FEDERAL COMMUNICATIONS COMMISSION

New Features of Broadband PCS C Block FCC Form 175 Application Software

November 3, 1995.

This Public Notice highlights important features of the FCC Form 175 Application Software (application software) to be used in the Broadband PCS C block auction. These features were added to the application software that potential bidders received prior to the cancelled auction dates of June 8, 1995 and August 2, 1995. The new application software, entitled ''F175v5.exe,'' was made available to potential bidders over the Internet and the FCC Auction Bulletin Board Service on October 18, 1995.

The instructions in the ''Readme File'' of the new application software direct applicants to place ''confidential information'' in Exhibit E. In previous versions of the electronic software, Exhibit E was reserved for miscellaneous or ''other'' information. With the new application software, applicants must include miscellaneous or ''other'' information in the Exhibit (A, B, C or D) that appears most appropriate. Applications that contain miscellaneous or ''other'' information in Exhibit E will be deemed incomplete and must be resubmitted with the information inserted in the proper exhibit prior to the resubmission date.

In addition, only those applicants who have previously sought and received approval from the Commission to include ''confidential'' information with their application should enter such information in Exhibit E. Any other applications that submit any information in Exhibit E will be considered incomplete. These applicants will then be permitted to resubmit their incomplete applications with the information included in the appropriate exhibit during the resubmission period. Applicants should be aware that all information required by the Commission's Rules in connection with applications to participate in spectrum auctions is necessary to determine the applicants' qualifications and, as such, will be available for public inspection. Accordingly, the Commission envisions that confidentiality requests would be granted only in rate instances, if ever. Applicants requesting confidential treatment for any information required as a condition to participate in the auction must follow the procedures set out in § 0.459 of the Commission's Rules (47 CFR 0.459). An applicant's request for confidentiality must include a demonstration that it would suffer substantial competitive harm from the public disclosure of the confidential information.

The ''Readme'' file also contains instructions on submitting information in the ''Ownership Worksheet'' file. Because the ''Ownership Worksheet'' file asks for applicants' Social Security Numbers or Taxpayer Identification Numbers, the Commission will not release it to the public. Applicants are strongly encouraged, but are not required, to submit the ownership information in this file. In addition, all applicants are required to submit the ownership documentation in Exhibit A, which will be made public. By submitting the ''Ownership Worksheet'' file, applicants help ensure expeditious processing of their applications by the Commission.

Finally, the application software contains a file for waiver requests. Requests for waivers that are made within the body of any of the Exhibits A through D should be repeated in the ''Waiver'' screen. By including waiver requests in the ''Waiver'' screen, applicants will help ensure that the requests are properly considered. For Further Information, contact: Jamie Hedlund—Auctions Division, Wireless Telecommunications Bureau, at (202) 418–0660.

Federal Communications Commission.

William F. Caton,

Acting Secretary.

[FR Doc. 95–28117 Filed 11–14–95; 8:45 am]

BILLING CODE 6712–01–M

[FCC 95–455]

Rate Rules for Cable Services

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: The Federal Communications Commission is seeking comment on its proposal to waive, on a temporary and trial basis, certain rules governing the rates charged for cable services in Dover Township, New Jersey, in light of the initiation there of the first permanent commercial video dialtone system.

DATES: Interested parties may file comments on or before December 13, 1995, and reply comments on or before December 28, 1995.

ADDRESSES: Federal Communications Commission, 1919 M Street, N.W., Washington, D.C., 20554.

FOR FURTHER INFORMATION CONTACT: Rick Chessen, Cable Services Bureau (202) 416–0800.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Order Requesting Comments adopted November 2, 1995 and released November 6, 1995. The complete text of this Order is available for inspection and copying during normal business hours in the FCC Cable Reference Center (room 333), 2033 M Street, N.W., Washington, D.C., 20554.

