

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION)
OF COMCAST OF EASTERN SHORE, LLC,)
FOR A CHANGE IN ITS BASIC SERVICE)
RATES AND NECESSARY EQUIPMENT AND)
INSTALLATION CHARGES IN THE UNIN-) PSC DOCKET NO. 06-84
CORPORATED AREAS OF SOUTHEAST SUSSEX)
COUNTY SERVED BY THE OCEAN CITY,)
MARYLAND HEAD-END)
(FILED MARCH 2, 2006))

ORDER NO. 6919

AND NOW, to-wit, this 23rd day of May, A.D. 2006;

WHEREAS, the Commission having, on May 23, 2006, conducted a public evidentiary hearing on the application filed by Comcast of Eastern Shore, LLC ("Comcast"), seeking approval to make changes in the maximum permitted rates for basic cable television service and equipment and installation charges governing service provided by Comcast in the unincorporated areas of southeast Sussex County served by the Ocean City, Maryland head-end and designated as Community Identifier Unit CIU DE0023; and

WHEREAS, based on the evidence so presented, the Commission having determined that Comcast's proposed rate adjustments, as they appear on its FCC Forms 1240 and 1205, have been calculated in accordance with the regulations of the Federal Communications Commission and, hence, should be approved for service after June 1, 2006; now, therefore,

IT IS ORDERED:

1. That the Commission hereby approves the maximum permitted rates for basic cable service and equipment and installation as set forth below for service offered by Comcast of Eastern Shore, LLC, in the unincorporated areas of Sussex County served by the Ocean City, Maryland

head-end and designated as Community Identifier Unit CIU DE0023, with such maximum permitted rates to be effective for service after June 1, 2006.

Basic Service Tier Rates				
COMCAST SYSTEM	CURRENT MONTHLY MAXIMUM PERMITTED RATE	CURRENT COMPANY SELECTED RATE	COMPANY PROPOSED RATE (TO BE EFFECTIVE JUNE 1, 2006)	FCC FORM 1240 MAXIMUM PERMITTED RATE (EFFECTIVE JUNE 1, 2006)
DE0023	\$18.66	\$15.45	\$15.45	\$21.67

**Maximum Permitted Rates for Equipment and Installation Per FCC Forms 1205
(Costs Aggregated on Regional Basis)
Applicable For Sussex County - CUID No. DE0023**

EQUIPMENT AND INSTALLATION	MAXIMUM PERMITTED RATES (EFFECTIVE JUNE 1, 2006)	NEW OPERATOR-SELECTED RATES (EFFECTIVE JUNE 1, 2006)
Hourly Service Charge	\$34.24	\$33.51
Install Unwired Home	\$45.10	\$44.95
Install Pre-wired Home	\$29.35	\$28.60
Install-Additional/Outlet - Initial	\$14.49	\$13.95
Install Additional/Outlet - Separate	\$24.25	\$22.54
Relocate Outlet	\$19.41	\$18.95
Other Install-Upgrade (non-addressable)	\$18.49	\$15.74
Other Install- Downgrade(non-addressable)	\$15.32	\$12.91
Upgrade/Downgrade(addressable)	\$1.99	\$1.99
Connect VCR- Connect Initial	\$7.29	\$6.95

Connect VCR - Connect Separate	\$15.83	\$14.45
Customer Trouble Call	\$25.34	\$22.23
Remote Control	\$0.23	\$0.09
Basic-Only Converter	\$1.14	\$1.10
Digital Addressable Converter	\$4.01	\$3.05
HDTV, DVR & HDDVR Converter	\$9.91	\$5.00
CableCard	\$1.91	\$0.00

2. That the Commission will enter formal findings and an opinion at a later date.

3. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

Commissioner

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)
COMCAST OF EASTERN SHORE, LLC, FOR A)
CHANGE IN ITS BASIC SERVICE RATES)
AND NECESSARY EQUIPMENT AND INSTAL-) PSC DOCKET NO. 06-84
LATION CHARGES IN THE UNINCORPORATED)
AREAS OF SOUTHEAST SUSSEX COUNTY)
SERVED BY THE OCEAN CITY, MARYLAND)
HEAD-END (FILED MARCH 2, 2006))

FINDINGS AND OPINION TO ACCOMPANY PSC ORDER NO. 6919

APPEARANCES:

On behalf of the Applicant, Comcast of
Eastern Shore, LLC:

MORRIS, NICHOLS, ARSHT & TUNNELL
BY: GERALD C. HARRIS, JR., ESQUIRE

On behalf of the Delaware Public Service Commission ("PSC"
or "the Commission"):

GARY A. MYERS, DEPUTY ATTORNEY GENERAL, RATE COUNSEL

I. BACKGROUND

1. Comcast of Eastern Shore, LLC ("Comcast") holds a franchise granted by this Commission to operate a cable television system in the unincorporated areas of southeastern Sussex County. The Commission regulates the maximum permitted rates that Comcast may charge its subscribers for its basic service tier ("BST") offering, as well as related equipment and installation charges. In doing so, the Commission applies the rate regulation rules and methodologies adopted by the Federal Communications Commission ("FCC"). See 47 U.S.C. § 543(a)(2)(A), (b); 26 Del. C. § 605(6).

2. On March 2, 2006, Comcast filed an FCC Form 1240 seeking to gain Commission approval to adjust its maximum permitted BST rate for the then upcoming June 2006 to May 2007 projected period. See 47 C.F.R.

§ 76.922(e) (annual rate adjustment method). With that Form 1240, Comcast also submitted another form, FCC Form 1205, to make changes to the maximum permitted rates for its equipment and installation services during the same period. See 47 C.F.R. § 76.923.

3. At the direction of Staff, Comcast published notices of these proposed adjustments to its regulated cable rates in The News Journal and Delaware State News newspapers on May 6, 2006 and May 9, 2006, respectively. The notices (Exhs. 1A & 1B) solicited comments and announced that the Commission would hold a hearing on the proposed rate adjustments at its regular meeting on May 23, 2006. No one submitted comments and no member of the public appeared at the later hearing. After considering the evidence presented by Staff and Comcast at that May 23rd hearing, the Commission approved the proposed adjustments to Comcast's maximum permitted rates for regulated BST service and regulated equipment and installation charges. PSC Order No. 6919 (May 23, 2006). These are the findings in support of that earlier Order. They are based on a record of five exhibits and 10 pages of transcribed proceedings.

II. SUMMARY OF EVIDENCE:

4. As noted, Comcast filed its FCC Form 1240 in order to obtain the Commission's approval for a proposed increase in its maximum permitted rate for its BST offering. Under Comcast's calculations, that maximum permitted rate for BST would change due to inflation, changed programming costs, and "true-up" calculations, from the previously approved maximum of \$18.66 to a new - higher - maximum of \$21.67 for the upcoming projected period. Exh. 2A. The operator-selected monthly BST rate is to remain unchanged at \$15.45. Exh. 2A. With its BST rate form, Comcast also filed its FCC Form 1205 to justify changes (based on its

prior year's actual costs) to its maximum permitted rates for regulated equipment and installation services. Exh. 2B.¹

5. In his pre-filed testimony (Exh. 3), James G. Strong, the assigned Staff Analyst, testified that Staff had verified the financial data and calculations used by Comcast in its FCC Forms 1240 and 1205. Exh. 3 at 2-4. He reported (in both his pre-filed and later in his oral testimony) that, in Staff's view, Comcast's proposed maximum permitted BST rate and its proposed maximum permitted equipment and installation charges had been appropriately calculated utilizing the FCC's annual rate adjustment method. Exh. 3 at 3-4 & Tr. 10.

6. At the hearing, Comcast presented the oral testimony of Henry Pearl, Vice-President and General Manager for Comcast of Delmarva, with responsibilities that include overseeing Comcast's Ocean City system. He indicated that, in his view, Comcast had calculated the proposed rate adjustments in its Forms 1240 and 1205 in a complete and accurate manner utilizing the FCC's forms and corresponding rules. Tr. 6. Given that, Mr. Pearl obviously saw no reason to disagree with Mr. Strong's recommendation that the adjustments be approved. Tr. 8.

7. Mr. Strong also testified at the hearing, summarizing Staff's investigation and its recommendation to approve the rate adjustments. Tr. 10.

¹These changes were calculated on a company-wide basis.

III. DISCUSSION AND CONCLUSIONS

8. This Commission has jurisdiction over this matter. Section 605(6) of Title 26 of the Delaware Code grants this Commission the authority to implement any federal regulations or legislation governing the provision of cable television service. Since 1993, the PSC has acted as the local franchising authority for this franchise (CUID DE0023) and, hence, has regulated (under the rules adopted by the FCC) the maximum rates the cable operator may charge for BST, related equipment, and related installation services. Over the last several years, Comcast has used the FCC's annual rate adjustment method to adjust this franchise's BST rates. 47 C.F.R. § 76.922(e). Under this methodology, the maximum permitted BST rate can be adjusted annually (subject to "true-up" changes) to reflect inflation, projected changes in external costs (including programming costs), and projected changes in channels. 47 C.F.R. § 76.922(e)(1). The maximum permitted charges for equipment and installation services are also adjusted on a similar annual basis to reflect changes in actual costs incurred in the preceding fiscal year. 47 C.F.R. § 76.923(a)(2).²

9. As noted above, in this matter, Comcast has filed FCC Forms 1205 and 1240 to reflect adjustments to the maximum permitted rates for its BST service, related equipment, and installation services for its southeastern Sussex County franchise area. Based on the evidence presented, the Commission finds that the submitted Form 1240 reflects permissible adjustments to Comcast's maximum permitted rate for its BST service. Accordingly, the Commission approves the maximum permitted rate (\$16.75) set forth in the FCC Form 1240 applicable to this franchise area.

²In setting rates for equipment and installation, a cable operator may aggregate its equipment costs on a franchise, system, regional, or company level. See 47 C.F.R. § 76.923(c)(1), (3).

10. Furthermore, based on the evidence presented, the Commission finds that the maximum permitted equipment and installation rates set forth in the FCC Form 1205 submitted by Comcast have been appropriately calculated. Accordingly, the Commission approves the maximum permitted rates set forth in the FCC Form 1205.

NOW, THEREFORE, it is directed this 11th day of July, 2006, that these Findings and Opinion shall be filed with PSC Order No. 6919 (May 23, 2006).

BY THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
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