



# MONTGOMERY COUNTY EXECUTIVE ORDER

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

<b>Subject</b>	Set Cable Television Rates Pursuant To FCC Form 1205	<b>Executive Order No.</b> 68-05	<b>Subject Suffix</b>
<b>Originating Department</b>	Technology Services Office of Cable and Communication Services	<b>Department Number</b> 346001	<b>Effective Date</b> 3-31-05

ORDER OF THE COUNTY EXECUTIVE  
SETTING CABLE TELEVISION RATES FOR EQUIPMENT AND INSTALLATION  
PURSUANT TO FCC FORM 1205 FILED ON OR ABOUT APRIL 1, 2004

March 21, 2005

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ATTACHMENT 1: FINAL REPORT BY ASHPAUGH & SCULCO, CPAs, PLC AND FRONT RANGE CONSULTING, INC., TO THE PARTICIPATING LOCAL FRANCHISING AUTHORITIES REGARDING THE NATIONAL FCC FORM 1205 FILED BY COMCAST CABLE COMMUNICATIONS, INC., IN 2004 (WITH APPENDICES)

ATTACHMENT 2: ADDENDUM TO FINAL REPORT BY ASHPAUGH & SCULCO, CPAs, PLC AND FRONT RANGE CONSULTING, INC., TO THE PARTICIPATING LOCAL FRANCHISING AUTHORITIES REGARDING THE NATIONAL FCC FORM 1205 FILED BY COMCAST CABLE COMMUNICATIONS, INC., IN 2004 (January 18, 2005)

ATTACHMENT 3: ERRATA TO FINAL REPORT ON THE COMCAST NATIONAL FORM 1205

ATTACHMENT 4: COMCAST COMMENTS ON CONSULTANTS' REPORT

ATTACHMENT 5: SUPPLEMENTAL REPORT OF ASHPAUGH & SCULCO, CPAs, PLC AND FRONT RANGE CONSULTING, INC., TO THE FEBRUARY 11, 2005 COMMENTS

OF COMCAST CABLE COMMUNICATIONS, LLC ON THE FINAL REPORT AND  
ADDENDUM REGARDING THE NATIONAL FCC FORM 1205 (February 2005)

March 21, 2005

## I. BACKGROUND

### A. The County's Review of Comcast's National Form 1205

1. Montgomery County, Maryland ("County"), has limited 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. 50-93AM (Oct. 12, 1993) ("Executive Regulation" or "ER"). The FCC has developed forms that an operator subject to regulation must file to justify equipment rates.

2. Comcast Cable Communications, Inc. ("Comcast"), filed with the County FCC Form 1205, "Determining Regulated Equipment and Installation Costs, 'Equipment Form'" ("2004 Form 1205"), on or about April 1, 2004, seeking the County's approval of a change in the maximum permitted rates for equipment and installation.

3. The Office of Cable and Communication Services (the "Office") received and preliminarily reviewed the 2004 Form 1205 and published notice that such filing was available for public review and comment.

4. The filing Comcast made in the County was also submitted to other communities nationwide. Comcast relied on the same data in setting equipment and installation rates for all the communities that received the national filing. The County joined with other communities to hire financial consultants Ashpaugh & Sculco, CPAs, PLC, and Front Range Consulting, Inc. ("Consultants"), to review the national Form 1205 filing.

5. After review of the materials submitted by Comcast, and detailed discussions and analysis of the issues raised, and using best available information when necessary, the Consultants developed recommendations and conclusions as to the recalculation of Comcast's equipment and installation rates, which are contained in (a) the January 2005 Final Report by Ashpaugh & Sculco, CPAs, PLC And Front Range Consulting, Inc., to the Participating Local Franchising Authorities Regarding The National FCC Form 1205 Filed by Comcast Cable Communications, Inc., in 2004, appended to this Order as Attachment 1 ("Final Report"); (b) the January 18, 2005 Addendum to Final Report by Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc., to the Participating Local Franchising Authorities Regarding the National FCC Form 1205 Filed by Comcast Cable Communications, Inc., in 2004, appended to this Order as Attachment 2 ("Addendum"); and (c) Errata to Final Report on the Comcast National Form 1205, appended to this Order as Attachment 3.

6. Comcast submitted comments on these documents on February 11, 2005 ("Comcast Comments"). The Comcast Comments are appended to this Order as Attachment 4. The Consultants submitted a response to these comments in February 2005 ("Supplemental Report"). That response is appended to this Order as Attachment 5. The four Consultant documents are referred to collectively herein as the "Consultant Reports."

7. FCC rules place the burden on the cable operator to prove that its existing rates for basic service and equipment are reasonable under applicable federal law and regulations. 47 C.F.R. § 76.937(a). The County has provided Comcast with ample opportunity to provide the necessary support for its rates. To the extent Comcast has failed to carry its burden of proof, the County may reject Comcast's rates, set rates itself based on the best available information, and order refunds. *See, e.g., Comcast Cablevision of Tallahassee, Inc.: Appeal of Local Rate Order*

of City of Tallahassee, Fla., DA 95-1561, 10 FCC Rcd 7686 at ¶¶ 28-29, 37, 48-49, and 54 (1995) (“Tallahassee”).

8. Having considered the record before it, the Consultant Reports, comments made by Comcast, and any comments made by the public, the County finds, based on the best information available to it, and for reasons set forth below and in the Consultant Reports, that Comcast’s filed rates for equipment and installation are unreasonable and do not comply with FCC rules and applicable law. It further finds, for reasons set forth below and in the Consultant Reports, that the rates should be no higher than the rates in Column B, below. The rates in Column A are those proposed by Comcast.

	A Comcast Rates as Filed	B Rates Adopted
<b>Equipment Rates</b>		
Remote Control	\$ 0.33	\$ 0.29
Basic-Only Converter (Converter 1)	\$ 1.30	\$ 0.49
Addressable or Digital Converter or DVR (Converter 2)	\$ 4.83	\$ 4.10
HDTV Converter (Converter 3)	\$ 8.33	\$ 6.06
<b>Installation Rates</b>		
Hourly Service Charge	\$ 35.17	\$ 30.10
Unwired Installation	\$ 52.23	\$ 37.88
Prewired Installation	\$ 31.40	\$ 19.83
Additional Outlet (Same Trip)	\$ 17.15	\$ 12.28
Additional Outlet (Separate Trip)	\$ 25.31	\$ 19.72
Move Outlet	\$ 23.60	\$ 14.14
Upgrade (Non-addressable)	\$ 17.12	\$ 12.61
Downgrade (Non-addressable)	\$ 15.55	\$ 12.58
Upgrade/Downgrade, Addressable	\$ 1.99	\$ 1.99
VCR Connect (Same Trip)	\$ 8.79	-
VCR Connect (Separate Trip)	\$ 16.10	\$ 13.78
Customer Trouble Calls	\$ 23.27	\$ 9.95

## II. FINDINGS AND CONCLUSIONS

9. As shown in the Supplemental Report, the Consultants identified a number of errors in the Form 1205 that Comcast neither disputes nor corrects. Supplemental Report, Part III. The County adopts the undisputed adjustments made by Consultants, for reasons set forth in the Final Report. These errors alone justify a finding that the Comcast proposed rates are unjust and unreasonable.

10. The Consultants proceeded to recommend rates based upon the best information available to them. The specific adjustments proposed (and resulting recommended rates) are reasonable in light of the information available. More specifically, Consultants made the following adjustments that Comcast disputed.

### A. Bonuses and Commissions

11. Comcast included as costs in its Form 1205 bonuses and commissions paid to its employees. Final Report at 15-16. The Consultants eliminated these costs because Comcast failed to provide proof that the bonus and commission payments were in fact related to Form 1205 regulated activities, despite requests that it provide such support. Final Report at 15-16.

12. Comcast argued in response that a general "Step A" factor based on salaries and wages was sufficient to properly allocate bonuses and commissions between regulated and unregulated equipment. Comcast Comments at 15. But there is no reason to suppose that any of the bonuses and commissions are actually paid for activities properly recognized in the Form 1205, a predicate for allocation of any costs to the equipment basket. The company withheld information the Consultants requested in order to determine under what circumstances bonuses and commissions were paid. Even if one assumed that some bonuses or commissions relate to

equipment, there is no reason to suppose that the proportion in which bonuses or commissions are paid on regulated equipment is related to the proportion in which *overall* salaries and wages relate to regulated equipment. The Comcast Comments do not justify Comcast's allocation methodology, or justify rejection of the Consultants' recommendations.

13. The Consultants also eliminated the bonuses and commission in light of unbundling concerns. As the Consultants' Supplemental Report explains at 3-4, a series of FCC decisions has made clear that costs can be claimed in the operator's equipment basket "only if they were unbundled from the regulated programming service rates or are new costs incurred since the operator unbundled its equipment costs." See, e.g., *TCI Cablevision of Oregon, Inc. d/b/a TCI of Tualatin Valley, Inc.*, DA 99-2227, 14 FCC Rcd. 17685 at ¶ 6 (Cab. Serv. Bur. 1999); *Jones Communications of Georgia/South Carolina Inc. d/b/a Jones Communications*, DA 04-2448 at ¶ 4 (Aug. 4, 2004).

14. The Consultants' review of a number of 1994 Form 1205s indicated bonuses and commissions were not included in Form 1205s by a substantial number of systems covered by Comcast's national filing. Final Report at 15.

15. The Comcast Comments do not dispute the fact that FCC rules prohibit Comcast from importing into the equipment basket any costs that were not initially unbundled from the Basic Service Tier ("BST") rate without making a corresponding adjustment to the BST rate to prevent double recovery. Rather, Comcast argues that due to "changing business practices," the FCC's unbundling rules should not be applied. Comcast Comments at 8. Similar arguments were raised and rejected in the *Tualatin* proceeding, and we conclude that they should be rejected here as well, for reasons indicated in the *Tualatin* decision and in the Consultants' Reports.



16. Comcast also suggests that "it is possible" that these costs are new costs not incurred at the time of the 1994 unbundling, and that it is possible that the costs were unbundled as part of some other adjustment, and not separately accounted for. Comcast Comments at 8. Comcast, however, provides no evidence to support either supposition, and hence fails to satisfy its burden of proof, particularly in light of its failure to provide information regarding past system unbundling. See Final Report at 15; Supplemental Report at 4-5.

17. The problems identified by Consultants, considered separately or together justified elimination of the bonuses and commissions from rates.

**B. Maintenance and Repair – Plant and Equipment**

18. The Consultants' review of prior 1205s for systems covered by Comcast's filing indicates that many of the systems had not included Maintenance and Repair – Plant and Equipment ("M&R-Plant") costs in the equipment basket, as would have occurred had the cost been unbundled from service rates. Comcast did not claim or show that M&R-Plant costs had been unbundled from service rates for all or even most of the systems covered by its filing; some of its responses to data requests indicated unbundling had not occurred uniformly. Comcast opposes the Consultants' unbundling adjustment concerning M&R-Plant primarily on policy grounds. Its arguments are rejected, for reasons stated in Section II.A above and in the Consultants Reports.

19. Setting aside the unbundling problem, the M&R Plant costs Comcast included in rates were not supported. As explained in the Final Report, Section VIII.C, M&R-Plant costs are associated with both regulated and unregulated activities. Comcast developed an allocation methodology for dividing costs among activities, and argues that its methodology was

appropriate. Comcast Comments at 13-15. The Consultants argue, however, that the methodology in fact over-allocates costs to regulated equipment. Supplemental Report at 9-10. The County concludes Comcast's methodology was not supported, and overallocates costs to the equipment basket, for reasons set out in the Consultants Reports. The unbundling problem identified by Consultants, considered separately or together with the allocation problem, justified elimination of the M&R-Plant costs from rates.

**C. Payroll Taxes**

20. Since it was necessary to remove bonuses and commissions from Comcast's costs, the Consultants also eliminated a pro-rata share of payroll taxes corresponding to the bonus and commission payments. Final Report at 17. The Comcast Comments do not appear to address this issue.

**D. Property Taxes and Insurance.**

21. The Consultants disallowed certain property taxes and insurance costs based on unbundling concerns similar to those discussed above, and Comcast opposed the unbundling adjustment for similar reasons. Comcast's arguments are rejected, for reasons stated in Section II.A and B above and in the Consultants Reports.

22. In addition, the Consultants' review showed that Comcast had over-allocated property tax and insurance costs to regulated services. The issues (and Comcast's comments) are identical to those discussed in connection with the M&R-Plant. For reasons suggested above, and in the Consultant Reports, see particularly Supplemental Report at 9-10, County finds Comcast's allocations were unreasonable, even setting aside unbundling concerns. The

unbundling problem identified by Consultants, considered separately or together with the allocation problem, justified elimination of the property tax and insurance costs.

**E. Miscellaneous Regulated Hours**

**1. Warehouse Personnel**

23. The Consultants disallowed warehouse personnel costs based on unbundling concerns similar to those discussed above. Comcast provides no reasonable ground for including costs it failed to unbundle, see Section II.A and B above and the Consultants Reports.

24. In addition, the Consultants initially concluded that the personnel costs had been included twice, once in Schedule B (recovering it in the Hourly Service Charge ("HSC")) and once in Schedule C (as a capitalized cost). The Comcast Comments state that Comcast did not in fact include any warehousing costs in Schedule C, but only on Schedule B. Comcast Comments at 16-17. The Consultants do not disagree. However, Consultants also state that the warehouse personnel cost estimate is not adequately supported. The County agrees, for reasons indicated in the Supplemental Report at 13-14.

25. Elimination of the costs was appropriate given the unbundling problems, considered separately or together with the failure to adequately support the costs.

**2. Office Personnel**

26. The Consultants identified a similar unbundling concern with respect to office personnel costs. Final Report at 19. Comcast provides no reasonable ground for including costs it failed to unbundle, see Section II.A and B above and the Consultants Reports.

27. The Consultants also noted that Comcast had failed to adequately support the time estimates used to arrive at the office personnel costs. Comcast was asked to provide support for

these estimates, including any studies performed, and to identify the individuals making the estimates. The Consultants noted that Comcast did not provide any of the requested information, but merely stated that the company had used "past experience" – in effect, demanding that the County take Comcast's estimates on faith. Final Report at 19. Thus, even assuming that office personnel costs had not been disqualified by the unbundling issue, Comcast failed to carry its burden of proof with respect to those costs.

28. Comcast argued that it had provided documents related to the office personnel costs in question. Comcast Comments at 17. The Consultants noted that Comcast broke down its office converter maintenance hours into three components, but failed to provide any supporting studies or detailed explanations, and failed to identify an individual responsible for Comcast's brief estimate. The Consultants specifically asked Comcast to explain the high number of hours associated with this personnel category, but Comcast did not provide any support. Supplemental Report at 14-15.

29. Elimination of the costs was appropriate given the unbundling problems, and the failure of proof, considered separately or together.

#### **F. Installation Activity Hours**

30. The Consultants' analysis of the 2004 Form 1205 revealed two problems with respect to the employee time required for installation activities: (1) a general lack of consistent support for Comcast's employee time estimates; and (2) failure to distinguish between time related to installation of subscriber premises equipment (inside the demarcation point), which is relevant to Form 1205 rates, and time related to activities outside the demarcation point such as installation of subscriber drops, which is not. The second problem resulted in an adjustment

both to employee time and to contractor time reported by Comcast, and is discussed below in Section II.I.

31. With respect to the lack of support for employee installation times, the Consultants' Requests for Information ("RFIs") requested Comcast to provide support for the employee installation times used by each of the sample systems. Final Report at 19-20. For most of the sample systems, Comcast provided a table of work tasks that used a point system. Comcast's sample systems claimed that the work task tables were used by its technical personnel to develop the estimated times. Final Report at 20. In addition, Comcast supplied each sample system with a sheet showing the approximate installation times used by Comcast in the previous year's rate filing, which was only for the former AT&T Broadband systems. It asked personnel to provide their own estimates of install time (although in more than half the cases, the guidance from corporate was accepted). Comcast also had data regarding contractor install times, which should have served as a check on the employee data.

32. This data pointed in varying directions. The Comcast Comments note that install times are stable from year to year, yet Comcast's install time estimates in some cases varied significantly from historical data. The times resulting from use of point system data varied from local field estimates, even though the point system is used to schedule field work. Consultants sought information to explain the variance, and it was not provided. In short, as explained in the Final Report at 23-24 and the Supplemental Report at 5-8, given the significant problems with the data, Comcast's failure to explain the variations from estimate to estimate, and the failure to separate out tasks properly included in the Form 1205 from those that are not properly included in the Form 1205, Comcast's install estimates could not be used without adjustment.

33. The adjustments made to the install time were reasonable in light of the data available, and particularly in light of the company's failure to adequately explain its own data. Where point system data was sufficiently detailed, the Consultants used that data to adjust the time for employee installations. The Consultants explained why that data appeared most reliable, Supplemental Report at 7, and that explanation appears reasonable. Comcast's objections to use of the data are not convincing: it claims that point system data was not sufficiently detailed for some systems, but the Consultants make it clear that only point system data that *was* detailed was used in making the adjustment. Comcast claimed its point system typically excluded drive time, but there is evidence to the contrary. Supplemental Report at 7. Finally, Comcast complains that the point system was not designed for rate regulation, but fails to explain why this makes it less reliable. Even assuming that there are problems with the point system data, it appears to be the best data available for developing more reasonable installation time estimates, and County therefore adopts the adjustments recommended by the Consultants.

**G. Annual Employee Labor Hours**

34. Comcast reduced annual employee labor hours in the sample systems by 373 hours to reflect non-productive hours, such as sick leave, holidays, safety meetings, and general paperwork. Addendum at 1. The Consultants found that the support provided by Comcast for this component was out of date and was based on another operator's labor policies. Comcast admit as much. Addendum at 1-2, Comcast Comments at 12.

35. The Consultants included 224 non-productive hours, based on historical data from Comcast systems. Addendum at 1-2. Comcast argues this is unreasonable because under its policies employees may take between 224-304 paid hours off, depending on seniority. But as

the Consultants explain, historical experience indicates less than half this time is typically taken. Comcast also seems to complain that the Consultants estimate does not adequately account for administrative/training time, but the problem for Comcast is that it has not supported any time for those activities. The Consultants' historical data actually includes more time for training and administrative activities than did the TCI estimates on which the filing was based. The County finds that Comcast has failed to carry its burden of proof with respect to its claimed non-productive hours, and that the Consultants' adjustment to this figure is based on the best available information.

#### H. Inside Wiring

36. Comcast included in its 2004 Form 1205 calculation time spent on trouble calls related to inside wiring maintenance. But Comcast provides wire maintenance services in two ways: on an individual call basis, and pursuant to a wire maintenance plan program. The Consultants point out that under wire maintenance plans, Comcast does not simply maintain cable lines. It also maintains telephone and home network computer wiring. As far as the record shows, Comcast has made no effort to distinguish between calls related to its cable television plant and other inside wiring – it has included all wire maintenance trouble calls in the Form 1205 calculation. Comcast bills subscribers monthly for this service but has made no adjustment to reduce inside wire costs by the revenue collected, even though Comcast has included the costs of services provided under the wire maintenance plans.

37. The record suggests that a substantial portion of Comcast's subscribers may be taking the wire maintenance plans, and calling on Comcast to maintain non-cable wiring. Comcast does not claim that its trouble call reports included only cable-related calls. Comcast's

inclusion of non-cable related calls was an error. The Consultants were therefore required to adjust Comcast's estimates in order to ensure that Comcast did not include wire maintenance costs unrelated to regulated cable equipment. The Consultants eliminated fifty per cent (50%) of the trouble calls from the Comcast data. Comcast does not propose an alternative, or suggest that there is a more rational correction that could be made in light of the available data. Supplemental Report at 16.

38. Accordingly, the County finds that Comcast failed to support its estimates, and that the Consultants' adjustment to those estimates was proper.

#### **I. Weighted Installation Times**

39. In determining the average installation times used in the Form 1205, Comcast used the installation time estimates only for Comcast in-house technical personnel, omitting the time estimates relating to Comcast's contractors, even though Comcast's information reveals that contractors perform approximately 54% of all of the installation activities for the twenty sample systems. Final Report at 29. The Consultants proposed to adjust installation times to reflect a weighted average of time spent on installs by employees and time spent on installs by contractors. They concluded this adjustment was necessary because contractor install times were substantially shorter than employee install times in most cases, Final Report at 29, so that a failure to average would overstate the normal time required to complete an installation, and over-recover costs. Final Report at 30

40. Comcast objects to inclusion of contractor installation time because (it claims) contractor reported times do not include drive time. However, as the Supplemental Report points out, (a) the difference in times cannot be explained by drive time alone; and (b)



elsewhere in the Form 1205, Comcast has treated its reported contractor install times as if those included drive time. For that reason alone, an adjustment appears to be appropriate, and given the treatment of the contractor hours elsewhere in the Form 1205, the Consultants' approach appears reasonable given the information available.

41. The Consultants made another adjustment to contractor-related install costs (and employee-related install costs) to which Comcast objects. Under FCC regulations, regulated equipment – customer premises equipment – includes equipment inside a “demarcation point” twelve inches outside the connection to the home. Installation and other equipment costs outside that demarcation point belong to the network and cannot be charged to the subscriber as an equipment rate; rather, such costs are recovered by Comcast through its rates for services. Final Report at 20-21. Comcast's data responses indicate that its installation calculations included cost related to activities outside the demarcation point. Final Report at 25.

42. In order to remove these costs (and associated hours), the Consultants used the ratio of drop-related costs to total contractor labor costs from the review of Comcast's 2003 Form 1205 filed with Montgomery County, Maryland. The Consultants modified the contractor labor costs in the 2004 Form 1205 based upon this earlier Comcast data. Final Report at 27.

