

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

IN THE MATTER OF THE APPLICATION)	
OF COMCAST OF DELMARVA, INC., FOR A)	
CHANGE IN ITS BASIC SERVICE RATES AND)	
NECESSARY EQUIPMENT AND INSTALLATION)	
CHARGES IN THE UNINCORPORATED AREAS)	PSC DOCKET NO. 06-257
OF KENT, SUSSEX, AND NEW CASTLE)	
COUNTIES SERVED BY THE DOVER AND)	
SALISBURY HEAD-ENDS)	
(FILED AUGUST 1, 2006)	}	

ORDER NO. 7052

AND NOW, to-wit, this 17th day of October, A.D. 2006;

WHEREAS, the Commission having, on October 17, 2006, conducted a public evidentiary hearing on the application filed by Comcast of Delmarva, Inc. ("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 areas designated as Community Unit Identifier Nos. DE0034, DE0059, DE0062, DE0070, DE0074, DE0079, DE0088, DE0091, and DE0093; 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 rules and regulations of the Federal Communications Commission and, hence, should be approved for service on and after November 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 Delmarva, Inc., in the areas designated as Community Unit Identifier Nos. DE0034, DE0059, DE0062, DE0070, DE0074, DE0079, DE0088, DE0091, and DE0093, with such maximum permitted rates to be effective for service on and after November 1, 2006.

Basic Service Tier Rates

KENT COUNTY UNINCORPORATED (SERVED FROM DOVER, DELAWARE)

CUID Nos. DE0034, DE0059, DE0062, DE0070, DE0074, DE0088, and DE0091

CURRENT OPERATOR-SELECTED RATE	PROPOSED MAXIMUM MONTHLY PERMITTED RATE (effective Nov. 1, 2006)	OPERATOR- SELECTED MONTHLY RATE (effective Nov. 1, 2006)	VARIANCE IN OPERATOR-SELECTED RATE
\$18.81	\$19.6583	\$18.81	\$0.00

SUSSEX COUNTY UNINCORPORATED (SERVED FROM SALISBURY, MARYLAND)

CUID No. DE0079

CURRENT OPERATOR-SELECTED RATE	PROPOSED MAXIMUM MONTHLY PERMITTED RATE (effective Nov. 1, 2006)	OPERATOR- SELECTED MONTHLY RATE (effective Nov. 1, 2006)	VARIANCE IN OPERATOR-SELECTED RATE
\$15.31	\$17.6343	\$15.31	\$0.00

NEW CASTLE COUNTY UNINCORPORATED (SERVED FROM DOVER, DELAWARE)

CUID No. DE0093

CURRENT OPERATOR-SELECTED RATE	PROPOSED MAXIMUM MONTHLY PERMITTED RATE (effective Nov. 1, 2006)	OPERATOR- SELECTED MONTHLY RATE (effective Nov. 1, 2006)	VARIANCE IN OPERATOR-SELECTED RATE
\$18.21	\$18.6457	\$18.21	\$0.00

All of the operator-selected rates above include a monthly \$0.06 FCC regulatory fee.

Comcast's Installation Rates:

KENT COUNTY UNINCORPORATED (SERVED FROM DOVER, DE)
 NEW CASTLE UNINCORPORATED (SERVED FROM DOVER, DE)
 SUSSEX COUNTY UNINCORPORATED (SERVED FROM SALISBURY, MD)

	CURRENT OPERATOR- SELECTED RATE	PROPOSED MAXIMUM MONTHLY PERMITTED RATE (effective Nov. 1, 2006)	OPERATOR- SELECTED MONTHLY RATE (effective Nov. 1, 2006)	VARIANCE IN OPERATOR- SELECTED RATE
Hourly Service charge	\$33.51	\$34.24	\$33.51	\$0.00
Install Unwired home	\$44.95	\$45.10	\$44.95	\$0.00
Install Pre-wired home	\$28.60	\$29.35	\$28.60	\$0.00
Install A/O Initial	\$13.95	\$14.49	\$13.95	\$0.00
Install A/O Separate	\$22.54	\$24.25	\$22.54	\$0.00
Relocate Outlet	\$18.95	\$19.41	\$18.95	\$0.00
Other Install-Upgrade (Non-addressable)	\$15.74	\$18.49	\$15.74	\$0.00
Other Install-Downgrade (Non-addressable)	\$12.91	\$15.32	\$12.91	\$0.00
Upgrade/downgrade Service (Addressable)	\$1.99	\$1.99	\$ 1.99	\$0.00
Connect VCR-Connect Initial	\$6.95	\$7.29	\$6.95	\$0.00
Connect VCR-Connect Separate	\$14.45	\$15.83	\$14.45	\$0.00
Customer Trouble Call	\$22.23	\$25.34	\$22.23	\$0.00

Comcast Equipment Rates:

KENT COUNTY UNINCORPORATED (SERVED FROM DOVER, DE)
NEW CASTLE UNINCORPORATED (SERVED FROM DOVER, DE)
SUSSEX COUNTY UNINCORPORATED (SERVED FROM SALISBURY, MD)

	CURRENT OPERATOR-SELECTED RATE	PROPOSED MAXIMUM MONTHLY PERMITTED RATE (effective Nov. 1, 2006)	OPERATOR-SELECTED MONTHLY RATE (effective Nov. 1, 2006)	VARIANCE IN OPERATOR-SELECTED RATE
Remote Control	\$0.09	\$0.23	\$0.09	\$.00
Basic-Only Converter	\$1.10	\$1.14	\$1.10	\$0.00
Digital/Addressable Converter	\$3.05	\$4.01	\$3.05	\$0.00
HDTV Converter	\$5.00	\$9.91	\$5.00	\$0.00
CableCARD	\$0.00	\$1.91	\$ 0.00	\$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

PSC Docket No. 06-257, Order No. 7052 Cont'd.

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

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

IN THE MATTER OF THE APPLICATION OF)
COMCAST OF DELMARVA, INC. FOR)
A CHANGE IN ITS BASIC SERVICE)
RATES AND NECESSARY EQUIPMENT AND)
INSTALLATION CHARGES IN THE UNINCOR-) PSC DOCKET NO. 06-257
PORATED AREAS OF KENT, SUSSEX, AND)
NEW CASTLE COUNTIES SERVED BY THE)
DOVER AND SALISBURY HEAD-ENDS)
(FILED AUGUST 1, 2006))

FINDINGS AND OPINION TO ACCOMPANY PSC ORDER NO. 7052

APPEARANCES:

On behalf of the Applicant, Comcast of Delmarva, Inc.:

MORRIS, NICHOLS, ARSHT & TUNNELL
BY: GEOFFREY A. SAWYER, III, ESQUIRE

On behalf of the Staff:

GARY A. MYERS, RATE COUNSEL
DEPUTY ATTORNEY GENERAL

On January 23, 2007, the Commission enters the following Findings and Opinion:

I. BACKGROUND

1. Comcast of Delmarva, Inc. ("Comcast") holds a franchise issued by this Commission which authorizes Comcast to provide cable television service throughout a single franchise area encompassing a small portion of southern New Castle County, all of Kent County, and all of Sussex County. Comcast serves that franchise area with three systems. In numerous prior entries, this Commission has outlined the regime that has historically been followed when this Commission

scrutinizes the proposed maximum permitted rates for basic service tier ("BST") services and associated equipment rentals and installation services within this franchise. The Commission will not again recite that background. It is enough to say that Comcast uses the federal annual adjustment method for its BST rates (see 47 C.F.R. § 76.922(e)) and each year makes two groups of filings: one to cover rates for subscribers served by the Dover, Delaware and Salisbury, Maryland systems and a second to cover rates for subscribers receiving service from the Georgetown, Delaware system.

2. This docket involves the year 2006 filings related to the regulated rates for Comcast subscribers served by the Dover and Salisbury systems. On August 1, 2006, Comcast filed three separate applications to change the maximum permitted BST rates for the areas served by those systems. One application (accompanied by an FCC Form 1240) proposed a new maximum permitted BST rate for the New Castle County area (CUID DE0093) served from the Dover head-end. Exh. 3A. A second application (with a different FCC Form 1240) advanced a separate, differing, maximum permitted BST rate for the Dover system subscribers in "Kent County Unincorporated." Exh. 2A. Finally, a third application (and a third FCC Form 1240) set forth a separate, and also different, maximum permitted BST rate for the Sussex County area (CUID DE0079) served by the Salisbury system. Exh. 4A. Under these FCC Forms 1240, the maximum permitted BST monthly rate for Kent County Unincorporated would be \$19.66; for New Castle County Unincorporated, \$18.65; and for the Sussex County Unincorporated subscribers served from the Salisbury head-end, \$17.63. And while

Comcast proposed to adjust its maximum permitted BST rate for each of the three areas, it also proposes to leave unchanged its current operator-selected BST monthly rate in each area: \$18.81 (Kent County unincorporated); \$18.21 (New Castle County unincorporated); and \$15.31 (Sussex County unincorporated - Salisbury system).¹

3. In addition, Comcast submitted FCC Forms 1205 (Exh. 2B, 3B & 4B) to justify changes to its regulated equipment rates and installation charges. Those new maximum permitted rates (as well as the companion operator-selected rates for such equipment and services) would apply to all areas.²

4. On October 3, 2006, Comcast published public notices of its three applications and its proposed adjustments to regulated cable rates for subscribers served by the Dover and Salisbury systems. See Exhs. 1A (The News Journal) and 1B (Delaware State News). The notices solicited comments concerning the proposed rate adjustments and announced that the Commission would consider the three applications during its regularly scheduled meeting on October 17, 2006. No written comments were received in response to the published notice.

5. At the announced October 17th hearing, the Commission Staff and Comcast introduced into the record the FCC Forms 1240 for the two

¹These rates include a \$0.06 FCC regulatory fee.

²Governing FCC rules allow a cable operator to aggregate its equipment and installation costs on a company level and use such costs to determine equipment and installation charges applicable throughout the company. 47 C.F.R. § 76.923(c)(1), (3). See also 47 U.S.C. § 543(a)(7)(A).

Dover system pricing areas (Exhs. 2A & 3A), as well as a similar form for the area served by the Salisbury system. Exh. 4A. The FCC Forms 1205 were also admitted. Exh. 2B, 3B & 4B. In addition, Comcast offered the oral testimony of Henry Pearl, the vice-president and general manager for Comcast. The Commission Staff presented the pre-filed (Exh. 5) and oral testimony of James G. Strong, a Staff Public Utilities Analyst.

6. At the conclusion of the hearing, the Commission determined, from the evidence presented, that the rate adjustments sought by Comcast in the FCC forms entered into the record were consistent with the governing FCC's rate methodologies. It thus entered PSC Order No. 7052 (Oct. 17, 2006) approving the revised maximum permitted rates for BST service and installation and equipment charges for the three areas covered in this docket. In that Order, the Commission said it would explain the reasons for its actions in a later-filed Findings and Opinion. This is that document. The findings are based upon a record consisting of nine exhibits and an eleven page *verbatim* transcript of testimony.

II. SUMMARY OF THE EVIDENCE

7. As noted above, in this matter, Comcast seeks approval of three separate maximum permitted rates for BST service provided by two of its three systems within its single franchise area. Under the filed FCC Forms 1240, the new maximum permitted BST rate for subscribers in "Kent County Unincorporated" would decline to \$19.66 (Exh. 2A); for those in New Castle County, it would rise to \$18.65 (Exh. 3A); and for those in Sussex County served from Salisbury,

Maryland, it would fall to \$17.63 (Exh. 4A).³ In contrast, the new proposed maximum permitted equipment and installation charges are the same across all of the above areas. (Exhs. 2B, 3B, & 4B).⁴

8. In his pre-filed testimony (later adopted at the hearing), James G. Strong, a Staff Public Utilities Analyst, reported that Staff had verified the financial data and calculations that Comcast had used in its FCC Forms 1240 and 1205. Staff had done so by tracing the information utilized in the various forms back to Comcast's supporting documentation. Exh. 5 at 2. Mr. Strong indicated that, in his view, Comcast had correctly applied the FCC rate regulation rules in calculating the proposed basic maximum permitted BST rates for the three areas. Similarly, he reported that Comcast had also correctly applied the federal rules in calculating its proposed maximum permitted equipment and installation charges applicable to all of the three areas. Exh. 5 at 3. He thus recommended that the Commission approve the proposed adjustments to the maximum permitted rates for BST service, equipment rentals, and installation services. Exh. 5 at 3.

9. At the hearing, Henry Pearl, Comcast's vice-president and general manager, testified that the cable company agreed with the conclusion reached by Mr. Strong in his pre-filed testimony. Tr. 6.

³As noted earlier, the operator-selected BST rates in each area would be continued. Each operator-selected rate is below the new maximum permitted rate. See Exh. 5, Schedule 1, Page 1.

⁴In all but a few instances, the operator-selected rates for equipment rentals and installation charges are below the maximum permitted levels. In addition, in most instances, the operator-selected rates for equipment rentals and services will be below the current operator-selected rates. Exh. 5, Schedule 1, pages 2 & 3.

Comcast will continue its current operator-selected BSTs in the three areas and those three rates were, for each area, below the new maximum permitted BST rate. Tr. 7. See Exh. 5, Schedule 1.

10. In his oral testimony, Staff Analyst Strong initially adopted his pre-filed testimony. Tr. 8. He then again recommended approval of the proposed maximum permitted rates for BST service and equipment and installation charges as set forth in the various FCC Forms 1240 and 1205 filed by Comcast. Tr. 9.

III. FINDINGS AND OPINION

11. The Commission has jurisdiction over this matter. The General Assembly has conferred upon the Commission the jurisdiction to implement federal regulations or legislation concerning the provision of cable television service. 26 Del. C. § 605(b). Since the return of federal BST cable rate regulation in 1993, the Commission has been certified as the local franchising authority for the franchise held by Comcast covering New Castle, Kent, and Sussex Counties. It thus holds the authority to superintend the rates charged by Comcast for its BST service and related equipment rental and installation services. See 47 U.S.C. § 543(a).

12. The Commission approves the proposed maximum permitted rates for BST service as set forth in the three FCC Form 1240s (Exhs. 2A, 3A, and 4A) entered at the hearing. According to Staff's written and oral testimony, those new maximum permitted BST rates were calculated in a manner consistent with the FCC's rate regulation rules under the annual rate adjustment methodology. 47 C.F.R. § 76.922(e). Similarly, based on Staff's testimony, the Commission approves the

maximum permitted rates for equipment and installation charges set forth in the FCC Forms 1205 filed to encompass all three areas. Exhs. 2B, 3B, and 4B. Again, according to Staff's testimony, those rates, calculated on a company-wide basis, have been determined in accordance with the FCC's rate rules applicable to equipment and installation charges. 47 C.F.R. § 76.923. The Commission notes that Comcast has decided to charge BST rates in each area lower than the maximum permitted rates approved here.

NOW, THEREFORE, it is directed this 23rd day of January, 2007, that these Findings and Opinion shall be filed with PSC Order No. 7052 (Oct. 17, 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
Secretary