted in conjunction with Copyright Royalty Tribunal (CRT), Copyright Arbitration Royalty Panel (CARP) and Copyright Royalty Judges (CRJ) proceedings, followed by a review of changes made to the surveys over more than twenty-five years in response to issues raised in prior proceedings.

A. Historical Background

1. 1989 and Prior Surveys. JSC retained Bortz Media principals (as members of Browne, Bortz & Coddington, Inc. (BBC)) to determine the comparative value of distant signal non-network programming that cable systems retransmitted in 1983. With the assistance of Drs. Michael Wirth (Professor and Chairperson of the Department of Mass Communications) and George Bardwell (Professor of Mathematics and Statistics) of the University of Denver, BBC designed a study employing a constant sum survey question to determine cable operators' valuation of distant signal non-network programming. Burke Marketing Research (one of the largest market research firms in the United States) executed that survey, with administrative involvement and oversight by BBC. In developing the study, BBC sought to improve upon earlier studies that had been performed by Batten, Barton, Durstine & Osborn, Inc. (BBDO), one of the nation's largest advertising agencies, on behalf of JSC and submitted in the 1978, 1979 and 1980 CRT proceedings. In particular, BBC sought to be responsive to concerns expressed by the CRT with respect to the prior BBDO studies and thus made several improvements in an effort to address those concerns.

JSC presented the initial BBC survey to the CRT in the 1983 proceeding. CTV presented an independent study, completed by the ELRA Group, in the same proceeding. The results of the BBC and ELRA surveys were similar, and the findings of both studies were also generally consistent with those of the earlier BBDO surveys. See Table IV-3.

JSC again retained Bortz Media principals to develop surveys for both 1986 and 1989. The 1986 case was settled and therefore the results of this study were not presented in the 1986 proceeding. Results for 1986, which were subsequently presented to the CRT in the 1989 proceeding, were similar to those of the 1983 BBC and ELRA surveys. See Table IV-3.

The study design for the 1989 survey reflected additional efforts to resolve issues raised by the CRT — in this instance focusing on issues raised in the CRT's decision in the 1983 case (which had not yet been released at the time the 1986 study was conducted). Survey and sample design again reflected the input of Drs. Wirth and Bardwell, as well as the assistance of Dr. Len Reid (Professor and Head of the Department of Advertising at the University of Georgia) who testified in the 1989 proceeding. Burke Marketing Research executed the survey. Results of the 1989 study were presented to the CRT in the 1989 proceeding. These results were comparable to those obtained in all of the prior surveys using constant sum questions. See Table IV-3.

CTV, PTV and the Devotional Claimants supported the 1989 study. However, Program Suppliers criticized that study. In its 1989 Final Determination, the CRT accorded weight to the Bortz survey and specifically acknowledged improvements made over the 1983 study. The CRT, however, accepted certain of the Program Suppliers' criticisms and chose not to accord full weight to the survey results.²⁸

²⁸ See Federal Register, Vol. 57, No. 61, April 27, 1992, pp. 15301-02.

2. 1990 through 1992 Surveys. In our 1989 report to the CRT, we also presented the results of a survey for 1990, which JSC had retained Burke Marketing Research to execute. Burke used the same sample and essentially the same questionnaire used by Bortz for the 1989 survey. The 1990 results were similar to the results of all prior surveys. See Table IV-3.

Prior to the release of the CRT's 1989 Final Determination, Bortz conducted a survey (executed by Burke) for 1991 employing essentially the same methodology as in 1989 and 1990. The 1991 results were again similar to those of prior surveys. See Table IV-3.

Following the release of the 1989 Final Determination in April 1992, Bortz made several modifications in designing a survey for 1992. Questionnaire and sample development again relied upon Drs. Wirth and Bardwell of the University of Denver, along with Dr. Samuel Book (President of MTA Marketing), a cable industry survey expert who had testified as a JSC witness in the 1989 proceeding. The resulting questionnaire (again executed by Burke) incorporated changes that were responsive to Program Suppliers' criticisms that had been accepted by the CRT in the 1989 proceedings. JSC presented the 1990-92 surveys to a CARP. In its decision, the CARP stated that:²⁹

“The critical significance of the Bortz surveys is the essential question it poses to cable operators, that is: What is the relative value of the types of programming actually broadcast in terms of attracting and retaining subscribers? That is largely the question the Panel poses when it constructs a simulated market. Further, the question asks the operator to consider the same categories we are presented here in the form of claimant

²⁹ 1990-92 CARP Report at 65.

groups – that is, sports, movies and the others. That is also what the Panel must do.”

The 1990-92 CARP also concluded that the Bortz surveys were “focused more directly than any other evidence to the issue presented: relative market value.”³⁰

The Canadian Claimants also conducted surveys using constant sum questions of cable operators carrying distant Canadian signals in 1991 and 1992. The surveys were designed to estimate the relative values of the different types of programming on the Canadian signals, and (similar to the Bortz Media surveys) asked respondents to allocate a percentage of total programming value among six types of programming on these signals.

3. 1993 through 2008 Surveys. Bortz Media conducted surveys from 1993 through 2008, employing the same methodology, questionnaire and sampling design as in 1992. Telephone interviewing was performed by Burke Marketing Research through 1997. In 1998 through 2000, Bortz Media retained Creative & Response Research to conduct telephone interviewing. Ted Heiman & Associates/THA Research provided telephone interviewing services for the years 2001 through 2008 (and beyond, through 2013).

JSC presented cable operator studies for the years 1998-99 to the CARP that conducted the 1998-99 cable royalty distribution proceeding. This CARP concluded that the Bortz survey was “an extremely robust (powerfully and reliably predictive) model for determining relative value” of the programming categories represented by JSC, the Program Suppliers and the National Association of Broadcasters.³¹ It also determined that the Bortz survey was “more reliable than any other methodology presented” in determining the relative market value of these

³⁰ 1990-92 CARP Report at 65.

³¹ 1998-99 CARP Report at 31.

three claimant groups.³² Accordingly, the 1998-99 CARP tied the royalty awards of each of these claimant groups directly to their shares in the Bortz surveys. The Librarian of Congress adopted the CARP's Report and rejected Program Suppliers' challenges to the use of the survey results. The Court of Appeals affirmed the Librarian's Order.

JSC presented to the CRJs the 2004-05 cable operator studies. The Canadian Claimants conducted similar surveys using constant sum questions that they presented in the 1998-99, 2000-03 and 2004-05 cable royalty distribution proceedings.

4. 2009 through 2013 Surveys. Bortz Media conducted cable operator surveys for 2009 through 2013, making certain modifications to the survey design in response to both changes in the distant signal marketplace and issues raised by the CRJs following the 2004-05 distribution proceeding. Section III explains the nature and reasons for those modifications.

B. Response to Criticisms of Prior Surveys

As discussed above, different surveys employing constant sum questions, conducted by Bortz Media principals and others, have been performed since the commencement of the cable royalty distribution proceedings. The basic approach and methodology have remained essentially the same since 1983. However, Bortz Media has made a number of refinements over the years to address concerns raised in prior proceedings.

1. Respondent Qualifications. The early BBDO surveys were directed at top executives of cable multiple system operators (MSOs). Beginning in 1983, BBC redesigned the survey to focus on interviewing management personnel at the cable system level in order to obtain responses from the person at the system "most familiar with programming carried by the

³² 1998-99 CARP Report at 31.

system.” The interviewers initially asked for the system general manager; if this was not the person “most familiar,” the interviewer asked to be directed to the appropriate individual.

The CRT determined in the 1983 proceeding that the BBC survey “was designed to ascertain the proper individual.”³³ The same qualifier was used in the 1989 through 1991 studies. However, in its 1989 Final Determination the CRT expressed concern regarding the qualifications of approximately 11 percent of the survey respondents and also indicated uncertainty with respect to the involvement of the respondents in the program budgeting process.³⁴

We believe respondents to the 1989 through 1991 surveys were qualified and were likely involved in program budgeting, as they were overwhelmingly individuals with general management, marketing or programming responsibilities. In conducting numerous market research studies and many other analyses involving cable systems operations for approximately two decades, it is our experience that these are the individuals at the system level most responsible for decisions (including budgeting) regarding programming. Further, in several instances where the titles of respondents did not imply programming oversight, the systems involved were small properties where individuals frequently have multiple responsibilities. Nevertheless, in light of the concerns expressed by the CRT in the 1989 case, the initial respondent qualifying question was modified in the 1992 and subsequent surveys to ensure that the respondent was the person “most responsible for programming decisions at the cable system.” This approach was utilized in all subsequent surveys through 2008.

³³ Federal Register, Vol. 51, No. 72, April 15, 1986, p. 12810.

³⁴ Federal Register, Vol. 57, No. 61, April 27, 1992, p. 15301.

In the 2004-05 proceeding, Program Suppliers provided a witness (Howard Homonoff) who asserted that programming carriage decisions were not made at the cable system level. This testimony was rebutted by JSC witnesses, including former cable industry programming executive Judy Meyka, and the CRJs concluded that the Bortz survey “focuses on the appropriate buyer in the hypothetical market – i.e., the cable operator.”³⁵ Even so, for the 2009 to 2013 surveys, a slight modification was made to ensure that the respondent was qualified as “the person most responsible for programming carriage decisions made by the system.” See Sections II and III.

2. Category Definitions. Since the survey was first introduced into these proceedings, concerns have been expressed regarding the wording of descriptions of the various programming types. In the 1983 study, BBC developed category definitions that improved upon those used in earlier surveys; ELRA also provided new category definitions. The BBC categories were retained in the 1986 through 1991 surveys while two new categories were added in the 1986 to 1992 surveys to represent the Devotional and Canadian Claimants.

While acknowledging the complexity of the task, the CRT in its 1989 Determination continued to express a desire for enhanced programming definitions.³⁶ In response, beginning with the 1992 survey Bortz Media incorporated the use of modified category descriptors based on definitions developed by the CRT itself to further aid respondents in accurately distinguishing among categories. In particular, adjustments were made to the syndicated and station-produced programming categories. The category definitions used in the 1992 survey have been used in all subsequent surveys. These definitions are intended to reflect those agreed upon in the 1996

³⁵ 2004-05 Distribution Order at 13.

³⁶ Federal Register, Vol. 57, No. 61, April 27, 1992, pp. 15295, 15300.

stipulation among the parties, which was submitted to the CARP in the 1990-92 proceeding (after the 1990-92 surveys had been conducted). Further, as discussed in Section III, the 2010, 2011, 2012 and 2013 surveys provided respondents at cable systems carrying only WGN with a summary of the compensable programming broadcast by WGN in each category in each year.

In the 2004-05 proceeding, the CRJs stated that “there *may* be bias introduced into the survey resulting from the respondents’ potential misunderstanding of the exact parameters of the categories of programming they are being asked to compare” 2004-05 Distribution Order at 13 (emphasis in original). We have carefully considered this issue and concluded that the descriptions used in these surveys provide respondents – who are not lay persons but cable industry programming professionals – with clearly distinguishable and readily understood categories for which they were able to allocate value. We also acknowledge the potential for certain “fringe” programming to be interpreted as belonging in one category when for the purposes of these proceedings it may belong in another. However, categories must be defined as concisely as possible. Moreover, we believe the use of examples is inappropriate in that it necessarily excludes programming types not included as examples.

3. Excluded Systems, Program Categories and Signals. The objective of our surveys has been to determine the relative value that cable operators attach to the different categories of non-network programming on the distant signals that they actually carried. Consistent with that objective, not all cable systems are eligible for inclusion in our survey samples; nor are all survey respondents asked to value all types of programming represented in the royalty allocation proceedings. We discuss below the specific circumstances in which systems and programming categories are excluded from consideration.

The first situation involves Form 1 and 2 systems. Only Form 3 systems are eligible for inclusion in our samples. Form 1 and 2 systems have been excluded from our analysis because distant signal carriage data for these systems are not readily available, restricting our ability to question systems in this group about the signals that they actually carried. We determine the identity of the particular distant signals for each Form 3 cable system in our sample by examining that system's Statements of Account filing at the Copyright Office (as well as signal carriage data compiled by Cable Data Corporation); we then refer to these specific distant signals in the survey questionnaire so that there is no confusion concerning the programming the respondent is asked to value. While the Copyright Office Statements of Account identify the distant signals that Form 3 cable systems carry, they do not do so for Form 1 and 2 systems. It should be noted that the Form 1 and 2 systems accounted for less than two percent of the 2010, 2011, 2012 and 2013 royalties. Furthermore, the CRT, the CARP and the CRJs have never suggested that Form 1 and 2 systems should be included in our samples.

The second situation involves individual programming categories in instances where those categories were not among the distant signal programming carried by a particular cable system. In all of our surveys, questions regarding public television and/or Canadian stations have been deleted in instances where a cable system did not carry such stations, and respondents have not been asked to make a programming allocation to these categories. The CRT expressed concern regarding this approach in both the 1983 and 1989 proceedings. Bortz Media agrees with the CRT's Determination in the 1989 proceeding that programming not carried may have had a certain value and possibly would have been carried had it been available at a lower price (i.e., at a price that was less than that being charged under the statutory royalty rate). At the same time, we also concur with the CRT's conclusion that our survey design is intended to

measure value based on programming actually carried and that questions regarding any distant signal programming in instances where it was not carried would cause confusion.³⁷

In the 2004-05 proceeding, we determined that a small number of systems might not carry distant signals that feature live, non-network professional or college team sports programming. Thus, beginning with the 2009 survey, this category was excluded in instances where distant signal carriage of such programming could not be verified.³⁸ See Section III.

With respect to cable systems, we have not surveyed cable systems that carry no distant signals or cable systems that carry only a distant signal for which comparisons among the relevant program categories cannot be made (i.e., those that carried only a distant PBS station or only a distant Canadian station). As explained elsewhere in this report, we have sought to determine the relative values of the different types of programming actually carried by the cable operator respondents. It is not possible to obtain an estimate of relative value where the cable operator carries no distant signals or carries only one type of distant signal programming. Further, as discussed in Section I, we acknowledge that some adjustment to the specific point estimates of the survey results is appropriate to account for cable operators that carry only PBS and/or only Canadian distant signals (which are not included in our survey).

³⁷ Federal Register, Vol. 57, No. 61, April 27, 1992, pp. 15299 – 15300. Note that if values were attributed to noncommercial and Canadian stations where no such stations were actually carried, the same approach would need to be followed for cable systems that carried no distant commercial signals or no distant signals at all.

³⁸ It is also possible that certain other categories of programming might not be carried on a small number of the cable systems included in the Bortz survey samples. However, short of reviewing the complete programming schedules of each distant signal in each year, there is no way of readily determining this; therefore, the remaining categories are included on all survey questionnaires. This approach may benefit the Program Suppliers, Devotional Claimants and CTV Claimants at the expense of the remaining program categories claimants.

Finally, as discussed in Section III, for the 2010-13 surveys we did not ask respondents about certain distant signals in instances where a cable system reported carrying more than eight distant signals. We believe this modification improves the opportunity for respondents to focus their consideration of relative value on those signals that are available on a distant basis to the largest percentage of their subscribers.

4. Respondent Recall. In the 1983 proceeding, the CRT expressed concern regarding the ability of respondents to recall programming actually carried in 1983, given that the BBC study presented in the 1983 proceeding was not actually conducted until 1985. To address this concern, surveys since 1989 have been conducted as close to the end of the year in question as is possible based on data availability from the Copyright Office. The 1989, 1990 and 1992 surveys were initiated during December of the survey year. In its 1989 Determination, the CRT acknowledged that this was an improvement, but continued to be concerned that respondents would have been unable to recall all of the individual programs they were being asked to value.³⁹

In 2011, 2012 and 2013 (as in most prior years), surveying began in the summer of the year following the subject year (i.e., 2012, 2013 and 2014, respectively). The 2010 survey began in December 2011. The later start for the 2010 survey was due in part to it having followed the 2009 survey (which was delayed until all of the factors pertaining to the CRJs July 21, 2010 Distribution Order had been evaluated, and which involved both an initial pilot study as well as a subsequent full survey). In addition, based on our assessment of the modified 2009 study process, the 2010 survey incorporated certain additional design modifications (most notably the limitations on the number of distant signals to be addressed in an individual survey). See Section III.

³⁹ Federal Register, Vol. 57, No. 61, April 27, 1992, p. 15300.

Bortz Media believes that the timing of the 2010-13 surveys is appropriate in that it allows respondents to consider the value of programming within a reasonable time frame following the period in which it aired. Most important with respect to recall, however, is the recognition that cable system operators (in our experience) do not (and cannot) identify all programs on any particular program service in deciding whether to carry that service and how much to pay for it. Rather, in those marketplace dealings, operators make decisions based on a dominant impression of what is included on the service and its corresponding value. In other words, as in our surveys, marketplace programming decisions are made by cable operators without identifying every individual title. We believe that the respondents to the surveys did have such a dominant impression of the programming on the distant signals they carried. Further, in the case of systems carrying only WGN, respondents were provided with a summary of the compensable programming carried in the subject year and were instructed to respond based specifically on that programming.

5. Signal Carriage Data. The CRT criticized the BBDO surveys for failing to focus respondents on the actual distant signals carried.⁴⁰ To address this criticism, the BBC study for 1983 and all subsequent surveys have incorporated actual signal carriage information obtained from Copyright Office statements of account.

6. Budget Allocation Process. In its 1983 Determination, the CRT raised questions regarding the formulation of the constant sum question and its relationship to tasks actually performed by cable operators. The 1983 constant sum question asked respondents to allocate “value” assuming that the total value of distant signal non-network programming was 100

⁴⁰ Federal Register, Vol. 47, No. 45, March 8, 1982, p. 9882.

percent. Bortz Media modified the question in the 1989 study to ask respondents to allocate a programming budget — a task closely related to activities operators actually perform.

While the CRT acknowledged in its 1989 Determination that this approach was an improvement, there was still concern regarding the short time period allowed for respondents to consider their allocations in responding to a telephone survey.⁴¹ Implicit in this assessment is the notion that further consideration might lead to different responses. As noted before, we believe responses to our survey reflect dominant impressions of programming value already formed by respondents in their ongoing decision-making processes regarding programming.

However, we modified the allocation question for 1992 and all subsequent surveys to ensure that respondents considered the question in a more formal manner. Respondents were first instructed to write down the programming categories and to think about their relative value; they were then asked to write down their estimates for each category. Subsequently, the interviewer reviewed the estimates for each category with the respondent to allow for any changes upon reconsideration.

7. Call Backs. In the 1989 proceeding, the Program Suppliers criticized Bortz Media's study on the basis that the repeated call backs which were necessary to obtain completed interviews raised questions as to the validity of the survey responses. The Program Suppliers asserted that a maximum of three attempts should be made to any one respondent. All of the interviews in the 2010, 2011, 2012 and 2013 studies were completed with a maximum of four direct contacts (including voice mail messages) with the respondent. Other call attempts reflect efforts to identify and/or directly contact the appropriate respondent and are common in executive interviewing.

⁴¹ Federal Register, Vol. 57, No. 61, April 27, 1992, p. 15301.

8. Survey Length. The 1990-92 CARP expressed concern that respondents were asked to draw conclusions regarding value in the course of a ten-minute survey whereas the CARP itself required a period of six months to answer a similar question. While we understand the issue raised by the 1990-92 CARP, we also must emphasize that respondents to our survey make determinations regarding the relative value of programming on a regular basis. They are experienced and highly knowledgeable regarding the cable industry, the programming that they carry and the interests of their subscribers. We believe that they have a dominant impression of the value of the programming on the distant signals that they carry and that our survey reflects that collective impression.

The 1998-99 CARP shared this view, noting that, while “the interviews are relatively brief,” the responding cable operators “are frequently called upon to assess the relative value of alternative types of programming such as news, sports, movies and series when deciding whether to carry a new program service or drop an existing service.”⁴² Thus, the 1998-99 CARP concluded that this factor did not provide a basis for adjusting the “Bortz share” of any particular claimant group.

9. Supply Side. The 1990-92 CARP also observed that the survey does not account for “the ‘supply’ side of the supply and demand equation in the open market.”⁴³ This CARP stated that the constant sum question should have asked “what would the cable system operator have to and be willing to spend.”⁴⁴ We believe, however, that the survey does reflect the respondents’ understanding of the marketplace prices of the different kinds of programming — which is a reflection of the “supply side.” The cable system operators surveyed are active in the

⁴² 1998-99 CARP Report at 19-20.

⁴³ 1990-92 CARP Report at 65.

⁴⁴ 1990-92 CARP Report at 65.

marketplace for cable programming and are familiar with the rates charged by the sellers of various genres of cable networks.

The 1998-99 CARP acknowledged that the Bortz survey does not directly survey the seller's perspective. However, the CARP concluded that "this does not materially undermine the utility of Bortz, and does not inform us whether any particular claimant group should receive more or less than implied by the Bortz survey."⁴⁵ Further, the 1998-99 CARP expressed the opinion that "the demand side would more likely determine relative values of programming in an unregulated marketplace."⁴⁶

In our view, if anything, it is JSC programming that experiences the greatest negative impact from any failure of the survey to take into account the "supply side" of the equation. It is our experience that, as suppliers of programming, JSC members are able to negotiate the highest possible prices for their programming in the open market. Indeed, JSC programming commands an extremely high price relative to other kinds of programming in the open market, where both supplier and customer are present. Based on this marketplace evidence, we believe there is no reason that "supply side" considerations would warrant a reduction in the JSC's award from that shown in the cable operator survey.

It is also worth noting that, beginning with the 2009 survey, the preparatory questions were modified to include a question asking respondents to rank the relative cost of the various distant signal programming categories. In this manner, respondents were given the opportunity to give at least initial consideration to the "supply side" in advance of making their relative value allocation. See Section III.

⁴⁵ 1998-99 CARP Report at 22.

⁴⁶ 1998-99 CARP Report at 22.

10. Attitudes Versus Conduct. The 1990-92 CARP noted that the constant sum question is a measure of “attitudes” rather than “conduct.” However, the 1998-99 CARP did not see this as a concern, noting that “uncontroverted testimony and years of research indicate rather conclusively that constant sum methodology, as utilized in the Bortz survey, is highly predictive of actual marketplace behavior.”⁴⁷

Moreover, the marketplace value of JSC programming relative to other types of programming is evidence of conduct. When cable systems meet copyright owners in the marketplace, their “conduct” shows that JSC programming is highly valued relative to other types of programming.

11. Value of Programming Not Carried. Addressing an issue raised by PBS, both the 1990-92 and 1998-99 CARPs noted that programming that is not carried may nevertheless have some value to cable operators that is not captured through the Bortz survey methodology. However, both CARPs appear to have shared our view that it would not be possible to adjust the survey methodology to address this issue without causing confusion. In addition to causing confusion, we note that it would seem implausible (if not impossible) to determine at what level each “rejected” signal was valued, and how the various programming categories on those signals contributed to establishing that value.

12. Carriage of Compensable Sports Programming. An issue was raised in the 1998-99 proceeding concerning the allocation of value to sports programming in instances where it was unclear that compensable sports programming was carried by a particular cable system’s distant signals. In that proceeding, it was determined that one 1999 respondent had allocated value to sports programming even though that system may not have carried such programming.

⁴⁷ 1998-99 CARP Report at 21.

In order to correct for this, Bortz Media removed the responses for that system from its calculations – an approach that the CARP found appropriate.⁴⁸ Similarly, in 2004 and 2005, it was determined that one (2005) or two (2004) systems may not have carried live, non-network professional or college team sports, and survey results were presented both with and without including these systems.

As discussed in Section III and above, from 2009 forward Bortz Media has conducted an extensive review of the programming carried by distant signals represented on the cable systems included in our sample to verify that these systems carried compensable sports programming. Based on this review, we have excluded the sports category on the survey questionnaire in instances where we were unable to verify that compensable sports programming was carried.⁴⁹

We have not attempted to determine whether all cable systems in our sample carried movies, syndicated programming, news and other station-produced programming, or devotional programming. As such, it is possible that some respondents were asked about one or more of these categories in instances where the distant signals they carried did not feature compensable programming that fell within that category. In our experience, this could particularly be an issue for the Devotional category, as well as for movies in instances where a cable system carries only network-affiliated stations.

13. WGN Substitution. The 1998-99 CARP identified the issue of “WGN Substitution” as an issue potentially affecting the value accorded to program suppliers (i.e., the movies and

⁴⁸ 1998-99 CARP Report at 21.

⁴⁹ We did not review complete programming schedules for distant signals that could not readily be identified as carriers of compensable sports programming; thus, it is possible that some or all of these identified systems did carry compensable sports programming. The number of responding systems for which the sports programming category was excluded was 2 in 2010, 7 in 2011, 7 in 2012, and 4 in 2013.

syndicated series categories).⁵⁰ This is because respondents to the Bortz surveys conducted in those years were not informed by interviewers that a substantial portion of the movie and syndicated programming carried by superstation WGN is not compensable. As noted elsewhere in this report, this issue also applies to Devotional programming on WGN — a significant percentage of which is not compensable — and was raised by the CRJs in 2004-05 as well.

Section III describes the survey modifications made by Bortz Media in 2010, 2011, 2012 and 2013 to address the issue of WGN programming compensability. As noted in that section, the modified Bortz approach represents an improvement, but does not fully account for the impact of this issue. As such, the Bortz survey values for the Program Suppliers categories and for Devotional programming are still believed to represent a “ceiling” on the potential value of these categories, while JSC and CTV values remain understated.

⁵⁰ 1998-99 CARP Report at 26-28. The CARP did not accept an adjustment proposed by the PTV Claimants to account for this issue.

APPENDIX B. ADS SURVEY INSTRUMENTS

This Appendix provides examples of the survey instruments used to interview respondents at systems that carried distant signals in addition to or other than WGN during the relevant survey year. For each individual cable system in the survey, the template survey instrument was customized based on the specific distant signals carried by that system. Thus, the number of programming categories included on the survey instrument ranged from four to seven, depending on whether the responding system carried PBS distant signals and/or Canadian distant signals and whether any of the distant signals carried have been identified as carrying JSC programming. The order of the program categories was rotated from survey to survey to avoid ordering bias. In addition, the language regarding “network programming from ABC, CBS and NBC” was omitted from survey instruments administered to cable systems that did not carry distant signals affiliated with any of those three networks. The examples provided below include all of the potential programming categories and the language used in addressing ABC, CBS and NBC network programming.

**2010 SYSTEM OPERATOR
PROGRAMMING QUESTIONNAIRE**

ADS VERSION H

System Name: _____

City / State: _____

Subscribers: _____ Remit Number _____

Respondent's Name: _____

Position: _____

Telephone Number: _____

Date: _____

Interviewer: _____

(ASK TO SPEAK WITH LISTED RESPONDENT. IF UNAVAILABLE, CONFIRM HE / SHE IS PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM AND ARRANGE CALL BACK. IF NOT, ASK TO SPEAK WITH THE PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM.)

Hello, I'm _____ from _____. We are conducting a short national survey among randomly selected cable systems regarding certain programming they carry. I only have a few questions.

1. Are you the person most responsible for programming carriage decisions made by your system during 2010 or not?

- Yes 1
- No 2 ASK TO SPEAK WITH PERSON MOST RESPONSIBLE FOR THE SYSTEM'S PROGRAMMING CARRIAGE DECISIONS IN 2010. REPEAT INTRODUCTION AND Q.1.

2a. Industry data indicate that your system serving (ENTER COMMUNITY LISTED ABOVE; i.e., primary community from SOA) and nearby communities carried the following broadcast stations from other cities in 2010:

<u>Call Letters</u>	<u>Com/ Non/ Can</u>	<u>Affil</u>	<u>City</u>	INSERT DISTANT SIGNAL CALL LETTERS, CITY AND AFFILIATION

2b. Now, I'd like to ask you how important it was for your system to offer certain categories of programming that are carried by these stations. When you consider this, please exclude from consideration any national network programming from ABC, CBS and NBC. I've grouped the non-network programming on these broadcast stations into seven categories. I will read these seven categories to you to give you a chance to think about their relative importance (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1"). Considering only the non-network programming on these broadcast stations, please rank these seven categories in order of their importance to your system in 2010, with one being the most important category and seven being the least important category. What is your ranking of importance for the 2010 (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming on the broadcast stations I listed. (REPEAT FOR ALL SEVEN CATEGORIES, IN ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

<u>Start</u>	<u>Category</u>	<u>Rank</u>
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	PBS and All Other Programming Broadcast by Noncommercial Station(s) _____	_____
_____	Devotional Programs	_____
_____	All Programming Broadcast by Canadian Station(s) _____	_____

3. Next, I'm going to ask you how expensive you think it would have been for your system to acquire the non-network programming on the broadcast stations I listed in each of the seven categories if your system had to purchase that programming directly in the marketplace. I will read the seven categories to you to give you a chance to think about their relative cost. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1"). Considering only the non-network programming on the broadcast stations I listed, please rank these seven categories in order of how expensive each would have been to your system in 2010, with one being the most expensive category and seven being the least expensive category. What is your cost ranking for the 2010 (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1".) programming on the broadcast stations I listed. (REPEAT FOR ALL SEVEN CATEGORIES, IN ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	PBS and All Other Programming Broadcast by Noncommercial Station(s) _____	_____
_____	Devotional Programs	_____
_____	All Programming Broadcast by Canadian Station(s) _____	_____

4a. Now, I would like you to estimate the relative value to your cable system of each category of programming actually broadcast by the stations I mentioned during 2010, excluding any national network programming from ABC, CBS and NBC. Just as a reminder, we are only interested in _____ U.S. commercial station(s) _____, U.S. non-commercial station(s) _____, and Canadian station(s) _____.

I'll read each of the seven programming categories we've been discussing again to give you a chance to think about them; please write the categories down as I am reading them. (READ PROGRAM CATEGORIES IN ORDER, STARTING WITH CATEGORY MARKED BY THE NUMBER "1".) Assume your system spent a fixed dollar amount in 2010 to acquire all the non-network programming actually broadcast during 2010 by the stations I listed. What percentage, if any, of the fixed dollar amount would your system have spent for each category of programming? Please write down your estimates, and make sure they add to 100 percent.

What percentage, if any, of the fixed dollar amount would your system have spent on (READ PROGRAM CATEGORY MARKED BY THE NUMBER "1")? And what percentage, if any, would your system have spent on (READ NEXT PROGRAM CATEGORY)? (COMPLETE LIST IN THIS MANNER.)

<u>Start</u>	<u>Percent</u>
() <u>Movies</u> broadcast during 2010 by the U.S. commercial stations I listed.	_____
() <u>Live professional and college team sports</u> broadcast during 2010 by the U.S. commercial stations I listed.	_____
() <u>Syndicated shows, series and specials</u> distributed to more than one television station and broadcast during 2010 by the U.S. commercial stations I listed.	_____
() <u>News and public affairs programs</u> produced by or for any of the U.S. commercial stations I listed, for broadcast during 2010 only by that station.	_____
() <u>PBS and all other programming</u> broadcast during 2010 by U.S. noncommercial station(s) _____.	_____
() <u>Devotional and religious programming</u> broadcast during 2010 by the U.S. commercial stations I listed.	_____
() <u>All programming broadcast during 2010 by Canadian station(s)</u> _____.	_____
TOTAL	_____

PERCENTAGES MUST ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.

- 4b. Now I'm going to read back the categories and your estimates. (REREAD CATEGORIES AND RESPONSES IN ORDER, STARTING WITH CATEGORY MARKED BY THE NUMBER "1," TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. PERCENTAGES MUST STILL ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.)

Thank you for your time and cooperation.

**2011 SYSTEM OPERATOR
PROGRAMMING QUESTIONNAIRE**

VERSION H

System Name: _____

City / State: _____

Subscribers: _____ Remit Number _____

Respondent's Name: _____

Position: _____

Telephone Number: _____

Date: _____

Interviewer: _____

(ASK TO SPEAK WITH LISTED RESPONDENT. IF UNAVAILABLE, CONFIRM HE / SHE IS PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM AND ARRANGE CALL BACK. IF NOT, ASK TO SPEAK WITH THE PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM.)

Hello, I'm _____ from _____. We are conducting a short national survey among randomly selected cable systems regarding certain programming they carry. I only have a few questions.

1. Are you the person most responsible for programming carriage decisions made by your system during 2011 or not?

- Yes 1
- No 2 ASK TO SPEAK WITH PERSON MOST RESPONSIBLE FOR THE SYSTEM'S PROGRAMMING CARRIAGE DECISIONS IN 2011. REPEAT INTRODUCTION AND Q.1.

2a. Industry data indicate that your system serving (ENTER COMMUNITY LISTED ABOVE; i.e., primary community from SOA) and nearby communities carried the following broadcast stations from other cities in 2011:

<u>Call Letters</u>	<u>Com/ Non/ Can</u>	<u>Affil</u>	<u>City</u>	INSERT DISTANT SIGNAL CALL LETTERS, CITY AND AFFILIATION

2b. Now, I'd like to ask you how important it was for your system to offer certain categories of programming that are carried by these stations. When you consider this, please exclude from consideration any national network programming from ABC, CBS and NBC. I've grouped the non-network programming on these broadcast stations into seven categories. I will read these seven categories to you to give you a chance to think about their relative importance (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1"). Considering only the non-network programming on these broadcast stations, please rank these seven categories in order of their importance to your system in 2011, with one being the most important category and seven being the least important category. What is your ranking of importance for the 2011 (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming on the broadcast stations I listed. (REPEAT FOR ALL SEVEN CATEGORIES, IN ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

<u>Start</u>	<u>Category</u>	<u>Rank</u>
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	PBS and All Other Programming Broadcast by Noncommercial Station(s) _____	_____
_____	Devotional Programs	_____
_____	All Programming Broadcast by Canadian Station(s) _____	_____

3. Next, I'm going to ask you how expensive you think it would have been for your system to acquire the non-network programming on the broadcast stations I listed in each of the seven categories if your system had to purchase that programming directly in the marketplace. I will read the seven categories to you to give you a chance to think about their relative cost. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1"). Considering only the non-network programming on the broadcast stations I listed, please rank these seven categories in order of how expensive each would have been to your system in 2011, with one being the most expensive category and seven being the least expensive category. What is your cost ranking for the 2011 (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming on the broadcast stations I listed. (REPEAT FOR ALL SEVEN CATEGORIES, IN ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	PBS and All Other Programming Broadcast by Noncommercial Station(s) _____	_____
_____	Devotional Programs	_____
_____	All Programming Broadcast by Canadian Station(s) _____	_____

4a. Now, I would like you to estimate the relative value to your cable system of each category of programming actually broadcast by the stations I mentioned during 2011, excluding any national network programming from ABC, CBS and NBC. Just as a reminder, we are only interested in _____ U.S. commercial station(s) _____, U.S. non-commercial station(s) _____, and Canadian station(s) _____.

I'll read each of the seven programming categories we've been discussing again to give you a chance to think about them; please write the categories down as I am reading them. (READ PROGRAM CATEGORIES IN ORDER, STARTING WITH CATEGORY MARKED BY THE NUMBER "1".) Assume your system spent a fixed dollar amount in 2011 to acquire all the non-network programming actually broadcast during 2011 by the stations I listed. What percentage, if any, of the fixed dollar amount would your system have spent for each category of programming? Please write down your estimates, and make sure they add to 100 percent.

What percentage, if any, of the fixed dollar amount would your system have spent on (READ PROGRAM CATEGORY MARKED BY THE NUMBER "1")? And what percentage, if any, would your system have spent on (READ NEXT PROGRAM CATEGORY)? (COMPLETE LIST IN THIS MANNER.)

<u>Start</u>	<u>Percent</u>
() <u>Movies</u> broadcast during 2011 by the U.S. commercial stations I listed.	_____
() <u>Live professional and college team sports</u> broadcast during 2011 by the U.S. commercial stations I listed.	_____
() <u>Syndicated shows, series and specials</u> distributed to more than one television station and broadcast during 2011 by the U.S. commercial stations I listed.	_____
() <u>News and public affairs programs</u> produced by or for any of the U.S. commercial stations I listed, for broadcast during 2011 only by that station.	_____
() <u>PBS and all other programming</u> broadcast during 2011 by U.S. noncommercial station(s) _____.	_____
() <u>Devotional and religious programming</u> broadcast during 2011 by the U.S. commercial stations I listed.	_____
() <u>All programming broadcast during 2011 by Canadian station(s)</u> _____.	_____
TOTAL	_____

PERCENTAGES MUST ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.

- 4b. Now I'm going to read back the categories and your estimates. (REREAD CATEGORIES AND RESPONSES IN ORDER, STARTING WITH CATEGORY MARKED BY THE NUMBER "1," TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. PERCENTAGES MUST STILL ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.)

Thank you for your time and cooperation.

**2012 SYSTEM OPERATOR
PROGRAMMING QUESTIONNAIRE**

VERSION H

System Name: _____

City / State: _____

Subscribers: _____ Remit Number _____

Respondent's Name: _____

Position: _____

Telephone Number: _____

Date: _____

Interviewer: _____

(ASK TO SPEAK WITH LISTED RESPONDENT. IF UNAVAILABLE, CONFIRM HE / SHE IS PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM AND ARRANGE CALL BACK. IF NOT, ASK TO SPEAK WITH THE PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM.)

Hello, I'm _____ from _____. We are conducting a short national survey among randomly selected cable systems regarding certain programming they carry. I only have a few questions.

1. Are you the person most responsible for programming carriage decisions made by your system during 2012 or not?

Yes 1

No 2 ASK TO SPEAK WITH PERSON MOST RESPONSIBLE FOR THE SYSTEM'S PROGRAMMING CARRIAGE DECISIONS IN 2012. REPEAT INTRODUCTION AND Q.1.

2a. Industry data indicate that your system serving (ENTER COMMUNITY LISTED ABOVE; i.e., primary community from SOA) and nearby communities carried the following broadcast stations from other cities in 2012:

<u>Call Letters</u>	<u>Com/ Non/ Can</u>	<u>Affil</u>	<u>City</u>	INSERT DISTANT SIGNAL CALL LETTERS, CITY AND AFFILIATION

2b. Now, I'd like to ask you how important it was for your system to offer certain categories of programming that are carried by these stations. When you consider this, please exclude from consideration any national network programming from ABC, CBS and NBC. I've grouped the non-network programming on these broadcast stations into seven categories. I will read these seven categories to you to give you a chance to think about their relative importance (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1"). Considering only the non-network programming on these broadcast stations, please rank these seven categories in order of their importance to your system in 2012, with one being the most important category and seven being the least important category. What is your ranking of importance for the 2012 (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming on the broadcast stations I listed. (REPEAT FOR ALL SEVEN CATEGORIES, IN ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

<u>Start</u>	<u>Category</u>	<u>Rank</u>
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	PBS and All Other Programming Broadcast by Noncommercial Station(s) _____	_____
_____	Devotional Programs	_____
_____	All Programming Broadcast by Canadian Station(s) _____	_____

3. Next, I'm going to ask you how expensive you think it would have been for your system to acquire the non-network programming on the broadcast stations I listed in each of the seven categories if your system had to purchase that programming directly in the marketplace. I will read the seven categories to you to give you a chance to think about their relative cost. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1"). Considering only the non-network programming on the broadcast stations I listed, please rank these seven categories in order of how expensive each would have been to your system in 2012, with one being the most expensive category and seven being the least expensive category. What is your cost ranking for the 2012 (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming on the broadcast stations I listed. (REPEAT FOR ALL SEVEN CATEGORIES, IN ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	PBS and All Other Programming Broadcast by Noncommercial Station(s) _____	_____
_____	Devotional Programs	_____
_____	All Programming Broadcast by Canadian Station(s) _____	_____

4a. Now, I would like you to estimate the relative value to your cable system of each category of programming actually broadcast by the stations I mentioned during 2012, excluding any national network programming from ABC, CBS and NBC. Just as a reminder, we are only interested in _____ U.S. commercial station(s) _____, U.S. non-commercial station(s) _____, and Canadian station(s) _____.

I'll read each of the seven programming categories we've been discussing again to give you a chance to think about them; please write the categories down as I am reading them. (READ PROGRAM CATEGORIES IN ORDER, STARTING WITH CATEGORY MARKED BY THE NUMBER "1".) Assume your system spent a fixed dollar amount in 2012 to acquire all the non-network programming actually broadcast during 2012 by the stations I listed. What percentage, if any, of the fixed dollar amount would your system have spent for each category of programming? Please write down your estimates, and make sure they add to 100 percent.

What percentage, if any, of the fixed dollar amount would your system have spent on (READ PROGRAM CATEGORY MARKED BY THE NUMBER "1")? And what percentage, if any, would your system have spent on (READ NEXT PROGRAM CATEGORY)? (COMPLETE LIST IN THIS MANNER.)

<u>Start</u>	<u>Percent</u>
() <u>Movies</u> broadcast during 2012 by the U.S. commercial stations I listed.	_____
() <u>Live professional and college team sports</u> broadcast during 2012 by the U.S. commercial stations I listed.	_____
() <u>Syndicated shows, series and specials</u> distributed to more than one television station and broadcast during 2012 by the U.S. commercial stations I listed.	_____
() <u>News and public affairs programs</u> produced by or for any of the U.S. commercial stations I listed, for broadcast during 2012 only by that station.	_____
() <u>PBS and all other programming</u> broadcast during 2012 by U.S. noncommercial station(s) _____.	_____
() <u>Devotional and religious programming</u> broadcast during 2012 by the U.S. commercial stations I listed.	_____
() <u>All programming broadcast during 2012 by Canadian station(s)</u> _____.	_____
TOTAL	_____

PERCENTAGES MUST ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.

- 4b. Now I'm going to read back the categories and your estimates. (REREAD CATEGORIES AND RESPONSES IN ORDER, STARTING WITH CATEGORY MARKED BY THE NUMBER "1," TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. PERCENTAGES MUST STILL ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.)

Thank you for your time and cooperation.

**2013 SYSTEM OPERATOR
PROGRAMMING QUESTIONNAIRE**

VERSION H

System Name: _____

City / State: _____

Subscribers: _____ Remit Number _____

Respondent's Name: _____

Position: _____

Telephone Number: _____

Date: _____

Interviewer: _____

(ASK TO SPEAK WITH LISTED RESPONDENT. IF UNAVAILABLE, CONFIRM HE / SHE IS PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM AND ARRANGE CALL BACK. IF NOT, ASK TO SPEAK WITH THE PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM.)

Hello, I'm _____ from _____. We are conducting a short national survey among randomly selected cable systems regarding certain programming they carry. I only have a few questions.

1. Are you the person most responsible for programming carriage decisions made by your system during 2013 or not?

- Yes 1
- No 2 ASK TO SPEAK WITH PERSON MOST RESPONSIBLE FOR THE SYSTEM'S PROGRAMMING CARRIAGE DECISIONS IN 2013. REPEAT INTRODUCTION AND Q.1.

2a. Industry data indicate that your system serving (ENTER COMMUNITY LISTED ABOVE; i.e., primary community from SOA) and nearby communities carried the following broadcast stations from other cities in 2013:

<u>Call Letters</u>	<u>Com/ Non/ Can</u>	<u>Affil</u>	<u>City</u>	INSERT DISTANT SIGNAL CALL LETTERS, CITY AND AFFILIATION

2b. Now, I'd like to ask you how important it was for your system to offer certain categories of programming that are carried by these stations. When you consider this, please exclude from consideration any national network programming from ABC, CBS and NBC. I've grouped the non-network programming on these broadcast stations into seven categories. I will read these seven categories to you to give you a chance to think about their relative importance (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1"). Considering only the non-network programming on these broadcast stations, please rank these seven categories in order of their importance to your system in 2013, with one being the most important category and seven being the least important category. What is your ranking of importance for the 2013 (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming on the broadcast stations I listed. (REPEAT FOR ALL SEVEN CATEGORIES, IN ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

<u>Start</u>	<u>Category</u>	<u>Rank</u>
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	PBS and All Other Programming Broadcast by Noncommercial Station(s) _____	_____
_____	Devotional Programs	_____
_____	All Programming Broadcast by Canadian Station(s) _____	_____

3. Next, I'm going to ask you how expensive you think it would have been for your system to acquire the non-network programming on the broadcast stations I listed in each of the seven categories if your system had to purchase that programming directly in the marketplace. I will read the seven categories to you to give you a chance to think about their relative cost. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1"). Considering only the non-network programming on the broadcast stations I listed, please rank these seven categories in order of how expensive each would have been to your system in 2013, with one being the most expensive category and seven being the least expensive category. What is your cost ranking for the 2013 (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming on the broadcast stations I listed. (REPEAT FOR ALL SEVEN CATEGORIES, IN ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	PBS and All Other Programming Broadcast by Noncommercial Station(s) _____	_____
_____	Devotional Programs	_____
_____	All Programming Broadcast by Canadian Station(s) _____	_____

4a. Now, I would like you to estimate the relative value to your cable system of each category of programming actually broadcast by the stations I mentioned during 2013, excluding any national network programming from ABC, CBS and NBC. Just as a reminder, we are only interested in _____ U.S. commercial station(s) _____, U.S. non-commercial station(s) _____, and Canadian station(s) _____.

I'll read each of the seven programming categories we've been discussing again to give you a chance to think about them; please write the categories down as I am reading them. (READ PROGRAM CATEGORIES IN ORDER, STARTING WITH CATEGORY MARKED BY THE NUMBER "1".) Assume your system spent a fixed dollar amount in 2013 to acquire all the non-network programming actually broadcast during 2013 by the stations I listed. What percentage, if any, of the fixed dollar amount would your system have spent for each category of programming? Please write down your estimates, and make sure they add to 100 percent.

What percentage, if any, of the fixed dollar amount would your system have spent on (READ PROGRAM CATEGORY MARKED BY THE NUMBER "1")? And what percentage, if any, would your system have spent on (READ NEXT PROGRAM CATEGORY)? (COMPLETE LIST IN THIS MANNER.)

<u>Start</u>	<u>Percent</u>
() <u>Movies</u> broadcast during 2013 by the U.S. commercial stations I listed.	_____
() <u>Live professional and college team sports</u> broadcast during 2013 by the U.S. commercial stations I listed.	_____
() <u>Syndicated shows, series and specials</u> distributed to more than one television station and broadcast during 2013 by the U.S. commercial stations I listed.	_____
() <u>News and public affairs programs</u> produced by or for any of the U.S. commercial stations I listed, for broadcast during 2013 only by that station.	_____
() <u>PBS and all other programming</u> broadcast during 2013 by U.S. noncommercial station(s) _____.	_____
() <u>Devotional and religious programming</u> broadcast during 2013 by the U.S. commercial stations I listed.	_____
() <u>All programming broadcast during 2013 by Canadian station(s)</u> _____.	_____
TOTAL	_____

PERCENTAGES MUST ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.

- 4b. Now I'm going to read back the categories and your estimates. (REREAD CATEGORIES AND RESPONSES IN ORDER, STARTING WITH CATEGORY MARKED BY THE NUMBER "1," TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. PERCENTAGES MUST STILL ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.)

Thank you for your time and cooperation.

APPENDIX C. WGN ONLY SURVEY INSTRUMENTS

This Appendix provides examples of the survey instruments used to interview respondents at systems that carried WGN as their only distant signal during the relevant survey year. The survey instrument used with a particular system could vary from these templates in two respects. First, the order of the program categories (as listed in both the body of the survey to be read by the interviewer and on the Programming Summary table provided to respondents) was rotated in order to avoid ordering bias. Second, because cable systems operate in different time zones, which affects the local time at which certain programs on WGN were shown, the Programming Summary was tailored to reflect the time zone of the responding cable system. The examples provided below represent the Central Time Zone version of the survey instrument.

**2010 SYSTEM OPERATOR
PROGRAMMING QUESTIONNAIRE**

WGN ONLY

System Name: _____

City / State: _____

Subscribers: _____ Remit Number _____

Respondent's Name: _____

Position: _____

Telephone Number: _____

Date: _____

Interviewer: _____

(ASK TO SPEAK WITH LISTED RESPONDENT. IF UNAVAILABLE, CONFIRM HE / SHE IS PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM AND ARRANGE CALL BACK. IF NOT, ASK TO SPEAK WITH THE PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM.)

Hello, I'm _____ from _____. We are conducting a short national survey among randomly selected cable systems regarding certain programming they carry. I only have a few questions.

1. Industry data shows that your system serving (ENTER COMMUNITY LISTED ABOVE; i.e., primary community from SOA) and nearby communities carried WGN America in 2010. Are you the person most responsible for the decision by your system to carry WGN America during 2010 or not?

Yes 1
 No 2

ASK TO SPEAK WITH PERSON MOST RESPONSIBLE FOR THE SYSTEM'S DECISION TO CARRY WGN AMERICA IN 2010. REPEAT INTRODUCTION AND Q.1.

2. This survey concerns some (but not all) of the programming that WGN America televised during 2010. As you may know, WGN America televised some programming in 2010 that was available throughout the United States, including in the Chicago area. In addition, it televised other programming that was available only outside the Chicago area.

The specific 2010 WGN America programming that I would like to ask you about in this survey is only the programming that was available throughout the United States, including in the Chicago area. I will send you a one page summary of this programming for you to review as we complete the interview. Would you like me to send this summary now and complete the interview, or would you prefer for me to send the summary and schedule a time to complete the interview later? (OBTAIN E-MAIL ADDRESS OR FAX NUMBER AND SEND ATTACHED DOCUMENT; SCHEDULE CALLBACK TO COMPLETE INTERVIEW IF NECESSARY.)

As I mentioned, the specific 2010 WGN America programming that I would like to ask you about in this survey is only the programming that was available throughout the United States, including in the Chicago area. This programming is listed in the document that I sent to you. (CONFIRM THAT RESPONDENT RECEIVED THE DOCUMENT AND HAS IT IN FRONT OF THEM.)

The document groups the 2010 WGN America programming with which this survey is concerned into five categories, and also provides additional information about the programming including the number of hours that it occupied on WGN America in 2010 and a general summary of the dayparts in which it was shown. Just to make sure we are clear on the categories and the programming, I'm going to read each category and a description of the programming in that category. As I'm doing this, please follow along on the document and review the additional information about the programming in each category.

(READ CATEGORIES AND PROGRAMS IN ORDER THEY APPEAR ON DOCUMENT PROVIDED TO RESPONDENT)

Now, I'd like to ask you how important it was for your system to provide the specific WGN America programming on this document in 2010 in each of the five categories. I will read the five categories to you to give you a chance to think about their relative importance. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1".) Considering only the WGN America programming listed, please rank these five categories in order of their importance to your system in 2010, with one being the most important category and five being the least important category. What is your ranking of importance for the listed 2010 WGN America (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming. (REPEAT FOR ALL FIVE CATEGORIES, IN NUMERICAL ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	Devotional Programs	_____

3. Next, I'm going to ask you to tell me how expensive you think it would have been for your system to acquire the programming in each of the five categories listed on the document I've provided to you if your system had to purchase that programming directly in the marketplace. I will read the five categories to you to give you a chance to think about their relative cost. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1".) Considering only the WGN America programming listed, please rank these five categories in order of how expensive each would have been to your system in 2010, with one being the most expensive category and five being the least expensive category. What is your cost ranking for the listed 2010 WGN America (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming. (REPEAT FOR ALL FIVE CATEGORIES, IN NUMERICAL ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	Devotional Programs	_____

4a. Now, I would like you to estimate the relative value to your cable system of the programming included on the WGN America 2010 Programming Summary that I've provided to you. Assume your system spent a fixed dollar amount in 2010 to acquire all of the programming included on the WGN America 2010 Programming Summary. What percentage, if any, of this fixed dollar amount would your system have spent for each category? Please write down your estimates, and make sure they add to 100 percent.

What percentage, if any, of the fixed dollar amount would your system have spent on (READ PROGRAM CATEGORY MARKED BY THE NUMBER "1")? And what percentage, if any, would your system have spent on (READ NEXT PROGRAM CATEGORY IN NUMERICAL ORDER LISTED BELOW)? (COMPLETE LIST IN THIS MANNER.)

<u>Start</u>	<u>Percent</u>
() <u>Movies</u> listed on the WGN America 2010 Programming Summary.	_____
() <u>Live professional team sports</u> listed on the WGN America 2010 Programming Summary.	_____
() <u>Syndicated shows, series and specials</u> listed on the WGN America 2010 Programming Summary.	_____
() <u>News and other station-produced programs</u> listed on the WGN America 2010 Programming Summary.	_____
() <u>Devotional programs</u> listed on the WGN America 2010 Programming Summary.	_____
TOTAL	_____

PERCENTAGES MUST ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.

4b. Now I'm going to read back the categories and your estimates. (REREAD CATEGORIES AND RESPONSES IN NUMERICAL ORDER STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1," TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. PERCENTAGES MUST STILL ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.)

WGN AMERICA 2010 PROGRAMMING SUMMARY

<u>Category/Program</u>	<u>Total Hours</u>	<u>Number of Programs</u>	<u>Daypart Summary (Central Time Zone)</u>
<u>News and Other Station-Produced Programs</u>			
WGN PRIME NEWS	291.0	324	Daily, typically at 9:00pm.
WGN MIDDAY NEWS	251.5	252	Weekdays at Noon.
CUBS, WHITE SOX AND BULLS PRE- AND POST-GAME SHOWS AND SPECIALS	26.8	76	Mostly before and after selected Cubs, White Sox and Bulls Games.
INSTANT REPLAY	12.8	51	Sundays at 9:45pm, following the WGN Prime News.
PEOPLE TO PEOPLE	12.5	25	Typically alternating Saturdays at 5:30am or 6:30am.
ADELANTE	11.0	22	Typically alternating Saturdays at 5:30am or 6:30am.
ONE-TIME ONLY SPECIALS AND SPECIAL REPORTS	<u>9.5</u>	5	Various dates and times.
	615.0		
<u>Syndicated Shows, Series and Specials</u>			
PAID PROGRAM	325.5	651	Weeknights at 2:00am and 2:30am; Friday 4:30am; selected Weekend mornings.
LEGEND OF THE SEEKER	84.8	85	Typically Saturday afternoon starting at 3:00pm and 4:00pm.
JERRY LEWIS MDA TELETHON	17.8	4	Taking place from 9/5-9/6.
ONE-TIME ONLY SPECIALS AND OTHER SYNDICATED PROGRAMS	<u>10.3</u>	11	Various dates and times.
	438.3		
<u>Live Professional Team Sports</u>			
CUBS BASEBALL	209.5	68	Evenings, Weekday afternoons and Weekend afternoons. Includes preseason.
WHITE SOX BASEBALL	96.3	33	Evenings, Weekday afternoons and Weekend afternoons. Includes preseason.
BULLS BASKETBALL	<u>41.0</u>	16	Mostly Saturday evenings.
	346.8		
<u>Movies</u>			
FEATURE PRESENTATION	108.0	52	Mostly Saturday night/Sunday morning between 1:00am - 5:00am.
FEATURE PRIME PRESENTATION	<u>8.5</u>	4	7:00pm on selected Saturdays.
	116.5		
<u>Devotional Programs</u>			
TOMORROW'S WORLD	25.5	51	Sundays at 5:00am.
DR. JAMES SCUDDER	14.5	29	Selected Sundays at 5:30am.
PASTOR BILL WINSTON	13.0	26	Selected Sundays at 6:00am.
INSPIRATION TODAY CAMP MEETING	<u>12.0</u>	6	Selected Saturdays at 4:30am.
	65.0		
Total	1,581.5		

**2011 SYSTEM OPERATOR
PROGRAMMING QUESTIONNAIRE**

WGN ONLY

System Name: _____

City / State: _____

Subscribers: _____ Remit Number _____

Respondent's Name: _____

Position: _____

Telephone Number: _____

Date: _____

Interviewer: _____

(ASK TO SPEAK WITH LISTED RESPONDENT. IF UNAVAILABLE, CONFIRM HE / SHE IS PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM AND ARRANGE CALL BACK. IF NOT, ASK TO SPEAK WITH THE PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM.)

Hello, I'm _____ from _____. We are conducting a short national survey among randomly selected cable systems regarding certain programming they carry. I only have a few questions.

1. Industry data shows that your system serving (ENTER COMMUNITY LISTED ABOVE; i.e., primary community from SOA) and nearby communities carried WGN America in 2011. Are you the person most responsible for the decision by your system to carry WGN America during 2011 or not?

Yes 1

No 2 ASK TO SPEAK WITH PERSON MOST RESPONSIBLE FOR THE SYSTEM'S DECISION TO CARRY WGN AMERICA IN 2011. REPEAT INTRODUCTION AND Q.1.

2. This survey concerns some (but not all) of the programming that WGN America televised during 2011. As you may know, WGN America televised some programming in 2011 that was available throughout the United States, including in the Chicago area. In addition, it televised other programming that was available only outside the Chicago area.

The specific 2011 WGN America programming that I would like to ask you about in this survey is only the programming that was available throughout the United States, including in the Chicago area. I will send you a one page summary of this programming for you to review as we complete the interview. Would you like me to send this summary now and complete the interview, or would you prefer for me to send the summary and schedule a time to complete the interview later? (OBTAIN E-MAIL ADDRESS OR FAX NUMBER AND SEND ATTACHED DOCUMENT; SCHEDULE CALLBACK TO COMPLETE INTERVIEW IF NECESSARY.)

As I mentioned, the specific 2011 WGN America programming that I would like to ask you about in this survey is only the programming that was available throughout the United States, including in the Chicago area. This programming is listed in the document that I sent to you. (CONFIRM THAT RESPONDENT RECEIVED THE DOCUMENT AND HAS IT IN FRONT OF THEM.)

The document groups the 2011 WGN America programming with which this survey is concerned into five categories, and also provides additional information about the programming including the number of hours that it occupied on WGN America in 2011 and a general summary of the dayparts in which it was shown. Just to make sure we are clear on the categories and the programming, I'm going to read each category and a description of the programming in that category. As I'm doing this, please follow along on the document and review the additional information about the programming in each category.

(READ CATEGORIES AND PROGRAMS IN ORDER THEY APPEAR ON DOCUMENT PROVIDED TO RESPONDENT)

Now, I'd like to ask you how important it was for your system to provide the specific WGN America programming on this document in 2011 in each of the five categories. I will read the five categories to you to give you a chance to think about their relative importance. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1".) Considering only the WGN America programming listed, please rank these five categories in order of their importance to your system in 2011, with one being the most important category and five being the least important category. What is your ranking of importance for the listed 2011 WGN America (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming. (REPEAT FOR ALL FIVE CATEGORIES, IN NUMERICAL ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	Devotional Programs	_____

3. Next, I'm going to ask you to tell me how expensive you think it would have been for your system to acquire the programming in each of the five categories listed on the document I've provided to you if your system had to purchase that programming directly in the marketplace. I will read the five categories to you to give you a chance to think about their relative cost. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1".) Considering only the WGN America programming listed, please rank these five categories in order of how expensive each would have been to your system in 2011, with one being the most expensive category and five being the least expensive category. What is your cost ranking for the listed 2011 WGN America (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming. (REPEAT FOR ALL FIVE CATEGORIES, IN NUMERICAL ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	Devotional Programs	_____

4a. Now, I would like you to estimate the relative value to your cable system of the programming included on the WGN America 2011 Programming Summary that I've provided to you. Assume your system spent a fixed dollar amount in 2011 to acquire all of the programming included on the WGN America 2011 Programming Summary. What percentage, if any, of this fixed dollar amount would your system have spent for each category? Please write down your estimates, and make sure they add to 100 percent.

What percentage, if any, of the fixed dollar amount would your system have spent on (READ PROGRAM CATEGORY MARKED BY THE NUMBER "1")? And what percentage, if any, would your system have spent on (READ NEXT PROGRAM CATEGORY IN NUMERICAL ORDER LISTED BELOW)? (COMPLETE LIST IN THIS MANNER.)

<u>Start</u>	<u>Percent</u>
() <u>Movies</u> listed on the WGN America 2011 Programming Summary.	_____
() <u>Live professional team sports</u> listed on the WGN America 2011 Programming Summary.	_____
() <u>Syndicated shows, series and specials</u> listed on the WGN America 2011 Programming Summary.	_____
() <u>News and other station-produced programs</u> listed on the WGN America 2011 Programming Summary.	_____
() <u>Devotional programs</u> listed on the WGN America 2011 Programming Summary.	_____
TOTAL	_____

PERCENTAGES MUST ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.

4b. Now I'm going to read back the categories and your estimates. (REREAD CATEGORIES AND RESPONSES IN NUMERICAL ORDER STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1," TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. PERCENTAGES MUST STILL ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.)

WGN AMERICA 2011 PROGRAMMING SUMMARY

Category/Program	Total Hours	Number of Programs	Daypart Summary (Central Time Zone)
<u>News and Other Station-Produced Programs</u>			
WGN NEWS AT NINE	305.9	348	Daily, typically at 9:00pm.
WGN MIDDAY NEWS	254.9	255	Weekdays at Noon.
CUBS, WHITE SOX AND BULLS PRE- AND POST-GAME SHOWS AND SPECIALS	14.4	39	Mostly before and after selected Cubs, White Sox and Bulls Games.
INSTANT REPLAY	15.4	47	Sundays at 9:40pm, following the WGN Prime News.
PEOPLE TO PEOPLE	13.5	27	Alternating Saturdays at 5:30am.
ADELANTE	12.5	25	Alternating Saturdays at 5:30am.
ONE-TIME ONLY SPECIALS AND SPECIAL REPORTS	<u>10.3</u>	12	Various dates and times.
	626.8		
<u>Live Professional Team Sports</u>			
CUBS BASEBALL	215.3	66	Evenings, Weekday afternoons and Weekend afternoons. Includes preseason.
WHITE SOX BASEBALL	96.4	31	Evenings, Weekday afternoons and Weekend afternoons. Includes preseason.
BULLS BASKETBALL	<u>30.5</u>	12	Mostly Saturday evenings.
	342.2		
<u>Syndicated Shows, Series and Specials</u>			
PAID PROGRAM	183.5	367	Mornings at 2:00am, 2:30am and 4:30am.
30 ROCK	30.5	61	Weekday evenings at 10:00pm
MDA LABOR DAY TELETHON	7.0	1	Taking place on 9/4/11
ONE-TIME ONLY SPECIALS AND OTHER SYNDICATED PROGRAMS	<u>6.0</u>	9	Various dates and times.
	227.0		
<u>Movies</u>			
MOVIE	<u>49.0</u>	24	Mostly Sundays at 3:00am.
	49.0		
<u>Devotional Programs</u>			
TOMORROW'S WORLD	26.0	52	Typically Sundays at 5:00am.
DR. JAMES SCUDDER	<u>27.0</u>	52	Typically Sundays at 5:30am.
	53.0		
Total	1,298.0		

**2012 SYSTEM OPERATOR
PROGRAMMING QUESTIONNAIRE**

WGN ONLY

System Name: _____

City / State: _____

Subscribers: _____ Remit Number _____

Respondent's Name: _____

Position: _____

Telephone Number: _____

Date: _____

Interviewer: _____

(ASK TO SPEAK WITH LISTED RESPONDENT. IF UNAVAILABLE, CONFIRM HE / SHE IS PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM AND ARRANGE CALL BACK. IF NOT, ASK TO SPEAK WITH THE PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM.)

Hello, I'm _____ from _____. We are conducting a short national survey among randomly selected cable systems regarding certain programming they carry. I only have a few questions.

1. Industry data shows that your system serving (ENTER COMMUNITY LISTED ABOVE; i.e., primary community from SOA) and nearby communities carried WGN America in 2012. Are you the person most responsible for the decision by your system to carry WGN America during 2012 or not?

Yes 1

No 2 ASK TO SPEAK WITH PERSON MOST RESPONSIBLE FOR THE SYSTEM'S DECISION TO CARRY WGN AMERICA IN 2012. REPEAT INTRODUCTION AND Q.1.

2. This survey concerns some (but not all) of the programming that WGN America televised during 2012. As you may know, WGN America televised some programming in 2012 that was available throughout the United States, including in the Chicago area. In addition, it televised other programming that was available only outside the Chicago area.

The specific 2012 WGN America programming that I would like to ask you about in this survey is only the programming that was available throughout the United States, including in the Chicago area. I will send you a one page summary of this programming for you to review as we complete the interview. Would you like me to send this summary now and complete the interview, or would you prefer for me to send the summary and schedule a time to complete the interview later? (OBTAIN E-MAIL ADDRESS OR FAX NUMBER AND SEND ATTACHED DOCUMENT; SCHEDULE CALLBACK TO COMPLETE INTERVIEW IF NECESSARY.)

As I mentioned, the specific 2012 WGN America programming that I would like to ask you about in this survey is only the programming that was available throughout the United States, including in the Chicago area. This programming is listed in the document that I sent to you. (CONFIRM THAT RESPONDENT RECEIVED THE DOCUMENT AND HAS IT IN FRONT OF THEM.)

The document groups the 2012 WGN America programming with which this survey is concerned into five categories, and also provides additional information about the programming including the number of hours that it occupied on WGN America in 2012 and a general summary of the dayparts in which it was shown. Just to make sure we are clear on the categories and the programming, I'm going to read each category and a description of the programming in that category. As I'm doing this, please follow along on the document and review the additional information about the programming in each category.

(READ CATEGORIES AND PROGRAMS IN ORDER THEY APPEAR ON DOCUMENT PROVIDED TO RESPONDENT)

Now, I'd like to ask you how important it was for your system to provide the specific WGN America programming on this document in 2012 in each of the five categories. I will read the five categories to you to give you a chance to think about their relative importance. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1".) Considering only the WGN America programming listed, please rank these five categories in order of their importance to your system in 2012, with one being the most important category and five being the least important category. What is your ranking of importance for the listed 2012 WGN America (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming. (REPEAT FOR ALL FIVE CATEGORIES, IN NUMERICAL ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	Devotional Programs	_____

3. Next, I'm going to ask you to tell me how expensive you think it would have been for your system to acquire the programming in each of the five categories listed on the document I've provided to you if your system had to purchase that programming directly in the marketplace. I will read the five categories to you to give you a chance to think about their relative cost. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1".) Considering only the WGN America programming listed, please rank these five categories in order of how expensive each would have been to your system in 2012, with one being the most expensive category and five being the least expensive category. What is your cost ranking for the listed 2012 WGN America (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming. (REPEAT FOR ALL FIVE CATEGORIES, IN NUMERICAL ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	Devotional Programs	_____

4a. Now, I would like you to estimate the relative value to your cable system of the programming included on the WGN America 2012 Programming Summary that I've provided to you. Assume your system spent a fixed dollar amount in 2012 to acquire all of the programming included on the WGN America 2012 Programming Summary. What percentage, if any, of this fixed dollar amount would your system have spent for each category? Please write down your estimates, and make sure they add to 100 percent.

What percentage, if any, of the fixed dollar amount would your system have spent on (READ PROGRAM CATEGORY MARKED BY THE NUMBER "1")? And what percentage, if any, would your system have spent on (READ NEXT PROGRAM CATEGORY IN NUMERICAL ORDER LISTED BELOW)? (COMPLETE LIST IN THIS MANNER.)

<u>Start</u>	<u>Percent</u>
() <u>Movies</u> listed on the WGN America 2012 Programming Summary.	_____
() <u>Live professional team sports</u> listed on the WGN America 2012 Programming Summary.	_____
() <u>Syndicated shows, series and specials</u> listed on the WGN America 2012 Programming Summary.	_____
() <u>News and other station-produced programs</u> listed on the WGN America 2012 Programming Summary.	_____
() <u>Devotional programs</u> listed on the WGN America 2012 Programming Summary.	_____
TOTAL	_____

PERCENTAGES MUST ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.

4b. Now I'm going to read back the categories and your estimates. (REREAD CATEGORIES AND RESPONSES IN NUMERICAL ORDER STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1," TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. PERCENTAGES MUST STILL ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.)

WGN AMERICA 2012 PROGRAMMING SUMMARY

Category/Program	Total Hours	Number of Programs	Daypart Summary (Central Time Zone)
<u>News and Other Station-Produced Programs</u>			
WGN NEWS AT NINE	308.6	348	Daily, typically at 9:00pm.
WGN MIDDAY NEWS	250.4	251	Typically Weekdays at Noon.
CUBS, WHITE SOX AND BULLS PRE- AND POST-GAME SHOWS AND SPECIALS	20.3	42	Before and after selected Cubs, White Sox and Bulls Games.
INSTANT REPLAY	15.7	47	Typically Sundays at 9:40pm, following the WGN Prime News.
PEOPLE TO PEOPLE	12.5	25	Typically alternating Saturdays at 5:30am.
ADELANTE	12.0	24	Typically alternating Saturdays at 5:30am.
ONE-TIME ONLY SPECIALS AND SPECIAL REPORTS	<u>9.0</u>	9	Various dates and times.
	628.5		
<u>Live Professional Team Sports</u>			
CUBS BASEBALL	231.1	71	Evenings, Weekday afternoons and Weekend afternoons. Includes preseason.
WHITE SOX BASEBALL	100.0	32	Evenings, Weekday afternoons and Weekend afternoons. Includes preseason.
BULLS BASKETBALL	<u>45.3</u>	18	Mostly Saturday evenings. Includes preseason.
	376.4		
<u>Syndicated Shows, Series and Specials</u>			
PAID PROGRAM	39.5	79	Typically Weekend mornings at 4:30 and 5:30am.
30 ROCK	74.3	149	Typically Monday through Saturday evenings at 10:00pm
MDA SHOW OF STRENGTH	3.0	1	9/2/2012
STORIES OF HOPE: FACING BREAST CANCER	<u>0.5</u>	1	10/25/2012
	117.3		
<u>Devotional Programs</u>			
TOMORROW'S WORLD	25.5	51	Typically Sundays at 5:00am.
DR. JAMES SCUDDER	<u>6.0</u>	12	Sundays at 5:30am.
	31.5		
<u>Movies</u>			
MOVIE	<u>9.5</u>	4	Selected Weekends
	9.5		
Total	1,163.2		

**2013 SYSTEM OPERATOR
PROGRAMMING QUESTIONNAIRE**

WGN ONLY

System Name: _____

City / State: _____

Subscribers: _____ Remit Number _____

Respondent's Name: _____

Position: _____

Telephone Number: _____

Date: _____

Interviewer: _____

(ASK TO SPEAK WITH LISTED RESPONDENT. IF UNAVAILABLE, CONFIRM HE / SHE IS PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM AND ARRANGE CALL BACK. IF NOT, ASK TO SPEAK WITH THE PERSON MOST RESPONSIBLE FOR PROGRAMMING CARRIAGE DECISIONS FOR THE SYSTEM.)

Hello, I'm _____ from _____. We are conducting a short national survey among randomly selected cable systems regarding certain programming they carry. I only have a few questions.

1. Industry data shows that your system serving (ENTER COMMUNITY LISTED ABOVE; i.e., primary community from SOA) and nearby communities carried WGN America in 2013. Are you the person most responsible for the decision by your system to carry WGN America during 2013 or not?

Yes 1

No 2 ASK TO SPEAK WITH PERSON MOST RESPONSIBLE FOR THE SYSTEM'S DECISION TO CARRY WGN AMERICA IN 2013. REPEAT INTRODUCTION AND Q.1.

2. This survey concerns some (but not all) of the programming that WGN America televised during 2013. As you may know, WGN America televised some programming in 2013 that was available throughout the United States, including in the Chicago area. In addition, it televised other programming that was available only outside the Chicago area.

The specific 2013 WGN America programming that I would like to ask you about in this survey is only the programming that was available throughout the United States, including in the Chicago area. I will send you a one page summary of this programming for you to review as we complete the interview. Would you like me to send this summary now and complete the interview, or would you prefer for me to send the summary and schedule a time to complete the interview later? (OBTAIN E-MAIL ADDRESS OR FAX NUMBER AND SEND ATTACHED DOCUMENT; SCHEDULE CALLBACK TO COMPLETE INTERVIEW IF NECESSARY.)

As I mentioned, the specific 2013 WGN America programming that I would like to ask you about in this survey is only the programming that was available throughout the United States, including in the Chicago area. This programming is listed in the document that I sent to you. (CONFIRM THAT RESPONDENT RECEIVED THE DOCUMENT AND HAS IT IN FRONT OF THEM.)

The document groups the 2013 WGN America programming with which this survey is concerned into five categories, and also provides additional information about the programming including the number of hours that it occupied on WGN America in 2013 and a general summary of the dayparts in which it was shown. Just to make sure we are clear on the categories and the programming, I'm going to read each category and a description of the programming in that category. As I'm doing this, please follow along on the document and review the additional information about the programming in each category.

(READ CATEGORIES AND PROGRAMS IN ORDER THEY APPEAR ON DOCUMENT PROVIDED TO RESPONDENT)

Now, I'd like to ask you how important it was for your system to provide the specific WGN America programming on this document in 2013 in each of the five categories. I will read the five categories to you to give you a chance to think about their relative importance. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1".) Considering only the WGN America programming listed, please rank these five categories in order of their importance to your system in 2013, with one being the most important category and five being the least important category. What is your ranking of importance for the listed 2013 WGN America (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming. (REPEAT FOR ALL FIVE CATEGORIES, IN NUMERICAL ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	Devotional Programs	_____

3. Next, I'm going to ask you to tell me how expensive you think it would have been for your system to acquire the programming in each of the five categories listed on the document I've provided to you if your system had to purchase that programming directly in the marketplace. I will read the five categories to you to give you a chance to think about their relative cost. (READ EACH CATEGORY BELOW, STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1".) Considering only the WGN America programming listed, please rank these five categories in order of how expensive each would have been to your system in 2013, with one being the most expensive category and five being the least expensive category. What is your cost ranking for the listed 2013 WGN America (READ FIRST CATEGORY, AS MARKED BY THE NUMBER "1") programming. (REPEAT FOR ALL FIVE CATEGORIES, IN NUMERICAL ORDER LISTED BELOW. ENTER NUMERICAL RANK ON TABLE BELOW.)

Start	Category	Rank
_____	Movies	_____
_____	Live Professional and College Team Sports	_____
_____	Syndicated Shows, Series and Specials	_____
_____	News and Other Station-Produced Programs	_____
_____	Devotional Programs	_____

4a. Now, I would like you to estimate the relative value to your cable system of the programming included on the WGN America 2013 Programming Summary that I've provided to you. Assume your system spent a fixed dollar amount in 2013 to acquire all of the programming included on the WGN America 2013 Programming Summary. What percentage, if any, of this fixed dollar amount would your system have spent for each category? Please write down your estimates, and make sure they add to 100 percent.

What percentage, if any, of the fixed dollar amount would your system have spent on (READ PROGRAM CATEGORY MARKED BY THE NUMBER "1")? And what percentage, if any, would your system have spent on (READ NEXT PROGRAM CATEGORY IN NUMERICAL ORDER LISTED BELOW)? (COMPLETE LIST IN THIS MANNER.)

<u>Start</u>	<u>Percent</u>
() <u>Movies</u> listed on the WGN America 2013 Programming Summary.	_____
() <u>Live professional team sports</u> listed on the WGN America 2013 Programming Summary.	_____
() <u>Syndicated shows, series and specials</u> listed on the WGN America 2013 Programming Summary.	_____
() <u>News and other station-produced programs</u> listed on the WGN America 2013 Programming Summary.	_____
() <u>Devotional programs</u> listed on the WGN America 2013 Programming Summary.	_____
TOTAL	_____

PERCENTAGES MUST ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.

4b. Now I'm going to read back the categories and your estimates. (REREAD CATEGORIES AND RESPONSES IN NUMERICAL ORDER STARTING WITH THE CATEGORY MARKED BY THE NUMBER "1," TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. PERCENTAGES MUST STILL ADD TO 100 PERCENT; PROMPT RESPONDENT IF THEY DO NOT.)

WGN AMERICA 2013 PROGRAMMING SUMMARY

Category/Program	Total Hours	Number of Programs	Daypart Summary (Central Time Zone)
<u>News and Other Station-Produced Programs</u>			
WGN NEWS AT NINE	284.3	321	Daily, typically at 9:00pm.
WGN MIDDAY NEWS	251.5	252	Typically Weekdays at Noon.
CUBS, WHITE SOX AND BULLS PRE- AND POST-GAME SHOWS AND SPECIALS	28.4	83	Before and after selected Cubs, White Sox and Bulls Games.
INSTANT REPLAY	15.0	45	Typically Sundays at 9:40pm, following WGN News At Nine.
PEOPLE TO PEOPLE	12.5	25	Typically alternating Saturdays at 5:30am.
ADELANTE	12.0	24	Typically alternating Saturdays at 5:30am.
ONE-TIME ONLY SPECIALS AND SPECIAL REPORTS	<u>6.0</u>	6	Various dates and times.
	609.7		
<u>Live Professional Team Sports</u>			
CUBS BASEBALL	243.5	72	Evenings, Weekday afternoons and Weekend afternoons. Includes preseason.
WHITE SOX BASEBALL	96.1	29	Evenings, Weekday afternoons and Weekend afternoons. Includes preseason.
BULLS BASKETBALL	<u>37.8</u>	15	Mostly Saturday evenings.
	377.4		
<u>Syndicated Shows, Series and Specials</u>			
30 ROCK	124.1	249	Typically Monday through Friday at Midnight or 1:00am.
PAID PROGRAM	<u>109.5</u>	219	Typically Weeknights at 3:00am and Weekend mornings at 4:30 and 5:30am.
	233.6		
<u>Devotional Programs</u>			
TOMORROW'S WORLD	25.5	51	Typically Sundays at 5:00am.
DISCOVER THE TRUTH	<u>10.5</u>	21	Sundays at 5:30am.
	36.0		
<u>Movies</u>			
MOVIE	<u>8.0</u>	4	Selected Sunday afternoons.
	8.0		
Total	1,264.7		

APPENDIX D. SURVEY ESTIMATION PROCEDURES AND STATISTICAL EVALUATION OF SURVEY ESTIMATES

This Appendix summarizes the estimation procedures used to determine the survey findings in this report. In addition, it sets forth the confidence intervals associated with the estimates for each response category in the survey's key constant sum question.

A. Estimation Procedures

As discussed in Section II, two different methodologies (one for question 4 and one for questions 2 and 3) were used in making estimates for all systems based on the sample responses. Survey estimation procedures are detailed below.

1. Statistical Estimation Procedures for Question 4. The following discussion provides a descriptive example of how individual question 4 responses are weighted to account for the different sampling and response rates associated with the four strata, using an actual response from the 2013 survey:

- Consider a single survey response to a single program category, "News". The respondent replied 20 percent in response to Question 4. (Note, the sum across all program categories for each respondent must equal 100 percent).
- The royalty for this respondent is a known value, in this case \$33,222. This royalty amount places this respondent in Strata 2 (out of 4 possible strata). There are 26 other survey respondents in Strata 2.
- The share of the royalty paid for this respondent attributed to "News" equals the response percentage multiplied by the total royalty: $20\% \times \$33,222 = \$6,644$

- (i.e., attributed share of royalty for a single respondent for a single program category).
- The above step is repeated for each survey response for each program category. The value of \$6,644 added to all other similar values for “News” in Strata 2, a total of 26 different values adding to \$248,422.
 - The total royalty for the 26 respondents in Strata 2 is \$1,021,094. The “News” share of the total royalty in Strata 2 is therefore: $\$248,422 / \$1,021,094 = 24.33\%$ (i.e., the attributed share of total respondent royalties for a single program type, within a single strata).
 - The above step is repeated for each program category for each strata. The “universe” of all royalty payments in 2013 is known, amounting to \$108,695,000. We can determine subtotals of all royalty payments by strata. For systems in Strata 2, the total universe-level royalty payments added to \$9,359,000.
 - The survey results are used to estimate the value of each program type in each strata. As discussed above, based on the survey, “News” is estimated to represent 24.33% of the total royalty for Strata 2. Therefore, for all systems in Strata 2, the program type “News” is estimated to represent: $\$9,359,000 \times 24.33\% = \$2,276,954$ (i.e., the estimated royalty share of all systems in a single strata for a single program type).

- The above step is repeated for each strata and each program type. The value of \$9,359,000, representing “News” in Strata 2 is added to the “News” values estimated for the other strata. This value is \$24,628,000. The total royalty for all systems (i.e., the “universe”) is \$108,695,000. Therefore, the “News” share of the total royalty is estimated to be: $\$24,628,000 / \$108,695,000 = 22.66\%$ (i.e., the estimated share of total royalty for a single program type).
- This is the value reported in the final survey results. The above steps are repeated for each program type.

This procedure is expressed mathematically as follows:

Let h = stratum index,

p_{ih} = proportionate value of program type x estimated by sample system i in stratum h from questionnaire,

t_{ih} = total royalty of sample system i in stratum h .

T_h = total royalty of all (sample and nonsample) systems in stratum h ,

x_{ih} = $p_{ih} t_{ih}$ = value of program type x to system i in stratum h ,

n_h = number of sample systems responding in stratum h ,

N_h = total number of systems in stratum h ,

$$T_x = \frac{\sum_{h=1}^4 \sum_{i=1}^{n_h} x_{ih}}{\sum_{i=1}^{n_h} t_{ih}} T_h = \text{estimated total value of program type } x,$$

$$s_{xh}^2 = \frac{\sum_{i=1}^{n_h} x_{ih}^2 - \frac{\left(\sum_{i=1}^{n_h} x_{ih}\right)^2}{n_h}}{n_h} = \text{sample variance of value of program type } x \text{ in stratum } h,$$

$$s_{th}^2 = \frac{\sum_{i=1}^{n_h} t_{ih}^2 - \frac{\left(\sum_{i=1}^{n_h} t_{ih}\right)^2}{n_h}}{n_h} = \text{sample variance of royalty in stratum } h,$$

$$\begin{aligned}
 R_h &= \frac{\sum_1^{n_h} x_{ih}}{\sum_1^{n_h} t_{ih}} &= & \text{ratio estimate of proportionate value of program type } x \text{ for stratum } h, \\
 r_h &= \frac{n_h \sum_1^{n_h} x_{ih} t_{ih} - \sum_1^{n_h} x_{ih} \sum_1^{n_h} t_{ih}}{n_h^2 S_{sh} S_{th}} &= & \text{Pearson's correlation coefficient between } x_h \text{ and } t_h \text{ in stratum } h, \\
 V(T_x) &= \sum_1^4 \frac{N_h}{n_h - 1} (N_h - n_h) (S_{sh}^2 + S_{th}^2 R_h^2 - 2R_h t_h S_{sh} S_{th}) &= & \text{variance of estimate of total value of program } x.
 \end{aligned}$$

2. Statistical Estimation Procedures for Questions 2 and 3. A single response to the Q2 and Q3 questions contributes to the overall result in the following way, as explained by example, based on the actual 2013 survey:

- Q2 asks the respondent to rank order the program categories based on importance to their system, where 1 = the program category which is most important in rank order.
- Q3 asks the respondent to rank order the program categories based on how expensive the programming would be to purchase directly, where 1 = the program category which is most expensive to purchase directly.
- Systems had between five and seven program categories to rank, depending on the programming categories offered on the distant signals carried by their system (i.e., not all systems offered PBS and/or Canadian programming). The final result of this analysis is a weighted average ranking for each program category. The analysis is the same for Q2 and Q3. The following example is based on a Q2 response.

- Consider a single survey response to the Q2 question. The respondent replied “rank 2” to the program category “News.” This respondent ranked 4 other program categories, but did not rank PBS and Canadian as the respondent’s system did not carry these signals on a distant basis.
- The royalty for this respondent is a known value, in this case \$179,751. This royalty would categorize this respondent in “Strata 3” (out of 4 possible strata). There are 57 total survey respondents categorized in “Strata 3.” In the total universe of systems, there are 155 systems with royalties which would categorize them as “Strata 3.” The universe is comprised of 943 systems across all four strata.
- Therefore, each “Strata 3” respondent system represents $57/155$ or 36.77% of the universe of Strata 3 systems. Said another way, each respondent system represents $1/3677$ or 2.7193 systems. As a result, this respondent is projected to account for 2.7193 systems that gave “News” a “rank 2” to Q2.
- This step is repeated for each rank for each respondent. The 2.7193 systems are summed with all other weighted system amounts for all respondents that gave “News” a “rank 2”, for a total of 333 systems. Since all the weighted system totals are scaled to the total universe, the projected percent of systems which would give “News” a “rank 2” is $333/943 = 35.3\%$. This step is repeated for each program category and each rank.

- The final step is to calculate the average ranking of each program type.

Continuing with the example, the weighted ranking for “News – rank 2” is 35.3% x 2 = 0.706 “weighted ranking points”, where “2” in this formula represents the rank value of 2. Summing across all ranks gives a weighted News ranking of 2.04. (Note: For purposes of determining the average ranking, respondent systems which did not offer a program category were excluded from the calculation. For example, the weighted proportion of systems which did not offer PBS was 61.8% of the total universe. The denominator for PBS, number of systems in the universe, does not include systems that did not offer that program category).

Equation 1. Calculate the proportion of the strata universe represented by each respondent system.

S_k = proportion that each respondent represents of the total systems within the strata k that the system belongs to

N_k = number of respondent systems in strata k

U_k = number of total systems within the universe which belong to strata k

$$(1) \quad S_k = N_k / U_k$$

Equation 2. Calculate the weighted number of systems responding to each rank for each program category.

p = program category (p = 1 “Movies”, 2 “Sports”, etc.)

r = rank (r = 1 to 7 per survey response)

k = respondents belonging to strata k

$n(k,p,r)$ = number of respondent systems in strata k which answered rank r for program category p

$W_{p,r}$ = weighted number of systems responding rank r, for program category p

$$(2) \quad W_{p,r} = \sum_k [n(k,p,r) \times 1 / S_k]$$

Equation 3. Calculate the percent of weighted systems for each rank and program type.

$Y_{p,r}$ = weighted percent systems for rank r and program type p

T_p = adjusted number of systems in the universe. Does not include weighted number of systems that did not offer program category p. Note that sum of $Y_{p,r}$ over all ranks adds to 100 percent.

$$(3) \quad Y_{p,r} = \frac{W_{p,r}}{\sum_r W_{p,r}} \cdot T_p$$

Equation 4. Average rank for program category r.

A_p = weighted percent systems for rank r and program type p

$$(4) \quad A_p = \sum_r Y_{p,r} \times r$$

B. Evaluation of Survey Estimates

The 95 percent confidence intervals for the estimates included in this report for the years 2010, 2011, 2012 and 2013 are set forth below.

2010**Question 4. Cable Operator Allocation of Distant Signal Program Budget**

Category	Percent Allocation	Absolute Confidence Interval
Live professional and college team sports	40.9%	±1.6
News and public affairs	18.7	1.2
Syndicated shows, series and specials	16.0	1.0
Movies	15.9	0.7
PBS and all other non-commercial	4.4	0.9
Devotional and religious	4.0	0.4
Canadian	<u>0.1</u>	0.1
Total	100.0%	

Question 2. Importance of Carrying Distant Signal Programming Category

Category	Percent Most Important
Live professional and college team sports	67.5%
News and public affairs	21.7
Movies	5.2
Syndicated shows, series and specials	4.0
PBS and all other non-commercial	1.7
Devotional and religious	0.0
Canadian	<u>0.0</u>
Total	100.0%*

*Column does not add to total due to rounding

Question 3. Most Expensive Distant Signal Programming Category

Category	Percent Most Expensive
Live professional and college team sports	91.6%
Movies	3.8
News and public affairs	2.9
Syndicated shows, series and specials	0.9
PBS and all other non-commercial	0.7
Devotional and religious	0.0
Canadian	<u>0.0</u>
Total	100.0%*

*Column does not add to total due to rounding

2011**Question 4. Cable Operator Allocation of Distant Signal Program Budget**

Category	Percent Allocation	Absolute Confidence Interval
Live professional and college team sports	36.4%	±1.4
Movies	18.6	0.9
News and public affairs	18.3	1.2
Syndicated shows, series and specials	17.4	1.0
PBS and all other non-commercial	4.7	0.9
Devotional and religious	4.5	0.4
Canadian	<u>0.2</u>	0.1
Total	100.0%*	

*Column does not add to total due to rounding

Question 2. Importance of Carrying Distant Signal Programming Category

Category	Percent Most Important
Live professional and college team sports	60.8%
News and public affairs	19.5
Movies	9.8
Syndicated shows, series and specials	9.7
PBS and all other non-commercial	0.2
Devotional and religious	0.0
Canadian	<u>0.0</u>
Total	100.0%

Question 3. Most Expensive Distant Signal Programming Category

Category	Percent Most Expensive
Live professional and college team sports	91.7%
Movies	6.9
Syndicated shows, series and specials	1.1
News and public affairs	0.3
PBS and all other non-commercial	0.0
Devotional and religious	0.0
Canadian	<u>0.0</u>
Total	100.0%

2012**Question 4. Cable Operator Allocation of Distant Signal Program Budget**

Category	Percent Allocation	Absolute Confidence Interval
Live professional and college team sports	37.9%	±1.8
News and public affairs	22.8	1.0
Movies	15.3	0.8
Syndicated shows, series and specials	13.5	0.6
PBS and all other non-commercial	5.1	0.8
Devotional and religious	4.8	0.4
Canadian	<u>0.6</u>	0.6
Total	100.0%	

Question 2. Importance of Carrying Distant Signal Programming Category

Category	Percent Most Important
Live professional and college team sports	58.0%
News and public affairs	29.6
Syndicated shows, series and specials	9.5
Movies	2.9
PBS and all other non-commercial	0.0
Devotional and religious	0.0
Canadian	<u>0.0</u>
Total	100.0%

Question 3. Most Expensive Distant Signal Programming Category

Category	Percent Most Expensive
Live professional and college team sports	95.0%
Movies	4.3
Syndicated shows, series and specials	0.7
News and public affairs	0.0
PBS and all other non-commercial	0.0
Devotional and religious	0.0
Canadian	<u>0.0</u>
Total	100.0%

2013**Question 4. Cable Operator Allocation of Distant Signal Program Budget**

Category	Percent Allocation	Absolute Confidence Interval
Live professional and college team sports	37.7%	±1.2
News and public affairs	22.7	1.0
Movies	15.5	0.8
Syndicated shows, series and specials	11.8	0.7
PBS and all other non-commercial	6.2	0.8
Devotional and religious	5.1	0.3
Canadian	<u>1.2</u>	0.9
Total	100.0%*	

*Column does not add to total due to rounding.

Question 2. Importance of Carrying Distant Signal Programming Category

Category	Percent Most Important
Live professional and college team sports	56.6%
News and public affairs	36.5
Movies	3.3
PBS and all other non-commercial	1.9
Syndicated shows, series and specials	1.7
Devotional and religious	0.0
Canadian	<u>0.0</u>
Total	100.0%

Question 3. Most Expensive Distant Signal Programming Category

Category	Percent Most Expensive
Live professional and college team sports	88.0%
Movies	12.0
Syndicated shows, series and specials	0.0
News and public affairs	0.0
PBS and all other non-commercial	0.0
Devotional and religious	0.0
Canadian	<u>0.0</u>
Total	100.0%

APPENDIX E. PROGRAM CATEGORY DEFINITIONS

“Program Suppliers.” Syndicated series, specials and movies, other than Devotional Claimants programs as defined below.

Syndicated series and specials are defined as including (1) programs licensed to and broadcast by at least one U.S. commercial television station during the calendar year in question, (2) programs produced by or for a broadcast station that are broadcast by two or more U.S. television stations during the calendar year in question, and (3) programs produced by or for a U.S. commercial television station that are comprised predominantly of syndicated elements, such as music video shows, cartoon shows, “PM Magazine,” and locally hosted movie shows.

“Joint Sports Claimants.” Live telecasts of professional and college team sports broadcast by U.S. and Canadian television stations, except for programs coming within the Canadian Claimants category as defined below.

“Commercial Television Claimants.” Programs produced by or for a U.S. commercial television station and broadcast only by that one station during the calendar year in question and not coming within the exception described in subpart 3) of the “Program Suppliers” definition.

“Public Television Claimants.” All programs broadcast on U.S. noncommercial educational television stations.

“Devotional Claimants.” Syndicated programs of a primarily religious theme, not limited to those produced by or for religious institutions.

“Canadian Claimants.” All programs broadcast on Canadian television stations, except (1) live telecasts of Major League Baseball, National Hockey League, and U.S. college team sports, and (2) other programs owned by U. S. copyright owners.

“Music Claimants.” Musical works performed during the course of programs that are themselves separately represented as parts of the preceding categories.

“National Public Radio.” All programs broadcast on NPR member noncommercial radio stations, other than Music.

Certificate of Service

I hereby certify that on Monday, February 12, 2018 I provided a true and correct copy of the 2010-2013 Bortz Report to the following:

Spanish Language Producers, represented by Brian D Boydston served via Electronic Service at brianb@ix.netcom.com

SESAC, Inc., represented by Christos P Badavas served via Electronic Service at cbadavas@sesac.com

American Society of Composers, Authors and Publishers (ASCAP), represented by Sam Mosenkis served via Electronic Service at smosenkis@ascap.com

Canadian Claimants Group, represented by Victor J Cosentino served via Electronic Service at victor.cosentino@larsongaston.com

Public Broadcasting Service (PBS), represented by Lindsey L. Tonsager served via Electronic Service at ltonsager@cov.com

National Public Radio, Inc. (NPR), represented by Gregory A Lewis served via Electronic Service at glewis@npr.org

National Association of Broadcasters (NAB), represented by John Stewart served via Electronic Service at jstewart@crowell.com

Broadcast Music, Inc. (BMI), represented by Brian A Coleman served via Electronic Service at Brian.Coleman@dbr.com

Multigroup Claimants, represented by Brian D Boydston served via Electronic Service at brianb@ix.netcom.com

MPAA-represented Program Suppliers, represented by Alesha M Dominique served via Electronic Service at amd@msk.com

Devotional Claimants, represented by Benjamin S Sternberg served via Electronic Service at ben@lutzker.com

Signed: /s/ Michael E Kientzle