43. In its comments, Comcast appears to argue that drop-related labor costs outside the demarcation point can be included in the Form 1205 under *Comcast Cablevision of Tallahassee, Inc.*, 10 FCC Rcd. 7686 (1995). Comcast Comments at 16. However, that decision at best permits an operator to choose between capitalizing drop labor costs in service rates, or recovering them through the Form 1205. *Tallahassee* at ¶¶ 34-37. As the Supplemental Report shows, Comcast has chosen the former approach, and cannot now seek to recover the costs through the Form 1205. See Supplemental Report at 11-13. Thus, under the

*Tallahassee* rule, exclusion of drop labor costs was appropriate, and the Consultants' adjustment appears reasonable based on the information available.

**J. VCR Connections**

44. Comcast included in its 2004 Form 1205 time estimates for making VCR connections for the subscriber, both at the same time as an installation and as a separate trip. Final Report at 31.

45. The Consultants found that Comcast appeared to have included the activity of making VCR connections as part of its normal installation process, and thus no separate charge is warranted. Comcast also failed to provide sufficient support for its claimed charge for a VCR connection as a separate installation. On that basis, the Consultants initially recommended that Comcast not be permitted to make a separate charge for VCR connections. Final Report at 31.

46. The Comcast Comments argued that the company had in fact provided some limited information about VCR connection costs and time estimates, and hence that the County should not eliminate any charge for VCR connections. Comcast Comments at 18-19.

47. The Consultants' Supplemental Report did not disagree that in principle subscribers could be charged for VCR connection, but noted that Comcast had not addressed the factual issue as to the inclusion of VCR connection costs in the normal installation rates charged to subscribers and hence the potential for double recovery. However, the Consultants noted that installers would be likely to incur some costs not otherwise recovered when they made separate trips for VCR connections. Thus, the Supplemental Report recommended a maximum permitted rate of \$13.78 for VCR connections requiring a separate trip, but disallowed an additional charge as part of the normal installation process. Supplemental Report at 17.

48. The County finds that Consultants' revised recommendations are reasonable in light of the record and Comcast's failure to show that an additional charge is warranted at the time of installation. However, Comcast may charge for VCR connection on a separate trip at the rate stated in the Supplemental Report.

**K. Customer Trouble Calls**

49. Comcast's 2004 Form 1205 included a separate charge for service calls where customer-owned equipment is at fault. Comcast estimated that such a service call averages 40 minutes to complete. The Consultants, however, concluded that Comcast had provided no support for this activity either in its "point" system data or by specifically identifying time for the activity. Final Report at 31.

50. Absent some supporting information, the Consultants concluded it was only possible to include an amount that included drive time and a short time for customer interaction. Accordingly, the Consultants reduced Comcast's estimate by half. Final Report at 31.

51. The Consultants also identified a further problem with Comcast's "trouble call" charge. Based on their review of the original 1994 filed Form 1205s, the Consultants do not believe that these costs were originally unbundled by Comcast. If they were not, Comcast is already recovering the costs associated with these trouble calls in its BST rates. However, as a conservative approach, given the absence of further information, the Consultants declined to eliminate this category entirely. Final Report at 32.

52. In response, Comcast suggested that a likely scenario for a trouble call of this type would involve more than twenty minutes' time. Comcast also stated that its technicians sometimes resolve problems for subscribers even when Comcast equipment is not involved.

Comcast Comments at 18. The problem is that Comcast's hypotheticals simply do not provide any substantive support for its result. Given the company's failure to provide any reasonable support for its estimate, and the unbundling issue, the choice is really between allowing no time for this activity, or a short time. The Consultants' choice of twenty minutes is reasonable under these circumstances. Supplemental Report at 16.

**L. DVR Converters**

53. In several of the communities participating in the joint review of the national Form 1205, Comcast included a charge on its rate card for converters incorporating digital video recorders ("DVR"). However, Comcast did not provide support in its 2004 Form 1205 for such a charge. The Consultants found that the costs of DVR converters were not included in the 2004 Form 1205 filing. Final Report at 32.

54. In its comments, Comcast claimed that the DVR charge should actually have been classified as a service charge. Comcast Comments at 19. However, DVRs are equipment, and are used to receive basic service. The charge for the DVR is therefore appropriately regulated pursuant to the Form 1205. (Comcast has not shown that in fact it provides any service over and above the equipment in connection with DVR usage by subscribers. As the Consultants suggest, if there is a separate service, Comcast may be able to charge for it, but it cannot bundle service and equipment charges.) See Final Report at 32; Supplemental Report at 17. In light of the absence of any support for a DVR charge, the Consultants recommend allowing Comcast to charge subscribers the same amount it charges for addressable converters. As this is the equipment closest in kind to a DVR, that approach appears reasonable.

55. The County finds that Comcast has not supported an equipment charge for a DVR converter, and finds that Consultants have reasonably permitted Comcast to charge the same price it charges for addressable converters. Of course, nothing in this Order prevents Comcast from supporting a different charge for a DVR in its next filing.

**M. Unreturned Equipment Charge**

56. The Consultants noted that Comcast had introduced, but not supported, a charge of \$250 to subscribers for failure to return a CableCard. Final Report at 34. In its comments, Comcast argued that charges for unreturned equipment should not be calculated on Form 1205. Comcast Comments at 19.

57. The FCC has recently ruled that a cable operator's fees for unreturned equipment are not regulated pursuant to Form 1205, although they are subject to regulation pursuant to local or state laws. *Basic Cable Service and Equipment Rates of Charter Communications Entertainment I, LLC, St. Louis, MO (CUID No. MO0545): Appeal of Local Rate Order*, File No. CSB-A-0720, Order, DA 05-392 at ¶¶ 4-5 (Media Bureau Feb. 14, 2005). Accordingly, this Order will not establish an amount for or otherwise regulate Comcast's unreturned equipment charges. See Supplemental Report at 18. However, the County is not endorsing Comcast's charge through this Order, and reserves all its rights to address such charges pursuant to state or local law.

**III. ADDITIONAL RECOMMENDATIONS OF CONSULTANTS**

58. The Consultants' investigation of the 2004 Form 1205 revealed a number of apparent errors and improprieties in Comcast's filing for which specific adjustments could not

be made. While these findings do not directly affect the rates set herein, they are noted below insofar as they may affect future filings.

**A. Contract Labor**

59. Along with equipment-related costs incurred by its own employees, Comcast may recover on Form 1205 costs for contract labor. The Consultants found that Comcast did not use actual invoices to calculate its contract labor costs. Instead, Comcast merely estimated the contract labor costs based on the number of installations contained in certain Comcast reports. It was unclear, however, whether all the activities in this estimate were actually billed to Comcast. Final Report at 16.

60. Comcast refused to provide actual invoices for the Consultants' review. The fact that the Consultants were not given any real data to review raises questions as to the accuracy of Comcast's estimates. The Consultants recommend that Comcast be required to use actual invoices from the contractor and allocate those invoices to regulated and unregulated activities. Regulators would then be able to distinguish between "real" costs and hypothetical costs based upon unverified data. Final Report at 16. The County concludes this recommendation is reasonable, particularly in light of problems in Comcast data that were identified.

**B. Sampling Issues**

61. Under the pertinent statute and FCC rules, operators may make a single, national filing that sets charges for equipment and installation. But, rather than collect data from all its systems and use that data to set rates, Comcast examines data from a sample of systems. The accuracy of the sampling methodology is thus critical to the reasonableness of the rates.

62. In its original 2004 Form 1205, Comcast did not provide the general description of methodology and justification of reasonableness required by 47 C.F.R. § 76.923(c)(1). The Consultants asked Comcast to provide the required information. Comcast's only response was to claim that its averaging methodology had already been approved by the FCC in *TCI of Richardson, Inc.: Petition for Reconsideration of Bureau Order Resolving Local Rate Appeals (CUID TX1228), Memorandum Opinion and Order on Reconsideration*, 14 FCC Rcd. 11700 (1999) ("*Richardson*"). Final Report at 35.

63. *Richardson*, however, did not approve the specific methodology used by Comcast in the 2004 Form 1205. *Richardson* established that a sampling methodology could be acceptable. But the sampling methodology used in *Richardson* is different from that used in the 2004 Form 1205. The mere fact that a sample can be used, and the FCC's willingness to accept the particular sampling used in *Richardson*, does not by itself establish whether Comcast's sample here was statistically valid. Final Report at 35-39.

64. The Consultants identified a number of potential problems with Comcast's sampling methodology. Among other things, the Consultants compared the equipment and installation rates in the 2004 Form 1205 with Comcast's equipment and installation rates in other jurisdictions where Comcast did not use the national Form 1205, but rather used special local Forms 1205 instead. The differences found by the Consultants raise serious concerns that Comcast may be over-recovering its costs in converter rates and installation charges and cast serious doubt on the revenue-neutrality of Comcast's overall Form 1205 methodology. Final Report at 36, 40-41. Comcast responded to the potential problem regarding the number of sample systems used, but then refused to produce documents that the Consultants requested in order to evaluate Comcast's claims.

65. Due to the difficulty of obtaining timely and complete information from Comcast, as noted above, it does not seem to be practical to address the validity of the sampling methodology in the 2004 Form 1205 at this time. Thus, no adjustments are made to Comcast's rates in this Order based on the concerns described in this Section III.B. The County does, conclude that there is good reason to examine this methodology if it is used in future filings, and to decide based on that examination whether to reject it or make any necessary corrections that may be permitted under FCC regulations.

**C. Responses to Data Requests**

66. A significant portion of the Final Report, Supplemental Report and Comcast's Comments is devoted to Comcast's responses – or failure to respond – to the Consultants' data requests. What is clear is that there were many cases in which Comcast failed to produce data, even where it had produced comparable data in response to Form 1205s for other communities in the past (and for the current year). For example, even setting aside disputes with respect to the form in which certain invoices were produced, Comcast appears to have failed to produce even documents it said it would produce. *See, e.g.*, Supplemental Report at 21. It is also clear that the requests were not unreasonable given apparent problems with Comcast's other books, records and representations, as suggested by the Consultants' discussion of cable modem costs.

67. We recognize that this is Comcast's first national filing. However, the County concludes that Comcast's responses are fairly taken into account in deciding whether the recommendations of the Consultants are reasonable based on the best information available. Further, the County puts Comcast on notice that it should respond promptly and fully to requests for information in connection with future filings, in a way designed to permit the



County to conduct a review of documents. It should take steps to ensure that it can perform consistent with this paragraph. If it fails to do so, it may be subject to any remedies permitted under the County's franchise or applicable law.

#### IV. ORDERING CLAUSES

IT IS THEREFORE ORDERED THAT:

68. Comcast's maximum permitted rates for equipment and installation are hereby set in accordance with the rates calculated in the Consultants' Report and (with respect to VCR Connect (Separate Trip)) the Supplemental Report, as set forth in the table at paragraph 7, above. The rates set herein will govern Comcast's equipment and installation rates until Comcast lawfully implements a further rate change pursuant to applicable law.

69. Except as otherwise noted herein, the County adopts the recommendations and the rationale for the recommendations made by Consultants.

70. It is unclear whether Comcast has implemented the basic-only converter rate for which it filed in the 2004 Form 1205. To the extent it has not done so, the greater refund due to such failure to implement the filed rate shall be included in the requirements for reductions and refunds established herein. In addition, Comcast shall, along with the certification required by ¶ 73, file a complete explanation of its failure to implement the basic-only converter rate.

71. As soon as possible, but in any event within sixty (60) days from the effective date of this Order, Comcast shall make all rate reductions and refunds that are necessary based on the rates shown above. Comcast shall refund all amounts charged to subscribers for equipment or installations that exceed the maximum permitted amounts specified herein in accordance with 47 C.F.R. § 76.942(d), and shall include interest computed at applicable rates

published by the Internal Revenue Service for tax refunds and additional tax payments, pursuant to 47 C.F.R. § 76.942(e).

72. Any charges for equipment, installation, or other services based on an hourly rate shall reflect an HSC no greater than the maximum permissible HSC shown above.

73. Pursuant to ER §§ 5.2 and 6.1(c), Comcast shall file with the County within ninety 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.

74. Comcast may charge rates less than the maximum rates indicated above for equipment and installation, as long as such rates are consistent with applicable law and are applied in a uniform and nondiscriminatory way, pursuant to applicable federal, state, and local laws and regulations.

75. 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 from time to time.

76. 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, calculation, explanation or argument made by Comcast not specifically addressed herein.

77. 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 any 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, and any right it may have to “true up” overcharges or undercharges in connection with future rate filings pursuant to 47 C.F.R. § 76.922(e)(3).

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

79. 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).

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



# MONTGOMERY COUNTY EXECUTIVE ORDER

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

<b>Subject</b>	Set Cable Television Rates Pursuant To FCC Form 1205	<b>Executive Order No.</b> 68-05	<b>Subject Suffix</b>
<b>Originating Department</b>	Technology Services Office of Cable and Communication Services	<b>Department Number</b> 346001	<b>Effective Date</b>

81. 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).

Douglas M. Duncan      3/31/05  
 Douglas M. Duncan      Date  
 County Executive

**APPROVED AS TO FORM AND LEGALITY  
 OFFICE OF THE COUNTY ATTORNEY**  
 BY: Charles L. Koppitz  
 DATE: 3/23/05

March 21, 2005

ATTACHMENT 1: FINAL REPORT BY ASHPAUGH & SCULCO, CPAs, PLC AND FRONT RANGE CONSULTING, INC., TO THE PARTICIPATING LOCAL FRANCHISING AUTHORITIES REGARDING THE NATIONAL FCC FORM 1205 FILED BY COMCAST CABLE COMMUNICATIONS, INC., IN 2004 (WITH APPENDICES)

March 8, 2005



**Final Report**

**By**

**Ashpaugh & Sculco, CPAs, PLC and**

**Front Range Consulting, Inc.**

**To**

**The Participating Local Franchising Authorities**

**Regarding the**

**National FCC Form 1205 filed by**

**Comcast Cable Communications, Inc.**

**In 2004**



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



Front Range Consulting, Inc.

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## I. INTRODUCTION

Ashpaugh & Sculco, CPAs, PLC ("A&S") and Front Range Consulting, Inc. ("FRC") (collectively "Consultants") are pleased to provide the participating Local Franchising Authorities ("participating LFAs")<sup>1</sup> this final analysis of Comcast Cable Communications, Inc.'s ("Comcast") national 2004 FCC Form 1205 (the "Filing"). Each participating LFA has contracted with the Consultants to share in the costs of the Consultants' analysis and review of the Comcast Form 1205 filing, and each participating LFA has been specifically granted the right by the Consultants to use this final report as part of and support for its individual rate order.

## II. EXECUTIVE SUMMARY

The Consultants have identified numerous issues and concerns with the Filing that are explained in detail below. Briefly, Comcast has included in the Filing costs that were not originally unbundled from service rates in 1994; has included contract labor costs for activities outside of twelve inches from the subscriber's residence; has generally not met its burden of proof with regard to the estimated times associated with installation activities; has improperly eliminated contractor installation times from the estimated installation times; and has improperly included costs associated with digital converters in the basic-only converter category. The Consultants do not believe that the Form 1205 as filed by Comcast can serve as a reliable basis for setting equipment and installation rates for the participating LFAs. Comcast has also ignored Federal Communications Commission ("FCC") precedents and Form 1205 instructions.<sup>2</sup>

The Consultants have had to correct these significant errors and omissions in the Comcast filing by using data supplied by Comcast, together with data developed from other reliable sources where Comcast has failed to provide detailed support. The Consultants have spent considerable time and effort in reviewing the Filing by propounding numerous data requests, responding to correspondences from Comcast, reviewing individual invoices supporting the Schedule B operating costs, developing electronic spreadsheets mirroring the Comcast sample system methodology, and responding to Comcast's Petition for Declaratory Ruling at the FCC. The Consultants have spent nearly 1,000 man-hours on this review. In large part, this has been due to the need to repeatedly request the same information because of Comcast's failure to respond to the Consultants' attempts to get some form of supporting documentation for the costs, estimates and procedures used by Comcast in the Filing. As will be discussed below, in many cases Comcast still has not provided the necessary support.

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<sup>1</sup> A complete listing of all of the LFAs participating in this review project is contained on Attachment A to this report.

<sup>2</sup> For example, Comcast has included subscriber drop costs in the contract labor costs, which is prohibited by the Form 1205 instructions. See FCC instructions for the Form 1205 Schedule C "note."



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The Consultants believe that they have spent more time and effort on reviewing the Comcast Filing than would have been necessary if Comcast had: (1) spent the time and effort to review the individual cost components prior to filing; (2) been willing to provide all documentation necessary to support the Filing; and (3) been willing to work in a cooperative spirit with the participating LFAs and the Consultants in completing this review. Each of these failures by Comcast has required the Consultants to attempt to verify data that should have been done by Comcast prior the Filing and search for documentation and support from other sources. In particular, the Consultants have had to make extra efforts in attempting to retrieve FCC Form 1205s filed by cable operators in 1994 in order to assess the impact of those costs not originally unbundled by the operator in the determination of service rates in 1994 – costs that Comcast refused to identify.

The rates shown in Appendix B to this report were developed by the Consultants using the same methodology employed by Comcast, namely the use of data for the twenty sample systems selected by Comcast and the sample methodology of used Comcast consultant Dr. Hannum in the determination of the Consultants' revised FCC Form 1205. The Consultants still believe that the sampling methodology used by Comcast is itself suspect and may contain statistically invalid results. However, given Comcast's efforts to withhold much of information necessary to determine if the sample were valid, the Consultants were not able to reach a final conclusion on that point or to use an alternative methodology.

The Consultants anticipate that Comcast will be afforded an opportunity to comment on this Report. Such comments may succeed in clarifying some of Comcast's responses to data requests. But Comcast should not be allowed to provide missing supporting documentation in such a comment period. Comcast has already been provided ample opportunity to provide supporting documentation in response to the Consultants' requests. The company chose not to provide it. Comcast should not be allowed to abuse the rate review process by submitting data during a comment period that it withheld during the Consultants' review. Any additional information offered by Comcast in response to this report should be rejected if it represents merely an attempt to "pad" the record and make the review process longer and more costly.

The Consultants appreciate the openness of our participating LFAs in joining and sharing in the cost of this review of the Filing. The Consultants believe that this type of cost sharing will benefit subscribers by ensuring a thorough review of the national Form 1205 and will streamline the regulatory review process. The Consultants hope that Comcast will be more forthcoming in future reviews by preparing necessary supporting detail and providing timely responses to data requests.



**III. RECOMMENDED RATES**

In summary, the Consultants are recommending the following converter and installation rates:

**Table 1**

Item	Comcast Filed MPR	Consultants' Revised MPR	Change - \$
Remote Control Units	\$0.33	\$0.29	(\$0.04)
<b>Converters</b>			
Basic-only Converter	\$1.30	\$0.49	(\$0.81)
Addressable & Digital Converter	\$4.83	\$4.10	(\$0.73)
HDTV Converter	\$8.33	\$6.06	(\$2.27)
<b>Installations</b>			
Un-Wired Installation	\$52.23	\$37.88	(\$13.35)
Pre-Wired Installation	\$31.40	\$19.83	(\$11.57)
Hourly Service Charge (HSC)	\$35.17	\$30.10	(\$5.07)

Attached as Appendix B to this Report is a complete listing of all of the individual installation rates recommended. Appendix C is a revised FCC Form 1205 and Appendix D is the revised statistical summary for each of the sample systems. Appendices C and D contain essentially the same numerical information provided by Comcast in the original Form 1205 filing.

**IV. SUMMARY OF ISSUES IDENTIFIED**

The Consultants have identified two general issues and fourteen specific issues with respect to the Comcast Filing. The two general issues are:

- Comcast has ignored the FCC's precedent on the unbundling of existing costs in the Form 1205 that are currently part of the basic service tier rates; and
- Comcast has not provided necessary support and documentation for the many of the costs and estimates used in the Filing and thus has failed to meet its burden of proof.

The fourteen specific issues are related to:

- Bonuses and Commissions;
- Contract Labor;
- Maintenance & Repair – Plant and Equipment;
- Payroll Taxes;
- Property Taxes;



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- Insurance;
- Miscellaneous Regulated Hours;
- Installation Activity Hours;
- Converter Maintenance;
- Inside Wiring;
- Contractor Drop Costs;
- Weighted Installation Times;
- VCR Connections; and
- Other Converter Asset Costs.

The Consultants also identified three other issues pertaining to rate notices and rate cards. Those issues were related to:

- CableCARDS;
- HDTV Installations; and
- Unreturned Equipment Charges.

Each of these issues will be discussed in detail below.

## V. COMCAST NATIONAL FORM 1205 METHODOLOGY

The Form 1205 Filing was made with some local franchising authorities on or about March 1, 2004, and with most of the others on or about April 1, 2004. The participating LFAs include some that received filings on each date.<sup>3</sup> Comcast prepared its Filing using the FCC's Equipment Averaging Methodology.<sup>4</sup> This is the first time Comcast has used the FCC Equipment Averaging Methodology for its costs associated with equipment and installation activities from the entire company. In last year's Form 1205 filings, Comcast used both an aggregated filing for the former AT&T Broadband systems and regional/local filings for the old Comcast systems. It should be noted, however, that while Comcast has included costs of its entire company in the Filing, some individual Form 1205s using local or regional data were still filed by Comcast in 2004.<sup>5</sup> Moreover, in New Jersey, no Form 1205 filing was made, since in that state Comcast is under the terms of a rate settlement – terms that Comcast has refused to

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<sup>3</sup> The City of Murfreesboro, TN received its filing based on regional data on June 1, 2004.

<sup>4</sup> See 47 U.S.C. § 543(a)(7); 47 C.F.R. § 76.923(c); and Implementation of Section 301(j) of the Telecommunications Act of 1996, Aggregation of Equipment Costs by Cable Operators, *Report and Order*, 11 FCC Rcd 6778 (1996) (the "Aggregation Order").

<sup>5</sup> For example, in 2004 Comcast filed a local 1205 in Detroit, Michigan, Muncie and Huntington, Indiana and a regional 1205 in Murfreesboro, Tennessee.



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share with the Consultants even though two of the sample systems are in New Jersey. The Consultants continue to be concerned that the terms of the settlement in New Jersey may be inconsistent with the Filing and that the national filing may be subsidizing the equipment and installation rates in New Jersey. The Consultants believe that Comcast cannot prepare both a regional and national Form 1205 filing for the same test year. This would allow Comcast to potentially over-recover its costs for the equipment and installation rates.

In the 2004 Filing, Comcast prepared a national Form 1205 calculation utilizing data from across Comcast's entire company. For some of the participating LFAs, this is the first time Comcast has used a national filing. For others, such as the former AT&T Broadband systems, this is the eighth such national filing.

National filings are much harder to review and analyze than local filings, as each LFA is not just reviewing its own individual Comcast system but rather must consider the combination of systems comprising over twenty million subscribers.

Comcast prepared this filing by selecting a sample of its systems and using a statistical methodology, developed estimates for the entire company. The statistical methodology chose twenty sample systems based upon the size of the systems, not on their geographical locations. For these twenty sample systems, Comcast then investigated the percentage of time the technical personnel were assigned to regulated activities such as installations, the costs associated with those activities, and the average installation times.

From these individual sample system reviews, Comcast develops average times for each of the installation activities and a dollar amount of regulated costs. The latter amount is called an "end amount" in the Comcast methodology. In developing the "end amount" Comcast looks at the assignment of all of the sample system costs and assumes that these costs are consistent across all systems contained in the individual subscriber size categories. While this sampling methodology has been used previously by Comcast for the former AT&T Broadband systems, the sampling methodology has never been challenged as to its reasonableness by an LFA, nor has the FCC approved the methodology. The FCC has stated that a cable operator can use a sampling methodology, but has not endorsed the Comcast methodology. The Comcast methodology is significantly different from the former AT&T Broadband methodology with respect to the treatment of contract labor, and also with respect to the items included on Schedule B (Operating Expenses) included in the Form 1205 filing. Therefore, while Comcast's methodology is similar to the former AT&T Broadband methodology, it is not the same.

## VI. CONSULTANTS' REVIEW PROCESS

The Consultants approached a number of local franchising authorities in early 2004 in preparation for the Filing to determine their interest in a joint review. Once several LFAs had committed to the project, Comcast's legal counsel was advised of this project, and the Consultants were directed by Comcast to send their information requests to Comcast's preparer of the national Form 1205 in Philadelphia.



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The Consultants began the Request for Information (“RFI”) process shortly after the initial group of participating LFAs was organized. The initial data request, which was transmitted to Comcast on May 21, 2004, was limited to 22 individual questions basically asking for fundamental supporting data not contained in Comcast’s initial rate filing. As is common in a rate review, the initial RFI was designed to gather some of the supporting data used by Comcast to arrive at the numbers included in the national Form 1205. Once the supporting data had been reviewed, it would be possible to submit more detailed follow-up questions addressing the specific responses to the initial RFI. Comcast responded to the initial request on June 21, but did not provide the requested information or support in most of its responses. As a rule, Comcast simply stated that the requested information was not relevant and refused to provide it.

In the Consultants’ view, Comcast abused rate regulation procedures by not responding to reasonable and necessary data requests issued by the participating LFAs as part of their review of the Filing. In effect Comcast claimed a right to decide unilaterally what information requests were “reasonably necessary” and/or relevant. In subsequent requests, Comcast was reminded that by not providing the requested information and supporting documents, Comcast was waiving any right it might have to challenge the “best available” information used by the participating LFAs to evaluate the Filing and to establish rates.

In implementing the rate regulation provisions of the Cable Television Consumer Protection and Competition Act of 1992 (the “1992 Act”), the FCC issued an order specifying how local franchising authorities may seek additional and supplemental information from the cable operators in the course of their review of a rate filing.<sup>6</sup> The *Third Order on Reconsideration*<sup>7</sup> specifies that:

Franchising authorities are entitled to request information, including proprietary information, that is reasonably necessary to make a rate determination . . . Each request should state clearly the reasons the information is needed, and where related to and FCC Form 393 (and/or FCC Form 1200/1205), indicate the question or section of the form to which the request specifically relates. This specificity will enable franchising authorities to ensure the validity of the information provided in order to arrive at a determination of the reasonableness of the rates proposed, while at the same time ensuring that the cable operators are not required to provide additional data that is not germane to the rate-setting process.

*Third Order on Reconsideration* at ¶ 77.

The Consultants have met this standard in their requests for information. The RFIs detailed the reasons for the requests and the sections of the national Form 1205 to which they related. Where

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<sup>6</sup> See 47 CFR §§ 76.937, 938 and 939.

<sup>7</sup> *Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992: Rate Regulation By-Through Prohibition, Third Order on Reconsideration*, FCC 94-40, 9 FCC Rcd 4316 (March 30, 1994) (referred to herein as the “*Third Order on Reconsideration*”).



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necessary, the Consultants identified the hypothesis they were trying to prove or disprove by the requests. Nonetheless, Comcast refused to provide the requested information and support. Instead, the company filed a petition with the FCC asking to be excused from answering these legitimate requests. Historically, disputes with regards to requests for information have been addressed in the appeal process, and not in an interlocutory plea to the FCC. Comcast's filing of a Petition for Declaratory Ruling<sup>8</sup> sought to short-circuit the normal process by asking the FCC to become involved before any of the resulting analyses and conclusions could be addressed by the participating LFAs.<sup>9</sup>

Comcast's FCC filing was the culmination of a process in which the Comcast failed to show the kind of "full cooperation" that the FCC has said is required from a cable operator. For instance, in *Century Southwest Cable Television Corp.*, 9 FCC Rcd 2423 (City of West Hollywood, CA), DA 94-489 at (Cab. Serv. Bur. 1994) the FCC stated:

We recognize that Century's own conduct contributed to West Hollywood's ultimate decision to set Century's installation rates at zero. We emphasize that the Commission expects cable operators to do their best to facilitate the efficient and effective review of proposed rates by local franchising authorities. **This effort should include full cooperation with reasonable requests by local authorities for data in support of asserted costs and rates.** Our rate regulations are clear in placing the burden on operators to justify their regulated rates for basic tier service and associated equipment and installations. **Therefore, uncooperative and recalcitrant conduct will not be tolerated by the Commission and need not be tolerated by local franchising authorities.**<sup>10</sup>

The FCC was confronted with a similar to that in *Century Southwest Cable Television Corp.* dispute in a 1995 order regarding Century New Mexico. There, the Commission stated:

Franchising authorities are given a certain amount of discretion in conducting their regulatory review. Cable operators have the burden of establishing the reasonableness of their rates that are subject to regulation. If a franchising authority determines that an operator has not met that burden, it may set an operator's rates based on the best information available. In reviewing a rate filing, a franchising authority may require an operator to provide a reasonable explanation for the figures contained in its rate filing and may also ask for supporting documentation to substantiate the figures. Operators are required to respond to reasonable requests from franchising authorities in a timely fashion. If a franchising authority does not receive a satisfactory response or receives no response at all, it may rely on the best information available. We must affirm the

<sup>8</sup> CSR-6388-R, filed September 3, 2004.

<sup>9</sup> As of the date of this report, the FCC has not yet acted on Comcast's Petition.

<sup>10</sup> *Century Southwest Cable Television Corp.*, 9 FCC Rcd 2423 (City of West Hollywood, CA), DA 94-489 at ¶ 9 (Cab. Serv. Bur. 1994) (emphasis added).





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Town's decision if we find it was reasonable. To determine if the Town's decision was reasonable, we must analyze the decision in its proper context. In making the two changes to Century's rate filing that are challenged in this appeal, the Town determined that Century had not provided an adequate explanation or an appropriate justification for its own equipment-related figures.<sup>11</sup>

In that case the FCC had before it the entire record and thus was able to address how the disputed information fit into the LFA's rate determination.<sup>12</sup>

Comcast has abused the data collection process by being less than forthcoming with respect to its responses to the RFIs, and by ignoring clear and longstanding FCC rules and orders. For example, rather than providing requested explanations or materials, Comcast has frequently submitted nothing more than a terse, uninformative cross-reference. The following exchange between the Consultants and Comcast is a case in point (but by no means an isolated incident). In the Consultants' August 24, 2004 request regarding the Trenton sample system, question 8 asked:

Please explain in detail the "Bonus" amounts shown on "FCC Form 1205 Schedule B Details For Year Ended December 31, 2003" worksheet. Include with the description Comcast's Bonus plan and employee eligibility requirements.

Comcast responded on September 13, 2004 with:

Please see the attached Exhibit 1205\_8\_082404, the General Ledger for accounts 41130 and 41140, Bonus and Contra Payroll Bonus, respectively.

That response by Comcast to this request, along with similar responses to questions 9, 10 and 11 for each of the 20 sample systems (a total of 80 responses), is typical of the selective, vague and uninformative responses submitted by Comcast. The RFI asked Comcast to "explain in detail"; no such explanation was provided. The information provided on Exhibit 1205\_8\_082404 was nothing more than a monthly listing of the amounts charged to the bonus account contained in the general ledger. At best, it shows the monthly charges each month for 2003 comprising the amount shown on the sample system Schedule B worksheet. The Consultants were concerned at the time of the request that either the technical personnel involved were not eligible for bonuses, or that the requirements for gaining a bonus had nothing to do with equipment or installation activities. Because of Comcast's failure to cooperate and to provide a clear answer, the Consultants are still without any information as to the bonus eligibility requirements and the

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<sup>11</sup> *Century New Mexico Cable Corporation, Town of Silver City*, 10 FCC Rcd 9403 at ¶ 9 (Cab. Serv. Bur. 1995) (footnotes omitted).

<sup>12</sup> See also *Wesley R. Heppler, Esq., Letter*, 10 FCC Rcd. 9433, DA 95-1175 (Cab. Serv. Bur. 1995); *In re: Century New Mexico Cable Corporation, Memorandum Opinion and Order*, 10 FCC Rcd. 9403, DA 95-1134 (Cab. Serv. Bur. 1995); *In re: Heritage Cable vision of Tennessee, Inc. Order*, 10 FCC Rcd. 13147, DA 95-2405 (Cab. Serv. Bur. 1995).



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Comcast bonus plan with respect to these specific costs, which are included in the national Form 1205.<sup>13</sup>

Notwithstanding Comcast's uncooperative behavior, the Consultants took an extraordinary step in an attempt to resolve Comcast's objections to the initial and supplemental RFIs submitted to Comcast on May 21, 2004, July 9, 2004, and July 22, 2004. On August 4, 2004, the Consultants provided Comcast with a letter responding to Comcast's objections raised as of that time. The letter stated: "In order to give Comcast a final attempt at responding to these valid RFIs, we have grouped all of our questions to which you have objected into broad categories and have gone to the extraordinary effort of again providing not only the 'reason for the request' and the 'section of the form' it relates to, but also a detailed explanation of the hypotheses we are trying to prove or disprove by these requests." Comcast's response to this effort by the Consultants was a letter dated August 18, 2004, in which Comcast largely reiterated its previous positions and provided no new information.

#### UNBUNDLING

Question 2. (from the May 21, 2004 Request for Additional Information)

Comcast's National 1205 includes the following costs in Schedule B: Salaries – Regular, Salaries – Overtime, Salaries – Bonuses, Salaries – Commissions, Utilities, Contract Labor, Building Maintenance, M&R – Converter, Rentals/Lease Expense, Vehicles – Gas & Oil, Vehicles – Gas & Oil, Vehicles – Repairs & Maintenance, Employee Benefits, Payroll Taxes, M&R – Equipment, Parts Supplies Small Tools, Property Taxes and Insurance. Please provide a signed letter from an officer of Comcast certifying that ALL of these cost categories were unbundled in Schedule B in each and every original 1205 filed on or about August 12, 1994 by Comcast and its predecessor's in interest with each of the LFAs where this National 1205 was filed.

Response:

Comcast has addressed this information request in numerous responses. Most recently, in our response dated July 28, 2004, we went to great length to explain why it is virtually impossible to comply with this request. Additionally, we expressed our belief that a "signed letter from an officer of Comcast certifying that ALL of these cost categories were unbundled in Schedule B in each and every original 1205 filed on or about August 12, 1994 by Comcast and its predecessor's in interest" is NOT required by existing FCC rules and regulations. We went on to provide a list of Schedule B costs that were unbundled by predecessors in interest TCI/AT&T Broadband and a list of the Schedule B costs that were unbundled by the "classic" Comcast systems i.e. systems that have been owned and operated by Comcast since the inception of cable regulation. We added that the Schedule B unbundled costs lists provided for predecessor in

<sup>13</sup> The Consultants' recommendation on this point is provided in Section VIII, A below.



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interest TCI/AT&T Broadband and the "classic" Comcast systems does not account for systems that were not owned by Comcast or AT&T in 1994.

This response is indicative of Comcast's belief that it may unilaterally decide what information it will provide to the participating LFAs, even though the relevancy and need for the information has been clearly explained. Such a position would effectively render the regulation of basic service, equipment and installation rates meaningless, because cable operators will feel free to withhold the information required to gauge whether filed rates comport with the FCC's rules, orders and decisions.

It should also be noted that Comcast also attempted to thwart the participating LFAs' review of the national Form 1205 by making the RFI process an unnecessarily time-consuming and burdensome "paper war." The Consultants expressed a desire to meet and discuss the initial RFI requests with Comcast, so that the company could provide information responsive to the requests and address any confusion or discrepancies before assembling the necessary information. Comcast refused to have this meeting and instead prepared its responses without the benefit of such informal discussions. Comcast's preference for confrontational paper battles over a straightforward attempt to resolve any issues reached its lowest point on one occasion where Comcast asked that the Consultants not fax or e-mail data requests, but rather transmit them by United States mail, for no apparent reason but with the effect of delaying the receipt and fulfillment of requests. Comcast's recalcitrant approach to RFIs thus impeded the review process and effectively shortened the time available for the Consultants to review materials submitted by Comcast.

The specific questions objected to by Comcast regarding the Filing were the second and third attempts to get necessary information from Comcast. Thus, the delay Comcast created by the filing at the FCC compounded the delay Comcast had already created by failing to answer the questions the first time.

The Consultants specifically requested Comcast to provide all invoices supporting the amounts claimed in Schedule B for each of the 20 sample systems. For example, regarding the Fresno system, these requests were numbers 12, 13, 14, 16, 17, 18, 19, 20 and 21. Comcast responded with the following statement in regard to each question – "Comcast will provide the requested documents after we have retrieved the documents from our data storage systems and copied them for transmittal." This is not what Comcast did. Comcast never actually provided the copies.

It should be noted that several of the above requests had additional components to which Comcast never responded. For Fresno, requests 19 and 21 were as follows:

19. Please provide detailed invoices and specific facilities covered by the insurance policies totaling \$522,843.99 of insurance expense shown on "FCC Form 1205 Schedule B Details For the Year Ended December 31, 2003."

21. Please provide detailed invoices and a full description of the items and the tax assessment by item for the following amounts shown on "FCC Form 1205 Schedule B Details For the Year Ended December 31, 2003."



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- a. Personal property taxes of \$4,263,600.82: and,
- b. Real property taxes of -\$981.38.

The only response from Comcast was the statement quoted above plus copies of the General Ledger pages showing each of the individual accounts. Comcast has never provided copies of the invoices or specific supporting details for these two requests.

As described below, the Consultants never envisioned and Comcast never disclosed the cumbersome process for reviewing the invoices. Comcast had to identify, and probably copy, the invoices in order to set up the system that was used. Comcast could have easily made a copy of the documents for the Consultants, but chose a more difficult and unwieldy system.

Comcast's process for reviewing the invoices did not work well and was very cumbersome. No instructions on how to use the system were provided other than a simple email. The "search" and "documents located" functions for the individual invoice searches had options that were not explained and had to be "found" by the Consultants. There were significant delays waiting for downloads of the requested information through Comcast's network. The Consultants had to specifically know what they were looking for, by system and account number. The system did not permit them to go through and see what documents were available, then choose what they wanted to see. The Consultants had to enter the information manually for each account of each sample system (the invoices totaled several thousand for each sample system), then wait for the search, which always took 15 seconds or more. When the result appeared, the Consultants could only see one page at a time and had to wait for the computer to load each page. Even this procedure only produced a list of documents. The Consultants next had to select a specific invoice from the list and wait another 15 seconds or more for the "pdf" document to download. Again, only the first page was displayed; the Consultants had to manually request the software to provide "all" pages. If the Consultants wanted a copy, the Consultants had to go to "print" and wait another 15 seconds or more for the print function to complete before the computer could be freed up to move to the next item. In order to move to the next item, the Consultant had to go back to the list and start again. There seemed to be an option to choose multiple documents, but it was impossible to figure out how this worked since instructions were not provided.

In the two days spent on this review at Comcast's office in Leesburg, Florida, the Consultants were only able to sample the data of the available systems. Reviewing all of the thousands of pages of invoices for each sample system using Comcast's procedures would have taken many months. The Consultants were unable to access any data for the following eight sample systems: E332 Wildwood, E840 Trenton, A54 Chesapeake Bay, EK32 New England East, E858 Montgomery County, E346 Connecticut, E868 Vineland and B56 Ann Arbor. While Comcast was informed of this problem, Comcast has still never made the missing information available.

## VII. UNBUNDLING ISSUES

When the FCC established the rate regulatory process, it required the cable operators to "unbundle" costs associated with equipment and installation charges. In essence, the unbundling process looked at the total amount recovered in rates from the subscriber, then subtracted out the



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amount recovered from equipment rates and installation charges to arrive at the amount that needed to be recovered from programming rates. This established a relationship between costs recovered through programming and those recovered through the equipment basket (equipment rates and installation charges). The FCC has been clear in orders since then that any costs included in service rates moved into the equipment basket must be unbundled, requiring a corresponding adjustment to service rates. In fact, during the Consultants' review, the FCC released a decision confirming the validity of the unbundling issue and the authority of local franchising authorities to investigate unbundling calculations.<sup>14</sup> This decision confirmed the FCC's earlier determination in *TCI of Tualatin Valley*.<sup>15</sup>

Notwithstanding clear FCC precedent on unbundling, Comcast's responses to the Consultants' questions maintained that investigation of unbundling was unnecessary. (See the request and response provided above on page 12 under VI, Consultants' Review Process.) On the contrary, the FCC's recent decision in *Jones of Georgia/South Carolina* makes clear that such information is relevant and necessary and must be provided to a local franchising authority upon request.<sup>16</sup> The Consultants need to have the same ability to evaluate unbundled costs in the instant national Form 1205 review as the rate regulatory authority did in the *Jones of Georgia/South Carolina* proceeding in order to prepare its recommendation to the participating LFAs. For this reason, the Consultants had hoped that Comcast would modify its claims as to the reasonableness of the data request on the unbundling issue as a result of the *Jones of Georgia/South Carolina* decision. Comcast, however, has continued to ignore the FCC's rulings on this issue.

Since Comcast refused to provide the requested information, the Consultants asked each of the participating LFAs to provide copies of the original Forms 1200 and 1205 from August 1994 that identified the unbundling. In some cases, the participating LFAs could not locate the forms and asked Comcast to provide copies. However, Comcast's local offices informed these participating LFAs that they had instructions to refer these questions to Comcast's regulatory personnel in Philadelphia. Comcast did not provide the copies. Comcast was also requested to provide copies of the original 1205s of each of the sample systems. Comcast provided copies from a few of the samples.

The Consultants' review of all of the original Form 1205s gathered showed a large variety of costs unbundled. In some 1994 1205s, only unbundled small amounts of salaries and benefits

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<sup>14</sup> See *Jones Communications of Georgia/South Carolina, Inc. d/b/a Jones Communications* (Savannah and Chatham County, Georgia), DA 04-2448 (August 4, 2004).

<sup>15</sup> See *TCI Cablevision of Oregon, Inc. d/b/a TCI of Tualatin Valley, Inc.*, DA 99-2227 (Cab. Serv. Bur. 1999).

<sup>16</sup> The Commission's Order stated: "Therefore, even if the costs at issue are *bona fide*, they can be claimed in the equipment basket only if they are unbundled from the regulated programming service rates or are new costs incurred since the operator unbundled its equipment costs. If an operator shifts existing costs from the BST to the equipment basket after the initial unbundling but without adjusting the BST rate, the operator may be recovering the cost twice, once through the BST rate and again through the equipment basket." *Jones Communications of Georgia/South Carolina, Inc.* at ¶ 4 (footnote omitted).



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were included, while in other 1994 1205s the unbundling included salaries, benefits, contract labor, supplies and vehicle costs.<sup>17</sup>

The former AT&T Broadband/TCI systems consistently did not unbundle commissions, bonuses, maintenance and repair costs of plant and equipment other than converters, property taxes and insurance.<sup>18</sup> Obviously, these were costs in 1993 and 1994 and are not new costs. Thus, eliminating these costs from the national Form 1205 Filing, since they were not unbundled originally, is consistent with the FCC decisions in *TCI of Tualatin Valley* and *Jones of Georgia/South Carolina*.

## VIII. DISCUSSIONS OF ISSUES IDENTIFIED

As discussed above, the Consultants analysis identified a number of specific problems with the Filing. The following sections discuss each of the identified concerns and, where necessary, explain the adjustments to the Filing that were needed to arrive at a proper determination of equipment rates and installation charges and is continuing to do so. Thus, including them in the national Form 1205 Filing would result in a double recovery.

### A. BONUSES / COMMISSIONS

Comcast has included bonuses and commissions in the 1205 costs. First, these are costs that were not unbundled by a majority of the systems, including the former AT&T Broadband/TCI systems and the TKR systems. The Consultants reviewed a number of 1994 Form 1205s and concluded that these items, bonus and commissions, do not appear to be part of the Schedule B amounts shown. As a result, Comcast was able to recover these bonuses and commissions from subscribers in service rates.