Synopsis of the Order Requesting Comments

I. Introduction

Under the Cable Television Consumer Protection and Competition Act of 1992 (the ''1992 Cable Act''), the Commission is charged with identifying criteria for determining whether rates for cable programming service tiers (''CPSTs'') are unreasonable with respect to cable operators that are subject to regulation. In carrying out this mandate, the Commission has adopted a rate setting approach for CPSTs that utilizes a competitive differential, benchmarks, and cost-of-service factors. By this Order, we seek to develop a record that would permit us to decide whether to waive, on a temporary and trial basis, certain rules governing the rates charged for CPSTs by cable operators serving subscribers in Dover Township, Ocean County, New Jersey, in light of the initiation there of the first permanent commercial video dialtone (''VDT'') system.

We tentatively conclude that the provision of video programming by multiple independent programmers over a permanent VDT system within the franchise areas of these cable operators, along with certain other conditions described below, will ensure that the rates the operators charge for cable programming services will not be unreasonable. If we are correct as to the substantial impact that the VDT programmers will have, then we believe that congressional intent would be furthered by a properly conditioned waiver of our rules on the initiation of commercial operation of the VDT system, to the extent those rules require that rates for CPSTs be set in accordance with our benchmark or cost-of-service methodologies. Such an approach holds the promise of reducing the administrative burdens of rate regulation and providing the cable operators greater flexibility in responding to competition and developing their systems through programming and technological innovation, while ensuring that the rates charged to subscribers for CPSTs are not unreasonable. Providing the cable operators such flexibility will also promote competition with unaffiliated

VDT programmers, who will face no regulatory restrictions in the packaging and pricing of their video offerings. We adopt this Order to solicit public comment on whether we should adopt such a waiver, and if we decide to do so, the appropriate scope, duration, and conditions, of such a waiver.

II. The Development of Video Dialtone

On December 15, 1992, the Bell Atlantic Telephone Companies (''Bell Atlantic'') filed a Section 214 application to provide VDT service in Dover Township, New Jersey. The VDT system includes fiber optic transport facilities, using fiber to the curb architecture. Copper and coaxial cable with deliver the signals from the curb to the subscribers' premises. The VDT system is capable of delivering up to 384 channels of video capacity at 6 megabits per second per channel. Bell Atlantic expects to add a VDT capability to its Dover Township telephone network at an average rate of approximately 1,000 homes per month, reaching its planned final buildout of 38,000 homes passed within approximately three years. Bell Atlantic has predicted a penetration rate of 35% following the completion of its buildout. Our records indicate that at least two cable operators, Clear TV Cable and Cablevision of Monmouth, offer cable service within Dover Township. These operators soon will find themselves in a unique competitive environment, given that the Bell Atlantic VDT system in Dover Township will be the first such system to be operated on a non-trial basis.

III. Regulation of Rates for Cable Programming Services

The question of whether to waive our CPST rate rules, on the initiation of permanent VDT service in Dover Township, must be viewed against the backdrop of our existing rules and the statute from which they emanate. The 1992 Cable Act was passed in large part to address Congress's finding that cable operators enjoyed ''undue market power . . . as compared to that of consumers and video programmers.'' (1992 Cable Act, § 2(a)(2).) To protect consumers against the exercise of this market power, the 1992 Cable Act provides for regulation of the rates charged for certain programming and equipment by cable systems that are not subject to ''effective competition.'' (47 U.S.C. § 543(a)(2).) The 1992 Cable Act authorizes local franchising authorities to regulate rates for basic program service and equipment according to criteria established by the Commission to ensure that such rates are ''reasonable.'' (47 U.S.C. § 543(a)(2)(A) & (b)(1).) The Commission is directed to establish criteria to ensure that CPST rates are not ''unreasonable.'' (47 U.S.C. § 543(a)(2)(B) & (c)(1)(A).)

The language and structure of the 1992 Cable Act, and sound policy considerations, suggest that we continually monitor the impact and appropriateness of our rules as the market for multichannel video programming evolves, and that in crafting and applying our rules we keep pace with and encourage the development of competition. Congress expressly declared its desire for competition as opposed to regulation, when feasible. Of course, we must remain cognizant of our paramount duty to ensure that CPST rates are not unreasonable. We believe that the initiation of services by VDT programmers whose offerings and rates will not be subject to regulation, when considered in conjunction with other factors, may sufficiently restrain the CPST rates of the Dover Township cable operators such that they can be presumed not unreasonable. We believe such a conclusion is in accord with Congress' express policy under the 1992 Cable Act to ''rely on the marketplace, to the maximum extent feasible,'' to promote ''the availability to the public of a diversity of views and information through cable television and other video distribution media.''

The statutory definition of effective competition remains the dividing line between systems that are subject to rate regulation and those that are not. However, nothing in the 1992 Cable Act prohibits the Commission from adopting different regulatory rules for different categories of operators or from waiving its rules for certain operators or categories of operators. For the reasons set forth below, we tentatively conclude that the launch of VDT service in Dover Township is potentially so significant and unique as to justify, on a two-year trial basis, a separate regulatory treatment for the cable operators providing service there. Accordingly, we tentatively conclude that for the cable systems operating within Dover Township, a two-year experimental waiver of our CPST rate rules, subject to certain conditions to ensure that rates remain not unreasonable, is in the public interest.

IV. The Significance of Video Dialtone and Other MVPDs

For a number of reasons, we believe that the availability of VDT service in Dover Township may have a profound effect on competition there. These reasons are grounded in what we believe to be well established economic principles relating to competition. In particular, we are guided by an accepted competitive analysis that seeks first to define the relevant product market and next to examine market power within that market.

A. The Relevant Market

We tentatively conclude that the offerings to be delivered over the Dover VDT system will fall within the same product market as the cable operators' CPSTs and therefore constitute a potentially competitive alternative. We understand that seven programmers have reserved space on Bell Atlantic's system. End user subscribers will be able to select offerings from these programmers, individually or in combination. One of the VDT programmers, Rainbow Holdings, a CableVision affiliate, will offer 192 channels. Another programmer, FutureVision, has reserved 96 channels. In contrast to other alternative MVPDs currently providing service in the Dover Township area, both programmers appear capable of providing a full range of both broadcast and cablecast services comparable to those offered by the two local incumbent cable operators. By way of comparison, according to the Warren Publishing 1995 Cable TV Factbook one of the cable operators, Clear TV Cable, currently offers 18 basic service tier channels, 17 CPST channels, and seven premium channels, and the other, CableVision of Monmouth, currently offers 21 basic service tier channels, 15 CPST channels, and six premium channels. In addition to being in a position to compete with respect to these program offerings, the VDT system will be equipped to provide interactive services and other features not currently available from existing providers. Thus, there is evidence to suggest that the VDT programmers will be potent competitors to cable and will greatly enhance consumer choice, thus restraining the cable operators' ability to raise CPST rates. To confirm our tentative conclusions, we solicit information concerning the specific programming that will be available to VDT subscribers in Dover Township and appropriate comparisons of the specific VDT offerings to those of the cable operators.

By statute, the market for comparable programming also includes multichannel multipoint distribution service (''MMDS''), direct broadcast satellite (''DBS''), and television receive-only (''TVRO'') satellite programming service. 47 U.S.C. § 552(12). Similarly, in the Competition Report we identified a number of multichannel video

programming distributors (''MVPDs''), in addition to VDT providers, that offer services that seemed ''reasonably interchangeable'' with a typical cable operator's services, including DBS, TVRO, MMDS, and satellite master antenna television (''SMATV'') systems. Competition Report, 59 Fed. Reg. 64,657, 9 FCC Rcd at 7642, 7473–7492 (1994). The competitive significance of these providers will depend upon the pricing and structuring of their video offerings and their market share. Thus, in our discussion of market power below, we invite comparisons between the offerings of these providers and the composition and pricing of the CPSTs of the cable operators located in Dover Township.

Although a typical analysis of competition requires identification of a relevant geographic market, our proposed waiver effectively defines the geographic market, for purposes of this proceeding, as being the franchise areas of the two cable operators. However, the degree of proposed overlap between the VDT service area and each of the cable franchise areas is important. If, for example, Bell Atlantic intends its VDT system to pass only 2% of the homes located in a franchise area, the cable operator presumably will offer less of a competitive response than if Bell Atlantic tends to pass 75% of the homes. Thus, our inclination to relax CPST rate regulation may depend upon the degree of overlap between the VDT and cable systems. Interested parties should comment on the appropriate extent of the anticipated overlap.

B. Market Power

Market power is generally defined as the ability to general excess profits by raising and maintaining prices or by adversely affecting product quality for a significant period of time. *See United States* v. *E.I. du Pont de Nemours & Co.,* 351 U.S. 377, 391–92 (1956). The marker power of a cable operator can be diluted by two categories of entities: those currently offering comparable programming and those that could commence offering comparable programming within a relatively short period of time. *See, e.g., United States* v. *Marine Bancorporation, Inc.,* 418 U.S. 602, 623–25 (1974). Once such entities are identified, further analysis is necessary to ensure that they indeed impose competitive pressure on cable operator.

With respect to market power, any waiver would be premised on the availability in Dover Township of products that cable subscribers view as sufficiently reasonable substitutes for cable programming service. A standard method of determining whether a firm can exercise market power with respect to a particular product is to answer the question: if this firm raised the price of the product, to what degree would consumers continue to purchase that product or turn to the products of other firms, and what are these other products and other firms?

Our analysis of this issue is significantly affected by what we understand to be the anticipated offerings of the VDT system. As described above, it appears that the VDT programmers will be able to provide programming fully comparable to that currently provided by the Dover Township cable operators. Moreover, the cable operators can expect aggressive competition from the VDT programmers with respect to pricing strategies, according to press reports. We tentatively conclude that the combination of a fully comparable product and aggressive pricing, if and when made available to consumers via VDT, may produce an effective restraint on cable rates, particularly given that the VDT programmers will be able to implement packaging and pricing strategies free of regulatory restraints. We seek comment as to the factual and analytical validity of this tentative conclusion. We seek similar data and comparison with respect to all other MVPDs offering programming comparable to that of the cable operators in Dover Township.

We presume that any competitive pressure felt by the Dover Township cable operators as a result of the initiations of VDT service will increase over time as Bell Atlantic continues construction of its system and as consumers become more familiar with the service and the offerings of the VDT programmers. Although the penetration rate of VDT programmers will not reach a mature level immediately, in the present instance there are several reasons to suggest that the commencement of VDT service may restrain prices and prompt other competitive responses from the cable operators such that application of our CPST rate rules will be unnecessary.

Initially, we note that the remaining barriers to the initiation of service by Bell Atlantic are relatively minor. Bell Atlantic has received the required Section 214 authorization from the Commission. In addition, Bell Atlantic's VDT tariff has become effective, subject to investigation. Bell Atlantic now has substantial control over the rollout of its new service and has every incentive to expedite that process. Once VDT service is initiated, Bell Atlantic faces a similar lack of barriers with respect to the continued buildout of the system. Thus, the availability of service may represent a logical point at which to make any waiver effective. We seek comment on whether Bell Atlantic's entry plan alone is sufficient to exert a present restraint on cable prices and cable operator conduct in Dover Township.

We further note that a current cable subscriber apparently will be able to switch from his or her current video provider to one or more of the VDT programmers without sacrificing broadcast channels or channel capacity. This distinguishes VDT from DBS service, which generally does not include local broadcast stations, and from MMDS, which has a lower overall channel capacity. Moreover, the DBS and MMDS require the installation of receiving antennae and other equipment. Competition from VDT may pose a greater competitive threat to cable operators than competition from other providers that have more limited channel line-ups or require significant initial expenditures by the consumer. We do not mean to understate, and we welcome comments concerning, the significance of DBS and other MVPDs that may be offering service in Dover Township. We believe, however, that the addition of permanent VDT service to the competitive mix is independently significant. We seek comment on the validity of these comparisons, including data concerning the initial installation costs of VDT for its end users.

Dover Township is a laboratory in which these theories can be tested. In view of the novelty and potential consequences of this situation, we are considering waiving our rules that require these cable operators to establish and maintain rates for their CPSTs in accordance with our benchmark or cost-of-service methodologies, as adjusted for changes in inflation, external costs, and for channel additions and deletions. (*See* 47 C.F.R. § 76.922.) We believe that such a waiver may well be justified in light of the rate restraining impact that the VDT plus other competitive offerings may have on the cable operators' CPSTs. Additionally, such a trial waiver may yield information that will prove useful in the future as we continue to adapt our regulations to the ever-changing MVPD marketplace.

To the extent that the particular circumstances of the Dover Township MVPD marketplace will ensure that the cable operators refrain from charging unreasonable rates for their CPSTs, we tentatively conclude that a waiver would be consistent with congressional policy favoring competition over regulation. We invite comment on this tentative conclusion.

V. Waiver Analysis

The Commission may waive rules only for ''good cause shown.'' (47 C.F.R. § 1.3.) Waiver orders must show that special circumstances warrant a deviation from the general rule and that the deviation will serve the public interest. *See, e.g., WAIT Radio* v. *FCC,* 418 F.2d 1153, 1159 (D.C. Cir. 1969); *Northeast Cellular Telephone Co.* v. *FCC,* 897 F.2d 1164, 1166 (D.C. Cir. 1990). In this Order, we indicate why we believe there may be good cause to waive our CPST rate rules for the Dover Township cable operators upon the initiation of VDT service, and we seek comment thereon. In particular, we believe that the availability to cable subscribers of video services offered by multiple VDT programmers may exert competitive pressure on CPST rates, and thus may constitute special circumstances justifying waiver of our CPST benchmark rules. Such waiver may serve the public interest by encouraging operator innovation and programming diversity, establishing some measure of regulatory parity between the cable operators and the VDT programmers, and reducing the regulatory burdens faced by the cable operators, while still satisfying the underlying goal of ensuring that CPST rates are not unreasonable.

We note that in establishing our rate regulation rules, we considered the six statutory factors identified by Congress as potentially relevant. (*See* 47 U.S.C. § 543(c)(2).) In the context of waiving those rules, we believe it is appropriate to consider as many of those factors as are relevant. For example, the 1992 Cable Act directs us to consider ''the rates for cable systems, if any, that are subject to effective competition . . . .'' Consideration of this factor is consistent with Congress' direction that the marketplace be the sole arbiter of the reasonableness of an operator's rates once the operator is subject to effective competition. Equally consistent with the reasoning underlying this statutory factor is the notion that as a cable operator nears the effective competition standard, the market should play more of a role, and our regulations less of a role, in setting rates. We seek comment on our tentative conclusion that consideration of this factor weighs in favor of waiving CPST rate rules upon the initiation of VDT service.

Other relevant factors set forth in the 1992 Cable Act include the capital and operating costs of the cable system and the system's advertising revenues. The presence of competition from programmers on the VDT platform suggests that a cable operator's costs may increase due to, for example, the need to finance marketing efforts to compete with the VDT programmers' offerings. Meanwhile, VDT programmers may draw advertising revenues away from the cable operators. Therefore, under certain circumstances, both of these statutory factors might support a waiver of our CPST rules that generally are applicable to operators that do not face such increases in operating costs on the one hand and decreases in advertising revenues on the other. While the result of these conditions might be higher CPST rates, we cannot conclude automatically that such higher rates are unreasonable, particularly if they are the product of a competitive environment.

As the D.C. Circuit recently held, it may be appropriate to consider a particular factor, but ultimately attach little weight to it in devising a regulatory scheme. *See Time Warner Entertainment Co.* v. *FCC,* 56 F.3d 151, 175 (D.C. Cir. 1995). Commenters should respond to this consideration as well. We note in particular that all of the statutory factors specifically identified by Congress in the 1992 Cable Act relate either to the rates, costs, and revenues of the regulated cable operator itself or to the rates of other cable operators that can be used for purposes of comparison. None of the statutory factors calls for specific consideration of the presence of a competing MVPD in the cable operator's franchise area. This suggests that Congress may have intended the specific statutory factors to be of particular relevance when no such competition existed, as was more likely to be the case when Congress enacted the legislation, but that as the marketplace changed, the Commission was given the discretion to place more reliance on the ''other factors,'' not specifically identified in the statute, that the Commission is permitted to identify and take into account in ensuring that CPST rates are not unreasonable. (*See* 47 U.S.C. 543(c)(2).) We already have identified one such factor—the provision of video services over a VDT platform by programmers who will face no regulatory restraints on their ability to design and price their programming packages. We request comment on the potential relevance of the statutory factors to our waiver analysis and our tentative views that the statutory factors may support a waiver.

VI. Scope and Conditions of Waiver

Because our proposed waiver assumes the absence of effective competition as defined by the 1992 Cable Act, we are statutorily obligated to ensure that the cable operators' CPST rates will not be unreasonable. (47 U.S.C. § 543(c)(1); no waiver would be required if effective competition existed, because rates are not subject to regulation in such circumstances. 47 U.S.C. § 543(a)(2).) Accordingly, complaints against unreasonable rates may continue to be filed under 47 U.S.C. § 543(c). But rather than being adjudicated against the benchmark, any complaints would be resolved on a case-by-case basis, subject to a presumption of the reasonableness of the rates.

We stress that we intend the proposed waiver to apply only to Section 76.922 to the extent it prescribes rates for CPSTs and Section 76.956 to the extent it places the burden upon the operator to justify a CPST rate that is the subject of a complaint. We do not propose to extend the waiver to include the other rules applicable to regulated cable operators such as, but not limited to, those concerning a uniform rate structure, negative option billing, subscriber notices, and tier buy-throughs, to the extent they apply. While recognizing the possible need to give the Dover Township cable operators some additional flexibility in light of the unique competitive circumstances in which they soon may find themselves, we deem it prudent to move cautiously in experimenting with waivers of our generally applicable rules.

For the same reasons we propose to waive our CPST rate regulations, we believe it may be appropriate to give the relevant local franchising authorities in Dover Township the option of waiving rate regulation rules applicable to BSTs and associated equipment. Ordinarily, if a local franchising authority has been certified to regulate basic rates and seeks to retain that certification, it cannot forbear from regulating in accordance with the Commission's rules. With the advent of VDT, however, we tentatively conclude that the Dover Township franchising authorities should have greater discretion to determine how to regulate basic service. Therefore we seek comment on whether local authorities should have the option of waiving the BST rate rules on the same basis and to the same extent that we propose to waive the CPST rate rules.

Finally, our tentative view is that the waiver will take effect as of the date VDT service is actually available in the relevant franchise areas. Thus, if initially VDT service is available in only one of Dover Township's two franchise areas, the proposed waiver would apply only to the cable operator serving the franchise area in which consumers have access to VDT service. The second

operator would become subject to the waiver upon providing notice to this Commission and its local franchising authority that VDT service has been initiated in its franchise area. We propose to re-examine any waiver of CPST regulation for the Dover Township two years from the date the waiver goes into effect. We are concerned that a shorter period would not give the operators sufficient incentive or flexibility to respond freely to the changes in the competitive landscape. In fact, that landscape will continue to evolve throughout the entirety of that two year period, according to Bell Atlantic's projections with respect to passings and penetration. In two years, we will revisit the issue and take steps consistent with the market environment that exists and is developing at that time.

