channel adjustment of up to 20 cents, we believe that it is unnecessary to allow systems with additional per subscriber headend equipment costs of less than one cent for each channel added to use the streamlined cost-ofservice procedure for upgrading headend equipment. We believe that such operators may have sufficient resources to add channels without the additional incentive created by the streamlined cost-of-service procedure. However, we note that we may reconsider this issue in light of the comments we have received in response to our Fifth Order on Reconsideration and Further Notice of Proposed Rulemaking, 59 FR 51,869 (10/13/94). In that notice, the Commission solicited comments on whether it should retain its current definitions of small operators and small systems owned by small MSOs and whether it should employ the current Small Business Administration definition of small cable company. The definitions of these terms in the instant item may be affected by the outcome of the Further Notice.

In the Sixth Reconsideration Order, the Commission provided that rates for the BST will continue to be governed exclusively by our current rules, except that where a system offered only one tier on May 14, 1994, the cable operator will be allowed to use the revised per channel adjustment of up to 20 cents. We did not, however similarly provide that the streamlined cost-of-service procedure for headend upgrades by eligible small systems would be available to operators of single-tier systems. We did not intend to exclude single-tier systems from this procedure and, therefore, on our own motion, we reconsider the limitation of the streamlined cost-of-service procedure for headend upgrades to CPSTs. We conclude that the streamlined cost-ofservice procedure should also apply to single-tier systems because we recognize that qualifying systems have the same small customer base over which to spread the cost of new equipment associated with providing channels, whether or not they have CPSTs. We also recognize that single-tier systems are commonly smaller systems. Accordingly, we believe that the streamlined cost-of-service procedure for headend upgrades associated with channel additions should apply to single-tier systems as well as CPSTs.

Regulatory Flexibility Act Analysis

Pursuant to the Regulatory Act of 1980, 5 U.S.C. 601–612, the Commission's final analysis with respect to the Seventh Order on Reconsideration is as follows:

Need and purpose of this action. The Commission, in compliance with § 3 of the Cable Television Consumer Protection and Competition Act of 1992, 47 U.S.C. § 543 (1992), pertaining to rate regulation, adopts revised rules and procedures intended to ensure that cable services are offered at reasonable rates with minimum regulatory and administrative burdens on cable entities.

Summary of issues by the public in response to the Initial Regulatory Flexibility Analysis. There were no comments submitted in response to the Initial Regulatory Flexibility Analysis. The Chief Counsel for Advocacy of the **United States Small Business** Administration (SBA) filed comments in the original rulemaking order. The Commission addressed the concerns raised by the Office of Advocacy in the Report and Order and Further Notice of Proposed Rulemaking, 58 FR 29769 (5/ 21/93). Consistent with our rules, the SBA also filed an ex parte letter on August 3, 1994.

Significant alternatives considered and rejected. In the course of this proceeding, petitioners representing cable interest and franchising authorities submitted several alternatives aimed at minimizing administrative burdens. The Commission has attempted to accommodate the concerns expressed by these parties. In this order, the Commission is providing additional incentives to qualifying small systems to add channels to CPSTs and single-tier systems.

Paperwork Reduction Act

The requirements adopted herein have been analyzed with respect to the Paperwork Reduction Act of 1980 and found not to impose a new or modified information collection requirement on the public.

Ordering Clauses

Accordingly, IT IS ORDERED that, pursuant to Sections 4(i), 4(j), 303(r) 612, 622(c) and 623 of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 154(j), 303(r), 532, 542(c) and 543, the rules, requirements and policies discussed in this Seventh Order on Reconsideration, ARE ADOPTED and Part 76 of the Commission's rules, 47 CFR part 76, IS AMENDED as set forth below.

It Is Further Ordered that the Secretary shall send a copy of this Order to the Chief Counsel for Advocacy of the Small Business Administration in accordance with paragraph 603(a) of the Regulatory Flexibility Act. Public Law No. 96–354, 94 Stat. 1164, 5 U.S.C. §§ 601 et seq. (1981).

It Is Further Ordered that the requirements and regulations established in this decision shall become effective 30 days following publication in the **Federal Register**.

List of Subjects in 47 CFR Part 76

Cable television.

Federal Communications Commission. **William F. Caton**,

Acting Secretary.

Part 76 of title 47 of the Code of Federal Regulations is amended as follows:

PART 76—CABLE TELEVISION SERVICE

1. The authority citation for part 76 continues 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, 535, 542, 543, 552 as amended, 106 Stat. 1460.

2. Section 76.922 is amended by revising paragraph (e)(7) to read as follows:

§ 76.922 Rates for the basic service tier and cable programming service tiers.

(e) * * *

(7) Headend upgrades. When adding channels to CPSTs and single-tier systems, cable systems that are either independently owned or owned by small MSOs and incur additional monthly per subscriber headend costs of one full cent or more for an additional channel or are either independently owned or owned by small MSOs as defined in paragraph (b)(5) of this section, may choose among the methodologies set forth in paragraphs (e)(2) and (e)(3) of this section. In addition, such systems may increase rates to recover the actual cost of the headend equipment required to add up to seven such channels to CPSTs and single-tier systems, not to exceed \$5,000 per additional channel. Rate increases pursuant to this paragraph may occur between January 1, 1995, and December 31, 1997, as a result of additional channels offered on those tiers after May 14, 1994. Headend costs shall be depreciated over the useful life of the headend equipment. The rate of return on this investment shall not exceed 11.25 percent. In order to recover costs for headend equipment pursuant to this paragraph, systems must certify to the Commission their eligibility to use this paragraph, the level of costs they have actually incurred for adding the