In addition, Comcast has not shown that the bonuses and commissions are actually related to regulated activities. Comcast was requested to provide the following for each of the twenty sample systems:

Please explain in detail the "Bonus" amounts shown on the "FCC Form 1205 Schedule B Details For the Year Ended December 31, 2003" worksheet. Include with the description the Comcast's bonus plan and employee eligibility requirements.

Please describe and provide detail accounting records showing the payment basis for the "Commissions" shown on "FCC Form 1205 Schedule B Details For the Year Ended December 31, 2003".

Comcast responded with the following, respectively:

Please see the attached Exhibit 1205\_a\_XXXXX, the General Ledger for account 41130, Bonus.

<sup>17</sup> See Appendix E for examples of these 1994 filings.

<sup>18</sup> *Id.*



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Please see the attached Exhibit\_1205\_a\_XXXXXX, the General Ledger for account number 41150, Commissions.

[Here "a" indicates the number of the request and "XXXXXX" the date of the request.]

Other than these terse and uninformative cross-references, Comcast did not respond to the request. It did not provide the explanations, the description, the payment basis or the employee eligibility requirements requested by the Consultants.

Comcast has the burden of showing that these amounts relate to Form 1205 activities and has not met that burden of proof. Comcast did not provide any "description of the bonus or commission plan" as requested. The Consultants believe that such bonus and commission plans are not tied directly to activities such as installations and are therefore not includable in the Form 1205. As Comcast has not met its burden of proof with regard to these two items, the Consultants have eliminated all of these costs.

#### B. CONTRACT LABOR

Contract labor costs account for the second largest cost element after salaries and benefits included in the Schedule B items. Yet Comcast has not used any actual invoices for this significant cost element, but rather has estimated the costs based on the number of installations contained in the "Field Data Reports" and the cost for each activity. The Consultants were unable to review actual invoices for contract labor to verify whether all of the activities contained in the "Field Data Reports" were actually billed to Comcast, because Comcast refused to provide them. The Consultants therefore were not given any real data to review and analyze with respect to the contract labor costs. This raises problems as to the accuracy of Comcast's estimates. If, for example, a contractor did not complete an installation correctly, would Comcast have paid for that activity? Such corrections and audit-type adjustments that would normally occur in the review of actual bills from the contractor were not considered in Comcast's estimation methodology.<sup>19</sup>

To the extent Comcast wants to include contract labor in future Form 1205 filings, the Consultants recommend that Comcast must use actual invoices from the contractor and allocate those invoices to regulated and un-regulated activities. In this way, the participating LFAs can be assured that the costs included in the Form 1205 are "real" costs and not just hypothetical costs based upon the unverified "Field Data Report." The Consultants have made other recommendations concerning contract labor costs and hours, as described in §§ H (2) and K below.

#### C. MAINTENANCE AND REPAIR - PLANT AND EQUIPMENT

The Consultants' review of the prior Form 1205s filed by systems now part of Comcast has revealed that in many of these systems, the cable operator did not include maintenance and repair - plant and equipment ("M&R - Plant") as part of the Schedule B costs. For this reason, as

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<sup>19</sup> The Consultants believe that this methodology is different from the methodology used earlier by AT&T Broadband, but based on Comcast's RFI responses the Consultants cannot conclude this definitively.



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illustrated in *TCI of Tualatin Valley* and *Jones of Georgia/South Carolina*, leaving in the M&R – Plant costs in the Filing would allow Comcast to “double recover” these costs – once in the service rates and again in the equipment and installation rates – since such costs were never unbundled. The Consultants have therefore eliminated M&R – Plant in order to be consistent with the FCC’s precedents and to prevent double recovery of these costs.<sup>20</sup>

In addition to the unbundling concerns, Comcast’s treatment of M&R – Plant costs suffers from the same allocation problem as discussed in § E below concerning property taxes. The Consultants’ review of supporting documents shows that M&R - Plant costs across the sample systems and is not specific to the Technical Department or regulated equipment. Comcast uses an allocation factor based on salaries and wages by determining the regulated portion and comparing it to total Technical salaries plus salaries for a group called “Other”. This does not include all salaries and wages within the system and, as such, over-allocates costs to regulated services. Thus, even if M&R - Plant costs that are currently recovered in the service tier rates could properly be included in the Form 1205, the allocation factor would still need to be reduced. Since the Consultants do not have specific information from Comcast to support an alternative calculation, we have estimated that the factor would be reduced by two-thirds.

#### D. PAYROLL TAXES

The Consultants have eliminated a pro-rata share of payroll taxes based on the elimination of the Bonuses and Commissions as described in § A above. This equates the appropriate inclusion of payroll taxes to the reduced level of salary related costs. The calculation was made by using the ratio of bonuses and commissions to the total of salaries and wages plus bonuses and commissions and multiplying the resulting factor times payroll taxes.

#### E. PROPERTY TAXES

The Consultants’ review of the prior Form 1205s filed by systems now part of Comcast has revealed that in many of these systems, the cable operator did not include property taxes as part of the Schedule B costs. As the FCC pointed out in *TCI of Tualatin Valley* and *Jones of Georgia/South Carolina*, Comcast’s inclusion of such property taxes in the Filing would allow Comcast to “double recover” these costs – once in the service rates and again in the equipment and installation rates – since such costs were never unbundled. The Consultants have therefore eliminated these property taxes in order to be consistent with the FCC’s precedents.<sup>21</sup>

In addition to the unbundling concerns, the Consultants’ review of supporting documents show that property taxes include costs across all departments in the sample systems and are not specific to the Technical Department or regulated equipment. As these property taxes include taxes for executive system office, call center and other facilities not part of the regulated

<sup>20</sup> As indicated in n.21 above, Comcast appears to have ignored these precedents.

<sup>21</sup> The Consultants are concerned that Comcast appears to have ignored the relevant FCC rulings, even though it was clearly aware of the precedents in *TCI of Tualatin Valley* and (during the review of this Filing) *Jones of Georgia/South Carolina*. Such a course of conduct does not appear to be consistent with the certification attached by Comcast to the Filing.





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activities, Comcast should have made an adjustment to assign property taxes to these locations before further allocating the remaining amount *within* the Technical Department. Comcast, however, uses only an allocation factor based on salaries and wages by determining the regulated portion of Technical salaries and comparing it to total Technical salaries plus salaries for a group called "Other." This does not include all salaries and wages within the system and, as such, over-allocates costs to regulated services. It should be noted that the Consultants are aware that in a prior year's Form 1205 filing by Comcast, property taxes could not be shown to be related to or based on converters.

Thus, even if property taxes that are currently recovered in the service tier rates could properly be included in the Form 1205, the allocation factor would still need to be reduced. Comcast did not provide the requested information with regard to the facilities covered by the property taxes for each system. Comcast has therefore not met its burden of proof. The Consultants have used the best available information from prior reviews of Comcast systems and have reduced the technical salary allocation factor by two-thirds to reflect an assignment of the property taxes to non-regulated facilities and assets. Based on the Consultants' analysis discussed above, this reduction is reasonable.

#### F. INSURANCE

The Consultants' review of the prior Form 1205s filed by systems now part of Comcast has revealed that in many of these systems, the cable operator did not include insurance as part of the Schedule B costs. For this reason, as illustrated in *TCI of Tualatin Valley* and *Jones of Georgia/South Carolina*, leaving in the insurance costs in the Filing would allow Comcast to "double recover" these costs – once in the service rates and again in the equipment and installation rates – since such costs were never unbundled. The Consultants have therefore eliminated insurance in order to be consistent with the FCC's precedents.<sup>22</sup>

In addition to the unbundling concerns, Comcast's treatment of insurance costs suffers from the same allocation problem as discussed in § D above. The Consultants' review of supporting documents shows that insurance includes costs across the sample systems and is not specific to the Technical Department or regulated equipment. Comcast uses an allocation factor based on salaries and wages by determining the regulated portion and comparing it to total Technical salaries plus a group called "Other." This does not include all salaries and wages within the system and, as such, over-allocates costs to regulated services. Thus, even if insurance costs that are currently recovered in the service tier rates could properly be included in the Form 1205, the allocation factor would still need to be reduced. Since the Consultants do not have specific information from Comcast to support an alternative calculation, we have estimated that the factor would be reduced by two-thirds.

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<sup>22</sup> As indicated in n.21 above, Comcast appears to have ignored these precedents.



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## G. MISCELLANEOUS REGULATED HOURS

This component was used by Comcast to add hours associated with dispatch, warehouse and office personnel. The Consultants have eliminated warehouse hours and office personnel hours.

### 1. WAREHOUSE PERSONNEL

The Consultants' analysis eliminates warehouse personnel costs and labor hours from Schedule B of the 1205 and the Hourly Service Charge ("HSC"). Comcast has included the cost of warehousing in the Filing twice. Comcast includes the time associated with warehouse personnel activity in Schedule B and, as a result, in the HSC. Comcast also capitalizes the time associated with this activity and includes that capitalized costs in Schedule C. The Consultants' analysis corrects this and only includes the cost in Schedule C.

In addition, it is not apparent that these costs were unbundled in the original Form 1205s. As previously discussed in the unbundling section above, the Consultants' review of the 1994 Form 1205s showed that the cable operators did not include warehouse personnel in the determination of equipment rates and installation charges. Consultants recommend that based on these two flaws, warehouse personnel should be eliminated from the 1205.

### 2. OFFICE PERSONNEL

This issue is also an unbundling issue. As with other issues discussed above, the Consultants' review of the 1994 Form 1205s showed that prior filings did not include office personnel costs in the determination of equipment rates and installation charges, and hence those costs remain in the basic service tier rates. The Consultants' analysis therefore has eliminated this component.

In addition to the appropriate exclusion based on the "unbundling" issue, Comcast has not met its burden of proof in supporting these time estimates. Comcast was specifically requested to provide "support (that) must include all studies, documents or other material used by the (sample system) personnel used to support such amounts. To the extent the individual responsible for preparing such amounts did not use any supporting information, please state such and provide a detailed explanation for the source of the amount shown. Please provide the name and title of the individual supporting the hours shown on this schedule." Comcast's only response was "Comcast has used the past experience of its office personnel to make their best estimate of the average hours spent per week on converter maintenance." Comcast did not provide the requested information for any of the sample systems. Therefore, exclusion of these costs is also warranted based on Comcast's failure to provide adequate support.

## H. INSTALLATION ACTIVITY HOURS

Comcast was requested to (1) provide support for the installation times used by each of the sample systems; (2) identify components more than 12 inches outside the subscriber's residence; and, (3) provide any scheduling or routing programs used to assign in-house and contractor personnel to installation activities and the reports and other supporting details for those programs



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for each month of the review period. For most of the sample systems,<sup>23</sup> Comcast provided “the work tasks table containing the points assigned to each task for the (sample system)” and went on to explain that “this information was used to develop the estimated times in the Schedule D Support” in the sample data. Comcast also explained in its response that “Comcast has used the past experience of its technical personnel to make their best estimate of average hours spent per installation activity. The technical personnel rely upon the work task table and points assigned to help them determine the best estimate of average hours spent per installation activity.” However, Comcast’s packet of information supplied to each sample system for preparation of the sample data included a sheet showing the installation times used by Comcast in the prior year. The sample systems then could use these estimates rather than actual data relative to their specific operations.

## 1. SUPPORT

Comcast failed to support the installation times. First, while Comcast’s response referred to the work task table, the tasks listed did not match the Form 1205 regulated activity. For example, the work task table<sup>24</sup> provided by Comcast for the Portland Willamette Valley sample system did not contain any work tasks for: un-wired installation; pre-wired installation; upgrade; downgrade; A/O separate trip and VCR connection – same trip. Comcast also failed to allocate the tasks to activities within 12 inches of the residence. The Consultants compared the times on the work task table to the times on the Schedule D Support and found that the times did not match. Consistently, the times on the Schedule D Support exceeded the times on the work task table. No explanation was provided for this difference, even though the RFI specifically asked Comcast for “detailed explanations and support for each amount shown on ‘Schedule D Support’ page 220” of each sample system support.

For example, in the Wildwood sample system data request, the Consultants asked Comcast in Question 29 to:

Please identify the components of each amount provided in #28 above that are outside of 12 inches of the subscriber’s home or residence. (Question 28 requested information with regards to the installation times for such activities as un-wired and pre-wired installations)

Comcast responded:

The only installation activity outside of 12 inches of the subscriber’s home or residence is the drop required for an un-wired installation.

It appears from this response that Comcast does not understand the definitions of pre-wired and un-wired installations. The difference between an un-wired installation and a pre-wired installation has to do only with the status of wiring inside the demarcation point on the home (12 inches

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<sup>23</sup> While Comcast’s responses for each of the sample systems referenced use of the work task table and indicated that copies were enclosed, the support for Mobile, Chesapeake, New England East and Montgomery County, PA did not in fact include this information.

<sup>24</sup> Exhibit 1205\_32\_082704 attached to Comcast response date September 23, 2004.



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outside of the connection to the home). Thus, a drop may also be needed for a pre-wired installation: a pre-wired home that has never had service, or an un-wired home that also has never had service, would each require Comcast to run a drop to the outside of the home. Comcast therefore appears to be incorrect that only homes that are un-wired would require a drop or maybe Comcast is incorrectly applying the installation prices to a new connection customer.

Similarly, Comcast did not answer the Consultants' question as to whether the average times shown on page 220 of the sample system workpapers included time for Comcast to run a drop to the subscriber's residence. Comcast has failed to meet its required burden of proof.

The Consultants' asked Comcast to support its installation times for each of the sample systems. For example, for the Flint MI sample system, Questions 30 and 32 asked:

Question 30. Please provide detailed explanations and support for each amount shown on "Schedule D Support" page 220. To the extent the individual responsible for preparing such amounts did not use any supporting information, please state such and provide a detailed explanation for the source of the amounts shown.

Question 32. Does Comcast of Flint use any scheduling or routing programs (either automated or manual) to assign both in-house and contractor personnel to installation activities? If so, please provide such programs, reports and other supporting details for those programs for each month of the review period (the purpose of this request is to verify the amounts shown on "Schedule D Support," to the extent Comcast refuses to provide this alternative supporting information, Comcast should expect that the Consultants may reject the amounts shown on "Schedule D Support" and use the best available information).

Comcast responded:

Question 30. Please refer to our response to your question 32 in this request.

Question 32. Enclosed is a copy of the work task table, Exhibit 1205\_32\_082704, containing the points assigned to each task for the Flint/Bad Axe system. This information was used to develop the estimated times in the Schedule D Support.

The FCC has stated, "We anticipate that cable operators will use their past experience and historical data to make the best estimate of the number of service repair hours for remotes. Charges for leasing of converter boxes and all other equipment will be calculated in the same manner as for remotes. For installation charges, the cable operator must elect a uniform installation charge that is calculated based on either: (1) the HSC times the person hours of the visit; or (2) the HSC times the average hours spent per installation visit." (See FCC Report and Order, FCC 93-177, released May 3, 1993, Paragraph 296.)

Comcast has used the past experience of its technical personnel to make their best estimate of the average hours spent per installation activity. The technical personnel rely upon the work task table and point assigned to help them determine the best estimate of the average hours spent per installation activity.



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Comcast attached Exhibit 1205\_32\_082704, which detailed some "points" for some of the installation activities. Comcast also included an email from Ms. Sharon Wiorek to Ms. Marcia Anderson, where Ms. Wiorek stated:

You may have noticed that Flint does not have any points for any installations tasks on the Cable Data report I sent you. That's because they work on a 1 point per job basis. Doesn't matter on the complexity or length of the task, every job is assigned 1 point.

Thus, in Flint's case, Comcast was incorrect in its response to Question 32 that the "technical personnel rely upon the work tasks table and points assigned to help them determine the average hours." Comcast has completely failed to support any of these time estimates for the Flint sample system.

The Consultants also asked about any changes in the time estimates from last year's Form 1205 filing. For example in the Flint system, the request was:

Question 33. Has any of the amounts shown on "Schedule D Support" changed from the amounts used on the last Form 1205 filed by Comcast (or its predecessor in interest) for the Flint system? If so, please identify and explain in detail all changes including a copy of the filing made by Comcast (or its predecessor in interest) (the purpose of this request is to verify if Comcast is in compliance with the precedent set by the FCC in DA 04-2448).

Comcast responded:

Question 33. Yes. The Schedule D times on the last Form 1205 filed by Comcast for the Flint system were as follows: Unwired – 1.5 Hours; Pre-wired – 1 Hour; Additional Outlet Same Trip – 0.5 Hours; and Additional Outlet Separate Trip – 1 Hour. These are the hours listed on Schedule D of the last Michigan Form 1205 filing. Comcast is not aware of any precedent set by DA 04-2448.

Notwithstanding the unbundling concerns with respect to time associated with Relocate Outlets, Upgrades, Downgrades, Connect VCR Same Trip, Connect VCR Separate Trip, Converter Service Call, Inside Wiring Service Call, Customer Owned Equipment, Customer Education and Non Productive Trouble Calls listed on Schedule D Support (Page 220), Comcast has not provided any explanation of the changes made, nor has Comcast provided a copy of the previous Form 1205 filing. Again, Comcast has not met its burden of proof.

A comparison of Comcast's current estimates and its prior year estimates for the Flint MI sample system raises many questions that the Consultants cannot investigate because of Comcast's unwillingness to make a through and complete response.



Table 2

Installation Activity	Comcast's Current Estimate	Comcast's Previous Estimate	% Change
Install Unwired Home	72 minutes	90 minutes	(20%)
Install Pre-Wired Home	42 minutes	60 minutes	(30%)
Additional Outlet – Same Trip	24 minutes	30 minutes	(20%)
Additional Outlet – Separate Trip	42 minutes	60 minutes	(30%)
Relocate Outlet	30 minutes	Not Provided	N/A
Upgrade – Requiring a Truck Roll	24 minutes	Not Provided	N/A
Downgrade – Requiring a Truck Roll	24 minutes	Not Provided	N/A
Connect VCR – Same Trip	18 minutes	Not Provided	N/A
Connect VCR – Separate Trip	24 minutes	Not Provided	N/A
Converter Service Call	30 minutes	Not Provided	N/A
Inside Wiring Service Call	42 minutes	Not Provided	N/A
Customer Owned Equipment	30 minutes	Not Provided	N/A
Customer Education	24 minutes	Not Provided	N/A
Non Productive Trouble Calls	12 minutes	Not Provided	N/A

As shown in the following table (Table 3), one could conclude that Comcast did not simply allow its local technical personnel to make case-by-case determinations of the required times. With its request to each sample system, Comcast provided guidance as to the 2002 Test Year average times. A comparison of the “suggested” times for the most common installations to the actual reported times are:



Table 3

Installation Activity	2002 Guidance	Number of Sample Systems using Activity Times Supplied by the Guidance
Install Unwired Home	90 minutes	9
Install Pre-Wired Home	60 minutes	10
Additional Outlet – Same Trip	30 minutes	15
Upgrade – Requiring a Truck Roll	30 minutes	12

Thus, in most cases over half of the twenty sample systems appear to have followed the “guidance” received from Comcast’s corporate level. However, Comcast has not provided any information to the Consultants that would enable them to understand the basis Comcast used to provide estimated times in this corporate “guidance.” In sum, Comcast has not meet its burden of proof with regards to the estimated times per installation activity.

Based on the information described above, the Consultants analyzed the “point” system estimates provided in the individual sample system responses as the best available information. The analysis showed that based on Comcast’s “point” system, the estimated times by installation activity in the Filing are overstated as follows:

Table 4

Installation Activity	Required Reduction
Install Unwired Home	8.4%
Install Pre-Wired Home	21.4%
Additional Outlet – Same Trip	12.7%
Additional Outlet – Separate Trip	13.6%
Relocate Outlet	42.6%
Upgrade – Requiring a Truck Roll	20.7%

Each of the estimated times by sample system provided by Comcast has been adjusted by these percentages. The Consultants did not adjust the times for other activities, as it appeared that the



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“point” system data analyzed did not have enough samples to provide a reasonable estimate.<sup>25</sup> Therefore, these times were accepted, even though they lacked supporting documentation from Comcast.

## 2. CONTRACT LABOR ESTIMATES

Comcast was also asked to provide detailed support for the amount of contract labor associated with “indoor” activities (i.e., activities occurring no more than 12 inches outside of the connection to the home) and the hours for each task. This request was part of the first RFI, dated May 21, 2004, Question 9. Comcast responded:

The 2003 indoor % for each contractor activity is not available because our contract labor vendors do not provide such detail. The 2003 hours per task for each contractor activity are included on the individual sample system contract labor installation activities workpaper.

The Consultants were provided copies of the individual contract price sheets (marked “Confidential Not For Public Disclosure”) for each sample system. For example, in the material provided for the Trenton sample system, the installation activities included in the prices used by Comcast for the costs of an “Aerial Installation” include the following:

- Installation of cable from the tap to the television;
- Includes mid-span and sub pole(s) as necessary;
- Tagging and identifying drops;
- Ground drop per NEC and document type ground;
- Converter installation;
- Installing trap(s);
- Installation of VCR, A/B switch, game switch as required;
- Customer education (installation package), completing paperwork and collection of any payment due; and
- Compliance with applicable Comcast specifications.

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<sup>25</sup> For example, see the discussion about the email for the Flint system described above. For the DC sample system, each activity had the same point value – 15 minutes. Comcast did not provide any “point” information for 4 of the sample systems.





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Of these listed activities, the first four activities involve work by the contractor on efforts related to the installation of a customer drop. But drop activities are not part of the Form 1205 regulated activities, and their cost should not be included in the prices for installation activities. Comcast has therefore overstated the costs for contract installations in its Form 1205. Comcast has failed to meet its required burden of proof by not determining or providing the Consultants with any supporting data related to the amount of costs or percentage of time associated with installation of drops by the contractors.

