

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

IN THE MATTER OF THE APPLICATION)
OF COMCAST CABLEVISION OF DELMARVA,)
INC., FOR A CHANGE IN ITS BASIC)
SERVICE RATES AND NECESSARY)
EQUIPMENT AND INSTALLATION CHARGES) PSC DOCKET NO. 04-382
IN THE UNINCORPORATED AREAS OF)
KENT AND SUSSEX COUNTIES SERVED BY)
THE GEORGETOWN HEAD-END)
(FILED SEPTEMBER 30, 2004))

ORDER NO. 6531

AND NOW, to-wit, this 7th day of December, A.D. 2004;

WHEREAS the Commission having, on December 7, 2004, conducted a public evidentiary hearing on the applications filed by Comcast Cablevision 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 DE0076 (Georgetown, Milford/Sussex, Seaford, and Lewes), and one area within Community Identifier Unit 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, 2005; 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 Cablevision 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, 2005.

Basic Service Tier Rates

COMCAST SYSTEM	CURRENT MONTHLY MAXIMUM PERMITTED RATE	CURRENT COMPANY SELECTED RATE	COMPANY PROPOSED RATE (TO BE EFFECTIVE JAN. 1, 2005)	FCC FORM 1240 MAXIMUM PERMITTED RATE (EFFECTIVE JAN. 1, 2005)
Milford (Kent County) DE0074	\$21.81	\$19.05	\$19.05	\$23.498
Milford (Sussex County) DE0076,	\$20.64	\$19.05	\$19.05	\$20.2749
Georgetown - DE0076	\$21.63	\$19.05	\$19.05	\$21.5906
Seaford - DE0076,	\$21.64	\$19.05	\$19.05	\$21.709
Lewes - DE0076	\$21.67	\$19.05	\$19.05	\$22.1828

**Maximum Permitted Rates for Equipment and Installation Per FCC
Forms 1205
(Costs Aggregated on Regional Basis)
Applicable to BOTH CIUDs**

EQUIPMENT AND INSTALLATION	PROPOSED MAXIMUM PERMITTED RATES (Effective Jan. 1, 2005)	NEW OPERATOR-SELECTED RATES (Effective Jan. 1, 2005)
Install Unwired Home	\$52.23	\$43.08
Install Pre-wired Home	\$31.40	\$28.72
Install-Add. Connect Initial	\$17.15	\$14.36
Install-Add. Connect Separate	\$25.31	\$25.13
Remote Control (all)	\$0.33	\$0.33
Non-addressable Converter	\$1.30	\$0.36
Addressable Converter	\$4.83	\$2.81
HDTV Converter Box	\$8.33	\$5.00
Hourly Service Charge (HSC)	\$35.17	\$35.17
Relocate Outlet	\$23.60	\$23.60
Other Install - Upgrade(non-addressable)	\$17.12	\$14.36
Other Install - Downgrade (non- addressable)	\$15.55	\$14.36
Upgrade/Downgrade service (addressable)	\$1.99	\$1.99
Connect VCR - Connect Initial	\$8.79	\$8.79
Connect VCR - Connect Separate	\$16.10	\$16.10
Field Collection	\$23.23	\$23.23
Customer Trouble Call	\$23.23	\$17.59

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/ Joshua M. Twilley
Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

Commissioner

ATTEST:

/s/ Norma J. Sherwood
Acting Secretary

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OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)
COMCAST CABLEVISION OF DELMARVA, INC., FOR)
A CHANGE IN ITS BASIC SERVICE RATES AND)
NECESSARY EQUIPMENT AND INSTALLATION) PSC DOCKET NO. 04-382
CHARGES IN THE UNINCORPORATED AREAS OF)
KENT AND SUSSEX COUNTIES SERVED BY THE)
GEORGETOWN HEAD-END (FILED SEPTEMBER 30,)
2004))

FINDINGS AND OPINION TO ACCOMPANY PSC ORDER NO. 6531

APPEARANCES:

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

MORRIS, NICHOLS, ARSHT & TUNNELL
BY: MICHAEL HOUGHTON, ESQUIRE

On behalf of the Delaware Public Service Commission:

CONSTANCE McDOWELL
CHIEF OF TECHNICAL SERVICES

On January 25, 2005, 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, Comcast Cablevision of Delmarva,
Inc. ("Comcast") holds a single franchise but uses three systems to
provide its cable television services throughout Kent and Sussex Counties
and a small portion of southern New Castle County.¹ This Commission is
the "local franchising authority" for Comcast. 47 C.F.R. § 76.910. As

¹Two other subsidiaries of Comcast's ultimate corporate parent provide
cable television service, under two other Commission-granted franchises, in the
unincorporated areas of northern New Castle County and in a portion of
southeastern Sussex County.

such, the Commission is empowered to regulate, under rules prescribed by the Federal Communications Commission ("FCC"), the maximum rates Comcast may charge for its basic service tier ("BST") offering and related equipment rentals and installation services. See 47 U.S.C. § 543(a)(1).

2. Since 1997, Comcast has chosen to adjust its BST rates for all the areas within this single franchise area by utilizing the annual rate adjustment methodology crafted by the FCC. See 47 C.F.R. § 76.922(e). In PSC Findings, Opinion, and Order No. 6498 (Oct. 19, 2004 & Jan. 25, 2005), this Commission scrutinized the maximum permitted BST rates and equipment and installation charges for the two pricing areas served by Comcast's Dover system and the single pricing area served by Comcast's Salisbury, Maryland system. This matter involves the BST rates and equipment and installation charges for the five pricing areas all served by Comcast's system emanating from its Georgetown head-end. On September 30, 2004, Comcast filed (in this single docket) separate applications to adjust its maximum permitted BST rates and equipment and installation charges for those five pricing areas. Each application was accompanied by a separate FCC Form 1240 (BST rate) and FCC Form 1205 (equipment and installation charges) for that particular pricing area. As calculated by the several Forms 1240s, the proposed maximum permitted BST rate is different for each of the five pricing areas. Those maximum permitted BST rates range from a low of \$20.27 (Milford Unincorporated) to a high of \$23.50 (Kent County Unincorporated). However, because the cost-based equipment and installation charges were calculated on a company-wide basis, the proposed maximum charges for equipment rentals

and installation services are the same in all five FCC Form 1205s² and would be the same in all five pricing areas.

3. At Staff's direction, Comcast published notices of the proposed adjustments to its maximum permitted rates for these five areas served by its Georgetown system. See Exhs. 1A (Nov. 24, 2004) (The News Journal) & 1B (Nov. 23, 2004) (Delaware State News). The notices solicited comments concerning the proposed rate adjustments and announced that the Commission would consider the five applications during its regularly scheduled meeting on December 7, 2004. No written comments were received in response to the published notices.

4. At the hearing on December 7, 2004, the Commission Staff and Comcast introduced into the record the FCC Forms 1240 (as amended) and the Forms 1205 for the five areas. See Exh. 2 (single exhibit encompassing the separate FCC Forms 1240 and 1205 for each of the five pricing areas). In addition, Comcast offered the oral testimony of Thomas Worley, Comcast's area director of government relations and public affairs. The Commission Staff presented the pre-filed (Exh. 3) and oral testimony of William C. Schaffer, a Staff Public Utilities Analyst. The Public Advocate did not participate in the matter and no member of the public sought to speak at the public meeting concerning these particular applications.

5. At the conclusion of the hearing, the Commission determined, from the evidence presented, that all the rate adjustments sought by Comcast were consistent with the governing FCC rate methodologies. It thus entered PSC Order No. 6531 (Dec. 7, 2004) approving the proposed

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

maximum permitted rates for BST service and installation and equipment charges for the five pricing areas involved in this docket. The Order also set forth Comcast's operator-selected rates for BST service, equipment, and installation services in those areas. Comcast had offered these operator-selected rates to Staff and had included those operator-selected rates (as well as the maximum permitted ones) in the public notices published by Comcast. Order No. 6531 recited that the Commission would explain the reasons for its approvals in a later-filed Findings and Opinion. This is that document. The findings are based upon a record consisting of 3 exhibits and a 10-page *verbatim* transcript.

II. SUMMARY OF THE EVIDENCE

6. As noted above, here Comcast asks this Commission to approve adjustments to five separate maximum permitted BST rates related to service provided by its Georgetown system within five areas in its lower Delaware franchise. As in the past, a maximum permitted BST rate has been calculated separately for each of five pricing areas served by that system. Thus, under the filed FCC Forms 1240 (as amended), the new maximum permitted monthly BST rate, depending on the subscriber's location, would be:

- (a) \$23.50 (Kent Co. Uninc./Milford (CUID DE0074));
- (b) \$20.27 (Sussex Co. Uninc./Milford (CUID DE0076));
- (c) \$21.59 (Sussex Co. Uninc./Georgetown (CUID DE0076));
- (d) \$22.18 (Lewes Uninc. (CUID DE0076)); and
- (e) \$21.71 (Seaford Uninc. (CUID DE0076)).

Exhs. 2 & 3 at Attach.

In contrast, the new maximum permitted equipment and installation charges are the same across all of the five areas. Exh. 2.³

³See n. 2 above.

7. In his pre-filed testimony (later adopted at the hearing), William C. Schaffer, a Staff Public Utilities Analyst, reported that Staff had verified the financial data used by Comcast in its FCC Forms 1240 and 1205. Staff had done so by tracing the information set forth in the forms back to Comcast's supporting documentation. Exh. 3 at 3, 4-6. Mr. Schaffer 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 five areas. Similarly, he reported that Comcast had also correctly applied the federal rules in calculating the maximum permitted equipment and installation charges applicable to all of the five areas. He thus recommended that the Commission approve the proposed adjustments to the maximum permitted rates for BST offerings, equipment rentals, and installation services. Exh. 3 at 6. A chart appended to Mr. Schaffer's testimony reflects that, although the maximum permitted BST rate in each of the five areas would now change, Comcast had chosen to charge a single operator-selected rate of \$19.05 throughout all of the five pricing areas. Exh. 3 at Attach. pg. 1.⁴ In a somewhat similar fashion, while Comcast has proposed new maximum permitted rates for equipment and installation charges, its operator-selected charges for equipment and installation services would not - except in four instances - change from the currently effective operator-selected charges. Three of these exceptions would be downward movements: the operator-selected "hourly service charge" would drop \$0.73, the remote control rental would fall \$0.01, and the customer trouble call charge would decline by \$0.36.

⁴Comcast's operator-selected rate of \$19.05 is lower than the maximum permitted BST rate in any of the areas. This operator-selected rate also continues the operator-selected rate currently in effect in the five areas.

In contrast, the non-addressable converter monthly fee would rise by \$0.02. Exh. 3, Attach.

8. At the hearing, Thomas Worley, Comcast's director of government relations, testified that the cable company had calculated the new proposed maximum permitted rates in accord with the governing FCC regulations. He also endorsed Mr. Schaffer's pre-filed testimony, with its recommendations for approval of the proposed adjustments. Tr. 5-6.⁵

9. In his oral testimony, Staff Analyst Schaffer repeated Staff's findings that the maximum permitted rates proposed by Comcast for these five areas had been calculated with the relevant FCC rules and methodologies. He recommended that the proposed maximum permitted rates be approved. Tr. 8. He did note, as he had in several earlier dockets involving installation charges applicable to other Comcast systems, that the installation charges reflected on the FCC Forms 1205 filed by Comcast were premised on a survey performed by Comcast in the Summer of 2003. That survey had sampled labor times at several systems operated by Comcast throughout the country. Staff was willing to accept such a procedure for this year's annual filing even though it generated increases in installation services. Mr. Schaffer reported that Comcast had offered to perform a formal study of labor applications prior to its next annual rate adjustment filing in 2005. Tr. 8-9.

III. FINDINGS AND OPINION

10. The Commission has jurisdiction over this matter. As the Commission has repeatedly said, the General Assembly has conferred upon the Commission the authority to implement federal regulations or legislation concerning the provision of cable television service. 26

⁵Mr. Worley also noted two typographical errors in the public notice published in the Delaware State News newspaper. Tr. 6-7. Those publishing

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. The Commission thus has the authority to implement and monitor those federal rate rules. See 47 U.S.C. § 543(a)(1).

11. The Commission approves the proposed maximum permitted rates for BST service as set forth in the five FCC Form 1240s (Exh. 2) filed in this docket. 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. See 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 for the five pricing areas. (Exh. 2.) 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. See 47 C.F.R. § 76.923. The Commission notes that Comcast continues to use a single operator-selected BST rate throughout this particular system and that such rate is lower than the maximum BST rate in any of the five areas.

12. These Findings and Opinion shall be filed with PSC Order No. 6531 (Dec. 7, 2004).

BY THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

errors do not affect the calculations of appropriate maximum permitted BST rates.

