

**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 INSTAL- ) PSC DOCKET NO. 07-270  
LATION CHARGES IN THE UNINCORPORATED )  
AREAS OF KENT AND SUSSEX COUNTIES )  
SERVED BY THE GEORGETOWN HEAD-END )  
(FILED OCTOBER 1, 2007) )

**ORDER NO. 7346**

**AND NOW**, to-wit, this 8<sup>th</sup> day of January, A.D. 2008;

**WHEREAS**, the Commission having, on January 8, 2008, 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 four areas within Community Identifier Unit Number DE0076 (Georgetown, Milford/Sussex, Seaford, and Lewes), and one area within Community Identifier Unit Number DE0034 (Milford/Kent); 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 January 1, 2008; 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

within Community Identifier Units CIU DE0034 and DE0076, with such maximum permitted rates to be effective for service after January 1, 2008.

MILFORD, KENT COUNTY UNINCORPORATED (SERVED FROM GEORGETOWN, DE)  
 GEORGETOWN UNINCORPORATED (SERVED FROM GEORGETOWN, DE)  
 LEWES UNINCORPORATED (SERVED FROM GEORGETOWN, DE)  
 MILFORD, SUSSEX COUNTY UNINCORPORATED (SERVED FROM GEORGETOWN, DE)  
 SEAFORD UNINCORPORATED (SERVED FROM GEORGETOWN, DE)

**Basic Service Tier Rates**

COMCAST OF DELMARVA, INC.	CURRENT MONTHLY MAXIMUM PERMITTED RATE	CURRENT COMPANY SELECTED RATE	COMPANY PROPOSED RATE (TO BE EFFECTIVE JAN. 1, 2008)	FCC FORM 1240 MAXIMUM PERMITTED RATE (EFFECTIVE JAN. 1, 2008)
	\$23.33	\$19.51	\$19.51	\$26.85

**Maximum Permitted Rates for Equipment and Installation Per  
 FCC Forms 1205  
 (Costs Aggregated on Regional Basis)  
 Applicable to Both Community Identifier Unit Numbers**

INSTALLATION	PROPOSED MAXIMUM PERMITTED RATES (Effective Jan. 1, 2008)	NEW OPERATOR-SELECTED RATES(Effective Jan. 1, 2008)
Hourly Service Charge	\$35.18	\$33.51
Install Unwired Home	\$47.10	\$44.95
Install Pre-Wired Home	\$32.58	\$28.60
Install A/O Initial	\$17.64	\$13.95
Install A/O Separate	\$27.10	\$22.54
Relocate Outlet	\$21.36	\$18.95
Other Install-Upgrade(non-addressable)	\$17.97	\$15.74

Other Install - Downgrade Service (addressable)	\$14.74	\$12.91
Upgrade/Downgrade Service (addressable)	\$1.99	\$1.99
Connect VCR-Connect Initial	\$7.66	\$6.95
Connect VCR-Connect Separate	\$14.84	\$14.45
Customer Trouble Call	\$28.91	\$22.23
Remote Control	\$0.25	\$0.20
Basic-Only Converter	\$ 1.13	\$1.10
Digital/Addressable Converter	\$ 3.74	\$ 3.70
HDTV Converter	\$ 9.99	\$ 6.00
CableCARD	\$ 2.06	\$ 1.50

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

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Commissioner

PSC Docket No. 07-270, Order No. 7346 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 ) PSC DOCKET NO. 07-270  
INSTALLATION CHARGES IN THE UNINCOR- )  
PORATED AREAS OF KENT AND SUSSEX )  
COUNTIES SERVED BY THE GEORGETOWN )  
HEAD-END (FILED OCTOBER 1, 2007) )

**FINDINGS AND OPINION TO ACCOMPANY PSC ORDER NO. 7346**

**APPEARANCES:**

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

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

On behalf of the Staff:

WILLIAM F. O'BRIEN, RATE COUNSEL,  
DEPUTY ATTORNEY GENERAL

On March 18, 2008, the Commission enters the following Findings and Opinion:

**I. BACKGROUND**

1. Comcast of Delmarva, Inc. ("Comcast") holds a franchise issued by this Commission that authorizes the cable operator 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: one with a head-end in Dover, a second with a head-end in Georgetown, and the third reaching up from a Salisbury, Maryland head-end. As the "local franchising authority," the Commission regulates Comcast's maximum permitted rates ("MPRs") for its basic service tier ("BST") video

offerings and the equipment and installation services associated with such BST tier service. The Commission does so under rate regulation rules, methodologies, and formulas set by the Federal Communications Commission. See 47 C.F.R. §§ 76.922, 76.923.