Comcast has failed to meet its burden of proof with regard to the average installation times used by Comcast in its worksheet 270 (Contractor installation times) completed for each sample system. Comcast has provided no information as to where the average installation times for contractors were developed. For example, in the Wildwood sample system, Comcast provided the following information:

Table 5

Installation Activity	Contractor Installations	In House Installations	% Contractor Installations (Contractor as a % of the total)	% Time Difference (Percentage In-house exceeds Contractor)
Unwired - Number	1,519	265	85%	
Hrs per Install	0.92	1.75		53%
Prewired - Number	9,368	1,237	88%	
Hrs per Install	0.75	1.0		75%
A/O Sep - Number	1,589	99	94%	
Hrs per Install	0.58	0.75		77%
Upgrade - Number	6,408	1,242	84%	
Hrs per Install	0.25	0.50		50%
Downgrade - Number	4,195	643	87%	
Hrs per Install	0.25	0.50		50%

Based on the foregoing discussion, Comcast has failed to meet its burden of proof and has included costs that cannot be included in the Form 1205. The Consultants have had to use the best available information in order to modify the contract labor costs to exclude the costs associated with running a drop to a subscriber's residence. The Consultants have utilized the ratio of drop-related costs to the total costs for contractor labor from the review of Comcast's



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2003 Form 1205 filed with Montgomery County, Maryland. In that study, the Consultants found that approximately fifteen percent of the contract labor costs for an un-wired installation were related to drop costs and approximately eighteen percent of the contract labor costs of a pre-wired installation were related to drop costs. The Consultants have therefore modified all of the unwired and pre-wired contract labor costs to exclude the costs associated with the drop, based on this best available information, in each of the twenty sample systems. Because no other information was available, the Consultants did not revise the average hours per installation for the contract labor activities even though Comcast did not provide any supporting information, since no other information was available. The Consultants recommend that each participating LFA in its individual rate order require Comcast to provide such information with the next Form 1205 filed by Comcast.

#### I. CONVERTER MAINTENANCE AT TIME OF INSTALL

These costs are made up of the time warehouse personnel and converter repair personnel spend to test and set up the converter before placing it in the subscriber's residence and putting the converter in service. The Consultants' analysis has eliminated this component from the converter charge. Comcast capitalizes this cost and includes it in the cost of converters in Schedule C. To include the cost in the converter charge and then also include the maintenance charges (maintenance hours times HSC) in Schedule C would allow Comcast to recover the cost twice. The Consultants' analysis includes the capitalized costs in Schedule C.

#### J. INSIDE WIRING

Comcast has included on page 235 of its individual sample system studies an entry for the amount of time and the number of trouble calls related to inside wiring activities. For the Ann Arbor sample system, Comcast has estimated that it will average 2,164 trouble calls related to inside wiring activities. Comcast has also estimated that each of these trouble calls will average 30 minutes to complete the repair. Comcast has not supported the 30 minute estimate with any data. Comcast has also admitted that over 47,000 subscribers of the approximately 135,000 subscribers in the Ann Arbor sample system subscribe to an optional inside wiring plan, which would mean that they are already paying for the costs of these trouble calls through the plan and should not be charged for those costs again.

Comcast has not met its burden of proof with regards to the inclusion of the hours associated with the inside wiring trouble calls, nor has Comcast provided any adjustment for the inside wiring trouble calls related to customers with the optional inside wire maintenance plan. Specifically, on August 27, 2004, the Consultants asked the following questions for the Ann Arbor sample system:

Question 23. Does Comcast of Ann Arbor system have an optional inside wire maintenance plan? If so, please provide the plan and the number of customers currently subscribed to the plan.

Question 27. Please provide detailed explanations and support for each amount shown on "Schedule D Support" page 220. To the extent the individual responsible for preparing



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such amounts did not use any supporting information, please state such and provide a detailed explanation for the source of the amounts shown.

Question 29. Does Comcast of Ann Arbor use any scheduling or routing programs (either automated or manual) to assign both in-house and contractor personnel to installation activities? If so, please provide such programs, reports and other supporting details for those programs for each month of the review period. [Parenthetical item omitted]

Comcast responded to these requests on September 9, 2004, stating:

Question 23. Yes. As of May 31, 2004, forty seven thousand two hundred and fifty (47,250) customers subscribe to the plan.<sup>26</sup>

Question 27. Please refer to our response to your question number 29 in this request for additional information.

Question 29. Enclosed is a copy of the work task table, Exhibit 1205\_29\_082704, containing the points assigned to each task for the Ann Arbor system. This information was used to develop the estimated times in the Schedule D Support.

The FCC has stated, "We anticipate that cable operators will use their past experience and historical data to make the best estimate of the number of service repair hours for remotes. Charges for leasing of converter boxes and all other equipment will be calculated in the same manner as for remotes. For installation charges, the cable operator must elect a uniform installation charge that is calculated based on either: (1) the HSC times the person hours of the visit; or (2) the HSC times the average hours spent per installation visit." (See FCC Report and Order, FCC 93-177, released May 3, 1993, Paragraph 296.)

Comcast has used the past experience of its technical personnel to make their best estimate of the average hours spent per installation activity. The technical personnel rely upon the work task table and point assigned to help them determine the best estimate of the average hours spent per installation activity.

Comcast also provided a copy of the "Technical Operations Database - Field Data Report" which identifies the number of installation activities.

Based on this limited data provided, the Consultants conclude that Comcast has failed to support its claim of 30 minutes of average time for an inside wiring call. The task and point system referred to in its response to Question 29 does not contain any individual item related to inside wiring trouble calls; therefore, Comcast has not met its required burden of proof with regards to this 30 minute estimate. Further, Comcast's "Field Data Report" does not segregate inside

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<sup>26</sup> Comcast completely ignored the portion of the request asking for the "plan" itself. This characteristic behavior by Comcast once again undermines the Consultants' ability to thoroughly review Comcast's submission and thus undercuts the FCC's rate regulation process.



wiring trouble calls between those performed as part of the optional inside wiring maintenance plan and those performed for non-inside wiring maintenance plan customers. Therefore, Comcast is including activities and hours associated with un-regulated services in its equipment and installation activities.<sup>27</sup>

The Consultants have eliminated 50% of the number of inside wire trouble calls as a conservative estimate from each sample system in order to account for un-regulated activities. The Consultants also recommend that Comcast be required to provide better documented support for the average times to complete inside wiring trouble calls in its next Form 1205 filing, so that the participating LFAs can meaningfully review these estimates.

**K. WEIGHTED INSTALLATION TIMES**

Comcast has improperly used the installation time estimates of only Comcast in-house technical personnel in determining the average installation times used in the Form 1205. The Average Installation Times, Installation Activities and Installation Hours provided as input to the statistical sampling report do not consider the average times, installation activities and installation hours of any of Comcast's contractors. Yet based on the data provided by Comcast, contractors perform approximately 54% of all of the installation activities for the 20 sample systems.

The Consultants obtained data for contractors and in-house personnel in response to RFIs. In the vast majority of the sample systems, the contractor time estimates shown on Worksheet 270 to complete an installation were at or below the estimates prepared supposedly by Comcast's in-house technical personnel. This error would allow Comcast to over-recover its costs of an installation where such installation is performed by a contractor.

For example, in the Wildwood system, Comcast provided the following data:

**Table 6**

<b>Item</b>	<b>Contractor</b>	<b>In-House</b>
Un-wired Installation – Time Est.	0.92	1.50
– # of Installs	1,519	238
Pre-wired Installation – Time Est.	0.75	1.00
– # of Installs	9,368	1,237
Upgrade Installation – Time Est.	0.25	0.50
– # of Installs	6,408	1,242
Downgrade Installation – Time Est.	0.25	0.50
– # of Installs	4,195	643

<sup>27</sup> Comcast has not included wire maintenance plans in the 1205 and is treating these as unregulated.



Comcast used the time estimates from the “in-house” category for each of the sample system in order to arrive at its average time per installation, but then applied that average time to both in-house and contractor installations. On average, the time estimated by the statistical sampling methodology for an un-wired installation was 1.4849 hours. Using the Comcast estimated HSC of \$35.17, an un-wired installation would be priced to the subscriber at \$52.23. Assuming the contractor only charges Comcast \$32.36<sup>28</sup> for this installation, Comcast has over collected for this installation by approximately \$20.00.

To correct this problem, the Consultants have included all of the installation times for both the contractors and the in-house personnel in computing the average installation times for each sample system.

Comcast appears to have modified the results of the statistical report issued by Dr. Hannum. Comcast based its installation times on the statistical analysis and study performed by Dr. Hannum. In his report attached to the Filing, Dr. Hannum’s report states:

For Installation Time variables 4 through 10, estimates of the population total hours spent on installation and the population number of installations (activity levels) are used to acquire an *estimate of the mean time per installation*. This latter estimate incorporates both the average time per install for each sampled area and the installation activity level for each area. [Emphasis added]

Comcast did not, however, use Dr. Hannum’s figures in computing the average cost of each type of installation. Instead, Comcast used the “average install time” computation, which does not consider the “activity level” (the number of installations) for each sampled area. The differences are:

Table 7

Installation Activity	Average Install Time	Estimated Mean Time
Unwired Installation	1.4849	1.4370
Pre-wired Installation	0.8926	0.8457
Additional Outlet – Same Trip	0.4876	0.4760
Additional Outlet – Separate Trip	0.7195	0.7163
Relocate Outlet	0.6711	0.6965
Upgrade – Non Addressable	0.4867	0.4769
Downgrade – Non Addressable	0.4422	0.4073

<sup>28</sup> That is, 0.92 hours times \$35.17. The actual charge for the installation is less than \$30.00 based on the material provided by Comcast. Comcast has requested that the actual price for the installation be kept confidential and it is therefore not included in this report.



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Using these higher amounts has allowed Comcast to artificially inflate its installation charges. The Consultants have modified the time to use the "estimated mean time" as recommended in Dr. Hannum's report.

#### L. VCR CONNECTIONS

Comcast has included time estimates for VCR connections both at the same time as an installation and as a separate trip. Comcast provided no support for its estimated VCR connection times in its responses to the data requests for each individual sample system (see response to question 29 in § J). While Comcast did provide its "point" system for some of the sample systems, VCR connections were listed in less than twenty-five percent of the sample systems.<sup>29</sup> Comcast's "Field Data Reports" did not list any activities for VCR connection either at the time of installation or as a separate trip. Comcast's contractors have included the connection of a VCR as part of their normal installation activities. These facts suggest that the cost of making VCR connections is in fact recovered as part of the normal installation process.

The Consultants do not believe that Comcast has met its burden of proof with regard to times associated with a VCR connection. Further, it appears that to the extent a contractor provides the installation, the VCR efforts are already included in the contract labor costs. Based on these findings, the Consultants recommend that Comcast should not be allowed to charge customers for VCR connections, because any associated costs are already recovered in other installation rates.<sup>30</sup>

#### M. CUSTOMER TROUBLE CALLS

Comcast has included time estimates for customer-owned equipment service calls. Comcast has estimated that such a customer owned equipment service call averages 40 minutes to complete. As a matter of common sense this time appears to be excessive, as it should not take 40 minutes to check the Comcast-owned equipment and conclude that the service problem relates to customer-owned equipment, which is not repaired by Comcast. Comcast did not provide any support for this activity either by specific identification or in the "point" system data supplied. Comcast has therefore again not met its burden of proof with regard to the time estimates for this activity.

The Consultants understand that Comcast does in fact incur some costs for these trouble calls. However, without any support for the individual sample system amounts included in the Filing, the Consultants cannot confirm Comcast's inherently implausible claim that the overall average time is approximately 40 minutes. Accordingly, the Consultants have reduced the sample system estimates by fifty percent.

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<sup>29</sup> The limited data provided by Comcast suggested that the VCR – Same Trip time was overstated by 11% and the VCR – Separate Trip time overstated by 27

<sup>30</sup> To the extent Comcast can identify in a subsequent Form 1205 filing that VCR connections requiring a separate trip are actually performed and the time associated with that installation, such an installation charge for VCR – separate trip may be justified.



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Additionally, based on our review of the original filed 1205s, the Consultants do not believe that these costs were unbundled originally by Comcast. If that is correct, then Comcast is already recovering its costs associated with these trouble calls in its service rates. The Consultants have not eliminated this category entirely at this time as a conservative approach, but the Consultants may eliminate this category in future Comcast filings.

#### N. DVR CONVERTERS

In several of the participating LFAs, Comcast included a charge on its rate card for Digital Video Recorders ("DVR"). This charge was listed as an "equipment" charge on the rate card, but Comcast has now claimed that this charge should have been included as a "service" charge (as a programming alternative). The Form 1205 filed by Comcast does not include any costs in Schedule C for DVRs. Therefore Comcast cannot charge a customer a monthly lease price for a DVR based on the current filing. To impose such a charge, Comcast would have to file a new Form 1205 including this new piece of equipment, or wait until the next annual filing to include these DVR costs in one of the converter categories. To the extent subscribers are currently being charged for these DVRs, Comcast should be ordered to refund these monies and cease billing subscribers. A DVR converter works in a similar fashion to a regular converter in that it allows the subscriber to view any and all of the channels currently subscribed to by the subscriber.

#### O. OTHER CONVERTER COSTS

##### 1. CONVERTER REPAIRS

The Consultants' review of invoices supporting converter repair costs included in the sample systems showed that Comcast has included cable modem costs in this item. Comcast provided access to picture images of the invoices via an internal Comcast Web-based computer access. Comcast did not provide this access, however, until November 4, 2004, several months after the original data request soliciting this data was issued. The Consultants were forced to travel to a specified Comcast office in order to gain access to this information. Comcast did not allow the Consultants to use a search engine, but required the Consultants to pick specific invoices one at a time from a list of several thousand invoices for each system. The process was very time-consuming; the Consultants spent almost twenty hours working through Comcast's cumbersome data retrieval process. The Consultants also informed Comcast that the company's system was unable to provide access to several of the sample system invoices they sought to review. However, Comcast made no effort to provide access to these systems or arrange for alternative review methods.

Since the Consultants were unable to access the invoices associated with eight of the sample systems - E332 Wildwood, E840 Trenton, A54 Chesapeake Bay, EK32 New England East, E858 Montgomery County, E346 Connecticut, E868 Vineland and B56 Ann Arbor - and it was impossible given Comcast's cumbersome system to examine and analyze every invoice, the Consultants have not been able to determine the exact amount of the cable modem costs improperly included by Comcast in the Filing. Review of the invoices the Consultants were able to access indicated that at a conservative estimate, 10% of the converter repair costs claimed by



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Comcast actually represented cable modem costs. Accordingly, the Consultants have reduced the filed costs by 10% to correct Comcast's improper inclusion of cable modem costs.

It should be noted that Comcast was specifically asked in the May 21 request to "provide a signed letter from an officer of Comcast certifying that the National 1205 does not include any cable modem costs in Schedules B or C." Comcast's June 21 response to this request stated: "no cable modem costs were included in Schedules B or C." This was the only response received; Comcast did not provide the requested signed letter. The Consultants' review showed that the June 21 Comcast response was factually inaccurate.

The Consultants' analysis of invoices also showed that converter disposal costs were included in the costs claimed by Comcast in Schedule B. While the Consultants have not made a separate adjustment to eliminate these costs, it is not appropriate to include them in Schedule B. Cost of removal should be recovered in depreciation and/or the asset base cost. In subsequent reviews, this issue needs to be addressed.

The Consultants' analysis also identified some of the alleged converter costs as repairs to remotes and costs of guides for use of remotes. It is not apparent that these costs were ever unbundled in the original Form 1205. Again, this is an issue that needs to be addressed in subsequent reviews.

## 2. BASIC-ONLY CONVERTER ASSET COSTS

The Consultants are aware that Comcast has admitted to some local franchising authorities that the company included costs in the Basic-only Converter Asset costs that are not related to these Basic-only Converters. The Consultants' review found that Comcast included in this Basic-only category over \$32 million of asset costs not related to Basic-only converters out of a total gross book cost of over \$59 million. This mistake has significantly increased the net book value of these converters. The Consultants understand from other LFAs and their consultants that Comcast is not contending this issue and has essentially agreed with the removal of this sum of over \$32 million from the gross book costs of the Basic-only converters. The Consultants have included this adjustment in their revised Form 1205.

## 3. HDTV CONVERTER ASSET COSTS

The Consultants have also identified a discrepancy regarding the asset costs for the HDTV converters. On the detailed workpapers submitted by Comcast, the gross book cost for the HDTV converters was shown as \$101 million (per its response to Question 1 dated June 21, 2004). However, the details submitted with the Filing by Comcast showed a gross book cost of \$134 million. As the request in Question 1 was for the support for the gross book value of the Schedule C amounts, the Consultants have used the lower gross book value contained in Comcast's response as the correct amount to be used on Schedule C of the revised Form 1205.





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## P. CABLE CARDS

### 1. MONTHLY LEASE RATE

During the Consultants' review of the Comcast Form 1205 Filing, Comcast announced in certain communities' rate changes effective January 2005. A CableCARD is a new piece of equipment owned by Comcast that allows a subscriber to purchase a separate digital box or a TV containing the receiving and decoding equipment for a digital signal. The CableCARD decodes or descrambles the signal and thus allows Comcast to maintain control of the authorized services that are passed through this customer-owned digital box. Comcast has not included a price in its Form 1205 filing for this CableCARD. The Consultants believe that because the CableCARD is used to receive Basic Service (such as broadcast channels received in digital form), it is a regulated piece of equipment. Until such time as Comcast files a rate for this CableCARD, Comcast cannot charge a monthly rate for the leasing of this new piece of equipment. Each participating LFA should ensure that Comcast is currently not charging for this CableCARD and also prohibit Comcast from charging for the CableCARD until Comcast files the appropriate FCC Form 1205.

### 2. UNRETURNED CHARGE

One of the other changes Comcast sought was to establish the price for an unreturned CableCARD. This unreturned equipment charge was set at \$250.00.<sup>31</sup> Until such time as Comcast files a FCC Form 1205 supporting this charge, each participating LFA should inform Comcast that it cannot implement the unreturned charge.

## Q. HDTV INSTALLATIONS

During the Consultants' review of the Comcast Form 1205, Comcast also announced in certain communities a rate change to implement a HDTV installation charge of \$30.00. However, Comcast did not justify a separate installation charge for a HDTV installation as part of its Filing, and therefore Comcast cannot implement such a charge. A HDTV installation is either an upgrade charge or a new installation charge. The Consultants believe that a current subscriber would be the most likely subscriber to purchase HDTV services and therefore the charge to upgrade to HDTV services would be limited to the MPR for an "upgrade." Comcast's filing indicated that the MPR for an upgrade would be \$17.12. Thus, Consultants recommend that under its current Filing Comcast can be permitted to impose an upgrade charge of up to \$17.12 for HDTV installation for an existing subscriber. To the extent a new subscriber wants HDTV services in addition to purchasing at least the Basic Service tier; however, the un-wired/pre-wired installation charges would cover the HDTV installation.<sup>32</sup> In some of our participating communities, Comcast has agreed to lower this installation charge to the noticed "upgrade"

<sup>31</sup> In some communities, Comcast has reduced this charge to \$75.00. See § R below.

<sup>32</sup> These two charges cover "standard" installations. Comcast can charge for non-standard installations, for example, Home Theater hook-ups.



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charge. Each participating LFA should ensure that Comcast is not currently charging this higher HDTV installation charge.

#### R. UNRETURNED EQUIPMENT CHARGES

During the Consultants' review of the Comcast Form 1205 Filing, Comcast announced in certain communities' rate changes effective January 1, 2005. The Consultants believe that all unreturned equipment charges are rate regulated charges and must be based on the costs of such unreturned equipment. The Consultants thus recommend that each participating LFA review the unreturned equipment charges and consider reducing these charges to reasonable levels. For example, in some of our participating communities, Comcast has agreed to lower this unreturned equipment charge for the CableCARD to \$75.00. Each participating LFA should review this issue for all equipment, and consider lowering the charge to \$75.00 for unreturned CableCARDS.

#### IX. SAMPLING CONCERNS AND ISSUES

The Consultants' analysis identified several concerns with Comcast's sample. This is the first national Form 1205 filed by Comcast for all of the cable television systems it currently owns. Prior aggregated 1205s only included data from former TCI/AT&T Broadband systems. Going to this nationally aggregated filing has had a major impact on rates in some "classic" Comcast systems. It is thus highly significant to determine whether the aggregation in practice is revenue-neutral, as the Commission intended, or whether it results in an aggregate increase in subscriber rates.

In this respect, the LFAs requested that Comcast provide the information required by the Commission's rules. Section 76.923(c)(1) of the Commission's rules states:

When submitting its equipment costs based on average charges, the cable operator must provide a general description of the averaging methodology employed and a justification that its averaging methodology produces reasonable equipment rates. Equipment rates should be set at the same organizational level at which an operator aggregates its costs.

Question 7 of the Initial Request for Information ("Initial RFI") issued on May 21, 2004 repeated the FCC's rule and asked Comcast to provide the required descriptions. Comcast's only response to date on its averaging methodology has been to claim that its averaging methodology was approved by the FCC in *TCI of Richardson, Inc.*<sup>33</sup> However, *TCI of Richardson* did not approve the sampling methodology used by Comcast in this filing, nor did it approve sampling in general. The FCC does not perform a *de novo* review in a rate appeal and therefore did not rule on issues not part of the rate appeal in *TCI of Richardson*. The validity of the methodology used here was not brought before the Commission in that case. Comcast's response is thus irrelevant. The Consultants' review does not question the use of a sample, but rather questions specifically whether Comcast's sample is statistically valid.

<sup>33</sup> *TCI of Richardson, Inc.: Petition for Reconsideration of Bureau Order Resolving Local Rate Appeals (CUID TX1228), Memorandum Opinion and Order on Reconsideration*, 14 FCC Rcd 11700 (1999).



The "methodology" in *TCI of Richardson* used a sample of 40 systems out of 422 systems serving approximately 15 million subscribers, as compared to the current sample of 20 out of 114 "management areas" serving approximately 22 million subscribers. For the 2000 Form 1205 filing, the TCI/AT&T Broadband sample used a population of "381 systems representing approximately 16 million subscribers"<sup>34</sup> that were stratified as follows:

Table 8

Item	Size
Stratum 1	168 systems of less than 20,000 subscribers
Stratum 2	108 systems of 20,000 to 50,000 subscribers
Stratum 3	89 systems of 50,000 to 150,000 subscribers
Stratum 4	12 systems of 150,000 to 300,000 subscribers
Stratum 5	4 systems of more than 300,000 subscribers

By contrast, the current Comcast stratification contains:

Table 9

Item	Size
Stratum 1	53 systems of less than 150,000 subscribers
Stratum 2	37 systems of 150,000 to 300,000 subscribers
Stratum 3	16 systems of 300,000 to 400,000 subscribers
Stratum 4	8 systems of more than 400,000

Comcast has more than doubled the number of subscribers and aggregated them into smaller "systems", that Comcast calls "management areas", while decreasing the size of the sample. This is counter-intuitive. Plus, as discussed below, the management areas and strata do not seem to be homogenous groups.

Comcast's sample stratifies the systems based on the number of subscribers and uses that number as the only criterion. This grouping thus includes in one stratum the management areas of Washington, DC (2 CUIDs) and Mobile, Alabama (6 CUIDs) with Flint, Michigan (78 CUIDs) and Ann Arbor, Michigan (52 CUIDs). These differences raise significant questions about the potential differences in the cost structures of these systems. It is our understanding, for example, that the Washington, DC area is served primarily out of one headend and one maintenance facility, but that Flint has multiple headends and maintenance facilities covering a large geographic area.

<sup>34</sup> See Comcast's August 16, 2004 response to Question 13a.



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The participating LFAs are within their rights to seek to evaluate the accuracy of the cost data and the reasonableness of the rates in Comcast's Filing. As the FCC has stated:

A franchising authority that "reasonably feels it requires clarifying or substantiating information ... has the right to request and receive clarifying or substantiating information." **If the cable operator fails to provide the requested information or fails to provide complete information in good faith, the franchising operator could hold the cable operator in default and mandate appropriate sanctions, which could include entering an order finding the operator's rate unreasonable and mandating appropriate relief based on the best information available at the time relevant to the requested information.**<sup>35</sup>

One of the key points in the FCC's order in *TCI of Richardson* was based on the fact that TCI's Form 1205 used actual data.

In clarifying how it used the sampling, TCI states that it did not use sampling to develop costs across the board. It relied extensively on aggregate books and records and relied on sampling to facilitate its rate calculations in only three areas: (1) the average hours spent on different installation activities that must be reported on Schedule D, which it derived from field experience for the 40 sampled systems; (2) allocating certain accounting entries between customer premise activity and network activity; and (3) determining the percentage of "security devices" on either side of the customer demarcation point. According to TCI-R, looking beyond its books and records would be necessary in each of these circumstances, regardless of whether it developed aggregated or franchise specific rates. Had the Bureau understood the limited role sampling played in the derivation of TCI-R's Form 1205 rates, TCI-R argues, the Bureau would have placed more limited demands on TCI-R's evidentiary support. The City does not dispute that the data on Schedules A, B, and C of Form 1205 are actual data.<sup>36</sup>

That is not the case with Comcast's 2004 national Form 1205, even though Comcast incorrectly claimed that "...both TCI and AT&T Broadband (both predecessors in interest to Comcast) had utilized the exact same methodology for the last eight years."<sup>37</sup> Comcast further stated:

Our use of the verbiage "essentially the same" was imprecise. The sampling methodology is the same methodology utilized by TCI and AT&T Broadband. There are no differences in the components, methodology or use of the sample from the components, methodology or use of the sample utilized by TCI and

<sup>35</sup> *TCI of Richardson* DA99-1408 at ¶ 23.(emphasis added).

<sup>36</sup> *TCI of Richardson* DA99-1408 at ¶ 15.

<sup>37</sup> See Comcast's August 18, 2004 response to Question 7.



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AT&T Broadband (other than the actual sample systems selected - these vary from year to year).<sup>38</sup>

That turns out not to be the case. For example, in response to Question 8 in the same August 18, 2004 letter, Comcast states that "(t)he Schedule B costs, with the exception of the amount for contract labor, were all company aggregate costs." (Emphasis added) Comcast used the sample to derive the amount for contract labor in Schedule B. The prior Form 1205 filings of TCI and AT&T Broadband, however, did not use the sample to determine the amount of contract labor in Schedule B. Thus, the Filing deviates in at least one significant respect from the methodology of the prior samples.<sup>39</sup>

Additionally, while Comcast has stated to the FCC that "it used actual company-wide aggregated costs as reflected in its books and records on December 31, 2003,"<sup>40</sup> the above details make clear that this is not the case. The amount used for contract labor in Schedule B is not the actual per book amount, but is derived from the sample systems. Also, the number of "Basic Only" converters in Schedule C is not an actual amount. The Consultants' July 9, 2004 RFI asked the following as Question 11:

For each of the systems included in the National 1205 that were Comcast properties prior to the merger of Comcast and ATT Broadband where this is the initial nationally aggregated FCC Form 1205 filing, please provide:

- a. Cabledata or Cabledata-like reports for each month of 2003 identifying the number of converters associated with "Basic Only" subscribers, as the term "Basic Only" is used in the 2004 National FCC Form 1205 filed by Comcast; and,
- b. A detailed explanation of Comcast's methodology for identifying the number of "Basic Only" subscribers leasing equipment, specifically, converters, for the period of January 1, 2003 through December 31, 2003 in all systems that were Comcast properties prior to the merger of Comcast and ATT Broadband and where this is the initial nationally aggregated FCC Form 1205 filing.

Comcast responded to (a) that "billing reports were not utilized to identify the number of converters associated with 'Basic Only' converters. Therefore, Cabledata or Cabledata-like reports for each month of 2003 for each system where this is the initial aggregated FCC Form 1205 filing would be of no use in the review of the Form 1205."<sup>41</sup> Comcast responded to part (b) that it had determined the number of "Basic Only" subscribers leasing equipment by "polling"

<sup>38</sup> See Comcast's July 28, 2004 response to Follow-up Question 1.

<sup>39</sup> Comcast's July 28 response is thus a clear failure to provide "complete" information in good faith, as referenced in *TCI of Richardson*.

<sup>40</sup> CSR-6388-R, filed September 3, 2004. p. 21.

<sup>41</sup> See Comcast's July 22, 2004 response to Question 11a.



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the sample systems and extrapolating the results to Comcast's entire system covered by the Filing.<sup>42</sup> Thus, here again Comcast did not use actual company-wide aggregated costs.

Comcast's use of sampling for the Basic-only converter data is problematic. The company's September 15, 2004, response to Question 1b states that "(m)onthly billing reports for 2003 do not show the number of subscribers being charged a Basic-only converter rate." Comcast responded with additional information on October 7, 2004, including additional information on its polling methodology. However, it is unclear why Comcast used a polling methodology at all. Prior TCI/AT&T Broadband national filings did provide billing reports supporting Basic Only subscribers. Thus, it seems unlikely that the same sort of billing reports could not be provided by Comcast. Obviously, this is a matter of legitimate concern. If Comcast cannot identify Basic-only converter subscribers, then (1) how can the regulator be assured that the resulting rate structure is appropriate, and (2) how can Comcast accurately implement a Basic-only converter rate to subscribers?

In seeking to address the reasonableness of the aggregated rates, our analysis has followed the FCC's own mandate. In *TCI of Richardson* the FCC stated:

TCI's sampling methodology has produced very different results in Richardson. TCI's Richardson HSC has gone from \$19.30 in its 1996-97 rates (before the downward adjustment ordered by the City) to \$30.18 in its 1997-98 rates to \$35.90 in its 1998-99 rates. Its charge for installation in an unwired home has increased from \$28.96 (before the downward adjustment ordered by the City) to \$47.30 to \$53.16. **Before a cable operator can meet the reasonableness requirement, it must show that its averaging methodology produces rates that are revenue neutral to the operator and accounts for any large variances in cost characteristics among its systems. It also must show that the included costs are permissible and properly treated in Form 1205. TCI has not done so in this case and has not met its burden of justifying its equipment and installation rates.** The City did not act unreasonably when rejecting TCI's equipment and installation rates and prescribing rates based on the best available information. TCI's appeals on this issue are denied.<sup>43</sup>

Thus, as part of its burden of proof, Comcast must *show* that its methodology yields revenue-neutral results.

The following table shows a comparison of the equipment and installation rates in the Filing with those in other LFAs where Comcast did not use the national 1205.

<sup>42</sup> See Comcast's July 22, 2004 response to Question 11b.

<sup>43</sup> *TCI of Richardson* DA98-1642 at ¶ 30. (emphasis added)



Table 10

Description	National 1205	Detroit	Murfreesboro
Hourly Service Charge	\$35.17	\$31.14	\$35.10
Remote 1	\$0.33	\$0.25	\$0.25
Converter 1	n/a	\$4.83	\$5.85
Converter 1 Basic Only	\$1.30		
Converter 2	n/a	0	\$0.45
Converter 2 All Other Units	\$4.83		
Converter 3	\$8.33	\$7.85	\$9.16
Unwired Install	\$52.23	\$46.71	\$61.43
Prewired Install	\$31.40	\$31.14	\$43.88
Additional Outlet Initial	\$17.15	\$15.57	\$17.55
Additional Outlet Separate Trip	\$25.31	\$31.14	\$35.10
Changing Tiers	\$17.12	\$15.57	\$17.55

The difference in rates identified above raises serious concerns of over-recovery in converter rates and installation charges. Detroit has subscribers that are "Basic Only." These subscribers would be paying \$4.83 even though their "costs" would be included in the national 1205 so as to result in a rate of \$1.30 or less. Similarly, Murfreesboro's converter and installation rates exceed the national 1205 amounts.<sup>44</sup> These discrepancies cast serious doubt on the revenue-neutrality of Comcast's overall Form 1205 methodology.

The Form 1205 filed in Murfreesboro is a regional filing for the Nashville area. Nashville is one of the sample systems used in the national 1205. The following compares the inputs for the Nashville sample system to the amounts shown on the Murfreesboro 1205.

<sup>44</sup> The Murfreesboro filed 1205 identifies "Converter 1" as addressable converters, "Converter 2" as non-addressable converters, and "Converter 3" as HDTV converters.



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Table 11

Description	Nashville Sample	Murfreesboro
Grand Total, Schedule A, Line L	\$1,003,691	\$1,431,074
Grand Total, Schedule B, Line B	\$41,293,342	\$20,137,903
Customer Equipment Percentage, Step A, Line 4	16.46%	47.08%
Annual Customer Equipment Maintenance & Installation Costs, Step A, Line 5	\$6,963,702	\$10,153,708
Total Labor Hours, Step A, Line 6	256,479.06	289,275
Hourly Service Charge <sup>45</sup>	\$27.15	\$35.10
Unwired Home Installation	1.50 hours	1.75 hours
Prewired Home Installation	.67 hours	1.25 hours
Additional Connection - Initial Visit	.50 hours	.50 hours
Additional Connection - Separate Trip	.67 hours	1.00 hours
Changing Tiers	.50 hours	.50 hours

While both sets of information claim to be costs and data for the year ended December 31, 2003, and both were supposedly prepared by the same person in Nashville, there are major discrepancies between them that thus far are unexplained. Comcast was requested to provide the support for the costs and data of the sample systems, but only provided the data sheets "used" by Comcast's Philadelphia office in preparing the national 1205. Comcast claims that the LFAs do not have the ability to request support beyond what was "used" by Comcast's Philadelphia office. But if other materials from Comcast bearing on the same facts contain contrary information, further investigation is certainly relevant to evaluating the validity of Comcast's claimed rates. Comcast's refusal to respond necessitated the round of requests from the LFAs specific to each sample, as described above. The above comparisons show the necessity of having access to this type of data.

#### X. REFUND REQUIREMENTS

The Consultants believe that these revised rates will require Comcast to refund equipment and installation charges during the rate period of these Form 1205 rates (typically the period starting 90 days after filing date). For those participating LFAs receiving their filings on March 1, 2004,

<sup>45</sup> The hourly service charge for the Nashville sample was calculated by dividing the amount for Annual Customer Equipment Maintenance & Installation Costs, Step A, Line 5 by amount of Total Labor Hours, Step A, Line 6.





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the rate period starts June 1, 2004. For those participating LFAs receiving their filings on April 1, 2004, the rate period starts July 1, 2004. Each participating LFA should include a refund section in the individual rate orders requiring Comcast to prepare a refund plan from the beginning of the appropriate rate period until Comcast reduces its rates in accordance with the order of the LFA.

The Consultants recommend that these refund plans should be submitted to the participating LFAs within sixty days of the release of the individual rate orders and require Comcast to refund the over-collections after approval of the refund plan by the participating LFA. In this way, Comcast will be able to return these over-collections to essentially the same subscribers that paid these over-charges by avoiding undue delays.

## XI. CONCLUSION

The Consultants recommend that the participating LFAs approve the rates determined in the analysis as shown in Appendix B, with the caveat that if any information should become known in the future which would lower these rates further, the participating LFAs reserve their rights to revisit this new information. The participating LFAs should state that these are the maximum rates allowed for each component of equipment and installations under the FCC's rules.



## Appendix A

Comcast 2004 FCC Form 1205 List of Participating Local Franchise Authorities

City of Albuquerque, New Mexico

Arlington County, Virginia

City of Coon Rapids, Minnesota

District of Columbia

Village of Downers Grove, Illinois

Greater Metro Telecommunications Consortium (which is comprised of Adams County, Arapahoe County, Arvada, Aurora, Brighton, Broomfield, Castle Rock, Centennial, Cherry Hills Village, Columbine Valley, Commerce City, Denver, Douglas County, Edgewater, Englewood, Erie, Federal Heights, Glendale, Greenwood Village, Jefferson County, Lafayette, Lakewood, Littleton, Lone Tree, Northglenn, Parker, Sheridan, Thornton, Westminster, and Wheat Ridge, Colorado)

City of Los Angeles, California

City of Mentor, Ohio

Metropolitan Area Communications Commission, the (which is comprised of the Cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Gaston, Hillsboro, King City, Lake Oswego, North Plains, Rivergrove, Tigard and Tualatin and Washington County, Oregon)

Montgomery County, Maryland

City of Murfreesboro, Tennessee

North Metro Telecommunications Communications Commission (which is comprised of the Cities of Blaine, Centerville, Circle Pines, Ham Lake, Lexington, Lino Lakes, and Spring Lake Park, Minnesota)

North Suburban Communications Commission (which is comprised of the Cities of Arden Hills, Falcon Heights, Lauderdale, Little Canada, Mounds View, New Brighton, North Oaks, Roseville, St. Anthony and Shoreview, Minnesota)

Quad Cities Cable Communications Commission (which is comprised of the Cities of Andover, Anoka, Champlin and Ramsey, Minnesota)

Ramsey/Washington Counties Suburban Cable Communications Commission (which is comprised of the Cities of Lake Elmo, Maplewood, North St. Paul, Birchwood Village, Dellwood, Mahtomedi, Vadnais Heights, White Bear Lake, Willernie, Grant Township, White Bear Township and Oakdale, Minnesota)

City of St. Paul, Minnesota

City of Santa Clara, California

Village of Skokie, Illinois

South Washington County Telecommunications Commission (which is comprised of the Cities of Cottage Grove, Newport, St. Paul Park and Woodbury and the Township of Grey Cloud, Minnesota)

City of Wheaton, Illinois

## Appendix B

# Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc. (1)

## Summary of Recommended Equipment and Installation Rates

	Comcast Times as Filed	Comcast HSC as Filed	Comcast MPRs as Filed	A&S / FRC Revised Times	A&S / FRC Revised HSC	A&S / FRC Revised MPRs	Change	% Change
<b>Equipment Rates</b>								
Remote Control			\$ 0.33			\$ 0.29	(\$0.04)	-12%
Basic-only Converter (Converter 1)			\$ 1.30			\$ 0.49	(\$0.80)	-62%
Addressable & Digital Converter (Converter 2)			\$ 4.83			\$ 4.10	(\$0.73)	-15%
HDTV Converter (Converter 3)			\$ 8.33			\$ 6.06	(\$2.27)	-27%
<b>Installation Rates</b>								
Unwired Installation	1,4849	\$ 35.17	\$ 62.23	1,2588	\$ 30.10	\$ 37.88	(\$14.34)	-27%
Prewired Installation	0,8926	\$ 35.17	\$ 31.40	0,6588	\$ 30.10	\$ 19.83	(\$11.57)	-37%
Additional Outlet (Same Trip)	0,4876	\$ 35.17	\$ 17.15	0,4079	\$ 30.10	\$ 12.28	(\$4.87)	-28%
Additional Outlet (Separate Trip)	0,7195	\$ 35.17	\$ 25.31	0,6553	\$ 30.10	\$ 19.72	(\$5.56)	-22%
Move Outlet	0,6711	\$ 35.17	\$ 23.60	0,4698	\$ 30.10	\$ 14.14	(\$9.46)	-40%
Upgrade (Non-addressable)	0,4867	\$ 35.17	\$ 17.12	0,4191	\$ 30.10	\$ 12.61	(\$4.50)	-26%
Downgrade (Non-addressable)	0,4422	\$ 35.17	\$ 15.55	0,4182	\$ 30.10	\$ 12.58	(\$2.97)	-19%
Upgrade / Downgrade Addressable			\$1.99			\$1.99	\$0.00	0%
VCR Connect (Same Trip)	0,2498	\$ 35.17	\$ 8.79	0,0000	\$ 30.10	\$ -	(\$8.79)	-100%
VCR Connect (Separate Trip)	0,4577	\$ 35.17	\$ 16.10	0,0000	\$ 30.10	\$ -	(\$16.10)	-100%
Customer Trouble Calls	0,6615	\$ 35.17	\$ 23.27	0,3308	\$ 30.10	\$ 9.95	(\$13.31)	-57%

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## Appendix C

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

Community Unit Identifier (CUID) of cable system		Date of Form Submission
Name of Cable Operator		
Comcast Cable Communications, Inc. REVISED		
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		
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	\$672,122,784	\$424,971,972			
C	Accumulated Depreciation	\$535,892,989	\$260,579,576			
D	Deferred Taxes	\$14,781,717	\$27,112,738			
E	Net Book Value [B-(C+D)]	\$121,448,078	\$137,279,658	\$0.00	\$0.00	\$0.00
F	Rate of Return	0.1125				
G	Calculation of Gross-up Rate					
G1	Federal Income Tax Rate	0.35				
G2	State Income Tax Rate	0.0655				
G3	Net Total Income Tax Rate [(G1+G2)-(G1 x G2)]	0.3926				
G4	Adjustment to Reflect Interest Deductibility					
G4a	Actual Interest Amount	\$2,018,000,000				
G4b	Total Net Assets	\$103,756,000,000				
G4c	Base Return on Investment Amount [G4a/G4b]	\$11,672,550,000				
G4d	Interest Deductibility Factor [G4a/G4c]	0.1729				
G5	Effective Tax Rate [G3 x (1-G4d)] [C-Corps skip to G7]	0.3247				
G6	Adjustments for Non-C Corporations					
G6a	Base Return on Investment Amount [G4c]	n/a				
G6b	Distributions					
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))]	1.4808				
H	Grossed-Up Rate of Return [F x G7]	0.1666				
I	Return on Investment Grossed-Up for Taxes [E x H]	\$20,232,503	\$22,869,947	\$0.00	\$0.00	\$0.00
J	Current Provision for Depreciation	\$98,056,459	\$38,633,740			
K	Annual Capital Costs [I+J]	\$118,288,962	\$61,503,687	\$0.00	\$0.00	\$0.00
L	GRAND TOTAL (sum of Line K entries)	\$179,792,649				

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.	\$2,934,036,996.00	\$71,722,989.00	\$40,844,377.00	\$196,200,826.00	\$216,008,272.00	\$270,844,936.33
B	GRAND TOTAL (sum of Line A entries)	\$3,729,658,396.33					

Box 2.

Specify: Other 1. Contract Labor / Converter Maintenance  
Specify: Other 2. Vehicle Expenses / Insurance / Rental and Lease Expenses

SCHEDULE C: CAPITAL COSTS OF LEASED CUSTOMER EQUIPMENT								
A	Equipment	Remote 1	Remote 2	Remote 3	Converter 1	Converter 2	Converter 3	Other Equip.
B	Total Maintenance/Service Hours (Attach Explanation)	145310.5			45669	2664886	50344	
C	Total # of Units in Service	16075293			265909	15516259	293125	
D	Gross Book Value	\$246,892,967			\$1,529,993	\$3,338,246,133	\$101,585,058	
E	Accumulated Depreciation	\$206,431,533			\$867,398	\$1,923,035,327	\$7,239,092	
F	Deferred Taxes	(\$9,041,618)			\$105,843	\$203,430,540	\$19,083,096	
G	Net Book Value [D-(E+F)]	\$49,503,052	\$0	\$0	\$556,752	\$1,211,780,266	\$75,262,870	\$0
H	Grossed-Up Rate of Return [From Sched. A, Line H]	0.1666						
I	Return on Investment Grossed-Up for Taxes [G x H]	\$8,246,904	\$0	\$0	\$92,751	\$201,875,141	\$12,538,331	\$0
J	Current Provision for Depreciation	\$43,604,820			\$104,226	\$482,009,813	\$7,268,051	
K	Annual Capital Costs [I + J]	\$51,951,724	\$0	\$0	\$196,977	\$683,884,954	\$19,806,382	\$0
L	GRAND TOTAL (sum of Line K entries)	\$755,820,037.84						

Box 3.