VII. Conclusion

In analyzing these issues, the Commission is guided by the goal of reducing unnecessary burdens on cable operators and providing the cable operators incentives to innovate and promote program diversity in response to competition. At the same time, we must confident that a waiver will not lead to unreasonable rates for the CPSTs offered by the Dover Township operators. We will look to the record in this proceeding to provide us the necessary assurance that the proposed approach will satisfy this statutory mandate. We consequently urge commenters to support their positions with empirical and other data, and to frame their arguments in terms of the economic concepts outlined above or other relevant economic analysis. As noted, comments also should take into account the factors that the Commission is required by statute to consider in establishing criteria for determining when CPS rates are unreasonable and other factors that commenters believe to be relevant.

VIII. Procedural Provisions

Pursuant to its discretion under 47 C.F.R. § 1.1200, the Commission is treating this as a non-restricted proceeding. *Ex parte* presentations are permitted, except during the Sunshine Agenda period, provided that they are disclosed as provided in the Commission's rules. *See generally,* 47 C.F.R. §§ 1.1202, 1.1203 and 1.1206.

Pursuant to applicable procedures set forth in Sections 1.415 and 1.419 of the Commission's Rules, 47 C.F.R. §§ 1.415 and 1.419, interested parties may file comments on or before December 13, 1995, and reply comments on or before December 28, 1995. To file formally in this proceeding, you must file an original plus four copies of all comments, reply comments, and supporting comments. If you want each Commissioner to receive a personal copy of your comments and reply comments, you must file an original plus nine copies. You should send comments and reply comments to Office of the Secretary, Federal Communications Commission, 1919 M Street, N.W., Washington, D.C. 20554. Comments and reply comments will be available for public inspection during regular business hours in the FCC Reference Center, Room 239, Federal Communications Commission, 1919 M Street, N.W., Washington, D.C. 20554.

Federal Communications Commission.

William F. Caton,

Acting Secretary.

[FR Doc. 95–28217 Filed 11–14–95; 8:45 am]

BILLING CODE 6712–01–M

FEDERAL RESERVE SYSTEM

Bourbon Bancshares, Inc.; Acquisition of Company Engaged in Permissible Nonbanking Activities

The organization listed in this notice has applied under § 225.23(a)(2) or (f) of the Board's Regulation Y (12 CFR 225.23(a)(2) or (f)) for the Board's approval under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.21(a) of Regulation Y (12 CFR 225.21(a)) to acquire or control voting securities or assets of a company engaged in a nonbanking activity that is listed in § 225.25 of Regulation Y as closely related to banking and permissible for bank holding companies. Unless otherwise noted, such activities will be conducted throughout the United States.

The application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether consummation of the proposal can ''reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.'' Any request for a hearing on this question must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

Comments regarding this application must be received not later than November 27, 1995.

A. Federal Reserve Bank of Cleveland (John J. Wixted, Jr., Vice President) 1455 East Sixth Street, Cleveland, Ohio 44101:

1. Bourbon Bancshares, Inc., Paris, Kentucky; to acquire The Jessamine First Federal Savings and Loan Company of Nicholasville, Nicholasville, Kentucky, and thereby engage in operating a savings bank, pursuant to § 225.25(b)(9) of the Board's Regulation Y; and acting as an agent or broker for insurance directly related to an extension of credit by such savings bank, pursuant to § 225.25(b)(8)(i) of the Board's Regulation Y.

Board of Governors of the Federal Reserve System, November 7, 1995.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 95-28140 Filed 11-14-95; 8:45 am]

BILLING CODE 6210-01-F

Eastern Bank Corporation, et al.; Formations of; Acquisitions by; and Mergers of Bank Holding Companies

The companies listed in this notice have applied for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842) and § 225.14 of the Board's Regulation Y (12 CFR 225.14) to become a bank holding company or to acquire a bank or bank holding company. The factors that are considered in acting on the applications are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

Each application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank or to the offices of the Board of Governors. Any comment on an application that requests a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing.