

FEDERAL COMMUNICATIONS COMMISSION**47 CFR Parts 1 and 76**

[MB Docket Nos. 02–144; MM Docket Nos. 92–266, 93–215; CS Docket No. 94–28; FCC 25–33; FR ID 301311]

Cable Television Rate Regulations

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: In this document, the Federal Communications Commission (FCC) eliminates unnecessary cable rate regulation forms and rules; deregulates cable equipment not used exclusively to receive the basic cable service tier; deregulates small cable systems serving 15,000 or fewer subscribers that are owned by small cable companies serving 400,000 or fewer subscribers; declines to extend rate regulation to commercial establishments; and modifies rules to account for the sunset of CPST regulation and clarifies their application. This action is necessary because many of the FCC's rules governing cable rate regulation have been rendered obsolete or unworkable due to the sunset of cable programming service tier (CPST) rate regulation and the passage of time. In addition, in this document, the FCC closes several moot proceedings and dockets which are either resolved by this document or have become obsolete or irrelevant due to regulatory updates, technology advances, marketplace changes, or have been addressed in other FCC orders. The actions taken in this document by the FCC will have the effect of streamlining the cable television rate regulations, unleashing prosperity through deregulation, and reducing the administrative burdens on the cable industry, franchising authorities, and the FCC, while continuing to fulfill the statutory obligation to subscribers to ensure reasonable rates for cable service and equipment.

DATES: Effective August 13, 2025, except the amendments to §§ 1.1204 (amendatory instruction 2), 1.1206 (amendatory instruction 3), 76.911 (amendatory instruction 5), 76.922 (amendatory instruction 6), 76.923 (amendatory instruction 7), 76.934 (amendatory instruction 10), 76.944 (amendatory instruction 15), and 76.990 (amendatory instruction 21), which are delayed. The FCC will publish a document in the **Federal Register** announcing the effective date.

FOR FURTHER INFORMATION CONTACT: For additional information on this proceeding, contact Katie Costello,

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SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Report and Order, in MB Docket Nos. 02–144; MM Docket Nos. 92–266, 93–215; CS Docket No. 94–28; FCC 25–33, adopted on June 26, 2025 and released on June 27, 2025. The full text of this document is available via FCC website at <https://docs.fcc.gov/public/attachments/FCC-25-33A1.pdf>. The full text of this document will also be available via ECFS <https://www.fcc.gov/cgb/ecfs/>. (Documents will be available electronically in ASCII, Word, and/or Adobe Acrobat.) To request these documents in accessible formats for people with disabilities, send an email to fcc504@fcc.gov or call the Commission's Consumer and Governmental Affairs Bureau at (202) 418–0530 (voice), (202) 418–0432 (TTY).

Synopsis

Introduction. This Report and Order streamlines the cable television rate regulations in Part 76 of the FCC rules. Many of the FCC's rules governing cable rate regulation have been rendered obsolete or unworkable due to the sunset of CPST rate regulation and the passage of time. In 2018, the FCC initiated a rulemaking to review and update its rate regulations, 83 FR 60804. This Report and Order deregulates cable equipment not used exclusively to receive the BST; deregulates small cable systems serving 15,000 or fewer subscribers that are owned by small cable companies serving 400,000 or fewer subscribers; declines to extend rate regulation to commercial establishments; modifies §§ 76.980 and 76.984 of the FCC's rules to acknowledge the sunset of CPST regulation; revises and simplifies the process for cable operators to establish an initial regulated rate after becoming subject to regulation; modifies and simplifies the inter-tier channel movement rules to account for the sunset of CPST regulation; clarifies the instructions for calculating interest in Module H of Form 1240; and eliminates unnecessary forms and rules and terminates several open dockets.

Background. Section 623 of the Communications Act of 1934, as amended, 47 U.S.C. 543 (the Act), requires the FCC to ensure that rates for the basic service tier (BST) are reasonable and that regulations are implemented to achieve the goal of protecting subscribers of any cable system that is not subject to effective

competition. Section 623 also requires the FCC to establish rate regulations for the installation and lease of equipment used to receive the BST on the basis of actual cost. For cable systems that are not subject to effective competition, section 623 permits local franchising authorities (LFAs) to apply the FCC's rules to regulate the charges for the BST and the installation and lease of cable customer premises equipment used by subscribers to receive the BST. To implement section 623, the FCC adopted rate regulation rules, beginning in 1992, that continue to serve three basic functions: setting initial BST rates, updating those rates, and setting equipment rates. The FCC developed a common set of tier-neutral benchmarks and regulations so that the same methodology was to be used to set rates for BST and the CPST. However, in 1996, Congress added a sunset provision applicable to the regulation of all tiers of cable service except the BST.

Equipment Regulation. This Report and Order updates FCC rules to limit cable equipment rate regulation to equipment that is used by BST-only subscribers to receive the regulated BST and any additional per channel or per program services, but that is not used for any unregulated tiers of cable service. The FCC retains the requirement to apply the actual cost standard to equipment used to receive the BST, but the FCC no longer believes the statute supports continued rate regulation of equipment used by subscribers to receive CPSTs, in light of the statutorily mandated sunset of CPST regulation, which includes equipment used to receive a CPST by definition. The result is that BST-only subscribers will continue to pay a regulated price for equipment whereas subscribers to the non-regulated CPST will receive an unregulated price for equipment.

Small System Deregulation. This Report and Order exempts from rate regulation small cable systems serving 15,000 or fewer subscribers that are owned by small cable companies serving 400,000 or fewer subscribers. Consequently, the Report and Order eliminates rules establishing alternate methodologies for small systems as well as the Form 1230. The FCC previously identified unique qualitative characteristics of small systems owned by small cable companies that differed from larger systems, and found that the larger cable companies had higher revenue and a greater number of subscribers per mile, making it easier to attract the financing and investment necessary to maintain and improve service. The larger systems also were better able to absorb the costs and

burdens of regulation due to their expanded administrative and technical resources. The Report and Order finds that the benefits of regulating small systems owned by small cable companies do not outweigh the potential of placing an inordinate hardship upon smaller cable companies in terms of labor and other resources that must be devoted to ensuring compliance. The FCC thinks consumers will benefit from deregulation by allowing these small systems to better attract the financing and investment necessary to maintain and improve service. The FCC agrees that it has ample legal authority to grant relief to small systems. The Report and Order is consistent with the Act, including section 623(i), which requires the FCC to reduce the administrative burdens and costs of compliance for small cable systems, and also section 623(m). This action will encourage investment in small companies, rely on the marketplace for setting rates for small systems owned by small cable companies for the foreseeable future, and ensure small systems owned by small cable companies will be able to fully recoup investment in expanding their systems. Thus, exemption from rate regulation for these small systems, and elimination of associated forms, provides needed regulatory certainty and reduces potential significant administrative costs.

Non-Residential Service Regulation. The Report and Order concludes that the FCC's rate regulation rules apply only to residential customers. Thus, cable services offered to non-residential subscribers, such as retail stores and restaurants, are not subject to the FCC's rate regulations. In limiting rate regulation to cable service and equipment provided to subscribers in households and not non-residential establishments, the Report and Order notes that the FCC, in applying the test for effective competition, has determined that the term household means occupied housing units. The Report and Order finds that using the term occupied housing unit, as the FCC has interpreted it in the effective competition context, to distinguish residential from non-residential subscribers provides a bright line and allows a clear distinction between regulated and unregulated services. The Report and Order defines residential subscribers as subscribers residing in an occupied housing unit, such as a house, an apartment, a mobile home or trailer, a group of rooms, or a single room occupied as separate living quarters.

Modification of Section 76.980. The Report and Order modifies § 76.980,

which limits charges cable operators may impose when a customer changes its service tier subscription, adopted pursuant to section 623(b)(5)(C) of the Act, which requires that the FCC impose standards and procedures to prevent unreasonable charges for changes in the subscriber's selection of services or equipment. Given the language of the statute and the section's placement and purpose in the statutory scheme, the FCC believes the best reading of section 623(b)(5)(C) is that it was intended to ensure that the rates of the BST are reasonable. Accordingly, the Report and Order finds that § 76.980, which was adopted pursuant to this statutory section, is not required to sunset along with other CPST regulations. The Report and Order modifies § 76.980 so that it applies only to changes in service tiers that result in a selection of a BST-only service. Section 76.980 will continue to protect subscribers from being penalized for downgrading their service to a BST-only tier, which is particularly important for subscribers who are facing financial challenges.

Modification of Section 76.984. The Report and Order modifies § 76.984, which requires uniformity of rates throughout a franchise area, to reflect the sunset of CPST rate regulation. This rule was adopted pursuant to section 623(d) of the Act to prohibit cable operators from selling the same cable service at different prices in different parts of a given franchise area unless the franchise area as a whole faces effective competition. In light of the congressional intent not to apply the uniform rate requirement to unregulated services, the Report and Order concludes that the statutory provision no longer applies to the CPST and eliminates the reference to CPST in § 76.984 of the FCC rules. The FCC rule will continue to prevent discriminatory and anti-competitive behavior and promote competition in areas where the cable system is not subject to effective competition, but will be limited to rate-regulated BST services and equipment.

Establishing Initial Rates. The Report and Order revises the FCC methodology for newly regulated cable operators to establish initial regulated BST rates. Specifically, the Report and Order requires a cable operator to use, as its initial regulated BST rate, the BST rate in effect 60 days prior to the date an LFA files its certification to regulate BST rates. This methodology replaces the existing methodology that requires initial rates to be calculated using historical financial and rate data from the 1990s, when the FCC adopted rules establishing initial rates. The Report and Order modifies the FCC transition rules

for entities losing their rate regulation exemption status to conform with the rules for other newly regulated operators. Under the FCC's existing rate regulation rules, the process for setting an initial BST rate when a cable system becomes regulated is complicated and requires using data from as far back as 1992. After LFAs and cable operators set initial regulated rates, increases are governed on a going-forward basis by a price cap mechanism, which permits periodic adjustments for inflation, changes in the number of regulated channels on tiers, and changes in external costs. Regulated rates are expected to allow cable operators to recover their costs and obtain a reasonable profit. Under the FCC's current rules, a newly regulated cable operator choosing the benchmark methodology must use Form 1200 to calculate its initial regulated rates and Form 1240 to justify subsequent rate increases. The revisions today will eliminate the Form 1200 calculation and change the starting rate entered on the Form 1240. Choosing the cable operator's actual unregulated rate as a starting point presumes that an operator has set its unregulated rates to sufficiently recover its costs and earn a reasonable profit. In light of the fact that the FCC's current system is based on data collected in 1992 and requires detailed back-up on rates and channel line-up changes made years or even decades earlier (often by a prior system owners), the Report and Order finds that basing initial regulated rates on unregulated rates in effect 60 days prior to the date an LFA files its certification to regulate the BST is a reasonable update consistent with the FCC's statutory requirements. A regulated cable operator will identify to the LFA its BST rate that was in effect 60 days prior to the date the LFA filed its certification to regulate BST rates and file supporting documentation such as a rate card. This rate will be inserted as the Current Maximum Permitted Rate on Line A1 of operator's initial Form 1240 when justifying a subsequent rate increase. This rate will include the entire amount charged for the BST, whether or not an operator has broken out individual components of the rate as separate line items on its subscribers' bills. It will not include promotional or discount rates nor include charges for equipment used to receive the BST. After this initial rate is entered on the Form 1240, the Form 1240 will be used to account for subsequent changes in external costs and inflation and changes in the number of channels on the BST that have occurred since the operator

implemented its most recent unregulated BST rate or subsequent regulated BST rates. The BST rate in effect 60 days prior to the LFA's certification filing date will be deemed reasonable and will be used as the initial regulated rate and the starting rate for future rate increases that are subject to regulation. In the interest of uniformity and consistency, the Report and Order modifies the three-month period that applies to small cable operators who lose their deregulatory status to conform with the new 60 day rule applicable to other newly regulated operators. Under the FCC's existing rules, if a small cable operator subsequently becomes ineligible for small operator status, the operator may maintain the rates it charged prior to losing small cable operator status if such rates were in effect for the three months preceding the loss of small cable operator status. The revised rule now states that upon regulation, actual rates and subsequent rate increases will be subject to generally applicable regulations governing rates and rate increases, which includes the newly adopted 60 day rule. The Report and Order notes that the date used for establishing the initial regulated rate and the effective date of regulation are not the same. The Report and Order uses the date 60 days before an LFA files its certification to establish initial regulated rates. However, the effective date of regulation is the date an LFA notifies a cable operator that it has been certified and adopted regulations. For purposes of refund liability, the Report and Order simplifies the refund rule so that a cable operator's liability for refunds runs from the effective date of regulation until the operator reduces its rate in compliance with an LFA order. The effective date of regulation for a cable operator remains the date that an LFA notifies the cable operator that the BST is subject to regulation; a cable operator will not be required to refund overcharges prior to that date.

Channel Movement Calculation. The Report and Order modifies the FCC's channel movement rules to account for the sunset of CPST regulation and to simplify the process. When the FCC adopted rules pertaining to the addition and deletion of channels from a regulated tier of service, or channel movement, both the BST and CPST were subject to rate regulation, and the FCC indicated its intention to provide a rate adjustment mechanism for channel movement between regulated BST and CPST tiers.

Channel Number Component. The Report and Order eliminates the requirement that rates be adjusted based

on changes in the total number of regulated channels on the system when channels are added to or deleted from the BST. The rate regulation rules currently allow for a rate adjustment based on changes in the total number of channels on all regulated tiers. This per channel adjustment factor is calculated using a markup table, which is premised on having a regulated CPST and a system with fewer than 100 channels. Because the table calculation includes now-deregulated CPST channels, and the table maxes out at 99.5 channels with a rate adjustment of one cent for each additional channel, an updated table would likely have no effect on maximum permitted rates, let alone actual rates, which are generally lower than the calculated maximum permitted rates. The Report and Order eliminates this adjustment and the accompanying table. Regulated BST rates will no longer include adjustments based solely on a change in the total number of regulated channels.

Residual Component. The Report and Order simplifies the FCC's methodology to account for a reduction in BST channels. The residual amount can be roughly analogized to the cost of providing and maintaining the network and offering the service. Under the FCC's current rules, when a channel is removed from the CPST or BST, a per channel residual amount is removed as well and moves with the channel to its new tier location. Now that the CPST is no longer regulated, there is not a regulated residual calculation available to move with a channel that is moved to the BST from a CPST. However, when a channel is removed from the BST, the FCC's current rules continue to require the removal of the per channel share of the residual portion of the BST permitted charge. Without a regulated CPST, this sets up an imbalance between the tiers because a regulated per channel residual can no longer move from the CPST to the BST. The FCC proposed to simplify the rule so that no per channel residual is moved to the BST when the cable operator moves a CPST channel to the BST, and no per channel residual is removed from the BST when a channel is removed from the BST, unless the total number of channels on the BST falls below the total number of channels included in the initial regulated BST rate, in which case the residual is removed. The Report and Order adopts the proposed solution, which addresses the sunset of CPST regulation while seeking to maintain the integrity of the process for determining reasonable maximum permitted BST rates in regulated communities. The

Report and Order adopts the proposed changes to the process for calculating and removing the per channel residual component from the BST. The per channel residual is the permitted charge for the BST, minus the external costs, divided by the total number of channels on the BST. Rather than requiring cable operators to complete the existing complicated and time-consuming worksheets, cable operators will be required to simply record the number of channels included on the BST at the time the initial regulated rate was established (Initial Channel Count) and at each Form 1240 update. If the total number of channels on the BST falls below the Initial Channel Count, then the cable operator should perform the residual calculation and remove the residual amount associated with the number of removed channels from the BST rate. Any other channel movement to or from the BST that does not cause a drop in channels below the Initial Channel Count will not require the removal of any residual or otherwise change the Initial Channel Count. This updated methodology is both simple and equitable, and will ensure that unregulated CPST residual amounts are not added to the BST and that excessive amounts of residual are not removed from the BST. The Report and Order notes that cable operators and LFAs have the flexibility to agree that a residual for a small number of channels would be so insignificant that its removal should be waived. In those cases, the FCC will defer to their judgment and waive the requirement to remove the residual component. Overall, the modifications adopted today will greatly simplify and balance the channel movement rules.

Form 1240 True-Up Accrual of Interest. The Report and Order clarifies the FCC's Form 1240 instructions to prevent cable operators from accruing interest on costs not passed through to subscribers when they are first entitled to recover those costs. The Form 1240 allows an operator to calculate a maximum permitted rate using projected costs. The operator is then required to true up its rate by comparing the projected costs with actual costs once they are known. The operator is not required to pass through all of its costs to subscribers in the rate it chooses to implement but may accrue costs to pass through at a later date. When interest continues to accrue on these costs, it can result in excessive maximum permitted rates calculated on the Form 1240. The FCC has stated in numerous decisions, and our rules state, that interest should not continue to

accrue on these unrecovered costs. The Report and Order supplements the FCC's Form 1240, Module H instructions as follows: when calculating interest in Module H of Form 1240, operators will not include unrecovered costs for which interest has previously been calculated. This will prevent cable operators from using the form to continue to accrue interest on costs not passed through to subscribers when they are first entitled to recover those costs. The Report and Order finds that this clarification is consistent with the FCC's prior conclusion that if an operator elects not to recover its accrued costs with interest on the date the operator is entitled to make its annual rate adjustment, the interest will cease to accrue. The Report and Order notes that this clarification does not take away an operator's ability to recover accrued costs and allowable accrued interest at a later date.

Elimination of Unnecessary Forms and Rules. The Report and Order eliminates or updates certain forms and rules that have become obsolete due to the FCC's action today or to previous FCC action and are no longer necessary. These include forms and rules related to the FCC's now obsolete benchmark methodology for establishing initial rates, forms and rules related to the FCC's now obsolete cost of service alternative methodologies, and forms and rules that have simply become unnecessary due to the passage of time and the sunset of CPST regulation.

Initial rate-setting forms and rules. As a consequence of the FCC decision today to use an operator's BST rate in effect 60 days prior to the date an LFA files its certification to regulate BST rates for the initial regulated rate, the Report and Order eliminates Form 1200 (*Setting Maximum Permitted Rates for Regulated Cable Systems for First Time Filers*) and its related rules, including § 76.922(f)(4) which addresses adjustments for increases in external costs incurred during the period between September 1992 and the initial date of regulation; any references in the FCC's rules to the Form 393, the predecessor form to the Form 1200; §§ 76.911(b)(3) (refers to the simplified refund rule); 76.922 (incorporates changes to the rate calculations, removes references to the CPST and obsolete forms and methodologies); 76.923 (limits equipment regulation); 76.924 (removes references to the CPST, 1993 accounting practices and small system regulation); 76.930 (refers to the new 60 day rule); 76.933 (streamlines the process for LFA review of rate filings); 76.934 (adds deregulation of small systems owned by small cable

companies and removes alternative methodologies); 76.935 (removes references to obsolete time periods for rate review by LFAs); 76.937 (removes reference to cost of service methodology); 76.938 (removes references to obsolete forms); 76.939 (removes references to obsolete forms); 76.942 (streamlines refund rules); 76.944 (conforms citation to revised 76.922); 76.945 (removes reference to cost of service); 76.963 (removes rule only applicable to CPST); 76.980 (limits rule to BST); 76.982 (removes rule applicable to pre-1990 agreements); 76.984 (removes reference to CPST); 76.990 (conforms to 60 day rule); and 76.1805 (removes the provision regarding alternative agreements based on deregulation of small systems owned by small cable companies).

Cost of service forms and rules. The Report and Order eliminates the labor-intensive and infrequently used Form 1220 (*Cost of Service Filing for Regulated Cable Systems*) and the concomitant cost of service methodology, which is an alternative means to the Form 1200 for setting initial regulated rates. The cost of service methodology was adopted as a safety valve for high cost systems that might not receive an adequate rate of return using the benchmark system methodology to establish initial rates. Now that initial rates will be determined based on the BST rate in effect 60 days prior to the date an LFA files its certification to regulate BST rates, which the Report and Order presumes cable operators set to recover costs and earn a reasonable profit when not rate regulated, there is no longer a need to provide this under-utilized safety valve. For these reasons, the Report and Order eliminates Form 1220 and accompanying rules. Likewise, instead of adopting the changes to Form 1235 (*Abbreviated Cost of Service Filing for Cable Network Upgrades*), the FCC is persuaded by the record to eliminate the form altogether. Under FCC's existing rules, cable operators may recover significant network upgrade costs through a surcharge on regulated rates, by filing a Form 1235 with LFAs. Cable operators, who are the beneficiaries of the Form 1235 abbreviated cost of service methodology and associated rules, proposed eliminating the form. The Form 1235 benefits cable operators by allowing them to justify rate increases for system upgrades without having to file a full cost of service showing. The Report and Order finds no justification to retain this form. Its beneficiaries find it to be unnecessary and, as with the FCC's other cost of

service alternatives, the FCC can assume that unregulated rates are set to include a return adequate for system upgrades. The Report and Order eliminates Form 1235 and its accompanying rules. Cable operators sought to reaffirm their ability to seek redress if facing severe economic hardship as a result of compliance with the FCC's rules. Because of the greater flexibility cable operators now have in setting rates for cable services, the FCC is skeptical that such redress will be necessary. However, the Report and Order reiterates that a cable television system operator may file a petition asking the FCC to find it in the public interest to waive any provision of part 76 of the FCC's rules or impose additional or different requirements.

Miscellaneous obsolete forms and rules. The Report and Order eliminates other inactive or obsolete rate forms and delete references to them in the FCC's rules. The eliminated forms are: FCC Form 1210 (*Updating Maximum Permitted Rates for Regulated Cable Systems*); Form 1211 (a small system alternative to FCC Form 1210); Form 1215 (a la carte channel offerings); Form 1225 (a small systems cost of service form); and Form 329 (an obsolete CPST complaint form). We eliminate rules that are obsolete due to the sunset of CPST regulation, including § 76.922(e)(2)(iii)(C) (allows an adjustment to the CPST and BST of single-tier systems); § 76.982 (refers to agreements pre-dating the 1990 rule changes and is not needed to implement section 623(j) of the Act); and § 76.963 (applies to CPST complaints). Section 76.963 was adopted to limit the FCC's existing forfeiture authority from being applied to FCC orders resolving complaints regarding CPST service and equipment rates, and is no longer necessary. The Report and Order deletes references to the Form 329 contained in our practice and procedure rules, 1.1204(b)(6) and 1.1206(a)(11).

Closing of Proceedings. The Report and Order closes MB Docket No. 02–144, which includes the FCC's notice of proposed rulemaking, 67 FR 56882, initiated to resolve open issues related to the sunset of CPST regulation and the experience gained with the application of the FCC's rate regulations. The Report and Order closes MM Docket No. 92–266, the original Report and Order implementing the statutory scheme for rate regulation. The Report and Order closes MM Docket No. 93–215 and CS Docket No. 94–28, the dockets addressing cost of service alternatives, and terminates the FCC's 1996 further notice of proposed rulemaking in those dockets and dismisses the various pending petitions for reconsideration in

those dockets, which are rendered moot. The FCC closes the above-captioned proceedings with this Report and Order because any open issues raised therein are resolved by this Report and Order, have become obsolete or irrelevant due to regulatory updates, technology advances, or marketplace changes, or have been addressed in other FCC orders and no longer need to be resolved.

Regulatory Flexibility Act. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the FCC incorporated an Initial Regulatory Flexibility Analysis (IRFA) in the Further Notice of Proposed Rulemaking, Revisions to Cable Television Rate Regulations, 83 FR 60804 (2018 FNPRM). The FCC sought written public comment on the proposals in the 2018 FNPRM, including comment on the IRFA. No comments were filed addressing the IRFA. This Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.

Need for, and Objectives of, the Rules. The Report and Order makes changes to remove rule sections and eliminate rate calculation forms that are obsolete due to the sunset of CPST rate regulation. In the past, the FCC developed rules and forms for the regulation of cable television rates when both the BST and the CPST were subject to rate regulation. In the Report and Order, the FCC updates rules and rate forms to reflect the March 1999 sunset of CPST rate regulation pursuant to the Telecommunications Act of 1996 and to address issues which have arisen over time. The Report and Order updates and streamlines the cable rate regulations in Part 76 of the FCC's rules governing multichannel video and cable television service. The Report and Order also streamlines the initial rate-setting methodology, clarifies how cable operators may adjust their rates every year, eliminates rate regulation of some equipment used to receive cable signals, and eliminates rate regulation of small systems owned by small cable companies. Further, the Report and Order eliminates rate forms that are no longer necessary. These changes relieve regulatory burdens for small and other cable operators, modernize and streamline cable rate regulations, and update regulations to account for the deregulation of cable programming service tier rates. For cable systems in general, including small cable systems, all of these changes have the effect of eliminating or reducing regulatory burdens.

Summary of Significant Issues Raised by Public Comments in Response to the IRFA. There were no comments filed

that specifically addressed the proposed rules and policies presented in the IRFA. However, there were comments regarding the impact of the rule on small entities stating that the administrative burdens faced by small cable operators are greater than those of larger operators that have more administrative and technical resources. These comments favored the FCC's proposal to deregulate small cable systems serving 15,000 or fewer subscribers, that are owned by small cable companies serving 400,000 or fewer subscribers. In the Report and Order, the FCC finds that the benefits of regulating small systems owned by small cable companies do not outweigh the potential hardship of regulatory compliance for small entities. The FCC's action will allow small systems to better attract the financing and investment necessary to maintain and improve service.

Response to Comments by the Chief Counsel for Advocacy of the Small Business Administration. Pursuant to the Small Business Jobs Act of 2010, which amended the RFA, the FCC is required to respond to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration (SBA), and provide a detailed statement of any change made to the proposed rules as a result of those comments. The Chief Counsel did not file any comments in response to the proposed rules in this proceeding.

Description and Estimate of the Number of Small Entities to Which the Rules Will Apply. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the rules adopted herein. The RFA generally defines the term small entity as having the same meaning as the terms small business, small organization, and small governmental jurisdiction. In addition, the term small business has the same meaning as the term small business concern under the Small Business Act. A small business concern is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.

Cable Companies and Systems (Rate Regulation). The FCC has developed its own small business size standard for the purpose of cable rate regulation. Under the FCC's rules, a small cable company is one serving 400,000 or fewer subscribers nationwide. Based on industry data, there are about 420 cable companies in the U.S. Of these, only seven have more than 400,000 subscribers. In addition, under the

FCC's rules, a small system is a cable system serving 15,000 or fewer subscribers. Based on industry data, there are about 4,139 cable systems (headends) in the U.S. Of these, about 639 have more than 15,000 subscribers. Accordingly, the FCC estimates that the majority of cable companies and cable systems are small.

Cable System Operators (Telecom Act Standard). The Communications Act of 1934, as amended, contains a size standard for a small cable operator, which is a cable operator that, directly or through an affiliate, serves in the aggregate fewer than one percent of all subscribers in the United States and is not affiliated with any entity or entities whose gross annual revenues in the aggregate exceed \$250,000,000. For purposes of the Telecom Act Standard, the FCC determined that a cable system operator that serves fewer than 498,000 subscribers, either directly or through affiliates, will meet the definition of a small cable operator. Based on industry data, only six cable system operators have more than 498,000 subscribers. Accordingly, the FCC estimates that the majority of cable system operators are small under this size standard. We note however, that the FCC neither requests nor collects information on whether cable system operators are affiliated with entities whose gross annual revenues exceed \$250 million. Therefore, we are unable at this time to estimate with greater precision the number of cable system operators that would qualify as small cable operators under the definition in the Communications Act.

Small Governmental Jurisdictions. The small entity described as a small governmental jurisdiction is defined generally as governments of cities, counties, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand. U.S. Census Bureau data from the 2022 Census of Governments indicate there were 90,837 local governmental jurisdictions consisting of general purpose governments and special purpose governments in the United States. Of this number there were 36,845 general purpose governments (county, municipal and town or township) with populations of less than 50,000 and 11,879 special purpose governments (independent school districts) with enrollment populations of less than 50,000. Accordingly, based on the 2022 U.S. Census of Governments data, we estimate that at least 48,724 entities fall into the category of small governmental jurisdictions. As noted in the Report and Order, nearly all, if not all, cable operators now face effective competition

and are not subject to rate regulation. This means that few, if any, local governments, including small governmental jurisdictions, are certified to regulate rates at this time. Therefore, we expect the number of small governmental jurisdictions, to which these rule changes would apply at this time, to be negligible.

Description of Economic Impact and Projected Reporting, Recordkeeping and Other Compliance Requirements for Small Entities. The RFA directs agencies to provide a description of the projected reporting, recordkeeping and other compliance requirements of the proposed rule, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record. The Report and Order updates and streamlines the cable rate regulations in Part 76 of the FCC's rules governing multichannel video and cable television service. All of the rule changes are either neutral or reduce existing reporting, recordkeeping, or other compliance requirements for small and other entities. Specifically, the Report and Order exempts systems serving 15,000 or fewer subscribers that are owned by small cable companies of 400,000 or fewer subscribers from all rate regulation. The Report and Order also limits cable equipment regulation to equipment that is used by BST-only subscribers to receive the BST and additional per channel or per program services. Further, it streamlines the process for establishing initial regulated rates by updating the methodology for newly regulated cable operators to establish initial BST rates using the BST rate in effect 60 days prior to the date a local franchising authority (LFA) files its certification to regulate BST rates. In addition, the Report and Order sunsets the unabbreviated and abbreviated cost of service methodologies and clarifies and or eliminates obsolete rules and forms. These changes are necessary to relieve regulatory burdens, modernize and streamline cable rate regulations, and update regulations to account for the deregulation of CPST rates. No increase in the regulatory burden on small systems or small governmental entities is expected to result from this proceeding.

Discussion of Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered. The RFA requires an agency to provide a description of the steps the agency has taken to minimize the significant economic impact on small entities, including a statement of the factual,

policy, and legal reasons for selecting the alternative adopted in the final rule and why each one of the other significant alternatives to the rule considered by the agency which affect the impact on small entities was rejected. The Report and Order updates and streamlines the cable rate regulations in Part 76 of the FCC's rules governing multichannel video and cable television service. This includes streamlining channel addition and deletion rules and the process for establishing initial regulated rates, the further deregulation of small entities, and the elimination of obsolete rules and forms. Many of the alternatives considered in the Report and Order relieve regulatory burdens for small and other cable operators, modernize and streamline cable rate regulations, and update regulations to account for the deregulation of CPST rates. For example, there were comments in favor of the FCC's proposal to eliminate administrative burdens for small cable systems serving 15,000 or fewer subscribers that are owned by small cable companies of 400,000 or fewer subscribers, because those burdens would discourage investment in services by these cable systems. In considering whether to adopt this alternative, the FCC finds these assertions to be persuasive. These changes do not increase the regulatory burden small systems face as a result of rate regulation. Instead, they lessen it by reducing the amount of information required to be reported. The Report and Order also considered whether to extend rate regulation beyond residential customers, but instead, considering the language of the Act and FCC precedent, decided not to include non-residential subscribers, such as retail stores and restaurants. Additionally, the FCC modified the three-month period for cable operators that lose their status as small operators to now conform with the new 60 day rule for other operators subject to these regulations.

Report to Congress. The FCC will send a copy of the Report and Order, including this Final Regulatory Flexibility Analysis, in a report to Congress pursuant to the Congressional Review Act. In addition, the FCC will send a copy of the Report and Order, including this Final Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the SBA.

Paperwork Reduction Act. This document may contain new or modified information collections subject to the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501–3521. All such new or modified information collections

will be submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the PRA. OMB, the general public, and other Federal agencies will be invited to comment on any new or modified information collections contained in this proceeding. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, 44 U.S.C. 3506(c)(4), we previously sought specific comment on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees. In this present document, we have assessed the effects of our rule modifications, including streamlining the initial rate-setting methodology, eliminating rate regulation of some equipment used to receive cable signals, and eliminating rate regulation of small systems owned by small cable companies, and find that all of these changes have the effect of eliminating or reducing regulatory burdens for all cable systems, including small business concerns. Additionally, this document may contain non-substantive modifications to approved information collections. Any such modifications will be submitted to OMB for review pursuant to OMB's non-substantive modification process.

Congressional Review Act. The Commission has determined, and the Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget, concurs, that this rule is "non-major" under the Congressional Review Act, 5 U.S.C. 804(2). The Commission will send a copy of this Report and Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A).

Accordingly, *it is ordered* that, pursuant to the authority found in sections 1, 2(a), 3, 4(i), 4(j), 303(r), 601(3), 602, and 623 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152(a), 153, 154(i), 154(j), 303(r), 521, 522, 543, this Report and Order *is adopted*.

It is further ordered that, pursuant to the authority found in sections 1, 2(a), 3, 4(i), 4(j), 303(r), 601(3), 602, and 623 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152(a), 153, 154(i), 154(j), 303(r), 521, 522, 543, the FCC's rules *are amended* as set forth below.

It is further ordered that this Report and Order *shall be effective* 30 days after publication in the **Federal Register**, except that the amendments to §§ 1.1204, 1.1206, 76.911, 76.922, 76.923, 76.934, 76.944, 76.990, 47 CFR

1.1204, 1.1206, 76.911, 76.922, 76.923, 76.934, 76.944, 76.990, which may contain new or modified information collections, will not become effective until the Office of Management and Budget completes review of any information collections that the Bureau determines is required under the Paperwork Reduction Act. The FCC directs the Bureau to announce the effective date for §§ 1.1204, 1.1206, 76.911, 76.922, 76.923, 76.934, 76.944, 76.990 by notice in the **Federal Register** and by subsequent Public Notice.

It is further ordered that the Commission's Office of the Secretary, *shall send* a copy of this Report and Order, including the Final Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

It is further ordered that the Office of the Managing Director, Performance Program Management, *shall send* a copy of this Report and Order in a report to be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act, *see* 5 U.S.C. 801(a)(1)(A).

It is further ordered that should no petitions for reconsideration or petitions for judicial review be timely filed, MB Docket No. 02–144, MM Docket Nos. 92–266 and 93–215, and CS Docket No. 94–28 *shall be terminated*, and their dockets closed.

It is further ordered that the FNPRM in Dockets MM 93–215 and CS 94–28, FCC 95–502, 11 FCC Rcd 2220 (1996), is *terminated* and any pending petitions for reconsideration of Report and Order, FCC 95–502, 11 FCC Rcd 2220 (1996), are *dismissed*.

List of Subjects

47 CFR Part 1

Administrative practice and procedure.

47 CFR Part 76

Television.

Federal Communications Commission.

Marlene Dortch,
Secretary.

Final Rules

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR parts 1 and 76 as follows:

PART 1—PRACTICE AND PROCEDURE

- 1. The authority citation for part 1 continues to read as follows:

Authority: 47 U.S.C. chs. 2, 5, 9, 13; 28 U.S.C. 2461 note; 47 U.S.C. 1754, unless otherwise noted.

§ 1.1204 [Amended]

- 2. Delayed indefinitely, amend

§ 1.1204 by:

- a. Adding “and” at the end of paragraph (b)(4);
- b. Removing “; and” at the end of paragraph (b)(5) and adding a period in its place; and
- c. Removing paragraph (b)(6).

§ 1.1206 [Amended]

- 3. Delayed indefinitely, amend § 1.1206 by removing and reserving paragraph (a)(11).

PART 76—MULTICHANNEL VIDEO AND CABLE TELEVISION SERVICE

- 4. The authority citation for part 76 continues to read as follows:

Authority: 47 U.S.C. 151, 152, 153, 154, 301, 302, 302a, 303, 303a, 307, 308, 309, 312, 315, 317, 325, 335, 338, 339, 340, 341, 503, 521, 522, 531, 532, 534, 535, 536, 537, 543, 544, 544a, 545, 548, 549, 552, 554, 556, 558, 560, 561, 562, 571, 572, 573.

- 5. Delayed indefinitely, amend § 76.911 by revising paragraph (b)(3) to read as follows:

§ 76.911 Petition for reconsideration of certification.

* * * * *

(b) * * *

(3) In any case in which a stay of rate regulation has been granted, if the petition for reconsideration is denied, the cable operator may be required to refund any rates or portion of rates above the permitted basic service tier charge or permitted equipment charge in accordance with § 76.942.

* * * * *

- 6. Delayed indefinitely, revise § 76.922 to read as follows:

§ 76.922 Rates for the basic service tier.

(a) *Basic service tier rates.* Basic service tier rates for cable service provided to residential subscribers shall be subject to regulation by the Commission and by state and local authorities, as is appropriate, in order to assure that they are in compliance with the requirements of 47 U.S.C. 543. For purposes of this section, *residential subscribers* are defined as subscribers residing in an occupied housing unit, such as a house, an apartment, a mobile home or trailer, a group of rooms, or a single room occupied as separate living quarters. Rates that are demonstrated, in accordance with this part, not to exceed the permitted charge as described in this section, plus a charge for franchise fees, will be accepted as in compliance. The maximum monthly charges for regulated programming services shall not include any charges for equipment or

installations. Charges for equipment and installations are to be calculated separately pursuant to § 76.923.

Equipment and installation rates that are demonstrated not to exceed the maximum permitted rates as specified in § 76.923, will be accepted as in compliance.

(b) *Permitted charge*—(1) *Establishment of initial regulated rates.*

The initial maximum permitted rate for newly regulated cable systems shall be the actual rate in effect on the date 60 days prior to the date the local franchising authority (LFA) files its certification to regulate rates. The cable operator may establish its initial basic service tier rate by providing to the LFA written notice of its rate in effect on the date 60 days prior to the date the local franchising authority files its certification to regulate rates, along with a rate card or other supporting documentation. This initial basic service tier rate is not subject to review by the LFA.

(2) *Subsequent permitted charge.* Subsequent permitted charges for the basic service tier shall be the maximum permitted rate calculated using FCC Form 1240. Regulated basic service tier rates established prior to August 13, 2025, will be reviewed for conformance with the rules in this part in effect at the time the basic service tier rates were established.

(c) *Annual rate adjustment method*—

(1) *Generally.* Except as provided for in paragraph (c)(2)(iii)(B) of this section and § 76.923(o), operators using the annual rate adjustment method may not adjust their rates more than annually to reflect inflation, changes in external costs, changes in the number of regulated channels, and changes in equipment costs. Operators must file on the same date a Form 1240 for the purpose of making rate adjustments to reflect inflation, changes in external costs and changes in the number of regulated channels and a Form 1205 for the purpose of adjusting rates for regulated equipment and installation. Operators may choose the annual filing date, but they must notify the franchising authority of their proposed filing date prior to their filing. Franchising authorities or their designees may reject the annual filing date chosen by the operator for good cause. If the franchising authority finds good cause to reject the proposed filing date, the franchising authority and the operator should work together to reach a mutually acceptable date. If no agreement can be reached, the franchising authority may set the filing date up to 60 days later than the date chosen by the operator. An operator

may change its filing date from year to year, except, as described in paragraph (c)(2)(iii)(B) of this section, at least twelve months must pass before the operator can implement its next annual adjustment.

(2) *Projecting inflation, changes in external costs, and changes in number of regulated channels.* An operator using the annual rate adjustment method may adjust its rates to reflect inflation, changes in external costs and changes in the number of regulated channels that are projected for the 12 months following the date the operator is scheduled to make its rate adjustment pursuant to § 76.933.

(i) *Inflation adjustments.* The residual component of a system's permitted charge may be adjusted annually to project for the 12 months following the date the operator is scheduled to make a rate adjustment. The annual inflation adjustment shall be based on inflation that occurred in the most recently completed quarter, converted to an annual factor. Adjustments shall be based on changes in the Gross National Product Price Index as published by the Bureau of Economic Analysis of the United States Department of Commerce.

(ii) *External costs.* (A) Permitted charges for the basic service tier may be adjusted annually to reflect actual changes in external costs experienced but not yet accounted for by the cable system, as well as for projections in these external costs for the 12-month period on which the filing is based. In order that rates be adjusted for projections in external costs, the operator must demonstrate that such projections are reasonably certain and reasonably quantifiable. Projections involving copyright fees, retransmission consent fees, other programming costs, Commission regulatory fees, and cable specific taxes are presumed to be reasonably certain and reasonably quantifiable. Operators may project for increases in franchise related costs to the extent that they are reasonably certain and reasonably quantifiable, but such changes are not presumed reasonably certain and reasonably quantifiable. Operators may pass through increases in franchise fees pursuant to § 76.933.

(B) In all events, a system must adjust its rates every twelve months to reflect any net decreases in external costs that have not previously been accounted for in the system's rates.

(C) Any rate increase made to reflect increases or projected increases in external costs must also fully account for all other changes and projected changes in external costs, inflation and the number of channels on a regulated

basic service tier that occurred or will occur during the same period. Rate adjustments made to reflect changes in external costs shall be based on any changes, plus projections, in those external costs that occurred or will occur in the relevant time periods since the periods used in the operator's most recent previous FCC Form 1240.

(iii) *Channel adjustments.* (A) Permitted charges for a basic service tier may be adjusted annually to reflect changes not yet accounted for in the number of regulated channels provided by the cable system, as well as for projected changes in the number of regulated channels for the 12-month period on which the filing is based. In order that rates be adjusted for projected changes to the number of regulated channels, the operator must demonstrate that such projections are reasonably certain and reasonably quantifiable.

(B) An operator may make rate adjustments for the addition of required channels to the basic service tier that are required under Federal or local law at any time such additions occur, subject to the filing requirements of § 76.933(c)(5), regardless of whether such additions occur outside of the annual filing cycle. Required channels may include must-carry, local origination, public, educational and governmental access and leased access channels. Should the operator elect not to pass through the costs immediately, it may accrue the costs of the additional channels plus interest, as described in paragraph (c)(3) of this section.

(3) *True-up and accrual of charges not projected.* As part of the annual rate adjustment, an operator must "true up" its previously projected inflation, changes in external costs and changes in the number of regulated channels and adjust its rates for these actual cost changes. The operator must decrease its rates for overestimation of its projected cost changes and may increase its rates to adjust for underestimation of its projected cost changes.

(i) Where an operator has underestimated costs, future rates may be increased to permit recovery of the accrued costs plus 11.25% interest between the date the costs are incurred and the date the operator is entitled to make its rate adjustment.

(ii) If an operator has underestimated its cost changes and elects not to recover these accrued costs with interest on the date the operator is entitled to make its annual rate adjustment, the interest will cease to accrue as of the date the operator is entitled to make the annual rate adjustment, but the operator will not lose its ability to recover such costs

and interest. An operator may recover accrued costs between the date such costs are incurred and the date the operator implements its rate adjustment.

(d) *External costs.* (1) External costs shall consist of costs in the following categories:

(i) State and local taxes applicable to the provision of cable television service;

(ii) Franchise fees;

(iii) Costs of complying with franchise requirements, including costs of providing public, educational, and governmental access channels as required by the franchising authority;

(iv) Retransmission consent fees and copyright fees incurred for the carriage of broadcast signals;

(v) Other programming costs;

(vi) Commission cable television system regulatory fees imposed pursuant to 47 U.S.C. 159; and

(vii) Headend equipment costs necessary for the carriage of digital broadcast signals.

(2) The permitted charge for a regulated basic service tier shall be adjusted on account of programming costs, copyright fees and retransmission consent fees only for the program channels or broadcast signals offered on that tier.

(3) Adjustments for external costs in the true-up portion of the FCC Form 1240 may be made on the basis of actual changes in external costs only. The starting date for adjustments to external costs for newly regulated systems shall be the implementation date of the initial maximum permitted rate established in paragraph (b)(1) of this section.

(4) Changes in franchise fees shall not result in an adjustment to permitted charges, but rather shall be calculated separately as part of the maximum monthly charge per subscriber for a regulated basic service tier.

(5) Adjustments to permitted charges to reflect changes in the costs of programming purchased from affiliated programmers, as defined in § 76.901, shall be permitted as long as the price charged to the affiliated system reflects either prevailing company prices offered in the marketplace to third parties (where the affiliated program supplier has established such prices) or the fair market value of the programming.

(i) For purposes of this section, entities are affiliated if either entity has an attributable interest in the other or if a third party has an attributable interest in both entities.

(ii) Attributable interest shall be defined by reference to the criteria set forth in notes 1 through 5 to § 76.501 provided, however, that:

(A) The limited partner and LLC/LLP/RLLP insulation provisions of note 2(f) shall not apply; and

(B) The provisions of note 2(a) regarding five (5) percent interests shall include all voting or nonvoting stock or limited partnership equity interests of five (5) percent or more.

(6) Adjustments to permitted charges on account of increases in costs of programming shall be further adjusted to reflect any revenues received by the operator from the programmer. Such adjustments shall apply on a channel by channel basis.

(7) In calculating programming expense, operators may add a mark-up of 7.5% for increases in programming costs. Operators shall reduce rates to reflect decreases in programming costs and remove the 7.5% mark-up, if any, taken on the removed costs.

(e) *Changes in the number of channels on the regulated basic service tier*—(1) *Generally*. A system must adjust annually the residual component of its permitted rate for the basic service tier to reflect any decreases in the number of channels that were on the that tier as of the date used for determining the initial maximum permitted rate on its initial Form 1240. Cable systems shall use FCC Form 1240 to justify rate changes made on account of changes in the number of channels on the basic service tier and include any off-form calculations.

(2) *Deletion of channels*. (i) When dropping a channel from a basic service tier, operators shall reflect the net reduction in external costs in their rates. With respect to channels to which the 7.5% markup on programming costs was applied, the operator shall treat the markup as part of its programming costs and subtract the markup from its external costs.

(ii) When the removal of channels results in a reduction of the total basic service tier channel count that existed when the initial maximum permitted rate was established (Initial Channel Count), an operator shall also reduce the price of the basic service tier by any “residual” associated with the removed channels. For subsequent Form 1240 updates, if the number of channels included in the current maximum permitted rate on the Form 1240 is less than the Initial Channel Count, the operator shall reduce the price of the basic service tier by any “residual” associated with the subsequently removed channels. For purposes of this calculation, the per channel residual is the permitted charge for the basic service tier, minus the external costs, divided by the total number of channels on the basic service tier.

(3) *Movement of channels to the basic service tier*. When a channel is moved from another tier of service to the basic service tier, the moved channel shall be treated as a new channel.

(4) *Substitution of channels on a basic service tier*. An operator may substitute a new channel for an existing channel on a basic service tier. The substituted channel will carry the same residual as the original channel for which it was substituted. Operators substituting channels on a basic service tier shall be required to reflect any reduction in programming costs in their rates and may reflect any increase in programming costs, including the 7.5% markup.

(f) *Forms and attachments*. Permitted charges for a basic service tier shall be determined in accordance with forms and associated instructions established by the Commission, this part, and any Commission orders. Off-form calculations shall be included as attachments with the established forms.

(g) *Hardship rate relief*. A cable operator may adjust charges by an amount specified by the Commission or the franchising authority for the basic service tier if it is determined that:

(1) Total revenues from cable operations, measured at the highest level of the cable operator’s cable service organization, will not be sufficient to enable the operator to attract capital or maintain credit necessary to enable the operator to continue to provide cable service;

(2) The cable operator has prudent and efficient management; and

(3) Adjusted charges on account of hardship will not result in total charges for regulated cable services that are excessive in comparison to charges of similarly situated systems.

■ 7. Delayed indefinitely, amend § 76.923 by revising the introductory text of paragraph (a)(1) and paragraph (n) to read as follows:

§ 76.923 Rates for equipment and installation used to receive the basic service tier.

(a) * * *

(1) The equipment regulated under this section consists of all equipment in a subscriber’s home, provided and maintained by the operator, that is used to receive the basic service tier and video programming offered on a per channel or per program basis, if any, except if such equipment is additionally used by that subscriber to receive other tiers of programming service. Such equipment shall include, but is not limited to:

* * * * *

(n) *Timing of filings*. An operator shall file FCC Form 1205 in order to establish its maximum permitted rates at the following times:

(1) When the operator sets its initial regulated equipment rates;

(2) On the same date it files its FCC Form 1240. If an operator elects not to file an FCC Form 1240 for a particular year, the operator must file a Form 1205 on the anniversary date of its last Form 1205 filing; and

(3) When seeking to adjust its rates to reflect the offering of new types of customer equipment other than in conjunction with an annual filing of Form 1205, 60 days before it seeks to adjust its rates to reflect the offering of new types of customer equipment.

* * * * *

■ 8. Amend § 76.924 by revising paragraphs (a) and (c) through (e) to read as follows:

§ 76.924 Allocation to service cost categories.

(a) *Applicability*. The requirements of this section are applicable to cable operators for which the basic service tier is regulated by local franchising authorities or the Commission. The requirements of this section are applicable for purposes of rate adjustments on account of external costs and for cost of service showings, including equipment pricing in accordance with § 76.923.

* * * * *

(c) *Accounts level*. Cable operators making cost of service showings or seeking adjustments due to changes in external costs shall identify investments, expenses and revenues at the franchise, system, regional, and/or company level(s) in a manner consistent with the accounting practices of the operator on its initial date of regulation or re-regulation. However, in all events, cable operators shall identify at the franchise level their costs of franchise requirements, franchise fees, local taxes and local programming.

(d) *Summary accounts*. Cable operators making cost of service showings shall report all investments, expenses, and revenue and income adjustments accounted for at the franchise, system, regional and/or company level(s) to the summary accounts listed in the following table.

**TABLE 1 TO PARAGRAPH (d)—
SUMMARY ACCOUNTS**

Ratebase
Net Working Capital
Headend
Trunk and Distribution Facilities
Drops

TABLE 1 TO PARAGRAPH (d)—
SUMMARY ACCOUNTS—Continued

Customer Premises Equipment
Construction/Maintenance Facilities and Equipment
Programming Production Facilities and Equipment
Business Offices Facilities and Equipment
Other Tangible Assets
Accumulated Depreciation
Plant Under Construction
Organization and Franchise Costs
Subscriber Lists
Capitalized Start-up Losses
Goodwill
Other Intangibles
Accumulated Amortization
Deferred Taxes
Operating Expenses
Cable Plant Employee Payroll
Cable Plant Power Expense
Pole Rental, Duct, Other Rental for Cable Plant
Cable Plant Depreciation Expense
Cable Plant Expenses—Other
Plant Support Employee Payroll Expense
Plant Support Depreciation Expense
Plant Support Expense—Other
Programming Activities Employee Payroll
Programming Acquisition Expense
Programming Activities Depreciation Expense
Programming Expense—Other
Customer Services Expense
Advertising Activities Expense
Management Fees
General and Administrative Expenses
Selling General and Administrative Depreciation Expenses
Selling General and Administrative Expenses—Other
Amortization Expense—Franchise and Organizational Costs
Amortization Expense—Customer Lists
Amortization Expense—Capitalized Start-up Loss
Amortization Expense—Goodwill
Amortization Expense—Other Intangibles
Operating Taxes
Other Expenses (Excluding Franchise Fees)
Franchise Fees
Interest on Funded Debt
Interest on Capital Leases
Other Interest Expenses
Revenue and Income Adjustments
Advertising Revenues
Other Cable Revenue Offsets
Gains and Losses on Sale of Assets
Extraordinary Items
Other Adjustments

(e) *Allocation to service cost categories.* (1) For cable operators making cost of service showings, investments, expenses, and revenues contained in the summary accounts identified in paragraph (d) of this section shall be allocated among the Equipment Basket, as specified in § 76.923, and the following service cost categories:

(i) *Basic service cost category.* The basic service category shall include the cost of providing basic service as

defined by § 76.901(a). The basic service cost category may only include allowable costs as defined by § 76.922.

(ii) *Cable programming services cost category.* The cable programming services category shall include the cost of providing cable programming services as defined by § 76.901(b). The cable programming service cost category may include only allowable costs as defined in § 76.922.

(iii) *All other services cost category.* The all other services cost category shall include the costs of providing all other services that are not included in the basic service or cable programming services cost categories as defined in paragraphs (e)(1)(i) and (ii) of this section.

(2) Cable operators seeking an adjustment due to changes in external costs identified in FCC Form 1240 shall allocate such costs among the equipment basket, as specified in § 76.923, and the following service cost categories:

(i) The basic service category as defined by paragraph (e)(1)(i) of this section;

(ii) The cable programming services category as defined by paragraph (e)(1)(ii) of this section;

(iii) The all other services cost category as defined by paragraph (e)(1)(iii) of this section.

* * * * *

■ 9. Revise §§ 76.930 and 76.933 to read as follows:

§ 76.930 Initiation of review of basic cable service and equipment rates.

A cable operator shall file its rate justifications for the basic service tier and associated equipment with a franchising authority within 30 days of receiving written notification from the franchising authority that the franchising authority has been certified by the Commission to regulate rates for the basic service tier, or within 30 days from the date the franchising authority notifies the operator that the operator will be subject to the generally applicable rate rules because the operator's regulatory status has changed. Basic service tier filings for proposed rate increases and equipment rate filings for existing rates or proposed rate increases (including increases that result from reductions in the number of channels on a tier) must use the appropriate official FCC form, a copy thereof, or a copy generated by FCC software. Failure to file on the official FCC form, a copy thereof, or a copy generated by FCC software, may result in the imposition of sanctions specified in § 76.937(d). A cable operator shall include rate cards and channel line-ups

with its filing and include an explanation of any discrepancy in the figures provided in these documents and its rate filing.

§ 76.933 Franchising authority review of basic cable rates and equipment costs.

(a) A cable operator that submits for review its existing rates for equipment may continue the existing rates in effect pending franchising authority review and subject to the refund liability provisions of § 76.942.

(b) A cable operator that submits for review a proposed change in its existing rates for the basic service tier and associated equipment costs shall do so no later than 90 days prior to the effective date of the proposed rates.

(c)(1) The franchising authority will have 90 days from the date of the rate filing to review it. However, if the franchising authority or its designee concludes that the operator has submitted a facially incomplete filing, the franchising authority's deadline for issuing a decision, the date on which a rate increase may go into effect if no decision is issued, and the period for which refunds are payable will be tolled while the franchising authority is waiting for this information, provided that, in order to toll these effective dates, the franchising authority or its designee must notify the operator of the incomplete filing within 45 days of the date the filing is made.

(2) If there is a material change in an operator's circumstances during the 90 day review period and the change affects the operator's rate filing, the operator may file an amendment to its rate filing prior to the end of the 90 day review period. If the operator files such an amendment, the franchising authority will have at least 30 days to review the filing. Therefore, if the amendment is filed more than 60 days after the operator made its initial filing, the operator's proposed rate change may not go into effect any earlier than 30 days after the filing of its amendment. However, if the operator files its amended application on or prior to the sixtieth day of the 90 day review period, the operator may implement its proposed rate adjustment, as modified by the amendment, 90 days after its initial filing.

(3) If a franchising authority has taken no action within the 90 day review period, then the existing rates may continue in effect or the proposed rates may go into effect at the end of the review period, subject to a prospective rate reduction and refund if the franchising authority subsequently issues a written decision disapproving any portion of such rates, provided,

however, that in order to order a prospective rate reduction and refund, if an operator inquires as to whether the franchising authority intends to issue a rate order after the 90 day review period, the franchising authority or its designee must notify the operator of its intent in this regard within 15 days of the operator's inquiry. If the franchising authority has not issued its rate order by the end of the 90 day review period, the franchising authority will have 12 months from the date the operator filed for the rate adjustment to issue its rate order. In the event that the franchising authority does not act within the 12-month period, it may not at a later date order a refund or a prospective rate reduction with respect to the rate filing.

(4) At the time an operator files its rate justifications with the franchising authority, the operator may give customers notice of the proposed rate changes. Such notice should state that the proposed rate change is subject to approval by the franchising authority. If the operator is only permitted a smaller increase than was provided for in the notice, the operator must provide an explanation to subscribers on the bill in which the rate adjustment is implemented. If the operator is not permitted to implement any of the rate increase that was provided for in the notice, the operator must provide an explanation to subscribers within 60 days of the date of the franchising authority's decision. Additional advance notice is required if the rate to be implemented exceeds the previously noticed rate.

(5) If an operator files for a rate adjustment for the addition of channels to the basic service tier that the operator is required by Federal or local law to carry, the franchising authority has 60 days to review the requested rate. The proposed rate shall take effect at the end of this 60 day period unless the franchising authority rejects the proposed rate as unreasonable. The franchising authority shall be subject to the requirements described in paragraphs (c)(1) through (3) of this section for ordering refunds and prospective rate reductions, except that the initial review period is 60 rather than 90 days.

(6) When the franchising authority is regulating basic service tier rates, a cable operator may increase its rates for basic service to reflect the imposition of, or increase in, franchise fees or cable television system regulatory fees imposed pursuant to 47 U.S.C. 159. The increased rate attributable to Commission cable television system regulatory fees or franchise fees shall be subject to subsequent review and refund

if the franchising authority determines that the increase in basic tier rates exceeds the increase in regulatory fees or in franchise fees allocable to the basic tier. This determination shall be appealable to the Commission pursuant to § 76.944. When the Commission is regulating basic service tier rates pursuant to § 76.945, an increase in those rates resulting from franchise fees or Commission regulatory fees shall be reviewed by the Commission pursuant to the mechanisms set forth in § 76.945.

(d) If an operator files an FCC Form 1205 for the purpose of setting the rate for a new type of equipment under § 76.923(o), the franchising authority has 60 days to review the requested rate. The proposed rate shall take effect at the end of this 60 day period unless the franchising authority rejects the proposed rate as unreasonable. The franchising authority shall be subject to the requirements described in paragraphs (c)(1) through (3) of this section for ordering refunds and prospective rate reductions, except that the initial review period is 60 rather than 90 days.

■ 10. Delayed indefinitely, revise § 76.934 to read as follows:

§ 76.934 Small systems and small cable companies.

(a) *System size.* For purposes of rules governing the regulatory status of small systems, the size of a system or company shall be determined by reference to its size as of the date the system files with its franchising authority or the Commission the documentation necessary to qualify for the relief sought. Where relief is dependent upon the size of both the system and the company, the operator must measure the size of both the system and the company as of the same date. A small system shall be considered affiliated with a cable company if the company holds a 20 percent or greater equity interest in the system or exercises *de jure* control over the system.

(b) *Certification.* A franchising authority that has been certified, pursuant to § 76.910, to regulate rates for basic service and associated equipment may permit a small system as defined in § 76.901 to certify that the small system's rates for basic service and associated equipment comply with § 76.922, the Commission's substantive rate regulations.

(c) *Regulation of small systems.* A small system, as defined by § 76.901(c), that receives a notice of regulation from its local franchising authority must respond within the time periods prescribed in § 76.930.

(d) *Petitions for extension of time.* Small systems may obtain an extension of time to establish compliance with rate regulations provided they can demonstrate that timely compliance would result in severe economic hardship. Requests for extension of time should be addressed to the local franchising authority. The filing of a request for an extension of time to comply with the rate regulations will not toll the effective date of rate regulation for small systems or alter refund liability for rates that exceed permitted levels.

(e) *Small systems owned by small cable companies.* Small systems owned by small cable companies are not subject to rate regulation as long as they meet the definitions of small system and small cable company in § 76.901. When a system no longer qualifies for deregulatory status, the system must give the franchising authority notice of its change in status. Upon regulation, actual rates and subsequent rate increases will be subject to generally applicable regulations governing rates and rate increases. After receiving notice of regulation from the franchising authority, the system shall file its schedule of rates consistent with § 76.930.

(f) *Small cable operators.* For rules governing small cable operators, see § 76.990.

■ 11. Revise § 76.935 to read as follows:

§ 76.935 Participation of interested parties.

In order to regulate basic service tier rates or associated equipment costs, a franchising authority must have procedural laws or regulations applicable to rate regulation proceedings that provide a reasonable opportunity for consideration of the views of interested parties. Such rules must take into account the time periods that franchising authorities have to review rates under § 76.933.

■ 12. Amend § 76.937 by:

- a. Removing paragraph (c);
- b. Redesignating paragraphs (d) and (e) as paragraphs (c) and (d); and
- c. Revising newly redesignated paragraph (d).

The revision reads as follows:

§ 76.937 Burden of proof.

* * * * *

(d) A franchising authority or the Commission may order a cable operator that has filed a facially incomplete form to file supplemental information, and the franchising authority's deadline to rule on the reasonableness of the proposed rates will be tolled pending the receipt of such information. A franchising authority may set reasonable

deadlines for the filing of such information, and may find the cable operator in default and mandate appropriate relief, pursuant to paragraph (c) of this section, for the cable operator's failure to comply with the deadline or otherwise provide complete information in good faith.

■ 13. Revise §§ 76.938 and 76.939 to read as follows:

§ 76.938 Proprietary information.

A franchising authority may require the production of proprietary information to make a rate determination in those cases where cable operators have submitted initial rates for review or have proposed rate increases. The franchising authority shall state a justification for each item of information requested and, where related to an FCC form filing, indicate the question or section of the form to which the request specifically relates. Upon request to the franchising authority, the parties to a rate proceeding shall have access to such information, subject to the franchising authority's procedures governing non-disclosure by the parties. Public access to such proprietary information shall be governed by applicable state or local law.

§ 76.939 Truthful written statements and responses to requests of franchising authority.

Cable operators shall comply with franchising authorities' and the Commission's requests for information, orders, and decisions. Any information submitted to a franchising authority or the Commission in making a rate determination pursuant to an FCC form filing is subject to the provisions of § 1.17 of this chapter.

■ 14. Revise § 76.942 to read as follows:

§ 76.942 Refunds.

(a) A franchising authority (or the Commission, pursuant to § 76.945) may order a cable operator to refund to subscribers that portion of previously paid rates determined to be in excess of the permitted basic service tier charge or above the actual cost of equipment. Before ordering a cable operator to refund previously paid rates to subscribers, a franchising authority (or the Commission) must give the operator notice and opportunity to comment.

(b) The refund period shall run as follows:

(1) From the date the operator implements the rate under review until it reduces the rate in compliance with a valid rate order or justifies that rate or a higher rate in its next rate filing, whichever is sooner, however, the

refund period shall not begin before the effective date of regulation.

(2) For rates in effect and justified on rate forms filed before August 13, 2025 as amended, the refund period shall be determined by the rules in this part in effect at the time of filing.

(3) Refund liability shall be calculated on the reasonableness of the rates as determined by the rules in this part in effect during the period under review by the franchising authority or the Commission.

(c) The cable operator, in its discretion, may implement a refund in the following manner:

(1) By returning overcharges to those subscribers who actually paid the overcharges, either through direct payment or as a specifically identified credit to those subscribers' bills; or

(2) By means of a prospective percentage reduction in the rates for the basic service tier or associated equipment to cover the cumulative overcharge. The refund shall be reflected as a specifically identified, one-time credit on prospective bills to the class of subscribers that currently subscribe to the cable system.

(d) Refunds shall include interest computed at applicable rates published by the Internal Revenue Service for tax refunds and additional tax payments.

(e) Once an operator has implemented a rate refund to subscribers in accordance with a refund order by the franchising authority (or the Commission pursuant to paragraph (a) of this section), the franchising authority must return to the cable operator an amount equal to that portion of the franchise fee that was paid on the total amount of the refund to subscribers. The franchising authority must promptly return the franchise fee overcharge either in an immediate lump sum payment, or the cable operator may deduct it from the cable system's future franchise fee payments. The franchising authority has the discretion to determine a reasonable repayment period, but interest shall accrue on any outstanding portion of the franchise fee starting on the date the operator has completed implementation of the refund order. In determining the amount of the refund, the franchise fee overcharge should be offset against franchise fees the operator holds on behalf of the franchising authority for lump sum payment. The interest rate on any refund owed to the operator presumptively shall be 11.25%.

■ 15. Delayed indefinitely, amend § 76.944 by revising paragraph (c) to read as follows:

§ 76.944 Commission review of franchising authority decisions on rates for the basic service tier and associated equipment.

* * * * *

(c) An operator that uses the annual rate adjustment method under § 76.922(c) may include in its next true up under § 76.922(c)(3) any amounts to which the operator would have been entitled but for a franchising authority decision that is not upheld on appeal.

■ 16. Revise § 76.945 to read as follows:

§ 76.945 Procedures for Commission review of basic service rates.

(a) Upon assumption of rate regulation authority, the Commission will notify the cable operator and require the cable operator to file its basic service tier rate schedule with the Commission within 30 days, with a copy to the local franchising authority.

(b) Basic service tier and equipment rate schedule filings for existing rates or proposed rate increases or adjustments (including increases that result from reductions in the number of channels in a tier) must use the official FCC form, a copy thereof, or a copy generated by FCC software. Failure to file on the official FCC form or a copy may result in the imposition of sanctions specified in § 76.937(c).

(c) Filings for proposed rate increases or adjustments must be made 90 days prior to the proposed effective date and can become effective on the proposed effective date unless the Commission issues an order deferring the effective date or denying the rate proposal. Petitions filed in accordance with §§ 76.6 and 76.7, that oppose such filings must be filed within 15 days of public notice of the filing by the cable operator and be accompanied by a certificate that service was made on the cable operator and the local franchising authority. A cable operator opposing such petition must file its opposition within five days of the filing of the petition, certifying to service on both the petitioner and the local franchising authority.

§ 76.963 [Removed]

■ 17. Remove § 76.963.

■ 18. Amend § 76.980 by:

■ a. Revising paragraphs (a) and (e); and

■ b. Removing note 1 to the section.

■ The revisions read as follows:

§ 76.980 Charges for customer changes.

(a) This section shall govern charges for any changes in service tiers or equipment provided to the subscriber that are initiated at the request of a subscriber after initial service installation and that result in the

subscriber receiving only a basic tier of service, with or without additional non-tier services, and no additional tier of service.

* * * * *

(e) Cable operators must also notify subscribers of potential charges for customer service changes, as provided in § 76.1604.

* * * * *

§ 76.982 [Removed]

■ 19. Remove § 76.982.

■ 20. Amend § 76.984 by:

■ a. Revising paragraph (a);

■ b. Removing notes 1 and 2 to paragraph (c)(3); and

■ c. Adding paragraph (c)(4);

The revision and addition read as follows:

§ 76.984 Geographically uniform rate structure.

(a) The rates charged by cable operators for basic service and associated equipment and installation shall be provided pursuant to a rate structure that is uniform throughout each franchise area in which cable service is provided.

* * * * *

(c) * * *

(4) Requests for discovery for predatory pricing complaints will be addressed pursuant to the procedures

specified in § 76.7(f). Parties submitting confidential material believed to be exempt from disclosure pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. 552(b), and the Commission's rules at § 0.457 of this chapter, should follow the procedures in § 0.459 of this chapter and § 76.9.

■ 21. Delayed indefinitely, amend § 76.990 by:

■ a. Revising paragraphs (a) and (b)(2);

■ b. Removing paragraph (b)(3);

■ c. Revising paragraph (c); and

■ d. Removing the note to the section.

The revisions read as follows:

§ 76.990 Small cable operators.

(a) *Exemption.* A small cable operator is exempt from rate regulation on its basic service tier if that tier was the only service tier subject to rate regulation as of December 31, 1994, in any franchise area in which that operator services 50,000 or fewer subscribers.

(b) * * *

(2) Once the operator has certified its eligibility for deregulation on the basic service tier, the local franchising authority shall not prohibit the operator from taking a rate increase and shall not order the operator to make any refunds unless and until the local franchising authority has rejected the operator's certification in a final order that is no longer subject to appeal or that the Commission has affirmed. The operator

shall be liable for refunds for revenues gained (beyond revenues that could be gained under regulation) as a result of any rate increase taken during the period in which it erroneously claimed to be deregulated, plus interest, in the event the operator is later found not to be deregulated. The limits on refund liability will not be applicable during that period to ensure that the filing of an invalid small operator certification does not reduce any refund liability that the operator would otherwise incur.

(c) *Transition from small cable operator status.* If a small cable operator subsequently becomes ineligible for small operator status, the operator will become subject to regulation. Upon regulation, actual rates and subsequent rate increases will be subject to generally applicable regulations governing rates and rate increases. A cable operator must give its franchising authority notice of its change in status. The system shall file its rate justifications consistent with § 76.930. For rules governing small cable systems and small cable companies, see § 76.934.

§ 76.1805 [Removed]

■ 22. Remove § 76.1805.

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