

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
MEDIACOM DELAWARE, LLC, FOR A CHANGE)
IN ITS BASIC SERVICE RATE AND) PSC DOCKET NO. 06-172
NECESSARY EQUIPMENT AND INSTALLATION)
CHARGES (FILED MAY 25, 2006))

ORDER NO. 7004

AND NOW, this 8th day of August, 2006, the Commission determines and Orders the following:

WHEREAS, the Commission having, on August 8, 2006, conducted a public evidentiary hearing on the application filed by Mediacom Delaware, LLC ("Mediacom"), seeking approval to make changes in the maximum permitted rates for basic cable television service ("BST"), and regulated equipment and installation charges governing service provided by Mediacom in the unincorporated areas of southern Sussex County designated as Community Identifier Units CIUD DE0030, 0025, and 0032; and

WHEREAS, based on the evidence presented at the hearing, the Commission having determined that the proposed maximum permitted BST rate set forth in FCC Form 1240 (filed May 25, 2006), has been calculated consistent with the governing rules of the Federal Communications Commission ("FCC") pertaining to BST rate regulation; and

WHEREAS, based on the evidence presented at the hearing, the Commission having determined that the maximum permitted regulated equipment and installation charges set forth in FCC Form 1205 (filed

May 25, 2006) have been calculated in accordance with the governing rules of the FCC related to regulated equipment and installation activities associated with BST service;

Now, therefore, **IT IS ORDERED:**

1. That the Commission hereby approves the maximum permitted rates for basic cable service and regulated equipment and installation charges as set forth below for service offered by Mediacom Delaware, LLC, in the unincorporated areas of Sussex County designated as Community Identifier Units CUID DE0030, 0025, and 0032, with such maximum permitted rates to be effective for service after September 1, 2006.

Basic Service Tier Rates

CUID	OPERATOR-SELECTED RATE (EFF. SEPT. 1, 2006)	FCC FORM 1240 MAXIMUM PERMITTED RATE (EFF. SEPT. 1, 2006)
DE0030, 0025, and 0032	\$50.01 (includes a \$0.06 regulatory fee)	\$55.23

**Maximum Permitted Rates for Equipment and Installation
Per FCC Form 1205**

<u>Equipment and Installation</u>	<u>FCC Form 1205 Maximum Permitted Rate (Eff. Sept. 1, 2006)</u>	<u>Actual Operator- Selected Rate (Eff. Sept. 1, 2006)</u>
Install unwired home	\$50.37	\$44.25
Install pre-wired home	\$33.58	\$29.50
Install A/O initial	\$41.97	\$20.00
Install A/O separate	\$41.97	\$24.95
Relocate outlet initial	\$25.18	\$24.95
Relocate outlet separate	\$25.18	\$24.95
Hourly service charge	\$33.58	\$29.00
Upgrade/downgrade service	\$ 1.99	\$ 1.99
Reconnect	\$33.58	\$29.50
Remote Control	\$ 0.44	\$ 0.40
Addressable Converter	\$ 6.69	\$ 2.00
Digital Converter	\$ 6.69	\$ 5.00
HDTV Converter	\$ 6.69	\$ 6.60

2. That the Commission will enter a formal Findings and Opinion in support of this Order 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

PSC Docket No. 06-172, Order No. 7004 Cont'd.

/s/ Dallas Winslow
Commissioner

Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

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

IN THE MATTER OF THE APPLICATION OF)
MEDIACOM DELAWARE, LLC, FOR A CHANGE)
IN ITS BASIC SERVICE RATE AND) PSC DOCKET NO. 06-172
NECESSARY EQUIPMENT AND INSTALLATION)
CHARGES (FILED MAY 25, 2006))

FINDINGS AND OPINION TO ACCOMPANY PSC ORDER NO. 7004

APPEARANCES:

On behalf of the Applicant, Mediacom Delaware, LLC:

RICHARDS, LAYTON & FINGER, P.A.
BY: GLENN C. KENTON, ESQUIRE

On behalf of the Delaware Public Service Commission Staff:

GARY A. MYERS, DEPUTY ATTORNEY GENERAL, RATE COUNSEL

On October 17, 2006, the Commission enters the following Findings and Opinion:

I. BACKGROUND:

1. To once more repeat what the Commission has outlined in a host of earlier cable television rate Orders, Mediacom Delaware, LLC ("Mediacom"), operates, under a franchise granted by this Commission, a cable system which provides cable television service to the unincorporated areas of southern Sussex County. As the "local franchising authority," this Commission regulates, under rules and formulas adopted by the Federal Communications Commission ("FCC"), the maximum permitted rates ("MPRs") that Mediacom may charge its subscribers for its basic service tier programming ("BST") and for leased equipment and installation services associated with the BST.

2. On May 25, 2006, Mediacom filed FCC Form 1240 asking Commission approval to adjust its maximum permitted BST rate for the then upcoming September 2006 to August 2007 projected period. See 47 C.F.R. § 76.922(e)) (annual rate adjustment rate regulation method). With that Form 1240, Mediacom also submitted another form, FCC Form 1205, to make changes to the MPRs for its equipment and installation charges during the same period. See 47 C.F.R. § 76.923 ("equipment and installation service rate methodologies).

3. At its meeting on August 8, 2006, the Commission, in PSC Order No. 7004, affirmed the proposed adjustments to Mediacom's MPRs for regulated BST service and regulated equipment and installation charges that Mediacom had proposed in its filing. These are the findings which support 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, Mediacom filed its FCC Form 1240 in order to obtain the Commission's approval for a proposed increase in its MPR for its BST offering. Under Mediacom's calculations, that MPR for BST would move, due to inflation, changed programming costs, and "true-up" calculations, from the previously approved maximum of \$53.15 to a new - higher - maximum of \$55.23 for the upcoming projected period. Exh. 2A. The operator-selected monthly BST rate would also increase from \$47.95 to \$49.95 (or \$50.01 with inclusion of a \$0.06 FCC Regulatory Fee). Exh. 2A. With its BST rate form, Mediacom also filed its FCC Form 1205 to justify changes (based on its prior year's actual costs)

to its MPRs for regulated equipment and installation services. Exh. 2B.

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 Mediacom in its FCC Forms 1240 and 1205. Exh. 3 at 2-3. He reported (in both his pre-filed and later in his oral testimony) that, in Staff's view, Mediacom's proposed maximum permitted BST rate and its proposed maximum permitted equipment and installation charges had been appropriately calculated utilizing the FCC's rate adjustment methodologies. Exh. 3 at 3. Accordingly, Mr. Strong recommended that the Commission approve the proposed changes to Mediacom's MPRs for its regulated cable offerings. Exh. 3 at 3.

6. At the hearing, Mediacom presented the oral testimony of David T. Kane, vice president of Operations for Mediacom's Mid-Atlantic and Western regions. He indicated that, in his view, Mediacom 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. Kane saw no reason to disagree with Mr. Strong's recommendation that the adjustments be approved. Tr. 6. Mr. Kane also confirmed that while the "actual" BST rate selected by Mediacom would rise by \$2.06, from \$47.95 to \$50.01, this "new" operator-selected BST rate remained more than \$5.00 less than the new MPR for BST service. He also reported that with two exceptions, the operator-selected equipment fees and

installation charges would remain the same over the new projected period. Tr. 7-8.

7. Mr. Strong also testified at the hearing, summarizing Staff's investigation and its recommendation to approve Maximum Permitted Rates and Operator-Selected rate adjustments proposed by Mediacom. Tr. 10.

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, Mediacom has used the FCC's annual rate adjustment method to adjust this franchise's BST rate. 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).¹

9. As noted above, in this matter, Mediacom has filed FCC Forms 1240 and 1205 to reflect adjustments to the maximum permitted rates for its BST service, related equipment rentals, 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 Mediacom's maximum permitted rate for its BST service. Accordingly, the Commission approves the maximum permitted rate (\$55.23) set forth in the FCC Form 1240 applicable to this franchise area.

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 Mediacom have been appropriately calculated. Accordingly, the Commission approves the MPRs set forth in the FCC Form 1205.

NOW, THEREFORE, IT IS directed this 17th day of October, 2006, that these Findings and Opinion shall be filed with PSC Order No. 7004 (Aug. 8, 2006).

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

¹See 47 C.F.R. § 76.923(c)(1), (3). Mediacom has aggregated its equipment and installation costs over its national footprint.

Findings and Opinion to Accompany
PSC Order No. 7004 Cont'd.

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary