

66. The Cable Act of 1992 requires the Commission to establish standards for setting, on the basis of actual cost, the rate for installation and lease of equipment used by subscribers to receive the basic service tier, and the installation and lease of monthly connections for additional television receivers.

67. The Commission concludes that equipment "used to receive the basic service tier" is broadly interpreted and includes converter boxes, remote controls, connections for additional television sets and cable home wiring. Our expansive reading of the phrase "used to receive the basic service tier" means that equipment and installations used to receive both basic tier service and other services would be regulated according to actual cost guidelines described below. Although the Commission believes that Congress intended the Commission's regulations to encourage a competitive market in the provision of equipment and service installation, the Commission does not have, at this time, the information it would need to establish a separate effective competition test for installation and equipment. The Commission has begun a proceeding to investigate these issues. Therefore, all systems subject to rate regulation must comply with the actual cost standards for equipment and service installations used to receive the basic service tier.

(b) Unbundling

68. Cable systems must unbundle charges for equipment, installation, and additional outlets from the rates for basic service. In addition an operator must calculate separate charges for installations, remote control units, converter boxes, and other customer equipment.

(c) Actual Cost Standard

69. Local franchising authorities regulating equipment used to receive the basic service tier shall require cable operators to establish an Equipment Basket to which the operator will assign the direct costs of service installation, leasing, maintaining and servicing customer equipment. The Basket will include an allocation of all system joint and common costs that installation, leasing and repairing equipment share with other system activities, excluding general system overhead. The Equipment Basket costs include a reasonable profit. An operator must also calculate an Hourly Service Charge ("HSC") through which it would recover all Equipment Basket costs (including a reasonable profit) except for the operator's costs of purchasing and financing the lease of customer equipment.

70. Charges for leasing each type of remote control unit shall be designed to recover the operator's cost of purchasing and financing the remote, and expected repair and service charges over the useful life of the equipment. Expected repair and service

charges are to be determined by multiplying the estimated average number of repair and service hours per remote by the HSC. Charges for leasing converter boxes and all other equipment shall be calculated in the same manner as for remotes. For installation charges, the cable operator must elect a uniform installation charge that is calculated based upon either: 1) the HSC times the person hours of the visit; or 2) the HSC times the average hours spent per installation visit.

71. The Commission's guidelines do not preclude an operator from selling equipment to subscribers. The equipment price shall be set at no higher than necessary to recover the operator's costs, including all costs incurred for storing and preparing equipment for sale up to the time it is provided to the customer, including a reasonable profit. The purchaser is responsible for maintaining and repairing any purchased equipment, but cable operators may also sell service contracts. The price of these contracts shall be based on the HSC times the estimated average number of hours required for maintenance and repair over the expected life of the equipment. The cable operator shall provide notice at the time of sale that system upgrades might make a customer's purchased equipment incompatible with the new cable system technology.

(d) Promotions

72. The Commission's rules permit cable operators to offer promotions, including a permanent below cost offering of installations. However, instead of allowing cable operators unlimited discretion to price all equipment and installation below cost, the Commission is requiring that below cost offerings be reasonable in scope in relation to the operator's overall offerings in the Equipment Basket. Cable operators must exclude the costs of promotions from the Equipment Basket, but may include these costs in general overhead as part of a cost-of-service showing. The Commission will review this treatment of promotional costs when it addresses the issue of whether the Commission should take steps to promote a competitive market for equipment.

(e) Additional Connections

73. The Commission is requiring that costs associated with the installation of, and equipment used with, additional connections be included in the Equipment Basket. Cable operators will recover the costs of additional connections in the charges for installation or lease of customer equipment used with the additional connection. The installation charge for additional connections is the HSC times the person hours of the visit or the HSC times the average number of hours spent per visit. If the operator elects to use an average installation time, the Commission is requiring two rates: one for wiring additional connections at the time of the installation and another if the operator makes a

separate visit to install the additional connection. Remotes and other equipment involved are to be leased to the customer at the same rate as equipment used with primary outlets. Any network costs for boosting the signal to serve more than one outlet in a home should be treated as part of general system overhead. If a subscriber requests additional connections that exceed network design capabilities and require additional customer premises equipment, the cable operator may recover the costs of the additional equipment through an additional connection charge, developed by using the Commission's actual cost guidelines for other leased equipment.

74. The Commission also allows a cable operator, if it incurs additional charges for programming carried on basic or cable programming services channels that it transmits to additional outlets, to recover these charges through a monthly charge levied for additional outlets in fact receiving that programming.

(4) Cost of Franchise Requirements

75. The Commission has determined that costs attributable to satisfying franchise requirements shall include: 1) the sum of per channel costs for the number of channels used to meet franchise requirements for public, educational and governmental channels; 2) any direct costs of providing any other services required under the franchise; and 3) a reasonable allocation of overhead.

