such a complaint, the operator must file the necessary forms with the Commission, which then follows a review process analogous to that used by local franchising authorities regulating BST rates.

10. The benchmark approach described above requires operators to establish a separate rate structure in each franchise area served, since many of the variable used to generate the maximum rate are franchise specific. For example, while the data on whether the system is part of an MSO will be identical throughout all of the franchise areas served, the census income and subscribership variables are measured on a franchise area basis and necessarily will vary among franchise areas. Similarly, costs associated with PEG channels and other franchise-related costs may vary among franchise areas. A disparity in rates among franchise areas will occur even if the operator provides service to multiple franchise areas through a single, integrated cable system, since even in that case rates are set separately for each franchise area on the basis of variables specific to the franchise area.

11. Relatedly, we note that the acquisition and clustering of neighboring cable systems by MSOs has become fairly common. An operator seeking to establish uniform rates and services for clustered systems likely will need to add channels to the programming lineups of certain system and delete channels from the lineups of other systems. While the Commission's ''going-forward'' rate regulations typically provide operators with the flexibility to establish a uniform package of programming services, the operator's efforts to equalize prices will be severely constrained because the rules quite specifically dictate permitted changes in rates that must accompany changes in level of service and do not permit regional averaging of the data used to complete rates.

III. Discussion

12. We tentatively conclude that permitting operators serving multiple franchise areas to establish uniform services at uniform rates in all such areas would be beneficial for subscribers, franchising authorities, and operators. For example, facilitating an operator's ability to advertise a single rate for cable service over a broad geographic region may lower marketing costs and enhance the operator's efficiency in responding to competition from alternative service providers that typically may establish and market uniform services and rates without regard to franchise area boundaries. The increased ability of operators to compete resulting from this approach may increase penetration in a particular franchise area. Such an approach could reduce consumer confusion because a subscriber moving from one part of the operator's service area to another would not experience any difference in price or service offerings. We explore below two alternatives for permitting an operator to establish uniform rates for uniform services across multiple franchise areas, while fully protecting subscribers from unreasonable rates, and solicit comment on these and any other possible approaches. Before discussing these two methodologies, we will identify several issues that will arise regardless of which methodology we ultimately adopt.

13. Cable operators currently serve multiple franchise areas using a variety of system structure; some operators serve multiple areas with a single, integrated cable system while others use multiple, distinct systems. An operator's rates are not dependent on whether single or multiple systems are used to deliver service. We propose that under a uniform rate0-setting option, a cable operator be allowed to establish uniform rates for uniform service offerings in multiple franchise areas regardless of whether the operator serves the multiple franchise areas with on integrated cable system (i.e., one ''headend'') or with multiple separate cable systems, and seek comment on this proposal.

14. We believe that cable operators primarily will seek to establish uniform rates for systems serving multiple franchise areas that are located within some measure of proximity to each other, perhaps for purposes of regional adverting. Moreover, it is likely that the service costs and characteristics, such as the number of channels, density of subscribers, and median income level, associated with various franchise areas typically will vary as the geographic distances increase between the multiple franchise areas. This circumstance can increase the complexity of uniform rate-setting across multiple franchise areas. We note that a cable operator's obligation under the ''must-carry'' rules to carry local over-the-air broadcast stations, as well as the operator's copyright fee responsibilities, are determined based on the Area of Dominant Influence (''ADI'') in which the system is located. Section 4 of the 1992 Cable Act specifies that a commercial broadcasting station's market shall be determined in the manner provided in § 73.3555(d)(3)(i) of the Commission's Rules, as in effect on May 1, 1991. This section of the rules, now redesignated § 73.3555(e)(3)(i), refers to Arbitron's ADI for purposes of the broadcast multiple ownership rules. Section 76.55(e) of the Commission's Rules provides that the ADIs to be used for purposes of the initial implementation of the mandatory carriage rules are those published in Arbitron's 1991–1992 Television Market Guide. This Arbitron Guide is available at the Federal Communications Commission, 2033 M Street, N.W., Room 200, Washington, D.C. We note that Arbitron, the company that establishes the boundaries for ADIs, has ceased updating its ADI market list. Commission staff is currently exploring the designation of a replacement measure. Accordingly, we seek comment on whether the ADI, or some other region, would be appropriate for the setting of uniform rates. We seek comment on additional benefits of limiting uniform rate-setting to franchise areas located within the same ADI or similar region, as well as any difficulties resulting from this limitation. We further seek comment on the benefits or detriments of limiting rates to franchise areas located within the same county or state. Finally, we seek comment on the costs and benefits of permitting cable operators to select the region in which to set uniform rates under a uniform rate-setting method.

15. Below we describe two possible approaches for permitting cable operators to establish uniform rates for uniform packages of services offered to multiple franchise areas. We invite comment from interested parties as to these approaches and we seek suggestions as to any other alternatives that would further the goals discussed above.

16. The first approach would work generally as follows. A cable operator first would determine or identify BST and CPST rates established in each local franchise area pursuant to our existing rate regulations, as adjusted to reflect permitted or required rate changes resulting from the addition or deletion of channels necessary to structure uniform tiers throughout the franchise areas served. We seek comment on whether an operator would similarly follow our existing regulations concerning rates for equipment. BST rates then would be equalized by reducing all BST rates charged in the relevant region to the lowest regulated BST rate charged in any one franchise area located in the region. The new uniform BST rate would now constitute the operator's maximum permitted rate for basic cable service in all the relevant franchise areas. The operator then would add the total amount of ''lost'' revenue resulting from the various BST rate reductions to the total CPST