

Before the
Federal Communications Commission
Washington, D.C. 20554

LETTER
December 12, 1995

Released: December 14, 1995

Paul V. Engle
Engle Broadcasting
Winslow Professional Center
339 S RT. 73, Suite B
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Dear Mr. Engle:

In your letter of April 19, 1995, you asked whether a cable operator can use the channel adjustment methodology and license fee reserve that the Commission adopted in its *Sixth Order on Reconsideration, Fifth Report and Order and Seventh Notice of Proposed Rulemaking* in MM Docket No. 92-266 for the purpose of adding a channel that carries a low-power television (LPTV) station that has not been afforded must carry status. This channel adjustment methodology and license fee reserve can be used for the purpose of adding new channels that carry any services that cable operators decide to offer on their cable programming service tiers (CPST) or, for those operators that have only one regulated tier, the basic service tier (BST). See 47 C.F.R. § 76.922(g)(3).

Therefore, if an operator adds an LPTV signal to a CPST or to a BST (if the operator has only one regulated tier), the operator can take the 20 cents per channel adjustment and use a portion of the 30 cents license fee reserve to pay for programming costs. However, if the operator has a BST and CPST and adds the LPTV to the BST, the operator is not permitted to adjust rates on the BST by using the new channel adjustment methodology and license fee reserve. In this case, the operator would only be permitted to adjust its rates by using the initial going forward rules. See 47 C.F.R. § 76.922(g)(2).

I hope this answers your question. If you have any further questions, please do not hesitate to contact Nancy Stevenson at (202) 416-0800.

Sincerely,

Meredith J. Jones
Chief, Cable Services Bureau