SCHEDULE D: AVERAGE HOURS PER INSTALLATION	
A. Average Hours per Unwired Home Installation (attach an explanation)	1.2588
B. Average Hours per Pre-Wired Home Installation (attach an explanation)	0.6588
C. Average Hours per Additional Connection Installation at Time of Initial Installation (attach an explanation)	0.4079
D. Average Hours per Additional Connection Installation Requiring Separate Installation (attach an explanation)	0.6553
E. Other Installation (by Item Type):	
Item 1. Relocate Outlet	
Average Hours per Installation (attach an explanation)	0.4698
Item 2. Upgrade Non Addressable	
Average Hours per Installation (attach an explanation)	0.4191
Item 3. Downgrade Non Addressable	
Average Hours per Installation (attach an explanation)	0.4182

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]		\$179,792,648.88
2. Total Annual Operating Expenses for Installation and Maintenance [Schedule B, Box 2]		\$3,729,658,396.33
3. Total Capital Costs and Operating Expenses for Installation and Maintenance [Line 1 + Line 2]		\$3,909,451,045.21
4. Customer Equipment and Installation Percentage (attach an explanation)		0.1035
5. Annual Customer Equipment Maintenance and Installation Costs, Excluding Costs of Leased Equipment [Line 3 x Line 4]	\$	404,528,459
6. Total Labor Hours for Maintenance and Installation of Customer Equipment and Services (attach explanation)		13441352.4684
7. Hourly Service Charge (HSC) (Line 5/Line 6)		\$30.0958

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

Installations billed by the hour based on the HSC calculated in Line 7.

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]	\$30.0958	
a2. Average Hours per Unwired Home Installation (Schedule D, Line A)	1.2588	
a3. Charge per Unwired Home Installation (a1 x a2)		\$37,8849
b. Pre-wired Home Installation		
b1. HSC [Line 7]	\$30.0958	
b2. Average Hours per Pre-wired Home Installation (Schedule D, Line B)	0.6588	
b3. Charge per Pre-wired Home Installation (b1 x b2)		\$19,828
c. Additional Connection Installation at Time of Initial Installation		
c1. HSC [Line 7]	\$30.0958	
c2. Average Hours per Additional Connection Installation at Time of Init. Install. [Schedule D, Line C]	0.4079	
c3. Charge per Additional Connection Installation at Time of Initial Installation (c1 x c2)		\$12,2773
d. Additional Connection Installation Requiring Separate Installation		
d1. HSC [Line 7]	\$30.0958	
d2. Avg. Hours per Additional Connection Installation Req. Sep. Install. [Schedule D, Line D]	0.6553	
d3. Charge per Additional Connection Installation Requiring Separate Installation (d1 x d2)		\$19,7225
e. Other Installations (As specified in Schedule D, Line E):		
e1. HSC [Line 7]	\$30.0958	
e2. Average Hours per Installation of Item 1 [Relocate Outlet]	0.4698	
e3. Charge per Installation of Item 1 (e1 x e2)		\$14,1397
e4. HSC [Line 7]	\$30.0958	
e5. Average Hours per Installation of Item 2 [Upgrade Non Addressable]	0.4191	
e6. Charge per Installation of Item 2 (e4 x e5)		\$12,6127
e7. HSC [Line 7]	\$30.0958	
e8. Average Hours per Installation of Item 3 [Downgrade Non Addressable]	0.4182	
e9. Charge per Installation of Item 3 (e7 x e8)		\$12,5846

STEP C. Charges for leased Remotes (Calculate separately for each significantly different type)			
	a Remote 1	b Remote 2	c Remote 3
10. Total Maintenance/Service Hours [Corresponding column from Schedule C, Line B]	145310.4654	0.	0.
11. HSC [Line 7]	\$30.0958	\$30.0958	\$30.0958
12. Total Maintenance/Service Cost [Line 10 x Line 11]	\$4,373,236.91	\$0.00	\$0.00
13. Annual Capital Costs [Corresponding column from Schedule C, Line K]	\$51,931,724.06	\$0.00	\$0.00
14. Total Cost of Remotes [Line 12 + Line 13]	\$56,304,960.97	\$0.00	\$0.00
15. Number of Units in Service [Corresponding column from Schedule C, Line C]	16075293	0.	0.
16. Unit Cost [Line 14/Line 15]	\$3.5026	\$0.00	\$0.00
17. Rate per Month [Line 16/(12)]	\$0.2919	\$0.00	\$0.00

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]	45669.3294	2664885.8918	50343.6219
19. HSC [Line 7]	\$30.0958	\$30.0958	\$30.0958
20. Total Maintenance/Service Cost [Line 18 x 19]	\$1,374,455.69	\$80,201,913.20	\$1,515,132.34
21. Annual Capital Costs [Corresponding column from Schedule C, Line K]	\$196,977.06	\$683,884,954.37	\$19,806,382.34
22. Total Cost of Converter [Line 20+ Line 21]	\$1,571,432.76	\$764,086,867.58	\$21,321,514.68
23. Number of Units in Service [Corresponding column from Schedule C, Line C]	265909	15516259	293125
24. Unit Cost [Line 22/Line 23]	\$5.9097	\$49.2443	\$72.7386
25. Rate per Month [Line 24/(12)]	\$0.4925	\$4.1037	\$6.0616

STEP E. Charges for Other Leased Equipment	
26. Total Maintenance/Service Hours [Corresponding column from Schedule C, Line B]	0.
27. HSC [Line 7]	\$30.0958
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]

as a Nominal Charge (Enter the nominal charge in Line 34)

as a Uniform Hourly Service Charge

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	
OR	
36. Average Charge for Changing Service Tiers	
36a. HSC [Line 7]	\$30.0958
36b. Average Hours to Change Service Tiers	
36c. Average Charge for Changing Service Tiers [Line 36a x Line 36b]	

WORKSHEET FOR CALCULATING TOTAL EQUIPMENT AND INSTALLATION COSTS	
1. Total Capital Costs of Installation and Maintenance [Schedule A, Box 1]	\$179,792,648,8793
2. Total Annual Operating Expenses for Installation and Maintenance [Schedule B, Box 2]	\$3,729,658,396.33
3. Total Annual Capital Costs of Installation and Maintenance [Line 1 + Line 2]	\$3,909,451,045,2093
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]	\$755,820,037,8424
7. Annual Customer Equipment and Installation Costs [Line 5 + Line 6]	\$755,820,037,8424
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]	#DIV/0!
13. Inflation Adjustment Factor [See Instructions]	
14. Adjusted Monthly Equipment and Installation Cost per Subscriber [Line 12 x Line 13]	#DIV/0!

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)		\$37.88
2. Installation of Prewired Homes (Step B, Line 9a3)		\$19.83
3. Installation of Additional Connections at Time of Initial Installation (Step B, Line 9a3)		\$12.28
4. Installation of Additional Connections Requiring Separate Install (Step B, Line 9a3)		\$19.72
5. Other Installations (specify) (Step B, Lines 9a3, 9a6, 9a9)		
a. Relocate Outlets		\$14.14
b. Upgrade - Non Addressable		\$12.61
c. Downgrade - Non Addressable		\$12.58
2. Monthly Charge for Lease of Remote Controls (Step C, Line 17, columns a-c)		
Remote Control Type 1:		\$0.29
Remote Control Type 2:		\$0.00
Remote Control Type 3:		\$0.00
3. Monthly Charge for Lease of Converter Boxes (Step D, Line 25, columns a-c)		
Converter Box Type 1:		\$0.49
Converter Box Type 2:		\$4.10
Converter Box Type 3:		\$6.06
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)		

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

Schedule D

Item 5, Connect VCR - Connect Initial	
Average Hours per Installation (attach an explanation)	0.
Item 6, Connect VCR - Connect Separate	
Average Hours per Installation (attach an explanation)	0.
Item 7, Customer Trouble Call	
Average Hours per Installation (attach an explanation)	0.3308

Step B

e. Other Installations (As specified in Schedule D, Line E):		
e13. HSC (Line 7)	\$30.0958	
e14. Average Hours per Installation of Item 5 [VCR Connect - Initial]	0.	
e15. Charge per Installation of Item 5 [e13 x e14]		\$0.00
e16. HSC (Line 7)	\$30.0958	
e17. Average Hours per Installation of Item 6 [VCR Connect - Separate]	0.	
e18. Charge per Installation of Item 6 [e16 x e17]		\$0.00
e19. HSC (Line 7)	\$30.0958	
e20. Average Hours per Installation of Item 7 [Customer Trouble Call]	0.3308	
e21. Charge per Installation of Item 7 [e19 x e20]		\$9.955

Summary Schedule

d. Upgrade/Downgrade Addressable	\$1.99
e. Connect VCR - Connect Initial	\$0.00
f. Connect VCR - Connect Separate	\$0.00
g. Customer Trouble Call	\$9.95

## Appendix D



**2003 SAMPLE SYSTEM VARIABLES BY STRATA**

GL NUMBER	SYSTEM NAME	STRATA	SUBS	End Amount	Total Hours	Converter Hours
E332	WILDWOOD	1	47,654	\$ 556,591	19,700.53	4,505.20
E840	TRENTON	1	51,025	\$ 1,243,770	36,247.23	6,317.50
E528	MOBILE	1	68,157	\$ 1,201,447	52,645.05	6,727.44
EP28	SEATTLE-BELLINGHAM	1	74,576	\$ 1,489,372	46,480.44	4,422.83
E485	CHARLESTON	1	95,625	\$ 2,422,431	83,985.72	20,900.07
A54	CHESAPEAKE BAY	1	122,312	\$ 2,010,622	75,394.71	13,196.08
E195	WASHINGTON DC	1	99,928	\$ 3,688,648	96,811.84	40,077.71
E211	FLINT	1	111,331	\$ 2,035,169	61,449.68	9,153.20
B56	ANN ARBOR	1	137,090	\$ 2,350,272	82,743.81	8,888.18
<b>TOTAL</b>			<b>MEAN(M)</b>	<b>\$ 1,888,702</b>	<b>61,717.67</b>	<b>12,687.58</b>
			<b>SD</b>	<b>\$ 908,039</b>	<b>25,212.51</b>	<b>11,490.26</b>
<b>ESTIMATED TOTAL</b>	<b>NUMBER OF SYSTEMS (N)</b>	<b>53</b>	<b>(M*N)</b>	<b>\$ 100,101,227</b>	<b>3,271,036.34</b>	<b>672,441.75</b>
EG76	PORTLAND-WILLAMETTE VALLEY	2	168,041	\$ 2,865,863	106,355.13	20,349.47
E858	MONTGOMERY COUNTY	2	175,084	\$ 3,791,895	166,170.07	44,245.27
EP27	SEATTLE-AUBURN	2	179,878	\$ 4,240,783	127,319.88	18,702.62
E346	CONNECTICUT	2	191,643	\$ 4,223,547	131,936.97	29,764.79
EH13	FRESNO	2	206,389	\$ 5,971,821	191,929.16	41,359.29
EJ07	TRI-STATE	2	234,015	\$ 2,962,381	106,982.84	18,801.36
E868	VINELAND-PLEASANTVILLE	2	239,172	\$ 3,870,741	147,728.42	28,319.84
<b>TOTAL</b>			<b>MEAN(M)</b>	<b>\$ 3,989,576</b>	<b>139,774.64</b>	<b>28,791.81</b>
			<b>SD</b>	<b>\$ 1,034,263</b>	<b>31,328.34</b>	<b>10,573.51</b>
<b>ESTIMATED TOTAL</b>	<b>NUMBER OF SYSTEMS (N)</b>	<b>37</b>	<b>(M*N)</b>	<b>\$ 147,614,312</b>	<b>5,171,661.66</b>	<b>1,065,296.79</b>
E491	NASHVILLE	3	323,241	\$ 4,563,966	156,972.85	45,190.20
EJ09	PITTSBURGH	3	351,696	\$ 4,660,476	173,738.48	40,873.74
<b>TOTAL</b>			<b>MEAN(M)</b>	<b>\$ 4,612,221</b>	<b>165,355.66</b>	<b>43,031.97</b>
			<b>SD</b>	<b>\$ 68,243</b>	<b>11,855.09</b>	<b>3,052.20</b>
<b>ESTIMATED TOTAL</b>	<b>NUMBER OF SYSTEMS (N)</b>	<b>16</b>	<b>(M*N)</b>	<b>\$ 73,795,538</b>	<b>2,646,690.63</b>	<b>688,511.52</b>
EJ53	NORTH CHICAGO	4	454,115	\$ 8,076,375	230,582.22	50,189.21
EK32	NEW ENGLAND EAST	4	525,367	\$ 12,677,971	357,658.74	69,800.60
<b>TOTAL</b>			<b>MEAN(M)</b>	<b>\$ 10,377,173</b>	<b>294,120.48</b>	<b>59,994.91</b>
			<b>SD</b>	<b>\$ 3,253,820</b>	<b>89,856.67</b>	<b>13,867.35</b>
<b>ESTIMATED TOTAL</b>	<b>NUMBER OF SYSTEMS (N)</b>	<b>8</b>	<b>(M*N)</b>	<b>\$ 83,017,382</b>	<b>2,352,963.84</b>	<b>479,959.24</b>
<b>GRAND TOTAL</b>				<b>\$ 404,628,459</b>	<b>13,441,352.47</b>	<b>2,906,209.31</b>

Estimated HSC \$ 30,100

2003 SAMPLE SYSTEM AVERAGE INSTALLATION TIMES BY STRATA

GL NUMBER	SYSTEM NAME	STRATA	SUBS	Unwired	Prewired	AO Same	AO Separate	Move Outlet	Upgrade	Downgrade	VCR Same	VCR Separate	In-His Wire Serv Call	TC Customer Owned Equip	TC Customer Education	Combined Trouble Calls
E332	WILDWOOD	1	47,654	0.8935	0.6373	0.4936	0.5840	0.4219	0.2738	0.2832	-	-	0.3750	0.3333	0.3333	0.3472
E840	TRENTON	1	51,025	1.3185	0.6811	0.2821	0.5545	0.4147	0.4563	0.2500	-	-	0.3750	0.2500	0.2500	0.2917
E528	MOBILE	1	68,157	1.3410	0.7882	0.4745	0.6342	0.5724	0.4330	0.5000	-	-	0.4167	0.3333	0.3333	0.3611
EP28	SEATTLE-BELLINGHAM	1	74,576	1.3428	0.5873	0.3708	0.4871	0.2748	0.4234	0.4741	-	-	0.4583	0.3750	0.3750	0.4028
E485	CHARLESTON	1	95,625	1.2158	0.4890	0.3407	0.6020	-	0.3461	0.4438	-	-	0.3750	0.3333	0.3333	0.3472
A54	CHESAPEAKE BAY	1	122,312	1.2822	0.6728	0.4248	0.6550	0.3918	0.4187	-	-	-	0.4167	0.2917	0.2917	0.3333
E195	WASHINGTON DC	1	99,928	0.9469	0.4343	0.2849	0.5027	0.4897	0.4824	0.5000	-	-	0.3750	0.2500	0.1667	0.2639
E211	FLINT	1	111,331	1.0587	0.5595	0.3727	0.6888	0.5235	0.3812	0.4000	-	-	0.3500	0.2500	0.2000	0.2887
B56	ANN ARBOR	1	137,090	1.3172	0.8078	0.4770	0.6418	0.5663	0.4607	0.5000	-	-	0.2500	0.2500	0.2500	0.2500
TOTAL			MEAN(M)	1.1845	0.5308	0.3601	0.5900	0.4327	0.4031	0.4189	-	-	0.3769	0.2963	0.2815	0.3182
			SD	0.1749	0.1266	0.0828	0.0735	0.1931	0.0668	0.0940	-	-	0.0577	0.0488	0.0698	0.0523
ESTIMATED TOTAL	NUMBER OF SYSTEMS(N)	53	(M*N)	62,781	33,344	20,876	31,288	22,929	21,353	22,193	-	-	19,973	16,703	14,918	16,861
E678	PORTLAND-WILLAMETTE VALLEY	2	168,041	1.3393	0.6460	0.5228	0.7381	0.4855	0.3757	0.2667	-	-	0.4167	0.2917	0.2917	0.3333
E658	MONTGOMERY COUNTY	2	175,084	1.5293	0.8106	0.4789	0.8798	0.9141	0.4878	0.5000	-	-	0.5000	0.5000	0.5000	0.5000
EP27	SEATTLE-AUBURN	2	179,878	1.3230	0.8080	0.4702	0.6918	0.4381	0.4613	0.5000	-	-	0.5000	0.5000	0.5000	0.5000
E348	CONNECTICUT	2	191,643	1.1510	0.7668	0.4830	0.8579	0.6281	0.3940	0.3300	-	-	0.3333	0.2500	0.1667	0.2600
EH13	FRESNO	2	208,389	1.3121	0.6737	0.4093	0.7050	0.6521	0.3652	0.4041	-	-	0.3750	0.2500	0.2500	0.2917
EJ07	TRI-STATE	2	234,015	1.3547	0.7169	0.4376	0.6628	0.3374	0.3659	0.3326	-	-	0.3333	0.2500	0.2917	0.2917
E888	VINELAND-PLEASANTVILLE	2	239,172	1.5187	0.8632	0.4875	0.7420	0.7073	0.4566	0.5000	-	-	0.3750	0.3333	0.3333	0.3472
TOTAL			MEAN(M)	1.3626	0.7278	0.4672	0.7398	0.5372	0.4211	0.4048	-	-	0.4048	0.3393	0.3333	0.3591
			SD	0.1301	0.0632	0.0363	0.1109	0.1297	0.0418	0.0975	-	-	0.0710	0.1139	0.1250	0.1012
ESTIMATED TOTAL	NUMBER OF SYSTEMS(N)	37	(M*N)	60,614	28,929	17,286	27,376	18,873	16,878	14,975	-	-	14,978	12,553	12,333	13,287
E481	NASHVILLE	3	323,241	1.3281	0.9248	0.4560	0.7173	0.3646	0.4500	0.5000	-	-	0.4167	0.3750	0.2917	0.3611
EJ09	PITTSBURGH	3	351,696	1.2975	0.5976	0.5234	0.6611	0.4449	0.3917	0.4242	-	-	0.2500	0.2500	0.2500	0.2500
TOTAL			MEAN(M)	1.3128	0.8111	0.4897	0.6892	0.4047	0.4058	0.4821	-	-	0.3333	0.3125	0.2708	0.3056
			SD	0.0217	0.0181	0.0476	0.0398	0.0587	0.0624	0.0536	-	-	0.1179	0.0884	0.0285	0.0766
ESTIMATED TOTAL	NUMBER OF SYSTEMS(N)	16	(M*N)	21,004	9,776	7,830	11,021	6,276	8,493	7,393	-	-	5,333	5,000	4,333	4,889
EJ63	NORTH CHICAGO	4	454,116	1.2826	0.6681	0.3461	0.5188	0.4899	0.3911	0.4200	-	-	0.3750	0.3333	0.2500	0.3184
EK32	NEW ENGLAND EAST	4	525,387	1.1508	0.8790	0.3209	0.4871	0.5972	0.5516	0.5000	-	-	0.4167	0.3750	0.2500	0.3472
TOTAL			MEAN(M)	1.2156	0.6726	0.3335	0.5029	0.5436	0.4663	0.4800	-	-	0.3988	0.3542	0.2500	0.3333
			SD	0.0934	0.0091	0.0179	0.0224	0.0759	0.1205	0.0569	-	-	0.0295	0.0295	-	0.0198
ESTIMATED TOTAL	NUMBER OF SYSTEMS(N)	8	(M*N)	9,738	5,303	2,881	4,028	4,346	3,730	3,880	-	-	3,167	2,833	2,000	2,867
GRAND TOTAL			MEAN(M)	1.2626	0.6626	0.4261	0.6464	0.4705	0.4137	0.4232	-	-	0.3811	0.3168	0.2848	0.3308
			SD	0.1144	0.0626	0.0426	0.0654	0.0413	0.0432	0.0432	-	-	0.0626	0.0626	0.0626	0.0626

1 Average of In-His Wire Service Calls, Customer-Owned Equipment Calls, and Customer Education Calls, assuming equal activity weights.

