

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

IN THE MATTER OF THE APPLICATION OF )  
COMCAST CABLEVISION OF NEW CASTLE )  
COUNTY, LLC, D/B/A COMCAST CABLE, )  
FOR AN ADJUSTMENT TO ITS MAXIMUM ) PSC DOCKET NO. 04-416  
PERMITTED BASIC CABLE RATES AND )  
REGULATED EQUIPMENT AND INSTALLATION )  
COSTS (FILED NOVEMBER 1, 2004) )

**ORDER NO. 6559**

**AND NOW**, this 25<sup>th</sup> day of January, 2005;

**WHEREAS**, on November 1, 2004, Comcast Cablevision of New Castle County, LLC, d/b/a Comcast Cable ("Comcast"), filed with this Commission FCC Forms 1240 and 1205 to justify adjustments to its basic cable tier service rate and equipment and installation charges for the basic cable television service provided by it in its northern New Castle County franchise area; and

**WHEREAS**, the Commission having, on January 25, 2005, conducted a public evidentiary hearing on the proposed changes in the maximum permitted rates for basic cable television service and equipment and installation charges sought by Comcast; 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 February 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 charges as set forth below for service offered by Comcast Cablevision of New Castle County, LLC, d/b/a Comcast Cable, in those unincorporated areas of New Castle County for which it has been granted a franchise by this Commission, with such maximum permitted rates to be effective for service on and after February 1, 2005.

**BASIC SERVICE TIER RATES**

	CURRENT MAXIMUM PERMITTED RATE	NEW MAXIMUM MONTHLY PERMITTED RATE (EFFECTIVE FEBRUARY 1, 2005)	OPERATOR- SELECTED RATE (EFFECTIVE FEBRUARY 1, 2005)
BASIC SERVICE RATE	\$12.37	\$10.70	\$10.50

**INSTALLATION RATES**

	CURRENT MAXIMUM PERMITTED RATE	NEW MAXIMUM PERMITTED RATE (EFFECTIVE FEBRUARY 1, 2005)	OPERATOR- SELECTED RATE (EFFECTIVE FEBRUARY 1, 2005)
INSTALL UNWIRED HOME	\$65.17	\$52.23	\$48.95
INSTALL PRE-WIRED HOME	\$39.94	\$31.40	\$30.95
INSTALL A/O INITIAL	\$23.13	\$17.15	\$15.95
INSTALL A/O SEPARATE	\$31.54	\$25.31	\$23.95
RELOCATE OUTLET INITIAL	\$31.54	\$23.60	\$21.95
RELOCATE OUTLET SEPARATE	\$39.94	\$23.60	\$21.95
OTHER INSTALL-UPGRADE (NON-ADDRESSABLE)	\$21.02	\$17.12	\$16.95
OTHER INSTALL-DOWNGRADE (NON-ADDRESSABLE)	\$21.02	\$15.55	\$11.95
UPGRADE/DOWNGRADE SERVICE (ADDRESSABLE)	\$1.99	\$1.99	\$1.99

CONNECT VCR-CONNECT INITIAL	N/A	\$8.79	\$7.95
CONNECT VCR-CONNECT SEPARATE	\$18.92	\$16.10	\$14.95
CUSTOMER TROUBLE CALL	N/A	\$23.27	\$19.95
HOURLY SERVICE CHARGE	\$42.05	\$35.17	\$32.95

**EQUIPMENT RATES**

	CURRENT MAXIMUM PERMITTED RATE	NEW MAXIMUM PERMITTED RATE (EFFECTIVE FEBRUARY 1, 2005)	OPERATOR- SELECTED MONTHLY RATES (EFFECTIVE FEBRUARY 1, 2005)
REMOTE CONTROL	\$0.30	\$0.33	\$0.30
NON-ADDRESSABLE CONVERTER	\$0.50	\$1.30	\$1.25
ADDRESSABLE CONVERTER	\$3.50	\$4.83	\$4.75
HDTV CONVERTER BOX	\$6.35	\$8.33	\$7.95

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 Order 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

Commissioner

PSC Docket No. 04-416, Order No. 6559 Cont'd.

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Commissioner

ATTEST:

/s/ Norma J. Sherwood  
Acting Secretary

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

IN THE MATTER OF THE APPLICATION OF )  
COMCAST CABLEVISION OF NEW CASTLE )  
COUNTY, LLC, D/B/A COMCAST CABLE, )  
FOR AN ADJUSTMENT TO ITS MAXIMUM ) PSC DOCKET NO. 04-416  
PERMITTED BASIC CABLE RATES AND )  
REGULATED EQUIPMENT AND INSTALLATION )  
COSTS (FILED NOVEMBER 1, 2004) )

**FINDINGS AND OPINION TO ACCOMPANY PSC ORDER NO. 6559**

**APPEARANCES:**

On behalf of the Applicant, Comcast Cablevision of New Castle County, LLC, d/b/a Comcast Cable:

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

On behalf of the Delaware Public Service Commission:

GARY A. MYERS, DEPUTY ATTORNEY GENERAL, RATE COUNSEL

**I. BACKGROUND**

1. Comcast Cablevision of New Castle County, LLC, d/b/a Comcast Cable ("Comcast Cable"), holds a franchise granted by this Commission ("the Commission" or the "PSC") to operate a cable television system in the unincorporated areas of northern New Castle County. The Commission regulates the maximum permitted rates that Comcast Cable may charge its subscribers for its basic service tier ("BST") and 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 November 1, 2004, Comcast Cable filed an FCC Form 1240 seeking to gain the Commission's approval to adjust its maximum

permitted BST rate for the then upcoming February 1, 2005 to January 31, 2006 projected period. See 47 C.F.R. § 76.922(e) (annual rate adjustment methodology).<sup>1</sup> With that Form 1240, Comcast Cable also submitted another form, FCC Form 1205, to make changes to the maximum permitted rates for its equipment and installation charges during the same period. See 47 C.F.R. § 76.923.

3. At the direction of Staff, Comcast Cable published notices of these proposed adjustments to its regulated rates in The News Journal and Delaware State News newspapers. The notices (Exhs. 1A and 1B) solicited comments and announced that the Commission would hold a hearing on the proposed rate adjustments at its meeting on January 25, 2005. No one submitted comments and no member of the public appeared at the later hearing. After considering the evidence presented by Staff and Comcast Cable at that January 25<sup>th</sup> hearing, the Commission approved the proposed adjustments to Comcast Cable's maximum permitted rates for regulated BST service and equipment and installation charges. PSC Order No. 6559 (Jan. 25, 2005). 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 Cable filed its FCC Form 1240 in order to obtain the Commission's approval for a proposed decrease in its maximum permitted rate for its "limited" basic cable ("BST") service. Under the proposal, that maximum rate for BST would move, after considering inflation, changed programming costs, and "true-up"

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<sup>1</sup>The "projected period" for the FCC Form 1240 filing made by Comcast in 2003 ran from July 2003 through June 2004. Here, the "true-up periods" in this filing cover January 1, 2003 through July 31, 2004, a period of 19 months.

(under) collection calculations, from the previously approved maximum of \$12.37 to a new - lower - maximum for the projected period of \$10.50. Exh. 2A. With its BST form, Comcast Cable also filed its FCC Form 1205 to justify changes (based on its prior year's actual costs) to its maximum permitted rates for equipment and installation charges. Exh. 2B.<sup>2</sup> Under the filed FCC Form 1205, the maximum permitted rates for all installation services would drop from the rates approved in Comcast Cable's year 2003 filing. However, the maximum permitted rates for its leased equipment (related to BST) would rise slightly above the prior year's levels.