(5) Customer Changes

76. The Cable Act of 1992 requires that regulation for the basic tier include standards and procedures to prevent unreasonable charges for a customer changing equipment or service tiers. The Commission concludes that these regulations should apply to any changes in the number of service tiers and charges for changing equipment that are initiated at the subscriber's request after the installation of initial service. These same standards should apply to upgrades and downgrades in service tiers. Furthermore, the Commission requires that customers be allowed 30 days after notice of retiering or rate increases to change service tiers at no charge.

77. Operators may impose only a nominal charge for changing service tiers effected solely by coded entry on a computer terminal or by other similarly simple method. The Commission considers any charge under \$2.00 nominal. The Commission will also allow franchising authorities the discretion to consider additional community specific factors in evaluating these charges. However, these charges cannot exceed the actual costs of changing tiers, as discussed below.

78. The Commission recognizes that charges for changing tiers have the potential to increase customer churn, but the Commission lacks specific data on this topic. Therefore, the Commission has created an exception to the cap on rates for changing service tiers effected by coded entry on a computer terminal or other similar methods. Cable operators who believe their system has an increasing and unacceptable level of churn in service tiers may establish an increased charge for changing service tiers more than two times in one year. The operator must prove to the franchising authority that the churn level in cable service tiers has reached an unacceptable level and that its escalating scale of charges is reasonable. In addition, the cable system must notify all subscribers that they will be subject to an increased charge if they change service tiers more than the specified number of times in one year.

79. For changes in service tiers or equipment that involve more than coded entry on a computer or other similarly simple method, the Commission adopts the actual cost guidelines for equipment and installation. The actual cost charge would be either the HSC times the amount of time it takes to effect the change or HSC times the average times such changes take.

4. Regulation of Cable Programming Services

a. Definition of "Cable Programming Service"

80. Under the 1992 Act, regulation of "cable programming service" rates and equipment is to be conducted by the Commission, not local franchising authorities. "Cable programming service" is defined broadly in the statute as all video programming provided over a cable system except that provided on the basic service tier or on a per-channel or per-program basis. The Commission will also exclude per-program and per-channel premium services offered on a multiplexed or time-shifted basis.

b. Complaints Regarding Cable Programming Service Rates

(1) Procedures for Receiving, Considering, and Resolving Complaints

81. The 1992 Act provides that rate regulation of cable programming services and equipment will occur only in response to specific complaints -- i.e., the Commission will not regulate cable programming service rates until it receives a complaint that a particular operator's rates are unreasonable.

82. The 1992 Act permits subscribers, franchising authorities and other relevant government entities to file complaints about the rates for cable programming services and equipment. As required by law, complainants alleging that a cable operator's current cable programming rates are unreasonable will

have 180 days from the effective date of the Commission's rules to challenge existing rates. With regard to rate increases, complainants must file complaints about cable programming service and equipment rates within 45 days from the time subscribers receive a bill that reflects the rate increase.

83. In order to avoid dismissal of a complaint, the complainant must supply certain readily available factual information and must allege that the rate is unreasonable because it violates the Commission's rate regulations. Complainants must use the complaint form adopted by the Commission and serve a copy on the cable operator and franchising authority.

84. Subscribers need not obtain the franchising authority's concurrence before filing a complaint with the Commission. However, franchising authorities are encouraged to assist subscribers in completing complaint forms and subscribers are free to attach the views of the franchising authority when submitting a complaint to the Commission. Franchising authorities will not be permitted to formally review and adjudicate cable programming service complaints in the first instance.

85. Upon receipt of a cable programming service complaint submitted on the FCC form, the Commission will review the complaint to determine whether it meets the minimum showing needed to permit the complaint to go forward. The operator must respond to a complaint filed on the standard complaint form within 30 days of service of the complaint, unless the Commission notifies the operator that the complaint fails to satisfy the minimum showing requirement.

(2) Remedial and Enforcement Procedures for Rates Found to be Unreasonable

86. If cable programming service rates are found to be unreasonable, the Commission will order the operator to reduce rates prospectively and to reflect that reduction in prospective bills to customers. The operator will also be required to refund overages (plus interest) to subscribers, with refunds being calculated from the date the complaint was filed until the date the operator implements the reduced rate prospectively in bills to subscribers.

c. Regulations Governing Rates

(1) Statutory Standards

87. The Commission concludes that standards for identifying cable programming services rates that are unreasonable in individual instances will comply with the Cable Act of 1992 if they reflect a reasoned balancing of the statutory factors and if we explain how our standards reflect these statutory factors. The

Commission finds, while not mandated by the statute, that primary weight should be given to the rates of systems subject to effective competition.

88. The Commission believes that a "bad actor" test for cable programming service rates, designed to reach those cable operators whose rates for cable programming services are "egregious" would not fulfill the mandate of the Cable Act. We conclude that Congress used the term "unreasonable" in provisions regarding cable programming services rather than "reasonable" as a reflection of the different procedural regulatory scheme for protecting consumers from excessive rates for basic and for cable programming services. Congress did not require different substantive standards. Therefore, when assessing a complaint that a cable system's cable programming service rates are unreasonable, the Commission will use the same test of reasonableness adopted for basic service rate regulation.

(2) Benchmarking versus Cost-of-Service

89. As for the basic service tier, the Commission will use a benchmark approach as the principal form of rate regulation for cable programming services, with cost-of-service showings used only by cable systems whose rates exceed the benchmark.

(3) Adoption and Application of the Benchmark and Price Cap for Cable Programming Services

90. The Commission adopted the same competitive benchmark for cable programming services as for the basic service tier and applies it in the same manner to determine the initial permitted per channel rate for cable programming services. The Commission also adopts the same price cap requirements for cable programming service as for the basic service tier, including the same annual adjustment index, and requirements for, and treatment of, external costs.

91. Systems with a per channel rate for cable programming services at or below the benchmark at the time the system becomes subject to regulatory review will be considered reasonable and that rate will be its permitted rate. Systems with rates in effect at the time of regulation that are below the benchmark will be capped at that level. For systems with rates at the time of regulation that are above the benchmark, the permitted level for such systems will be determined by a further comparison to the benchmark of rates in effect on September 30, 1992. For systems with September 30, 1992 rates that are above the benchmark, the rate shall be the September 30, 1992 per channel rate reduced by of 10 percent, but no lower than the benchmark, and then adjusted forward by inflation. For systems with rates on September 30, 1992 that were below the benchmark, the permitted rate shall be the benchmark rate adjusted forward by inflation. The price cap

will then be applied to the per channel rate determined by the above comparison of rates to the benchmark. Price cap requirements will be the same as for the basic service tier.

(4) Secondary Cost-of-Service Showings

92. As for basic service, the Commission will permit cable operators to exceed the benchmark rate for cable programming services based on costs. Similarly, the Commission will adopt cost-of-service standards for application by the Commission to determine the extent to which cable operators may exceed capped rates for cable programming services. However, as for the basic service tier, the record does not permit the Commission to fashion cost-of-service standards at this time. Accordingly, we will adopt and issue separately a Second Further Notice to establish cost-of-service standards for cable services including cable programming services.

(5) Installation or Rental of Equipment Used to Receive Cable Programming Services

(a) Equipment Subject to Regulation as Cable Programming Services

93. Complaints concerning rates for equipment and installation used to receive cable programming services, either solely or in conjunction with unregulated programming, shall be subject to the same actual cost standard implemented for basic tier equipment and installation. The costs of equipment and installation used to receive cable programming services shall be included in the Equipment Basket and the charges associated with this equipment shall be determined on the same basis as charges for other equipment subject to the actual cost methodology. However, because the Commission has jurisdiction over cable programming services, it will review any complaints or issues concerning such equipment or installation.

(b) Unbundling of Rates for Installation and Rental of Equipment Used to Receive Cable Programming Services

94. The Commission concludes that cable operators should be required to unbundle equipment and installation rates from equipment used to receive these services. The Commission also concludes that cable operators shall be required to unbundle installation rates for cable programming services from rates for equipment leasing.

5. Provisions applicable to Cable Service Generally

a. Geographically Uniform Rate Structure

95. The Cable Act of 1992 requires cable operators to "have a rate structure, for the provision of cable service, that is uniform throughout the geographic area in which cable service is provided over its cable system." The Commission concludes that a cable system must have a uniform rate structure throughout the franchise area. This requirement, however, does not preclude operators from establishing reasonable categories of customers and services. The Commission concludes that for purposes of the Cable Act of 1992 a geographic area means the franchise area. Thus, a cable operator is generally required by this provision to have a uniform rate structure within each franchise area.

b. Discrimination

96. A cable operator may offer reasonable discounts to senior citizens and other economically disadvantaged individuals. For this purpose, an "economically disadvantaged individual" is defined as a person who receives federal, state or local welfare assistance.

c. Negative Option Billing

97. The 1992 Act provides that an operator may not charge a subscriber for "any service or equipment that the subscriber has not affirmatively requested by name." This limitation on so-called "negative option billing" applies whenever a new tier or single channel service is added. However, restructuring undertaken to respond to the Commission's new rate regulations will not bring the negative option billing provision into play as long as subscribers continue to receive the same number of channels and the same equipment, and the total price for the services does not change. On a going-forward basis, the provision does not apply to changes in the mix of channels in a tier, or restructurings of service, even when those changes are accompanied by a rate increase, unless the changes alter the fundamental nature of the service tier.

d. Collection of Information

98. The Commission at this time will not establish collection of information requirements. The Commission will explore this issue in a Second Further Notice in the future.

e. Prevention of Evasions:

99. Prohibited "evasions" are defined as any practice or action which avoid the rate regulation provisions of the 1992 Act or the Commission's rules contrary to the intent of the Act or its underlying policies.

f. Small System Burdens

100. Franchise authorities regulating small cable systems are permitted to exempt those systems from having to file an initial rate schedule with the franchising authority. In such cases, the small system need simply certify to the authority that its rates for basic service and equipment are reasonable and are within the applicable benchmark formula. However, a small system whose rates exceed the benchmark, a small system proposing to increase its basic service rates or a small system that is the subject of a cable programming service complaint is not exempted from the procedures the Commission has established. For these purposes, a "small system" is a system served by an integrated headend with fewer than 1,000 subscribers.

g. Grandfathering of Rate Agreements

101. Franchising authorities already regulating rates pursuant to a franchise agreement executed before July 1, 1990 may continue to regulate basic service and equipment rates for the remainder of the franchise term without following the Commission's substantive rate standards and without filing a certification with the Commission. Authorities with agreements signed after that date must be certified by the Commission.

h. Reports on Average Prices

i. Effective Date

102. The Cable Act of 1992 states that the amendments to Section 623 of the Communications Act that mandate rate regulation by the Commission of cable systems that are not subject to effective competition shall become effective 180 days from the date of the enactment of the Act. The Commission concludes that by adopting the Report and Order it meets the effective date requirements of the Cable Act of 1992. The Commission establishes June 21, 1993 as the effective date of its regulations adopted in the Report and Order.

B. Leased Commercial Access

1. Leased Access: Background

103. The Communications Act requires that cable systems with 36 or more channels make available a portion of their channel capacity for lease by outside unaffiliated parties. Under the Cable Act of 1992, the Commission is provided with expanded authority to regulate the commercial leasing of cable channels for those cable systems required to make such channel capacity available.

2. Leased Access: Terms and Conditions of Use

104. A the cable operator and commercial leased access user may negotiate channel placement and tier access for leased programming. Parties must take into account the nature of the service; the relationship between the charge imposed and the desirability of the channel; and, the need to provide competition in delivery service and diversity of programming. Cable operators may not apply programming production standards to leased access users that are any higher than those applied to PEG channels. Operators must also provide the minimal amount of technical support necessary for users to air their material. Operators are also entitled to be reimbursed for such services. Reasonable security deposits to lease channels may be requested from users by cable operators. Cable operators may not set terms and conditions for users based on content except to the extent necessary to establish a reasonable price for use of channel capacity and to comply with the Commission's indecency standards. Cable operators are also required to provide billing and collection services for leased access users, unless the operator demonstrates the existence of third party billing and collection services which in terms of cost and accessibility, offer leased access users an alternative substantially equivalent to that offered comparable non-leased programmers.

3. Leased Access: Maximum Reasonable Rates

a. Leased Access

105. The maximum commercial leased access rates that a cable operator may charge is the highest net implicit fee charged any nonaffiliated programmer within the same program category. The implicit rate is calculated by determining the amount paid per month by subscribers for the service and deducting from that the amount that is paid per month to the programming service vendor. The difference between the amount received and the amount paid is the net implicit leased channel rate. Such rates are to be calculated separately for (1) pay-per-program or pay channels, (2) channels containing more than fifty percent direct sales (home shopping networks), (3) and all other channels.

b. Access Rates for Not-for-Profit-Programmers

106. The Commission declines to establish special rates for not-for-profit programmers, or to require that operators set-aside capacity for such purposes. The Commission finds that the procedures adopted for establishing maximum reasonable rates adequately ensure that the interests of such programmers are considered.

4. Leased Access: Reporting Requirements

107. Although specific reporting requirements for leased access will not be implemented, the Commission will gather necessary leased access information on leased channel usage and rates in its general reporting and monitoring process mechanisms for cable systems.

5. Leased Access: Procedures for Resolution of Disputes

108. Review of leased access rates or terms and conditions will be triggered by the filing of a complaint at the Commission. A streamlined process has been developed to handle these complaints so that they can be handled expeditiously.

6. Leased Access: Minority and Educational Programmers Alternative

109. In accordance with the statutory provisions, up to 33 percent of a system's designated leased channel capacity may be used for qualified minority or educational programming purchased by the system operator rather than by leased channel programming.

C. Subscriber Bill Itemization

110. Cable operators may identify as a separate line item on each subscriber bill the amount of any fee, tax, assessment or charge imposed by a government entity on the transaction between the operator and the subscriber.

D. Cost Accounting/Cost Allocation Requirements

111. The rate regulations that the Commission has adopted impose a price cap on cable service rates with certain categories of costs defined as external to the cap. Cost accounting and cost allocation requirements are necessary to assure that costs that are intended to receive external treatment are in fact accorded such treatment. The regulations additionally authorize cable operators to make cost-of-service showings to justify a rate higher than the capped level. Cost accounting and cost allocation requirements are also necessary to permit identification of costs that will justify a rate above the cap.

112. The Commission has an insufficient record on which to determine the optimum level of rate averaging for the cable industry. Accordingly, while the Commission is adopting in the Report and Order requirements that will permit immediate implementation of our rules, the Commission has determined that it will include in a Second Further Notice issues pertaining to what cost accounting and cost allocation requirements should be adopted on a permanent basis.

