



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Set Cable Television Rates Pursuant to FCC Form 1205	Executive Order No. 70-08	Subject Suffix
Originating Department DTS- Office of Cable and Communication Services	Department Number 346001	Effective Date 3/31/08

**ORDER OF THE COUNTY EXECUTIVE SETTING CABLE
TELEVISION RATES FOR EQUIPMENT AND INSTALLATIONS
PURSUANT TO
FCC FORM 1205 FILED APRIL 2, 2007**



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ATTACHMENT 1: REPORT OF ASHPAUGH & SCULCO, CPAs, PLC,
AND FRONT RANGE CONSULTING, INC.



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I. BACKGROUND

1. Montgomery County, Maryland ("County"), has authority to regulate cable operator equipment and installation rates under Section 623 of the Cable Communications Policy Act of 1984, 47 U.S.C. § 543, as amended ("Cable Act"), and Montgomery County Executive Regulation No. 08A.29.02 (Oct. 12, 1993) ("Executive Regulation" or "ER"). The Federal Communications Commission ("FCC") has developed forms that an operator subject to regulation must file to justify equipment rates.

2. On or about April 2, 2007, Comcast Cable Communications, Inc. ("Comcast"), filed with the County FCC Form 1205, "Determining Regulated Equipment and Installation Costs, 'Equipment Form'" ("April 2007 Form 1205"), seeking the County's approval of a change in the maximum permitted rates for equipment and installation.

3. Comcast did not file FCC Form 1240 with the April 2007 Form 1205, as the company had changed its regular annual filing date to October 1.



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However, Comcast filed an additional copy of the April 2007 Form 1205 with its Form 1240 filing on October 1, 2007.

4. The Office of Cable and Communication Services received and preliminarily reviewed the April 2007 Form 1205 and published notice that such filing was available for public review and comment.

5. The County's financial consultants, Ashpaugh & Sculco, CPAs, PLC, and Front Range Consulting, Inc. ("Consultants"), reviewed the April 2007 Form 1205 on behalf of the County and several other communities that had received the same Form 1205 rate filing.

6. The Consultants requested information from Comcast three times. Comcast did not provide all the requested information. The information Comcast did provide is reflected in this Order and in the Final Report Regarding the 2007 FCC Form 1205 filed by Comcast Cable Communications, LLC, provided by Consultants in February, 2008, appended as Attachment 1 ("Consultant Report").

7. On March 6, 2008, the County delivered to Comcast for comment a courtesy draft of this rate order, including the Consultant Report. Comcast submitted its comments on March 17, 2008, in the form of a letter from Joseph Lance to Marjorie L. Williams ("Comcast Comments").



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8. Federal Communications Commission ("FCC") rules place the burden on the cable operator to prove that its rates for basic service and equipment are reasonable under applicable federal law and regulations. 47 C.F.R. § 76.937(a).

II. FINDINGS AND CONCLUSIONS

A. Inside Wire Maintenance Plan

9. Comcast offers subscribers an inside wire maintenance plan ("IWMP") called the Service Protection Plan. If the subscriber elects to purchase this plan, Comcast charges the subscriber a monthly fee, and the subscriber does not have to pay for certain trouble calls involving inside wiring. If the subscriber does not purchase this plan, Comcast charges the subscriber separately for each such trouble call. Consultant Report at 3.

10. The IWMP covers wiring that is used for cable service, telephone service, and high-speed data service. Consultant Report at 3.

11. Because the IWMP covers wiring used for services other than cable service, Comcast considers it unregulated. Consultant Report at 3.



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12. However, Comcast included the costs and service hours associated with the IWMP in its Form 1205 calculations for regulated equipment and installations. Consultant Report at 3; Comcast Comments at 2.

13. The purpose of Form 1205 is to allow the cable operator to recover the cost of regulated, not unregulated, equipment and installations. Thus, the best way for a cable operator to complete Form 1205 is to include only the costs and hours for regulated equipment and installations in its calculations.

14. Comcast is capable of identifying its costs specific to regulated equipment and installations. Comcast has stated that it did so between March 6 and March 17, 2008. *See* Comcast Comments at 2.¹

15. However, Comcast refused to provide IWMP-specific data during the review process when Consultants repeatedly requested that information so that Consultants could remove the IWMP costs and hours from the regulated equipment rate base. Consultant Report at 3-4.

¹ "In fact, after reviewing the draft Order and the Consultants' Report, Comcast revisited its Form 1205 calculation and removed *all* of the cost and *all* of the hours associated with these [IWMP] service calls to assess the impact." Comcast Comments at 2.



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16. In the absence of information from Comcast that would allow them to distinguish IWMP costs from regulated costs, Consultants sought to prevent double recovery by estimating the revenues Comcast received from the IWMP and offsetting a portion of those revenues against Comcast's reported costs for regulated equipment and installations. Consultant Report at 5.

17. The Comcast Comments argue that IWMP revenues cannot be considered because, as unregulated, they are beyond the County's jurisdiction. Comcast Comments at 1. However, Comcast fails to recognize that the purpose of Consultants' procedure is to *prevent* the commingling of IWMP data with data on regulated equipment and installations, not to regulate IWMP. Consultant Report at 3-4.

18. Comcast argues that its inclusion of unregulated costs is harmless because calculating the Hourly Service Charge (HSC) with the IWMP costs yields the same result as calculating the HSC without the IWMP costs. Comcast claims to have performed such a comparison of results. See ¶ 14 above. Comcast has not, however, provided Consultants or the County with these calculations so that they can be verified.



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19. Comcast's claim that removing the IWMP costs does not change the results does not appear to be plausible. The set of service calls covered by the IWMP is quite different from the set of service calls subject to Form 1205. Regulated service calls include such activities as normal installations, additional outlet installations, outlet relocations, and VCR/DVD hookups. Consultant Report at 2. Many of these are routine activities likely to require a minimum of time from the installer. By contrast, a service call covered by the IWMP is by definition a trouble call that requires diagnosis of an unknown problem. It is likely to involve a different commitment of time and different equipment than a standard installation.

20. Moreover, an IWMP call may involve troubleshooting for wiring that carries not only video signals, but also telephone signals, data traffic, or any combination of these categories. See ¶ 10 above. Cable company technicians are not likely to be equally familiar with all these categories of transmissions. Since such service calls deal with inside wiring, they may also involve cutting and patching customers' walls and the like. Such activities would be less frequent in dealing with routine installations.



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21. For these reasons, it is unlikely that the ratio of costs to hours in an IWMP service call will be exactly the same as the ratio of costs to hours in a regulated service call. This means that including both in the same calculation is likely to skew the HSC, on which regulated installation rates are based.

22. Accordingly, Comcast can and should provide Consultants with the information Consultants request so that Consultants can separate Comcast's IWMP costs from the costs for regulated services and independently check the results reported by Comcast.

23. Due to Comcast's change in annual filing dates, Comcast currently has a second Form 1205 pending before the County, filed on October 1, 2007. See ¶ 3 above. Comcast's calculations can be checked and, if necessary, corrected during the review of this second Form 1205 and thus ensure minimal potential loss to subscribers, if Comcast promptly provides Consultants with the necessary data.

B. Installation Times

24. The Consultants concluded that Comcast had not based its installation times on adequate information regarding the company's actual current



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experience. However, Comcast did not provide the Consultants with sufficient information to improve the company's figures. Consultant Report at 5.

25. The County reserves its right to address this issue with respect to future rate filings.

C. Data from Effective Competition Systems

26. The Consultants believe that Comcast included in its Form 1205 calculations data from cable systems that have been deregulated by the FCC on the grounds of "effective competition." Consultant Report at 5-6.

27. The County reserves its right to address this issue with respect to future rate filings.

III. ORDERING CLAUSES

IT IS THEREFORE ORDERED THAT:

28. Comcast is permitted to charge the equipment and installation rates stated in its April 2007 Form 1205 for the period through December 31, 2007.

29. Comcast is hereby ordered to provide Consultants with the IWMP cost and service time data they have requested. Comcast shall provide this information in full by April 14, 2008.



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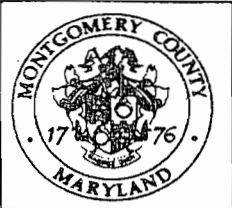
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30. Comcast is hereby ordered to comply promptly with any further data requests from Consultants regarding IWMP.

31. Pursuant to ER §§ 5.2 and 6.1(c), Comcast shall file with the County within ninety (90) days from the date of this Order a certification, signed by an authorized representative of Comcast, stating whether Comcast has complied fully with all provisions of this Order, describing in detail the precise measures taken to implement this Order.

32. Comcast shall not charge any rates for regulated equipment or installation higher than the rates set herein, nor increase those rates, nor impose on subscribers any other charges for regulated equipment or installation not specified herein or in the County's previous rate orders, unless such charge is first filed with and approved by the County, in accordance with applicable law and regulations, including but not limited to the notice requirements imposed by 47 C.F.R. § 76.1603, or as otherwise expressly permitted by applicable law and regulations.

33. Comcast may charge rates less than the maximum rates indicated above for regulated equipment and installation, as long as such rates comply with



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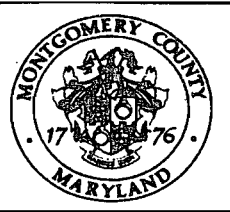
applicable law and are applied in a uniform and nondiscriminatory manner, pursuant to federal, state, and local laws and regulations.

34. Pursuant to ER § 4.3, the rates set herein are subject to further reduction and refund to the extent permitted under applicable law and regulations, as the same may be amended.

35. The findings herein are based on the representations of Comcast. Should information come to the County's attention that these representations were inaccurate in any material way, the County reserves the right to take appropriate action. This Order is not to be construed as a finding that the County has accepted as correct any specific entry, explanation or argument made by Comcast not specifically addressed herein.

36. The County reserves all of its rights with respect to rate regulation, including, but not limited to, any right it may have to reopen this rate proceeding based on new information or rulings by governing authority, if it appears that such new information or rulings could alter the reasonable rates prescribed by FCC regulations, pursuant to ER § 4.3.

37. This Order constitutes the written decision required by 47 C.F.R. § 76.936(a).



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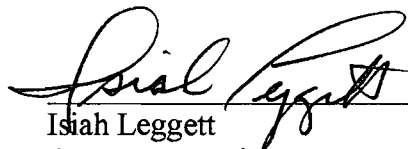
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38. To the extent that the Executive Regulation would impose deadlines or hearing requirements more stringent than those observed with respect to this process, and waiver of such requirements would be consistent with applicable FCC regulations and would not cause substantial harm to any party, the County Executive hereby waives such requirements, pursuant to ER § 6.1(c).

39. This Order shall be effective immediately upon its approval by the County Executive, pursuant to ER § 4.1.

40. This Order shall be released to the public and to Comcast, and a public notice shall be published stating that this Order has been issued and is available for review, pursuant to ER § 4.1 and 47 C.F.R. § 76.936(b).


Isiah Leggett
County Executive

March 31, 2008
Date

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY
BY: 
DATE: 3/25/08

ATTACHMENT 1: REPORT OF ASHPAUGH & SCULCO, CPAs, PLC,
AND FRONT RANGE CONSULTING, INC.

Final Report

Regarding

the

2007 FCC Form 1205

filed by

Comcast Cable Communications, LLC

February, 2008



ASHPAUGH & SCULCO, CPAs, PLC
Certified Public Accountants and Consultants



Front Range Consulting, Inc.

Ashpaugh & Sculco, CPAs, PLC (“A&S”) and Front Range Consulting, Inc. (“FRC”) (collectively “Consultants”) are pleased to provide the 2007 Comcast Form 1205 Participating Communities¹ (“Participants”) this Final Report regarding the FCC Form 1205 rate filing made by Comcast Cable Communications, LLC (“Comcast”) during 2007.²

I. REPORT SYNOPSIS

The Consultants recommend that each participant adopt the proposed resolution of the identified Form 1205 issues. During the review of the Comcast Form 1205, the Consultants have identified three major issues with the Form 1205 as filed by Comcast. Those issues are:

- Inside Wire Maintenance Plan (IWMP);
- Installation times; and
- Elimination of cost data of systems where Comcast has received Effective Competition (EC) designation.

The Consultants have requested data from Comcast in three separate requests. The second and third requests asked Comcast to respond to prior requests or provide support not provided in the response to the original request. In only one instance did Comcast provide the requested response or support. The Consultants specifically informed Comcast that the responses were necessary for the review and requested that Comcast provide supporting information to support Comcast’s position and that to the extent Comcast did not provide the requested information, the Consultants would rely on their best available information. Comcast was also asked to contact us if they did not understand any request. As will be discussed below in association with the specific issues, it was necessary to proceed on the best available information since Comcast did not provide the requested information.

II. SCOPE OF REPORT

The Consultants were retained by the Participants to review the FCC Form 1205 submitted by Comcast to the Participants in 2007. As this is the fourth review of the national Comcast FCC Form 1205 by the Consultants, many of the issues that have been identified in the past review are also incorporated in this filing making the impact of the continued review of the filing cumulative. For example, based on the Consultants’ identification of the issue in the 2006 review, Comcast made an adjustment to eliminate cable modem repair costs in the 2007 1205. The Consultants based this review of the 2007 filing on Comcast’s responses to data requests.

¹ City of Albuquerque, NM, Metro Nashville-Davidson County, TN, Montgomery County, MD, Federal Way, WA, and West Central Cable Agency, IL.

² Comcast filed the national FCC Form 1205 with Montgomery County, MD on April 1, 2007 and October 1, 2007.



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Front Range Consulting, Inc.

III. SUMMARY OF FORM 1205 FILING

The rates were:

Item	2006 MPR	2007 MPR	Recommended MPR	Change
INSTALLATION CHARGES				
Hourly Service Charge	\$34.24	\$35.18	\$33.58	(\$1.60)
Unwired Installation	\$45.10	\$47.10	\$44.95	(\$2.15)
Prewired Installation	\$29.35	\$32.58	\$31.10	(\$1.48)
Addition Outlet (Same Trip)	\$14.49	\$17.64	\$16.84	(\$0.80)
Addition Outlet (Separate Trip)	\$24.25	\$27.10	\$25.87	(\$1.23)
Relocate Outlet	\$19.41	\$21.36	\$20.39	(\$0.97)
Upgrade	\$18.49	\$17.97	\$17.15	(\$0.82)
Downgrade	\$15.32	\$14.74	\$14.07	(\$0.67)
Change of Service (Addressable)	\$1.99	\$1.99	\$1.99	-
VCR/DVD (Same Trip)	\$7.29	\$7.66	\$7.31	(\$0.35)
VCR/DVD (Separate Trip)	\$15.83	\$14.84	\$14.17	(\$0.67)
Customer Trouble Call	\$25.34	\$28.91	\$27.59	(\$1.32)
EQUIPMENT RENTAL				
Remote	\$0.23	\$0.25	\$0.25	-
Basic-only Converter	\$1.14	\$1.13	\$1.08	(\$0.05)
Converter (Digital/Analog)	\$4.01	\$3.74	\$3.68	(\$0.06)
HD/DVR/HD-DVR Converter	\$9.91	\$9.99	\$9.94	(\$0.05)
CableCARD	\$1.91	\$2.06	\$2.06	-

IV. FCC FORM 1205 ISSUES IDENTIFIED

The Consultants have identified three issues with the Comcast filing. The three issues are:

- Inside Wire Maintenance Plan (IWMP);
- Installation times; and
- Elimination of cost data of systems where Comcast has received Effective Competition (EC) designation.



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IV(A). INSIDE WIRE MAINTENANCE PLAN (IWMP)

The Consultants identified this issue in prior reviews but did not have the information to proceed with an adjustment. Comcast has been previously informed that this issue was an area of interest. The Consultants requested detailed information in regard to Comcast's IWMP in each of the 3 requests. Comcast has not provided the support or information requested. For example, the Consultants asked Comcast in the third request to question 8:

Comcast responded to request 17 (c) by stating:

Inside wire maintenance costs have not been removed from Schedule B. Please see the previously provided Federal Communications Commission's Memorandum Opinion and Order that was released on September 19, 1996. Paragraph 11 of this document states that "Our rules provide that charges for such service contracts must be based on the operator's HSC' multiplied by either the estimated average number or the actual number of hours for maintenance and repair". Please note that the footnote at the bottom of this page is quoted directly from the Memorandum Opinion and Order.

The Consultant's have reviewed that aforementioned Order by the FCC and request that Comcast confirm that Comcast intends to treat its IWMPs as regulated equipment charges as the Order was relative to a regulated charge for such inside wire. If Comcast is not treating the current IWMPs as being regulated, please explain how the response provided by Comcast is anything but misleading.

Comcast responded:

Comcast treats the Service Protection Plan (in home wire maintenance plan or "SPP") price as unregulated in accordance with FCC rules since the plan covers cable television wiring, telephone wiring and high speed data service wiring.

The response by Comcast is not misleading. Since not all customers subscribe to the Service Protection Plan and those that do subscribe to the SPP subscribe "at will," Comcast must take into consideration the costs for every video in home wiring service call in calculating the Hourly Service Charge. If the customer does not subscribe to the SPP, the customer is charged for a trouble call per the rate card.

Prior to introducing the Service Protection Plan, all customers were charged a trouble call charge for video in home wiring service calls. The SPP provides customers an alternative to paying a trouble call charge, but it does not eliminate the cost of materials and the time involved by Comcast personnel in completing such repairs. The costs must be included in the rate form. The recovery of the costs depends upon whether the particular subscriber chooses to proceed under the rate card trouble call charge or the SPP.

From this response, Comcast has made it clear that it treats the IWMP as being unregulated under the FCC rules but has also included all of the costs and hours associated with these IWMPs in the Form 1205. The Consultants believe that the intent of the Form 1205 is to identify only those costs which support regulated equipment and installation activities. Including the



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costs associated with an unregulated activity within the Form 1205 has improperly co-mingled regulated and unregulated costs and hours making the computed HSC by Comcast unreliable.

When the Consultants attempted to remove the unregulated IWMP costs by requesting the necessary data from Comcast, Comcast responded to the third request item 9 as follows:

Request 2-1 in the letter dated December 12, 2007 from the Consultants was:

2-1. For each sample system, please identify the number of subscribers purchasing an inside wire maintenance plan (IWMP) by month.

Comcast responded:

The number of subscribers purchasing an inside wire maintenance plan by month is not relevant to the review of the FCC Form 1205.

FCC rules state: "The franchising authority shall state a justification for each item of information requested and, where related to an FCC Form 393 (and/or FCC Forms 1200/1205) filing, indicate the question or section of the form to which the request specifically relates."

Since there is no line of the FCC Form 1205 that requires any type of subscriber information, please state a justification for "the number of subscribers purchasing an inside wire maintenance plan" and indicate the section of the form to which the request specifically relates.

Request 2-3 in the letter dated December 12, 2007 from the Consultants was:

2-3. For each sample system, please provide the total dollar amount of revenues received from subscribers for subscription to an IWMP.

Comcast responded:

The total dollar amount of revenues received from subscribers for subscription to an IWMP is not relevant to the review of the FCC Form 1205.

FCC rules state: "The franchising authority shall state a justification for each item of information requested and, where related to an FCC Form 393 (and/or FCC Forms 1200/1205) filing, indicate the question or section of the form to which the request specifically relates."

Since there is no line of the FCC Form 1205 that requires any type of revenue information, please state a justification for "the total dollar amount of revenues received from subscribers for subscription to an IWMP" and indicate the section of the form to which the request specifically relates.

The Consultants believe that Comcast's refusal to provide the requested material, albeit with the ability for Comcast to have communicated directly with the Consultants rather than quoting the FCC from 1993, has forced the Consultants to use their best available information in order to make the necessary adjustments.

By not making the adjustment to either eliminate the hours and costs associated with the IWMPs,



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Comcast is able to over recovery its costs associated with its regulated equipment and gain a return on these regulated activities that is in excess of the 11.25%. It is certain that with this "insurance" like IWMP that the costs incurred by Comcast could be dramatically above and below the recovered revenues from subscribers. Therefore following typical utility regulatory theory, the Consultants have elected to offset Comcast's operating expenses contained in the Form 1205 by the estimated revenues that Comcast will receive from subscribers to the IWMPs. In response to the third request Comcast did provide a copy of the notice and terms of the IWMP provided to subscribers. The rate for the service is \$3.95 per month. The Consultants have estimated that Comcast received over \$200 million in 2006 from the IWMPs and have assigned 17.84% of that amount as a credit to the regulated equipment and installation activities.

This adjustment lowers the Hourly Service Charge (HSC) from \$35.18 to \$33.58 and lowers the corresponding rates for installation activities and equipment charges which are base in whole or in part on the HSC.

IV(B). INSTALLATION TIMES

The Consultants investigated the computations by Comcast of the estimated installation times. Comcast was requested to provide internal billing and scheduling programs where time or point values were used to assign and route technicians. Finally after the third attempt at securing this information, Comcast provided the Consultants with "selected" examples. The Consultants do not believe that these were randomly chosen but were rather "selected" as point values that appear to be reasonably close to times used in the Form 1205. The process that is used by Comcast is to ask the selected sample systems to provide estimates as to the installation times. That process has not changed since 1993 when the first 1205's were prepared. In today's world of "just-in-time" order processing and service calls, it seem highly unlikely that Comcast does not have internal actual data from the installers that would be a better basis then some "guesstament" by the filed personnel. The Consultants cannot even guess as to impact this would have on the Form 1205 as Comcast has refused to provide anything but a "selected" examples even though this request was part of the Consultants original request. The Consultants recommend that Comcast be required to use to the maximum extent available the internal scheduling and routing program times rather that "guesstaments" for it next Form 1205.

IV(C). ELIMINATION OF COST DATA OF SYSTEMS WHERE COMCAST HAS RECEIVED EFFECTIVE COMPETITION (EC) DESIGNATION

The Consultants requested information from Comcast relative to areas and systems where Comcast (or the prior cable franchisee) has requested and been granted designation of Effective Competition (EC). With the EC designation, rates are no longer regulated meaning Comcast can charge whatever rate it wants for installations and equipment. Comcast can bundle the rate with the service by charging an inflated service rate to recover its costs or choose any other viable option for recovery of those costs. While the Consultants have no evidence of this, by allowing Comcast to include EC costs and activities in the 1205, sets the potential for subsidization of unregulated activities by regulated activities.



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Public Service Commissions routinely require cost allocation manuals to support the separation of unregulated costs and activities from regulated costs and activities. The Consultants recommend the Participants include this requirement in their orders concerning the 2007 filed FCC Form 1205.

V. POTENTIAL RATE IMPACTS

The potential rate impacts for the FCC Form 1205 issues identified above are difficult to quantify because the Consultants cannot estimate them without significantly more information from Comcast. The Consultants recommend that the Participants require Comcast to provide each Participant an individual refund plan detailing the amount of refunds by category. The refund should identify the total dollars to each cable subscriber as a one time bill credit with interest.

VI. CONCLUSION

The Consultants recommend that the Participants issue a Rate Order consistent with the recommended MPRs identified in Attachment A, (the revised Form 1205) of this Final Report.

Report Presented By:

Garth T. Ashpaugh, CPA
Ashpaugh & Sculco, CPAs, PLC
1133 Louisiana Avenue, Suite 106
Winter Park, FL 32789

Richard D. Treich
Front Range Consulting, Inc.
4152 Bell Mountain Drive
Castle Rock, CO 80104

ATTACHMENT A

FORM 1205
DETERMINING REGULATED EQUIPMENT AND INSTALLATION COSTS
"EQUIPMENT FORM"

Comcast

Community Unit Identifier (CUID) of cable system SEE FCC FORM 1240 FILING REVISED by A&S and FCC		Date of Form Submission 3/1/07
Name of Cable Operator COMCAST CABLE COMMUNICATIONS, LLC and COMCAST CABLE COMMUNICATIONS HOLDINGS, INC.		
Mailing Address of Cable Operator		
City	State	ZIP Code
Name and Title of person completing this form:		
Telephone number	Fax Number	
Name of Local Franchising Authority		
PLEASE SEE FRANCHISE AUTHORITY LISTING PROVIDED WITH FCC FORM 1240 FILING		
Mailing Address of Local Franchising Authority		
City	State	ZIP Code

1. This form is being filed: [Enter an "x" in the appropriate box]

In conjunction with FCC Form 1200, FCC Form 1220, or FCC Form 1225.
Attach the completed FCC Form 1200, FCC Form 1220, or FCC Form 1225 to the front of this form.

OR

In order to fulfill FCC rules requiring an annual filing of this form
Enter the date on which you last filed this form (mm/dd/yy)

Note: This should be the date on which the rates last justified, by using either FCC Form 393 or the prior filing of this form, were in effect.

2. Enter the date on which you closed your books for the fiscal year reflected in this form:

(mm/dd/yy)

Note: This will indicate the end of the 12-month fiscal year for which you are filing this form.

3. Indicate the corporate status of your cable system [Enter an "x" in the correct box]

- C-Corporation
 Subchapter S corporation
 Partnership
 Sole Proprietorship
 Other [Please explain below]

SCHEDULE A: CAPITAL COSTS OF SERVICE INSTALLATION AND MAINTENANCE OF EQUIPMENT AND PLANT						
A	Equipment and Plant	Vehicles	Tools	Maintenance Facilities	Other 1. (Specify below)	Other 2. (Specify below)
B	Gross Book Value	\$799,445,449.00	\$522,984,001.00	\$0.00		
C	Accumulated Depreciation	\$635,706,702.00	\$380,249,342.00	\$0.00		
D	Deferred Taxes	\$35,261,032.00	\$33,736,068.00	\$0.00		
E	Net Book Value [B-(C+D)]	\$128,477,715.00	\$108,998,591.00	\$0.00	\$0.00	\$0.00
F	Rate of Return	0.1125				
G	Calculation of Cross-up Rate					
G1	Federal Income Tax Rate	0.35				
G2	State Income Tax Rate	0.0701				
G3	Net Total Income Tax Rate [(G1+G2)-(G1 x G2)]	0.3956				
G4	Adjustment to Reflect Interest Deductibility					
G4a	Actual Interest Amount	\$2,064,000,000.00				
G4b	Total Net Assets	\$91,435,000,000.00				
G4c	Base Return on Investment Amount [G4a x F]	\$10,286,437,500.00				
G4d	Interest Deductibility Factor [G4a/G4c]	0.2007				
G5	Effective Tax Rate [G3 x (1-G4d)] [C-Corps skip to G7]	0.3162				
G6	Adjustments for Non-C Corporations					
G6a	Base Return on Investment Amount [G4c]	n/a				
G6b	Distributions	\$0.00				
G6c	Contributions (may not exceed G6b)					
G6d	Returns Subject to Income Tax [G6a-G6b+G6c]	n/a				
G6e	Returns Percentage Subject to Income Tax [G6d/G6a]	n/a				
G7	Gross-Up Rate [C-Corps:1/(1-G5) Other:1/(1-(G5 x G6e))]	1.4624				
H	Grossed-Up Rate of Return [F x G7]	0.1645				
I	Return on Investment Grossed-Up for Taxes[E x H]	\$21,137,194.184	\$17,932,482.5613	\$0.00	\$0.00	\$0.00
J	Current Provision for Depreciation	\$61,593,346.00	\$38,689,993.00	\$0.00		
K	Annual Capital Costs [I+J]	\$82,730,540.184	\$56,622,475.5613	\$0.00	\$0.00	\$0.00
L	GRAND TOTAL [sum of Line K entries]	\$139,353,015.7453				

Box 1.

Specify: Other 1. _____
Specify: Other 2. _____

SCHEDULE B: ANNUAL OPERATING EXPENSES FOR SERVICE INSTALLATION AND MAINTENANCE OF EQUIPMENT							
A	Annual Op. Expenses for Svc. Install. and Maint. of Equip.	Salaries & Benefits	Supplies	Utilities	Other Taxes	Other 1. (Specify below)	Other 2. (Specify below)
A	Annual Op. Expenses for Svc. Install. and Maint. of Equip.	\$3,850,913,552.07	\$12,927,637.88	\$0.00	\$0.00	\$358,581,611.76	\$282,054,234.50
B	GRAND TOTAL [sum of Line A entries]	\$4,504,477,036.21					

Box 2.

Specify: Other 1. Contract Labor / Converter Maintenance
Specify: Other 2. Vehicle Expenses / Rentals and Lease Expense

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SCHEDULE C: CAPITAL COSTS OF LEASED CUSTOMER EQUIPMENT

A	Equipment	Remote 1	Remote 2	CableCARD	Converter 1	Converter 2	Converter 3
B	Total Maintenance/Service Hours (Attach Explanation)	403,914		4,120	158,361	5,627,150	1,884,732
C	Total # of Units in Service	19,974,098		114,569	412,389	14,653,698	4,908,011
D	Gross Book Value	\$239,720,251.00		\$11,097,119.00	\$581,837.00	\$3,401,574,381.00	\$2,034,519,911.00
E	Accumulated Depreciation	\$196,347,996.00		\$2,070,659.00	\$576,623.00	\$2,601,361,145.00	\$517,694,510.00
F	Deferred Taxes	(\$3,225,530.00)		\$2,149,903.00	(\$3,564.00)	\$224,358,176.00	\$380,798,251.00
G	Net Book Value [D-(E+F)]	\$46,597,785.00	\$0.00	\$6,876,557.00	\$8,778.00	\$575,855,060.00	\$1,136,027,150.00
H	Grossed-Up Rate of Return [From Sched. A, Line H]	0.1643					
I	Return on Investment Grossed-Up for Taxes [G x H]	\$7,666,282.2816	\$0.00	\$1,131,333.326	\$1,444.1593	\$94,739,856.0327	\$186,899,544.9357
J	Current Provision for Depreciation	\$39,190,190.00		\$1,558,197.00	\$6,508.93	\$364,241,706.29	\$335,002,275.76
K	Annual Capital Costs [I + J]	\$46,856,472.2816	\$0.00	\$2,689,530.326	\$7,953.0893	\$458,981,562.3427	\$521,901,820.6957
L	GRAND TOTAL [sum of Line K entries]	\$1,030,437,338.7354					

Box 3.

SCHEDULE D: AVERAGE HOURS PER INSTALLATION

A.	Average Hours per Unwired Home Installation (attach an explanation)	1.3387
B.	Average Hours per Pre-Wired Home Installation (attach an explanation)	0.9261
C.	Average Hours per Additional Connection Installation at Time of Initial Installation (attach an explanation)	0.5014
D.	Average Hours per Additional Connection Installation Requiring Separate Installation (attach an explanation)	0.7703
E.	Other Installation (by Item Type):	
	Item 1. Relocate Outlet	
	Average Hours per Installation (attach an explanation)	0.6071
	Item 2. Upgrade Non-Addressable	
	Average Hours per Installation (attach an explanation)	0.5107
	Item 3. Downgrade Non-Addressable	
	Average Hours per Installation (attach an explanation)	0.419

Consent

WORKSHEET FOR CALCULATING PERMITTED EQUIPMENT AND INSTALLATION CHARGES	
STEP A. Hourly Service Charge	
1. Total Capital Costs of Installation and Maintenance [Schedule A, Box 1]	\$139,353,015.7433
2. Total Annual Operating Expenses for Installation and Maintenance [Schedule B, Box 2]	\$4,504,477,036.21
3. Total Capital Costs and Operating Expenses for Installation and Maintenance [Line 1 + Line 2]	\$4,643,830,051.9553
4. Customer Equipment and Installation Percentage (attach an explanation)	0.1784
5. Annual Customer Equipment Maintenance and Installation Costs, Excluding Costs of Leased Equipment [Line 3 x Line 4]	\$828,459,281.2688
6. Total Labor Hours for Maintenance and Installation of Customer Equipment and Services (attach explanation)	24,672,158.26
7. Hourly Service Charge (HSC) (Line 5/Line 6)	\$33.5787

METHOD OF BILLING FOR INSTALLATIONS (place an "x" in the appropriate box)

<input type="checkbox"/>	Installations billed by the hour based on the HSC calculated in Line 7.
<input checked="" type="checkbox"/>	Installations billed as a standard charge.

STEP B. Installation Charge	
8. Uniform HSC for all installations (From Step A, line 7)	n/a
OR	
9. Average Charge for Installation Types	
a. Unwired Home Installation	
a1. HSC [Line 7]	\$33.5787
a2. Average Hours per Unwired Home Installation (Schedule D, Line A)	1.3387
a3. Charge per Unwired Home Installation [a1 x a2]	\$44.9518
b. Pre-wired Home Installation	
b1. HSC [Line 7]	\$33.5787
b2. Average Hours per Pre-wired Home Installation (Schedule D, Line B)	0.9261
b3. Charge per Pre-wired Home Installation [b1 x b2]	\$31.0972
c. Additional Connection Installation at Time of Initial Installation	
c1. HSC [Line 7]	\$33.5787
c2. Average Hours per Additional Connection Installation at Time of Init. Install. [Schedule D, Line C]	0.5014
c3. Charge per Additional Connection Installation at Time of Initial Installation [c1 x c2]	\$16.8364
d. Additional Connection Installation Requiring Separate Installation	
d1. HSC [Line 7]	\$33.5787
d2. Avg. Hours per Additional Connection Installation Req. Sep. Install. [Schedule D, Line D]	0.7703
d3. Charge per Additional Connection Installation Requiring Separate Installation [d1 x d2]	\$25.8657
e. Other Installations (As specified in Schedule D, Line E):	
e1. HSC [Line 7]	\$33.5787
e2. Average Hours per Installation of Item 1 [Relocate Outlet]	0.6071
e3. Charge per Installation of Item 1 [e1 x e2]	\$20.3856
e4. HSC [Line 7]	\$33.5787
e5. Average Hours per Installation of Item 2 [Upgrade Non-Addressable]	0.5107
e6. Charge per Installation of Item 2 [e4 x e5]	\$17.1486
e7. HSC [Line 7]	\$33.5787
e8. Average Hours per Installation of Item 3 [Downgrade Non-Addressable]	0.419
e9. Charge per Installation of Item 3 [e7 x e8]	\$14.0693

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STEP C. Charges for leased Remotes (Calculate separately for each significantly different type)			
	a Remote 1	b Remote 2	c Cable Card
10. Total Maintenance/Service Hours [Corresponding column from Schedule C, Line B]	403,914	0.	4,120
11. HSC [Line 7]	\$33.5787	\$33.5787	\$33.5787
12. Total Maintenance/Service Cost [Line 10 x Line 11]	\$13,362,911.6273	\$0.00	\$138,344.2909
13. Annual Capital Costs [Corresponding column from Schedule C, Line K]	\$46,836,472.2816	\$0.00	\$2,689,530.326
14. Total Cost of Remote [Line 12 + Line 13]	\$60,419,383.9089	\$0.00	\$2,827,874.6169
15. Number of Units in Service [Corresponding column from Schedule C, Line C]	19,974,098	0.	114,569
16. Unit Cost [Line 14/Line 15]	\$3.0249	\$0.00	\$24.6827
17. Rate per Month [Line 16/(12)]	\$0.2521	\$0.00	\$2.0569

STEP D. Charges for leased Converter Boxes (Calculate separately for each significantly different type)			
	a Converter 1	b Converter 2	c Converter 3
18. Total Maintenance/Service Hours [Corresponding column from Schedule C, Line B]	158,361	5,627,150	1,884,732
19. HSC [Line 7]	\$33.5787	\$33.5787	\$33.5787
20. Total Maintenance/Service Cost [Line 18 x Line 19]	\$5,317,558.3124	\$188,952,445.7271	\$63,286,871.8517
21. Annual Capital Costs [Corresponding column from Schedule C, Line K]	\$7,953.0893	\$458,961,562.3427	\$521,901,820.6957
22. Total Cost of Converter [Line 20+ Line 21]	\$5,325,511.4018	\$647,934,008.0697	\$585,188,692.5474
23. Number of Units in Service [Corresponding column from Schedule C, Line C]	412,389	14,653,698	4,908,011
24. Unit Cost [Line 22/Line 23]	\$12.9138	\$44.2164	\$119.2313
25. Rate per Month [Line 24/(12)]	\$1.0762	\$3.6847	\$9.9359

STEP E. Charges for Other Leased Equipment	
26. Total Maintenance/Service Hours [Corresponding column from Schedule C, Line B]	0.
27. HSC [Line 7]	\$33.5787
28. Total Maintenance/Service Cost [Line 26 x Line 27]	\$0.00
29. Annual Capital Costs [Corresponding column from Schedule C, Line K]	\$0.00
30. Total Cost of Equipment [Line 28+Line 29]	\$0.00
31. Number of Units in Service [Corresponding column from Schedule C, Line C]	0.
32. Unit Cost [Line 30/Line 31]	\$0.00
33. Rate per Month [Line 32/(12)]	\$0.00

METHOD OF BILLING FOR CHANGING SERVICE TIERS OR EQUIPMENT [place an "x" in the appropriate box]	
<input type="checkbox"/>	as a Nominal Charge (Enter the nominal charge in Line 34)
<input type="checkbox"/>	as a Uniform Hourly Service Charge
<input checked="" type="checkbox"/>	as an Average Charge (Enter the Average Hours for Changing Service Tiers in Line 36b.)

STEP F. Charges for Changing Service Tiers or Equipment	
34. Nominal Charge for Changing Service Tiers	
If you use an escalating scale of charges, place an "x" in the box at the right.	
OR	
35. Uniform Hourly Service Charge	n/a
OR	
36. Average Charge for Changing Service Tiers	
36a. HSC [Line 7]	\$33.5787
36b. Average Hours to Change Service Tiers	0.5107
36c. Average Charge for Changing Service Tiers [Line 36a x Line 36b]	\$17.1486

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WORKSHEET FOR CALCULATING TOTAL EQUIPMENT AND INSTALLATION COSTS	
1. Total Capital Costs of Installation and Maintenance [Schedule A, Box 1]	\$139,353,015.7453
2. Total Annual Operating Expenses for Installation and Maintenance [Schedule B, Box 2]	\$4,504,477,036.21
3. Total Annual Capital Costs of Installation and Maintenance [Line 1 + Line 2]	\$4,643,830,051.9553
4. Customer Equipment and Installation Percentage (attach explanation)	
5. Annual Customer Equipment Maintenance and Installation Costs, Excluding Costs of Leased Equipment [Line 3 x Line 4]	\$0.00
6. Total Capital Costs of Leased Customer Equipment [Schedule C, Box 3]	\$1,030,437,338.7354
7. Annual Customer Equipment and Installation Costs [Line 5 + Line 6]	\$1,030,437,338.7354
8. Percentage Allocation to Franchise Area (see instructions)	
9. Allocated Annual Equipment and Installation Cost [Line 7 x Line 8]	\$0.00
10. Monthly Equipment and Installation Cost [Line 9 / (12)]	\$0.00
11. Number of Basic Subscribers in Franchise	
12. Monthly Equipment and Installation Cost per Subscriber [Line 10 / Line 11]	\$0.00
13. Inflation Adjustment Factor [See Instructions]	
14. Adjusted Monthly Equipment and Installation Cost per Subscriber [Line 12 x Line 13]	\$0.00

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SUMMARY SCHEDULE

Current Equipment and Installation Rates	Permitted	Actual
1. Charges for Cable Service Installations		
a. Hourly Rate [Step A, Line 7]		n/a
b. Average Installation Charges:		
1. Installation of Unwired Homes [Step B, Line 9a3]	\$44.95	*
2. Installation of Prewired Homes [Step B, Line 9b3]	\$31.10	*
3. Installation of Additional Connections at Time of Initial Installation [Step B, Line 9c3]	\$16.84	*
4. Installation of Additional Connections Requiring Separate Install [Step B, Line 9d3]	\$25.87	*
5. Other Installations (specify) [Step B, Lines 9e3, 9e6, 9e9]		
a. Relocate Outlet	\$20.39	*
b. Upgrade Non-Addressable	\$17.15	*
c. Downgrade Non-Addressable	\$14.07	*
2. Monthly Charge for Lease of Remote Controls [Step C, Line 17, columns a-c]		
Remote Control Type 1: All Units	\$0.25	*
Remote Control Type 2:	\$0.00	
Remote Control Type 3: CableCARD	\$2.06	*
3. Monthly Charge for Lease of Converter Boxes [Step D, Line 25, columns a-c]		
Converter Box Type 1: (Basic Only Units)	\$1.08	*
Converter Box Type 2: (All Other Units Excluding HD and DVR)	\$3.68	*
Converter Box Type 3: (High Definition and Digital Video Recorder)	\$9.94	*
4. Monthly Charge for Lease of Other Equipment [Step E, Line 33]		
Other Equipment (Specify)	\$0.00	
5. Charge for Changing Tiers (if any) [Step F, Line 34, 35 or 36c]	\$17.15	*

LABOR COST AND POLICY CHANGES

Indicate your answer to the following three questions by placing an "x" in the appropriate box

1. Have you included the labor costs associated with subscriber cable drops in your charges for initial installation?

YES
 NO

2. Have you capitalized the labor costs associated with subscriber cable drops?

YES
 NO

3. If you have filed this form before, have you changed any policy, e.g., cost accounting or cost allocation that causes an increase in the costs included in the computation of equipment and installation charges?

YES (You must attach a full explanation)
 NO

CERTIFICATION STATEMENT

WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE TITLE 18, SECTION 1001), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).

I certify that the statements made in this form are true and correct to the best of my knowledge and belief, and are made in good faith.

Name of the Cable Operator	Signature
Date	Title
REVISED	

*See 2006 Equipment and Installation Rates Sheet.