5. In his pre-filed testimony (Exh. 3), William C. Schaffer, Staff Analyst, testified that Staff had verified the financial data and calculations used by Comcast Cable in its FCC Forms 1240 and 1205. Exh. 3 at 2-3. He reported (in both his pre-filed and oral testimony) that, in Staff's view, Comcast Cable'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 and equipment charge methodologies. Accordingly, Mr. Schaffer recommended that the proposed changes to Comcast Cable's maximum permitted rates be approved. Exh. 3 at 3-4. A chart attached to Mr. Schaffer's testimony reflects that not only will the operator-selected rate for BST service drop by \$1.60 (from \$12.10 to \$10.50) but that the operator-selected charges for almost all installation services would decline by (depending on the service) as much as \$16.22 ("install unwired home") to \$4.07 ("other install-upgrade, non-addressable"). On the equipment side, the operator-selected charges

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<sup>2</sup>These charges were calculated on a company-wide basis. See n. 3 below.

would (except for remote controls) rise in amounts ranging from \$0.75 to \$1.60. The remote control price would not change. Exh. 3, Attachment.

6. At the hearing, Comcast Cable presented the oral testimony of Joseph C. Lance, an Assistant Controller for the Eastern Division of Comcast Cable's corporate parent. He indicated that Comcast Cable had, in his view, calculated the proposed rate adjustments in a complete and accurate manner utilizing the FCC's forms and corresponding rules. Tr. 6. Given that, he obviously saw no reason to disagree with Mr. Schaffer's recommendation that the adjustments be approved. Tr. 7. Mr. Lance also testified that not only was Comcast Cable proposing a decrease in its maximum permitted BST rate but the operator-selected BST rate would also drop from its current \$12.10 to the new lower maximum permitted BST rate of \$10.50. Tr. 7.

7. At the hearing, Mr. Schaffer reiterated Staff's investigatory efforts and re-affirmed Staff's recommendation that the new maximum permitted rates and charges be approved. Tr. 8-9.

### **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 DE0011) 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 Cable has used the FCC's annual rate adjustment

methodology to adjust the franchisee's BST rates. 47 C.F.R. § 76.922(e). Under this methodology, the maximum permitted BST rate can be adjusted annually (subject to a "true-up") to reflect inflation, changes in external costs (including programming costs), and channel additions and deletions. 47 C.F.R. § 76.922(e)(1). At the same time, the maximum permitted charges for equipment and installation services are also adjusted on a similar annual basis to reflect the operator's preceding year's actual costs in providing equipment and performing services. 47 C.F.R. § 76.923(a)(2).<sup>3</sup>

9. As noted above, in this matter, Comcast Cable has filed FCC Forms 1205 and 1240 to reflect adjustments to the maximum permitted rates for its BST service, related equipment, and installation charges for the New Castle County franchise area. Based on the evidence presented, the Commission finds that the submitted Form 1240 reflects permissible adjustments to Comcast Cable's maximum permitted rate for BST service.<sup>4</sup> Accordingly, the Commission approves the maximum permitted rate (\$10.50) 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 submitted FCC Form 1205 have been appropriately calculated. Accordingly, the Commission approves the maximum permitted rates set forth in the FCC Form 1205.

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<sup>2</sup>In 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). For its northern New Castle County franchise, Comcast Communications has chosen to set its equipment and installation charges on the basis of costs calculated at a Company level, those operating entities owned or operated by Comcast Communications, Inc.

<sup>4</sup>The significant decrease in the maximum permitted BST rate may be attributed to channel deletions and "over-collections" during the 19 months

**NOW, THEREFORE,** IT IS directed this 8<sup>th</sup> day of March, 2005, that these Findings and Opinion shall be filed with PSC Order No. 6559 (Jan. 25, 2005).

BY THE COMMISSION:

/s/ Arnetta McRae  
Chair

/s/ Joshua M. Twilley  
Vice Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

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Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary

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encompassed by the "true-up" periods.