2. This docket involves the year 2007 filings related to the regulated rates for Comcast subscribers served by its Georgetown system during the 2008 "projected period." In the past (since the return of cable BST rate regulation in 1993), Comcast submitted not only separate BST rate filings for each of its three systems but - in the case of the Dover and Georgetown systems - also subdivided the systems into sub-areas, each with its own separate BST rate and rate filing. Thus, historically, Comcast offered the appropriate FCC forms to separately adjust a differing maximum permitted BST rate for each of five "areas" served by the Georgetown system.<sup>1</sup> With its September 29, 2006 filing, and with the Commission's consent, Comcast changed that practice, and proposed a single maximum permitted BST rate to govern all areas (including the five former pricing areas) served by its Georgetown system. Consistent with its September 29, 2006 filing, Comcast's October 1, 2007 filing continues the practice of filing one BST MPR accompanied by one operator selected system-wide BST rate. In its consolidated FCC Form 1240 (Exh. 2A), Comcast proposes a maximum permitted BST monthly rate of \$26.85 for the entire system. And while Comcast proposed to adjust its maximum permitted BST rate to \$26.85 for the system, it also proposed to maintain, effective January 1, 2008, its

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<sup>1</sup>See PSC Order No. 6803 (Dec. 20, 2005) (2005 Georgetown system filing). In the case of the Dover system, Comcast, in 2006, continued two BST rates for two areas served by that system. See PSC Order No. 7052 (Oct. 17, 2006).

current operator-selected BST monthly rate of \$19.51 across the entire system.

3. In addition to its FCC Form 1240, Comcast has also submitted an FCC Form 1205 (Exh. 2B) 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 across the system.<sup>2</sup>

4. On December 21, 2007, Comcast published public notices of its application and its proposed adjustments to regulated cable rates for subscribers served by the Georgetown system. 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 application during its regularly scheduled meeting on January 8, 2008. No written comments were received in response to the published notice.

5. At the announced January 8<sup>th</sup> hearing, the Commission Staff and Comcast introduced into the record the consolidated single FCC Form 1240 for the Georgetown system (Exh. 2A) as well as the required FCC Form 1205 also applicable across the entire system. Exh. 2B. In addition, Comcast offered the oral testimony of Thomas Worley, the area director of government affairs for Comcast. The Commission Staff presented the pre-filed (Exh. 3) and oral testimony of James G. Strong, a Staff Public Utilities Analyst.

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<sup>2</sup>Governing 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). Comcast over the years calculated its equipment and installation costs first on a regional and then a national (company) level. Consequently, its rates for equipment rental and installation charges have for some period of time been uniform across, and between, its franchised systems.

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 rules and methodologies. It thus entered PSC Order No. 7346 (Jan. 8, 2008) approving the revised maximum permitted rates for BST service and installation and equipment charges for the Georgetown system. 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 five exhibits and a ten page *verbatim* transcript of testimony.

## II. SUMMARY OF THE EVIDENCE

7. As noted above, in this matter, Comcast seeks approval for a single maximum permitted BST rate (\$26.85) to govern throughout areas served by its Georgetown system. Exh. 2A (FCC Form 1240).<sup>3</sup> In like fashion, Comcast offers new proposed maximum permitted equipment and installation charges to apply across the system. Exh. 2B (FCC Form 1205).<sup>4</sup>

8. In his pre-filed testimony (later adopted at the hearing), Mr. Strong 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. 3 at 3. Mr. Strong indicated that, in his view, Comcast had correctly applied the FCC rate

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<sup>3</sup>As noted earlier, the operator-selected BST rate in each area (\$19.51) would be continued at least for some period of time. That operator-selected rate is below the new maximum permitted rate. See Exh. 3, Schedule 1, Page 1.

<sup>4</sup>The "carried-forward" operator-selected rates for equipment rentals and installation charges are below the maximum permitted levels. Exh. 3, Schedule 1, Pages 1 & 2. In its filing, Comcast offered that it expected to change some of its operator-selected equipment and installation rates during 2008 provided that Comcast gives 30-days written notice prior to the effective date of the rate

regulation rules in calculating the proposed basic maximum permitted BST rates for the system. Similarly, he reported that Comcast had also correctly applied the federal rules in calculating its proposed maximum permitted equipment and installation charges applicable across the system. Exh. 3 at 3-4. He thus recommended that the Commission approve the proposed adjustments to the maximum permitted rates for BST service, equipment rentals, and installation services. Exh. 3 at 4.

9. At the hearing, Mr. Worley testified that the cable company agreed with the conclusion reached by Mr. Strong in his pre-filed testimony. Tr. 7.

10. In his oral testimony, Mr. Strong initially adopted his pre-filed testimony. Tr. 12. He then again recommended approval of the proposed maximum permitted rates for BST service and equipment and installation charges as set forth in the FCC Forms 1240 and 1205 filed by Comcast. Tr. 13.

### **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 rate  

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change to the Commission and Comcast customers effected by the rate change.

for BST service as set forth in FCC Form 1240 (Exh. 2A) entered at the hearing. According to Staff's written and oral testimony, the new maximum permitted BST rate was 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 FCC Form 1205 filed to encompass all areas served by the Georgetown system. Exh. 2B. 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.

**NOW, THEREFORE,** it is directed this 18th day of March, 2008, that these Findings and Opinion shall be filed with PSC Order No. 7346 (Jan. 8, 2008).

BY THE COMMISSION:

/s/ Arnetta McRae  
Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Dallas Winslow  
Commissioner

Findings and Opinion to Accompany  
PSC Order No. 7346

/s/ Jeffrey J. Clark  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary