revenues to which the operator is otherwise entitled, under our existing rules, for all franchise areas in the relevant region. The operator then would determine a uniform CPST rate by dividing the total of the displaced BST revenues and existing CPST revenues by all CPST subscribers in the region. Thereafter, the operator would apply our going-forward policies and annual rate adjustment regulations on a regional basis. A numerical example of this option can be found below.

17. In some instances, cable systems may be regulated in certain franchise areas within the region and unregulated in others. We proposed that operators be free to establish uniform rates under the uniform rate-setting approach in unregulated as well as regulated franchise areas for purposes of uniformity. We believe that in such situations, an operator may elect to base uniform rates in part on data from unregulated areas only if such uniform rates also are charged in the unregulated areas. We believe that this optional approach further enhances operators' flexibility in establishing uniform rates. Moreover, uniform rates calculated pursuant to the method ultimately adopted in this proceeding, and charged in unregulated areas, should increase an operator's regulatory certainty with respect to whether the subscriber rates charged in the unregulated areas are reasonable under our rules should the operator later become subject to rate regulation in one of those areas. An operator later becoming subject to regulation would follow our existing procedures for establishing regulated rates, including determining an initial rate pursuant to our benchmark formula or cost-of-service rules, and seeking the approval of rates from the local franchising authority. We seek comment on this approach. We also seek comment on how an operator's regulated rates for equipment may affect the setting of uniform rates.

18. An operator's rates would remain subject to the dual jurisdictions of the affected local franchising authorities and the Commission. Upon the initial application of this approach, BST rates would be unchanged in at least one franchise area and would be reduced in each franchise area with higher rates. Thus, this proposal may benefit many subscribers who receive only basic cable service, and should be cost-neutral to the remaining basic-only subscribers in the franchise area(s) with the lowest current BST rates. Certified local franchising authorities would retain jurisdiction to ensure that the operator's BST rates are in compliance with our rules. The operator would recoup the

costs of reduced BST rates through the averaged CPST rates over which the Commission would retain jurisdiction. We seek comment on this proposed approach, including comment on: (1) the costs and benefits of requiring operators to reduce BST rates to the lowest common rate under this option, (2) the impact of an operator's redistribution of BST rate reductions among CPST rates charged in neighboring franchise areas, and (3) the application of our going-forward policies and annual rate adjustment on a regional basis. We note that our rules allow franchising authorities to review and approve operators' proposed BST rates and increases to those rates. Under this option, however, pre-approval of uniform BST rates by franchising authorities generally will be unnecessary given that subscriber rates typically will decrease or remain unchanged. We seek comment on the benefits and costs of this approach for local franchising authorities, and whether this approach will protect subscribers from unreasonable rates.

19. Under the second possible approach for establishing uniform rates for uniform services, a cable operator would determine or identify BST and CPST rates charged in each of the relevant franchise areas pursuant to our existing rate regulations, as adjusted for rate changes resulting from the addition or deletion of channels necessary to structure uniform service tiers. We seek comment on whether an operator similarly would follow our existing regulations concerning rates for equipment. After aggregating the BST rates and revenues for all the franchise areas in the region, and then the CPST rates and revenues for all franchise areas, the operator would determine a single "blended" rate for BSTs, and a single blended rate for CPSTs, to be charged in all franchise areas in the region pursuant to a formula designed by the Commission. The blended rates for BSTs and CPSTs would be determined by averaging the operator's total BST and CPST rates, respectively, on a per subscriber basis for all subscribers in the region, in order to ensure that the establishment of uniform rates is revenue-neutral to the cable operator. A numerical example of this option can be found below. The operator would be required to justify its blended rates to each local franchising authority certified to regulate rates. The operator would be free, of course, to establish this rate in uncertified areas, for purposes of uniformity across a wide region. As noted for the other proposed approach, we propose that an operator

may elect a base uniform rates in part on data from unregulated areas only if such uniform rates also are charged in the unregulated areas, and believe that similar benefits for operators and subscribers will result from this requirement under both possible approaches. We seek comment on this tentative conclusion, as well as comment on other benefits and detriments of the cable operator basing the blended rate in part on data from such unregulated areas. We also seek comment on how an operator's establishment of uniform rates in uncertified areas may impact on the operator's ability to later implement required refunds or prospective rate reductions in certified areas.

20. After setting initial uniform rates, the operator would apply our goingforward policies and the recently adopted annual adjustment method on a regional basis to adjust future rates. Again, the dual jurisdictional boundaries of franchising authorities and the Commission would remain intact. We seek comment on this approach generally, including comment on: (1) any associated burdens for regulated cable companies and regulators, (2) whether this approach would protect cable subscribers from unreasonable rates in accordance with the 1992 Cable Act, (3) the proposed calculation of the blended rate, and (4) the application of our going-forward policies and annual adjustment method on a regional basis. We note that under this approach subscribers' BST rates may increase in certain jurisdictions (and decrease in others) as BST rates are adjusted to establish uniformity. We seek comment on the benefits and costs of adopting this formula given that certain BST subscribers may experience rate increases.

21. Both proposed uniform rate setting methodologies will result in increases in CPST rates for some subscribers. In light of the cost savings to cable operators likely to be created by implementation of uniform rates, we seek comment on whether it is appropriate to either limit the amount of increase a CPST subscriber must pay in a given year as a result of this institution of uniform rates or to phase-in significant increases over a two-year period. Comments should also address what administrative burdens such a limitation or phased-in increase would create for operators.

22. Several potential timing circumstances may affect the implementation of a uniform rate-setting approach. For example, where an operator has submitted justifications, the operator may be subject to multiple