113. The cost accounting rules the Commission adopts will nevertheless permit a successful immediate implementation of rate regulations. Cable operators are required to identify certain locally incurred costs such as franchise fees and local taxes at the franchise level. For purposes of calculating external costs or cost of service, cable operators shall identify costs at the level at which, for accounting purposes, they identified the category of costs on April 3, 1993. Cable operators are required to justify and explain this identification and that it is, in fact, the level used to identify costs on April 3, 1993. Costs are then to be allocated to the franchise level on a per subscriber basis.

• III. Further Notice of Proposed Rulemaking

114. The Commission solicits comment on whether we should, and may lawfully, exclude the rates of systems in low penetration areas in calculating the competitive rate differential. The Report and Order explains that we calculated the competitive rate differential based on a comparison of data collected from systems subject to effective competition with data from systems not subject to effective competition. Our industry survey was based on data from systems subject to effective competition under each of the three independent statutory criteria used to define effective competition in Section 3 of the 1992 Cable Act, including systems expected to have less than 30 percent cable penetration. It is possible, however, that exclusion from our sample of rates of systems in low penetration areas may produce a better measure of competitive rate differential because low penetration may be attributable to factors other than the presence of competition. Our preliminary analysis reveals that the exclusion of low penetration systems will produce a competitive rate differential of between 25 and 30 percent.

APPENDIX B -- LIST OF COMMENTING PARTIES

APPENDIX B

COMMENTS

<u>Abbreviation</u>	<u>Commenter</u>
AAPTS	Assoc. of America's Public Television Stations
ACI	Alaska Cablevision, Inc.
AdelphiaII	Adelphia Communications Corp., et. al
AEN	Arts and Entertainment Network
AGs	Attorneys General of PA, Mass, NY, Ohio and TX
Alternative	Alternative Museum
APPA	American Public Power Association
ARC	Adhoc Rural Consortium
Armstrong	Armstrong Utilities, Inc.
Atlanta	City of Atlanta, GA.
Austin	Austin, TX; Dayton, OH; Dubuque, IW; Gillette, WY; Montgomery County, MD; St. Louis, MO; and Wadsworth, OH. Austin Cable Commission
Baloga	Al J. Baloga
Baltimore	Mayor and City of Baltimore, MD.
Bandon	City of Bandon, OR.
BellAtlantic	Bell Atlantic
BellSouth	BellSouth
Blade	Blade Communications, Inc.; Multivision Cable TV Corp.; Providence Journal Company; Sammons Communications, Inc.
BowlingGreen	City of Bowling Green, KY
Broward	Continental Cablevision of Broward County, Inc.
CalCities	League of California Cities
Camnitzer	Mr. Rolf Camnitzer
Carbondale	City Attorney of Carbondale, IL.
Carib	Caribbean Communications Corp.
Carper	Ricky L. Carper
Carson	City of Carson, CA.
CATA	Community Antenna Television Association, Inc.
CBA	Community Broadcasters Association
CCA	Competitive Cable Association
CCW	Cable Communications of Willsboro, N.Y.
CFA	Consumer Federation of America
Chico	City of Chico, CA [informal]
CIC	Cablevision Industries Corporation
Cleburne	City of Cleburne, TX
Cole	Cole, Raywid & Braverman
Comcast	Comcast Corporation
Commerce	City of Commerce, California; Communications Support Group, Inc.
Conn	Attorney General of State of Connecticut
Conneaut	City of Conneaut, OH

Continental	Continental Cablevision, Inc.
Cox	Cox Communications
CSC	Cablevision Systems Corporation
CTANY	Cable Television Association of New York, Inc.
Dade	Metropolitan Dade County, FL.
Denison	City of Denison, TX
DirectTV	DirectTV, Inc.
Discovery	Discovery Communications, Inc.
Dover	Municipal Franchising Authorities of Dover, DE, et. al
Drexel	Town of Drexel, N.C.
DRG	Dispute Resolution Group, Inc.
Eberhardt	Clifford Eberhardt
EET	E! Entertainment Television, Inc.
EIA	Consumer Electronics Group of the Electronic Industries Association
Elgin	Duane Elgin
Encore	Encore Media Corporation
ESPN	ESPN, Inc.
Falcon	The Falcon Cable Group
Fall	City of Fall River, MA
Fanch	Fanch Communications, Inc. and Mission Cable Co., L.P.
Fort Lauderdale	City of Fort Lauderdale, FL.
Fox	Fox, Inc.
FUSE	FUSE
Funk	Nancy L. Funk
Glasgow	Electronic Plant Board of the City of Glasgow, KY.
GTE	GTE Service Corporation
Harron	Harron Communications Corporation
Hayes	Marc F. Hayes
HayesL	Luella Hayes
HBO	HBO letter to affiliates
Hyder	Sid N. Hyder
IFE	International Family Entertainment, Inc.
InterMedia	InterMedia Partners
Inverness	Cities of Inverness, Crystal River, Dunnellon and Town of McIntosh, FL.
Kansas	League of Kansas Municipalities
Key West	City of Key West, FL.
LeBoeuf	LeBoeuf, Lamb, Leiby & MacRae
Lenfest	Lenfest Group
Liberty	Liberty Cable Company, Inc.
Lifetime	Lifetime Television
Linsalata	Mr. and Mrs. Randolph Linsalata
Lyons	Timothy J. Lyons
MACC	Metropolitan Area Communications Commission on behalf of Washington County, Oregon, and the cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Gaston, Hillsboro, King City, Lake Oswego, North Plains, Rivergrove,

	Sherwood, Tigard, Tualatin, and Wilsonville, OR.
Manitowoc	City of Manitowoc, WI.
Marion	City of Marion, N.C.
Matas	David Matas
MCATC	Massachusetts Community Antenna Television Commission
McKinney	City of McKinney, TX.
MCSI	Multichannel Communications Sciences, Inc.
MEA	Center for Media Education Assoc. of Independent Video and FilmMakers
Medford	Medford Cable Television
MediaGeneral	Media General Cable of Fairfax Inc.
Mesa	City of Mesa, Arizona
MGB	MGB Associates, Inc.
Miami Beach	City of Miami Beach, FL.
Mindler	Dan Mindler
Minn	Political Subdivisions of the State of Minnesota
Monroe	Monroe County, FL.
Montana	Montana Public Service Commission
Moraga	Town of Moraga, CA.
Mountain	Mountain Cablevision, Inc.
MFAA	Motion Picture Association of America, Inc.
Multiplex	Multiplex Technology, Inc.
Municipal	Coalition of Municipal and other Local Governmental Franchising Authorities
Muskegon	City of Muskegon, MI
MUZAK	MUZAK Limited Partnership
NAB	National Association of Broadcasters
Nadue	Bernard E. Nadue
NARUC	National Association of Regulatory Utility Commissioners
Nashoba	Nashoba Communications Limited Partnership
Nationwide	Nationwide Communications, Inc.
NATOA	National Assoc. of Telecommunications Officers and Advisors, National League of Cities, U.S. Conference of Mayors, and the National Assoc. of Counties
NCI	National Captioning Institute, Inc.
NCC	Northland Communications Corporation
NCTA	National Cable Television Association, Inc.
NECTA	New England Cable Television Association, Inc.
NewBedford	Mayor of the City of New Bedford, MA.
NewBern	City of New Bern, N.C.
Newell	Marjorie S. Newell, Ph.D.
Newhouse	Newhouse Broadcasting Corporation
911	911 Arts Center
NJ	State of New Jersey, Board of Regulatory Commissioners
NMCC	Northwest Municipal Cable Council
NTCA	National Telephone Cooperative Association

NorthRedington	Town of North Redington, FL.
NYSCCT	New York State Commission on Cable Television
NYConsumers	New York State Consumer Protection Board
NYNEX	NYNEX Telephone Companies
Oakland Cable	Oakland County Cable
Oxnard	Mayor of Oxnard, CA.
PacTel	Pacific Telesis Group, Pacific Bell, and Nevada Bell
Paducah	City of Paducah, KY.
Palm Desert	City of Palm Desert, CA.
Pappas	James Pappas
Parsippany	Township of Parsippany-Troy Hills, N.J.
Peterson	Leona Peterson
Policy	Policy Communications, Inc.
PR	Puerto Rico Cable TV Association
Prime	Prime Cable
Randolph	Randolph Township Council, Randolph, New Jersey
Rapids	Greater Grand Rapids Area Cable Commission and Cities of New Ulm, Minnesota, and Savage, MN.
Raufer	William B. Raufer
Rocky	City of Rocky Mount, N.C.
Salisbury	City of Salisbury, MD.
SantaClarita	City of Santa Clarita
Savage	City of Savage, MN.
Schaumburg	Village of Schaumburg, IL.
San Diego	City of San Diego
SDA	Satellite Dealers Association, Inc.
Seebol	Edward A. Seebol
Sioux	City of South Sioux City, NE.
Simmons	Simmons Communication
SmallSystems	Consortium of Small Cable System Operators
Somerville	Mayor and City of Somerville, MA.
Spring	Township of Spring Berks County, PA.
SquareD	Square D Company
StarCable	Star Cable Associates
Sterling	City of Sterling, CO.
St.Louis	Park City of St. Louis Park, MN [informal]
Stokey	Richard Stokey to Sen. Seymour
St.Petersburg	City of St. Petersburg, FL
Tallahassee	City of Tallahassee, FL.
TBS	Turner Broadcasting System, Inc.
TCI	Tele-Communications, Inc.
TexasStudent	Texas Student Television
ThousandOaks	City of Thousand Oaks, CA.
TIA	Fiber Optics Div., Telecommunications Industry Assoc.
TimeWarner	Time Warner Entertainment Company
USA	USA Networks
USTA	United States Telephone Association
Veraldi	Ms. Lorna Veraldi
Video	Video Data Bank

Westec
Williamston
Winter Park
Winthrop
Wireless
Zimny

Westec Cablevision
Town of Williamston, N.C.
City of Winter Park, FL
Winthrop Community Access Television
Wireless Cable Association International, Inc.
Alexander J. Zimny

REPLY COMMENTS

Abbreviations

Reply Commenters

AdelphiaI	Adelphia Communications Corporation
AdelphiaII	Adelphia Communications Corporation
ARC	AdHoc Rural Consortium
ACI	Alaska Cablevision, Inc.
APPA	American Public Power Association
Atlanta	City of Atlanta, GA.
Austin	Austin, TX; Dayton, OH; Dubuque, IA; Gillette, WY; Miami Valley, OH; Montgomery County, MD; St. Louis, MI; & Wadsworth, OH.
Ayden	The Town of Ayden, North Carolina
Bayonne	The City of Bayonne, New Jersey
BellAtlantic	Bell Atlantic
BellSouth	Bell South
Bloomington	Bloomington Communications Inc., CTS Communications Corporation and T.V.C., Inc. (filed Jan. 29, 1993)
Boston	City of Boston
Bowling Green	Bowling Green, Kentucky
Burnsville	Burnsville/Eagan Cable Communications Commission
California Cable	California Cable Television Association
CalCities	League of California Cities & Associated Entities
Chandler	City of Chandler, Arizona
Charlotte	City of Charlotte and Mecklenburg County, N.C.
CIC	Cablevision Industries
Cincinnati	City of Cincinnati, Ohio
Clinton	City of Clinton, South Carolina
Coffeyville	City of Coffeyville, KS.
Cole	Cole, Raywid, & Braverman
Comcast	Comcast Corporation
CBA	The Community Broadcasters Association
CFA	Consumer Federation of America
Continental	Continental Cablevision, Inc.
Dade	Metropolitan Dade County
Dearborn	The City of Dearborn
Denver	Denver Area Educational Telecommunications Consortium
Discovery	Discovery Communications, Inc.
Disney	The Disney Channel
EIA	Electronics Group of The Electronic Industries Association
Fairborn	City of Fairborn, Ohio
Fairfax	Fairfax County, Virginia
Falcon	Falcon Cable Group
Fort Lauderdale	City of Fort Lauderdale, Florida
Garden City	City of Garden City, Kansas

Georgetown	City of Georgetown, South Carolina
Greensboro	City of Greensboro, North Carolina
Greenville	City of Greenville, North Carolina
GTE	GTE Service Corporation
Hastings	City of Hastings, Minnesota
Hawaii	State of Hawaii
Hays	City of Hays
Henderson	City of Henderson, North Carolina
Hollywood	City of Hollywood, Florida
Indian River	Indian River County, Florida
INTV	Association of Independent Television Stations
IowaCity	City of Iowa City, Iowa
Junction	City of Junction City
Kinston	City of Kinston, North Carolina
Lake Forest	City of Lake Forest
Lakeville	City of Lakeville
Laurinburg	City of Laurinburg, North Carolina
Laurens	City of Laurens, South Carolina
Liberal	City of Liberal, Kansas
Liberty	Liberty Cable Company, Inc.
Lincoln Park	City of Lincoln Park
LosAngeles	City of Los Angeles, California
Louisville	City of Louisville, Kentucky
LowerMerion	Township of Lower Merion, Montgomery Council, PE
Madison	City of Madison Heights, Michigan
Mankato	Cities of Mankato & North Mankato
Marshall	City of Marshall, Texas
MCATC	Massachusetts Community Antenna Television Commission
MEA	Media Education Association
Mentor	City of Mentor
MACC	Metropolitan Area Communication Commission
MtProspect	Village of Mount Prospect
Multiplex	Multiplex Technology, Inc.
Multnomah	Multnomah Cable Regulation Commission
Municipal	Coalition of Municipal and Other Local Governmental Franchising Authorities
NAB	National Association of Broadcasters
NCTA	National Cable Television Association, Inc.
NATOA	National Association of Telecommunications Officers and Advisors
NECTA	New England Cable Television Association, Inc.
Newhouse	Newhouse Broadcasting Corporation
NYC	New York City Department of Telecommunications & Energy
Niles	Village of Niles, Illinois
NYNEX	Nynex Telephone Companies
Oakland	City of Oakland, California
Ottawa	City of Ottawa, Kansas
Owensboro	City of Owensboro, Kentucky

PacTel	Pacific Telesis Group, Pacific Bell and Nevada Bell
Palm Desert	City of Palm Desert
Phillipsburg	City of Phillipsburg, Kansas
Piscataway	City of Piscataway Township, New Jersey
Ramsey	Ramsey/Washington Counties Suburban Cable
PrinceGeorge	County of Prince George's
Rapids	Greater Grand Rapids Area Cable Commission and Cities
Reidsville	City of Reidsville, North Carolina
Salina	City of Salina
SanAntonio	City of San Antonio
SBA	Chief Counsel for Advocacy of the United States Small Business Administration
SSO	Coalition of Small System Operators
Small Systems	Consortium Small Cable System Operators
SquareD	Square D Company
Tallahassee	City of Tallahassee
TCI	Tele-Communications, Inc.
TIA	Fiber Optics Div., Telecommunications Industry Assoc.
TimeWarner	Time Warner Entertainment Company, L.P.
Titusville	City of Titusville, Florida
Union	City of Union, South Carolina
USA	USA Networks
USCC	United States Catholic Conference
USTA	United States Telephone Association
Ventura	Ventura County Cablevision
Walkerton	Town of Walkerton, Indiana
Watertown	City of Watertown, New York
WestVirginia	West Virginia Cable Television Advisory Board
Wireless	Wireless Cable Association International, Inc.
Worthington	City of Worthington, Ohio

INFORMAL REPLY COMMENTS CITED IN TEXT

<u>Abbreviation</u>	<u>Commenter</u>
Baltimore	Mayor and City Council of Baltimore (corrected copy filed Feb. 12, 1993)
Charlotte	City of Charlotte and Mecklenburg County, North Carolina (filed Feb. 12, 1993)
Coffeyville	City of Coffeyville, Kansas (filed Feb. 12, 1993)
CSG	Communications Support Group (filed Feb. 12, 1993)
Lake Minnetonka	Lake Minnetonka Cable Communications Commission (filed Feb. 12, 1993)
NYState	New York State Commission on Cable Television (filed Feb. 12, 1993)
SBCA	Satellite Broadcasting and Communications Association of America (filed Feb. 24, 1993)

APPENDIX C -- RULES

APPENDIX C

Parts 0 and 76 of Chapter I of Title 47 of the Code of Federal Regulations are amended as follows:

Part 0 COMMISSION ORGANIZATION

1. The authority citation for Part 0 continues to read as follows:

Authority: Secs. 5, 48 Stat. 1068, as amended; 47 U.S.C. 155.

2. Section 0.61 is amended by adding paragraphs (j) through (m) to read as follows:

MASS MEDIA BUREAU

§ 0.61 Functions of the Bureau.

* * * * *

(j) After Commission assumption of jurisdiction to regulate cable television rates for basic service and associated equipment, acts upon cable operator requests for approval of existing or increased rates.

(k) Reviews appeals of local franchise authorities rate making decisions involving rates for the basic service tier and associated equipment, except when such appeals raise novel or unusual issues.

(l) Acts upon complaints involving cable programming service rates except for final action on complaints raising novel or unusual issues.

(m) Evaluates certification requests filed by cable system franchising authorities pursuant to Subpart N, Part 76 of this chapter.

(n) Periodically reviews and, when appropriate, revises standard forms used in administering:

(1) The Commission's complaint process regarding cable programming service rates;

(2) The certification process for local franchising authorities wishing to regulate rates, and

(3) The substantive rate regulation standards prescribed by the Commission.

3. Section 0.455 is amended by adding paragraphs (a) (11) and (12) to read as follows:

§ 0.455 Other locations at which records may be inspected.

(a) * * *

(11) All complaints against cable television operators filed under §§ 76.950 and 76.951 of this chapter, all documents filed in connection therewith, and all communications related thereto, unless the cable operator has submitted a request pursuant to § 0.459 that such information not be made routinely available for public inspection.

(12) All cable operator requests for approval of existing or increased cable television rates for basic service and associated equipment over which the Commission has assumed jurisdiction pursuant to 47 C.F.R. §§ 76.913, and 76.943, all documents filed in connection therewith, and all communications related thereto, unless the cable operator has submitted a request pursuant to § 0.459 that such information not be made routinely available for public inspection.

* * * * *

Part 76 CABLE TELEVISION SERVICE

4. The authority citation for Part 76 is revised to read as follows:

AUTHORITY: Secs. 2, 3, 4, 301, 303, 307, 308, 309, 48 Stat., as amended, 1064, 1065, 1066, 1081, 1082, 1083, 1084, 1085, 1101; 47 U.S.C. Secs. 152, 153, 154, 301, 303, 307, 308, 309, 532, 533, 535, 542, 543, 552 as amended, 106 Stat. 1460.

5. Section 76.5 is revised by removing paragraph (gg).

6. Section 76.10 is removed.

7. Section 76.33 is removed.

8. Section 76.900 is removed and redesignated as Section 76.986.

9. Sections 76.803 through 76.999 are reserved.

10. Section 76.1090 is removed and renumbered as Section 76.900.

11. Subpart N is added to read as follows:

Subpart N -- Cable Rate Regulation

Sec.

76.900 Temporary freeze of cable rates.