**2003 SAMPLE SYSTEM INSTALLATION ACTIVITY BY STRATA**

GL NUMBER	SYSTEM NAME	STRATA	SUBS	# of Unwired Installs	# of Rewired Installs	# of AO Same Installs	# of AO Separate Installs	# of Move Outlet Installs	# of Upgrade Installs	# of Downgrade Installs
E332	WILDWOOD	1	47,654	1,756.96	10,604.96	4,023.96	1,688.00	271.00	7,650.00	4,837.96
E840	TRENTON	1	51,025	1,475.96	14,232.96	12,574.00	4,211.00	3,792.04	15,243.48	6,194.52
E528	MOBILE	1	68,157	2,108.00	18,399.00	11,392.96	3,553.04	314.96	12,332.96	9,130.00
EP28	SEATTLE-BELLINGHAM	1	74,576	1,990.00	24,356.00	7,945.96	3,672.00	76.96	11,215.04	3,334.00
E485	CHARLESTON	1	95,625	4,183.04	30,074.04	26,608.04	4,642.96	-	31,759.96	7,230.00
A54	CHESAPEAKE BAY	1	122,312	7,471.04	23,832.04	25,488.00	4,102.04	561.04	15,689.52	6,763.56
E195	WASHINGTON DC	1	99,928	5,772.04	40,014.96	24,001.96	4,136.96	3,645.00	23,433.52	14,128.56
E211	FLINT	1	111,331	15,660.00	21,576.00	7,100.00	3,898.00	96.04	17,192.96	12,047.96
B56	ANN ARBOR	1	137,090	10,334.04	20,000.04	15,582.96	2,976.96	172.04	15,275.52	8,902.48
TOTAL			MEAN(M)	5,639.01	22,565.56	14,969.76	3,653.44	992.12	16,643.66	8,063.23
			SD	4,823.67	8,682.44	8,497.52	874.35	1,554.79	7,146.56	3,412.33
<b>ESTIMATED TOTAL</b>	<b>NUMBER OF SYSTEMS(N)</b>	<b>53</b>	<b>(M*N)</b>	<b>298,867</b>	<b>1,195,974</b>	<b>793,397</b>	<b>193,832</b>	<b>52,582</b>	<b>882,114</b>	<b>427,351</b>
EG76	PORTLAND-WILLAMETTE VALLEY	2	168,041	4,472.00	41,202.00	27,187.96	595.96	456.00	36,577.56	17,482.56
E858	MONTGOMERY COUNTY	2	175,084	5,927.00	30,331.96	29,679.00	10,614.00	370.04	40,292.00	15,598.96
EP27	SEATTLE-AUBURN	2	179,878	6,264.96	56,858.04	21,376.96	16,723.96	160.00	28,841.48	7,893.48
E346	CONNECTICUT	2	191,643	2,804.96	49,201.04	27,517.96	5,689.00	181.04	47,603.52	14,886.48
EH13	FRESNO	2	206,389	6,594.00	84,320.00	59,948.96	16,725.04	403.96	71,212.48	40,415.52
EJ07	TRI-STATE	2	234,015	4,733.00	41,376.04	4,896.04	2,167.96	2,460.04	44,337.04	19,190.00
E868	VINELAND-PLEASANTVILLE	2	239,172	8,637.00	41,414.00	37,129.96	17,179.00	1,333.96	50,223.04	11,872.00
TOTAL			MEAN(M)	5,633.27	49,243.30	29,676.69	9,956.42	766.43	45,583.87	18,191.29
			SD	1,852.43	17,482.63	16,662.24	7,196.08	845.15	13,375.39	10,480.43
<b>ESTIMATED TOTAL</b>	<b>NUMBER OF SYSTEMS(N)</b>	<b>37</b>	<b>(M*N)</b>	<b>208,431</b>	<b>1,822,002</b>	<b>1,099,038</b>	<b>368,387</b>	<b>28,358</b>	<b>1,686,603</b>	<b>673,078</b>
E491	NASHVILLE	3	323,241	6,963.96	89,708.04	36,766.00	8,823.04	307.00	34,946.00	6,657.96
EJ09	PITTSBURGH	3	351,696	5,260.48	74,492.04	11,803.04	6,654.04	7,202.96	75,038.00	32,572.04
TOTAL			MEAN(M)	6,112.22	82,100.04	24,284.52	7,738.54	3,754.98	54,992.00	19,615.00
			SD	1,204.54	10,759.34	17,651.48	1,533.71	4,876.18	28,349.33	18,324.02
<b>ESTIMATED TOTAL</b>	<b>NUMBER OF SYSTEMS(N)</b>	<b>16</b>	<b>(M*N)</b>	<b>97,796</b>	<b>1,313,601</b>	<b>388,552</b>	<b>123,817</b>	<b>60,080</b>	<b>879,872</b>	<b>313,840</b>
EJ53	NORTH CHICAGO	4	454,115	20,168.00	98,558.04	61,003.96	35,271.96	1,172.00	59,374.96	30,397.00
EK32	NEW ENGLAND EAST	4	525,367	12,547.00	139,157.04	121,888.96	9,980.96	1,701.96	93,609.48	14,366.48
TOTAL			MEAN(M)	16,357.50	118,857.54	91,446.46	22,626.46	1,436.98	76,492.22	22,381.74
			SD	5,398.86	28,707.83	43,052.20	17,883.44	374.74	24,207.46	11,335.29
<b>ESTIMATED TOTAL</b>	<b>NUMBER OF SYSTEMS(N)</b>	<b>8</b>	<b>(M*N)</b>	<b>130,860</b>	<b>950,860</b>	<b>731,572</b>	<b>181,012</b>	<b>11,496</b>	<b>611,938</b>	<b>179,064</b>
<b>GRAND TOTAL</b>		<b>114</b>		<b>6,456</b>	<b>46,337</b>	<b>26,417</b>	<b>7,604</b>	<b>1,338</b>	<b>35,619</b>	<b>13,977</b>

**2003 SAMPLE SYSTEM TOTAL INSTALLATION HOURS BY STRATA**

GL NUMBER	SYSTEM NAME	STRATA	SUBS	Unwired	Prewired	AO Same	AO Separate	Move Outlet	Upgrade	Downgrade
E332	WILDWOOD	1	47,654	1,569.79	6,758.98	1,986.34	985.79	114.35	2,094.42	1,370.23
E840	TRENTON	1	51,025	1,946.02	9,693.60	3,672.40	2,334.83	1,572.72	6,940.29	1,548.63
E528	MOBILE	1	68,157	2,826.79	14,685.40	5,405.54	2,253.45	180.29	5,339.88	4,565.00
EP28	SEATTLE-BELLINGHAM	1	74,576	2,671.79	14,548.64	2,946.07	1,678.33	21.16	4,748.58	1,580.50
E485	CHARLESTON	1	95,625	5,085.78	14,705.96	9,065.18	2,795.20	-	10,993.34	3,208.50
A54	CHESAPEAKE BAY	1	122,312	9,161.33	16,037.38	10,829.80	2,727.74	348.80	6,149.33	2,832.15
E195	WASHINGTON DC	1	99,928	5,465.44	17,377.49	6,357.37	2,079.52	1,817.92	11,304.99	7,064.28
E211	FLINT	1	111,331	16,579.54	12,072.10	2,646.34	2,806.26	50.27	6,209.75	4,819.18
B56	ANN ARBOR	1	137,090	13,612.49	16,158.35	7,437.89	1,910.55	97.43	7,037.16	4,451.24
TOTAL			MEAN(M)	6,546.55	13,559.77	5,594.10	2,152.41	466.99	6,757.53	3,493.30
			SD	5,425.77	3,435.77	3,079.95	574.81	706.69	2,898.13	1,905.33
ESTIMATED TOTAL	NUMBER OF SYSTEMS(N)	53	(M*N)	346,967	718,668	296,487	114,078	24,751	358,149	185,145
EG76	PORTLAND-WILLAMETTE VALLEY	2	168,041	5,989.17	26,614.74	14,215.62	440.46	221.40	13,742.90	4,662.48
E868	MONTGOMERY COUNTY	2	175,084	9,063.94	24,587.20	14,242.91	10,400.11	227.24	18,841.59	7,799.48
EP27	SEATTLE-AUBURN	2	179,878	8,288.54	45,824.95	10,050.59	11,569.37	69.77	13,304.80	3,946.74
E346	CONNECTICUT	2	191,643	3,228.42	37,225.50	12,741.74	3,742.99	95.61	18,755.26	4,912.54
EH13	FRESNO	2	206,389	8,651.72	56,804.71	24,537.74	11,790.61	263.42	27,431.60	16,330.24
EJ07	TRI-STATE	2	234,015	6,459.12	29,744.00	2,142.44	1,436.99	829.99	17,596.73	6,383.42
E868	VINELAND-PLEASANTVILLE	2	239,172	13,116.78	28,293.09	18,100.34	12,746.25	943.52	23,435.52	5,936.00
TOTAL			MEAN(M)	7,828.24	35,584.88	13,718.77	7,446.68	378.71	19,015.48	7,138.70
			SD	3,076.81	11,878.06	6,894.34	5,347.82	355.73	5,047.95	4,246.84
ESTIMATED TOTAL	NUMBER OF SYSTEMS(N)	37	(M*N)	289,645	1,316,641	507,594	275,527	14,012	703,573	264,132
E491	NASHVILLE	3	323,241	9,249.12	56,031.03	16,765.81	6,329.00	111.94	15,725.10	3,328.98
EJ09	PITTSBURGH	3	351,696	6,825.34	44,516.60	6,177.31	4,398.75	3,204.31	27,141.86	13,817.94
TOTAL			MEAN(M)	8,037.23	50,273.82	11,471.56	5,363.87	1,658.13	21,433.48	8,573.46
			SD	1,713.87	8,141.93	7,487.20	1,364.90	2,186.64	8,072.87	7,416.81
ESTIMATED TOTAL	NUMBER OF SYSTEMS(N)	16	(M*N)	128,596	804,381	183,545	85,822	26,530	342,936	137,175
EJ53	NORTH CHICAGO	4	454,115	25,867.92	65,653.03	21,115.49	18,297.74	574.16	22,629.17	12,766.74
EK32	NEW ENGLAND EAST	4	525,367	14,436.38	94,480.81	39,112.84	4,862.10	1,016.49	51,631.24	7,183.24
TOTAL			MEAN(M)	20,152.15	80,066.92	30,114.16	11,579.92	795.33	37,130.20	9,974.99
			SD	8,083.32	20,384.32	12,726.05	9,500.43	312.78	20,507.56	3,948.13
ESTIMATED TOTAL	NUMBER OF SYSTEMS(N)	8	(M*N)	161,217	640,535	240,913	92,639	6,363	297,042	79,800
GRAND TOTAL		114		8,127	30,528	10,777	4,883	629	14,927	5,844

## 2003 Estimates and Standard Errors

### PRIMARY VARIABLE 1: END AMOUNT (CUSTOMER EQUIP. & INSTALL COSTS)

Stratum	N	n	Mean	N*Mean	s	N(N-n)/n	N(N-n)s <sup>2</sup> /n
1	53	9	1,888,702.39	100,101,227	908,039	259	213646089645251
2	37	7	3,989,576.01	147,614,312	1,034,263	159	169623968050221
3	16	2	4,612,221.15	73,795,538	68,243	112	521596489467
4	8	2	10,377,172.73	83,017,382	3,253,820	24	254096247559396
	114	20		404,528,459			637887901744336
<b>Estimated Total = \$</b>							<b>404,528,459.30</b>
Variance =							637887901744336
Std. Error = \$							25,256,442.78
Estimated Mean = \$							3,548,495.26
Variance =							49083402720
Std. Error = \$							221,547.74
COEFFICIENT OF VARIATION =							6.24%

### PRIMARY VARIABLE 2: TOTAL HOURS (RE: CUSTOMER EQUIP. & INSTALL)

Stratum	N	n	Mean	N*Mean	s	N(N-n)/n	N(N-n)s <sup>2</sup> /n
1	53	9	61,717.67	3,271,036	25,213	259	164709390476
2	37	7	139,774.64	5,171,662	31,328	159	155632315709
3	16	2	165,355.66	2,645,691	11,855	112	15740829619
4	8	2	294,120.48	2,352,964	89,857	24	193781324536
	114	20		13,441,352			529863860340
<b>Estimated Total =</b>							<b>13,441,352.47</b>
Variance =							529,863,860,340
Std. Error =							727,917.48
Estimated Mean =							117,906.60
Variance =							40,771,304
Std. Error =							6,385.24
COEFFICIENT OF VARIATION =							5.42%

### SECONDARY VARIABLE: CONVERTER HOURS

Stratum	N	n	Mean	N*Mean	s	N(N-n)/n	N(N-n)s <sup>2</sup> /n
1	53	9	12,687.58	672,442	11,490	259	34209423319
2	37	7	28,791.81	1,065,297	10,574	159	17728136909
3	16	2	43,031.97	688,512	3,052	112	1043382308
4	8	2	59,994.91	479,959	13,867	24	4615279413
	114	20		2,906,209			57596221949
<b>Estimated Total =</b>							<b>2,906,209.31</b>
Variance =							57,596,221,949
Std. Error =							239,992.13
Estimated Mean =							25,493.06
Variance =							4,431,842.26
Std. Error =							2,105.19
COEFFICIENT OF VARIATION =							8.26%

2003 Estimates and Standard Errors

AVG. INSTALL TIME - UNWIRED

Stratum	N	n	Mean	N*Mean	\$	N(N-n)/n
1	53	9	1.1645	62.78	0.1749	7.93
2	37	7	1.3026	50.41	0.1301	2.88
3	18	2	1.3128	21.00	0.0217	0.05
4	8	2	1.2166	9.73	0.0934	0.21
						114 20

Estimated Total = 143.83  
 Variance = 10.87  
 Std. Error = 3.30

Estimated Mean = 1.2625  
 Variance = 0.000837  
 Std. Error = 0.0289

COEFFICIENT OF VARIATION = 2.29%

INSTALL ACTIVITY - UNWIRED

Stratum	N	n	Mean	N*Mean	\$	N(N-n)/n
1	53	9	5.63901	298,897.47	4,823.87	8028933524.92
2	37	7	5.63327	208,431.15	1,852.43	544138986.28
3	18	2	6.11222	87,795.52	1,204.54	182503270.18
4	8	2	16.33750	130,860.00	5,366.88	89895892.00
						114 20

Estimated Total = 735,954.14  
 Variance = 7,432,532.383  
 Std. Error = 86,212.14

Estimated Mean = 6.4857381  
 Variance = 571,909.2323  
 Std. Error = 756.2468

COEFFICIENT OF VARIATION = 11.71%

INSTALL TOTAL HOURS - UNWIRED

Stratum	N	n	Mean	N*Mean	\$	N(N-n)/n
1	53	9	6,546.55	346,997.25	5,425.77	7627958119
2	37	7	7,828.24	289,844.94	3,076.81	1601158985
3	18	2	8,037.23	128,595.72	1,713.87	328983816.87
4	8	2	20,152.15	161,217.21	8,083.32	1968163058
						114 20

Estimated Total = 926,425.11  
 Variance = 11,026,263,888  
 Std. Error = 105,006.02

Estimated Mean = 8,126.5381  
 Variance = #####  
 Std. Error = 921.1054

COEFFICIENT OF VARIATION = 11.33%

UNWIRED

Estimated Population Mean Time per Install = 1.2588

AVG. INSTALL TIME - PREWIRED

Stratum	N	n	Mean	N*Mean	\$	N(N-n)/n
1	53	9	0.6308	33.43	0.1268	4.17
2	37	7	0.7278	26.93	0.0952	0.67
3	18	2	0.8111	9.78	0.0181	0.04
4	8	2	0.8725	5.38	0.0081	0.00
						114 20

Estimated Total = 75.52  
 Variance = 76.92  
 Std. Error = 4.88

Estimated Mean = 0.6625  
 Variance = 0.000376  
 Std. Error = 0.0184

COEFFICIENT OF VARIATION = 2.93%

INSTALL ACTIVITY - PREWIRED

Stratum	N	n	Mean	N*Mean	\$	N(N-n)/n
1	53	9	22,565.56	1,195,974	6,682.44	19533026253.64
2	37	7	48,243.30	1,822,002	17,482.63	48468139809.78
3	18	2	82,100.04	1,313,801	10,756.34	12965492750.00
4	8	2	118,857.54	950,860	28,707.83	19778345812.00
						114 20

Estimated Total = 5,282,437  
 Variance = 100,744,004,442  
 Std. Error = 317,401.86

Estimated Mean = 46,337.1702  
 Variance = 7,751,924,0106  
 Std. Error = 2,784,2277

COEFFICIENT OF VARIATION = 6.01%

INSTALL TOTAL HOURS - PREWIRED

Stratum	N	n	Mean	N*Mean	\$	N(N-n)/n
1	53	9	13,539.77	718,968	3,435.77	305867626.28
2	37	7	35,584.88	1,316,841	11,876.06	22372687786.17
3	18	2	50,273.82	804,361	8,141.93	742498430.76
4	8	2	80,066.92	640,535	20,364.32	997248782.60
						114 20

Estimated Total = 3,480,225  
 Variance = 42,826,348,838  
 Std. Error = 206,950.11

Estimated Mean = 30,528.2878  
 Variance = 3,285,502,3728  
 Std. Error = 1,815,3519

COEFFICIENT OF VARIATION = 5.85%

PREWIRED

Estimated Population Mean Time per Install = 0.6588

2003 Estimates and Standard Errors

AVG. INSTALL TIME - AO SAME

Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n
1	53	8	0.3901	20.68	0.0829	1.78
2	37	7	0.4672	17.29	0.0363	0.21
3	16	2	0.4897	7.84	0.0478	0.25
4	8	2	0.3335	2.67	0.0179	0.01
	114	20		48.47		2.25
Estimated Total = 48.47 Variance = 2.26 Std. Error = 1.50 Estimated Mean = 0.4251 Variance = 0.000173 Std. Error = 0.0132 COEFFICIENT OF VARIATION = 3.10%						

INSTALL ACTIVITY - AO SAME

Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n
1	53	9	14,988.78	783,397	8,487.82	187,094,7820
2	37	7	29,876.69	1,098,038	16,662.24	440,242,7850
3	16	2	24,284.52	388,552	17,851.48	348,986,4830
4	8	2	91,448.46	731,572	43,052.20	444,837,98700
	114	20		3,011,559		142,114,23210
Estimated Total = 3,011,558.86 Variance = 142,114,239,210 Std. Error = 378,980.42 Estimated Mean = 26,417.1830 Variance = 10,935,229 Std. Error = 3,308,645.8 COEFFICIENT OF VARIATION = 12.52%						

INSTALL TOTAL HOURS - AO SAME

Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n
1	53	9	5,584.10	296,487	3,078.85	245,785,7002
2	37	7	13,718.77	507,584	6,894.34	753,720,4188
3	16	2	11,471.56	183,545	7,487.20	62,785,13054
4	8	2	30,114.16	240,913	12,726.05	388,856,484
	114	20		1,228,540		201,605,30747
Estimated Total = 1,228,540.22 Variance = 20,160,530,747 Std. Error = 141,987.76 Estimated Mean = 10,776.8988 Variance = 1,951,287 Std. Error = 1,245,508.9 COEFFICIENT OF VARIATION = 11.36%						

AO SAME

Estimated Population Mean Time per Install = 9.4078

AVG. INSTALL TIME - AO SEPARATE

Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n
1	53	8	0.5800	31.27	0.0735	1.40
2	37	7	0.7388	27.37	0.1109	1.95
3	16	2	0.8892	11.03	0.0398	0.18
4	8	2	0.5029	4.02	0.0224	0.01
	114	20		73.68		3.54
Estimated Total = 73.69 Variance = 3.54 Std. Error = 1.86 Estimated Mean = 0.6464 Variance = 0.000272 Std. Error = 0.0165 COEFFICIENT OF VARIATION = 2.35%						

INSTALL ACTIVITY - AO SEPARATE

Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n
1	53	8	3,853.44	183,832.32	874.35	190,082,458.08
2	37	7	9,958.42	368,387.43	7,199.09	821,385,730.88
3	16	2	7,738.54	123,816.64	1,533.71	263,454,16.00
4	8	2	22,828.49	181,011.88	17,883.44	787,561,8172.00
	114	20		668,848.07		1,634,854,3584
Estimated Total = 668,848.07 Variance = ##### Std. Error = 127,861.42 Estimated Mean = 7,803.93 Variance = 1,257,987.34 Std. Error = 1,121.59 COEFFICIENT OF VARIATION = 14.75%						

INSTALL TOTAL HOURS - AO SEPARATE

Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n
1	53	8	2,152.41	114,077.64	574.81	858,108,52
2	37	7	7,446.68	275,527.27	5,347.82	453,501,8502
3	16	2	5,383.87	85,821.98	1,384.90	208,848,175
4	8	2	11,578.92	92,539.36	9,500.43	21,661,951,32
	114	20		588,086.24		698,547,4650
Estimated Total = 588,086.24 Variance = 6,985,474,650 Std. Error = 83,938.95 Estimated Mean = 4,983.0372 Variance = 538,278.06 Std. Error = 733,675.0 COEFFICIENT OF VARIATION = 14.72%						

AO SEPARATE

Estimated Population Mean Time per Install = 0.8593

2003 Estimates and Standard Errors

AVG. INSTALL TIME - MOVE OUTLET

Stratum	N	n	Mean	N*Mean	s	N(N-1)s <sup>2</sup> /n
1	53	9	0.4327	22.93	0.1931	9.60
2	37	7	0.5372	19.88	0.1297	2.97
3	16	2	0.4047	6.48	0.0567	0.36
4	8	2	0.5436	4.35	0.0759	0.14
	114	20		53.63		12.83

Estimated Total = 53.63  
 Variance = 12.83  
 Std. Error = 3.58

Estimated Mean = 0.4705  
 Variance = 0.000987  
 Std. Error = 0.0314

COEFFICIENT OF VARIATION = 6.68%

INSTALL ACTIVITY - MOVE OUTLET

Stratum	N	n	Mean	N*Mean	s	N(N-1)s <sup>2</sup> /n
1	53	9	992.12	52,592.36	1,544.79	8,263,695.15
2	37	7	766.43	28,358.07	845.15	1,132,894,833.99
3	16	2	3,754.96	60,079.88	4,876.18	2,663,338,802.01
4	8	2	1,435.86	11,485.84	374.74	337,029,122
	114	20		152,515.95		34,060,440,720.02

Estimated Total = 152,515.95  
 Variance = 3,406,044,072.02  
 Std. Error = 58,391.32

Estimated Mean = 1,337.8592  
 Variance = 262,084,031,986  
 Std. Error = 511,941.4

COEFFICIENT OF VARIATION = 38.27%

INSTALL TOTAL HOURS - MOVE OUTLET

Stratum	N	n	Mean	N*Mean	s	N(N-1)s <sup>2</sup> /n
1	53	9	485.99	24,750.66	708.69	12,840,105,975
2	37	7	378.71	14,012.14	385.73	2,068,975,481
3	16	2	1,655.13	26,530.04	2,188.64	53,551,418,547
4	8	2	795.33	6,362.62	312.78	234,792,000
	114	20		71,655.46		68,732,820,903

Estimated Total = 71,655.46  
 Variance = 687,328,920.93  
 Std. Error = 26,216.86

Estimated Mean = 628.5967  
 Variance = 52,887,728,803  
 Std. Error = 229,873.3

COEFFICIENT OF VARIATION = 38.59%

MOVE OUTLET

Estimated Population Mean Time per Install = 0.4898

AVG. INSTALL TIME - UPGRADE

Stratum	N	n	Mean	N*Mean	s	N(N-1)s <sup>2</sup> /n
1	53	9	0.4031	21.36	0.0869	1.15
2	37	7	0.4211	15.58	0.0418	0.28
3	16	2	0.4058	6.49	0.0824	0.44
4	8	2	0.4883	3.73	0.1205	0.35
	114	20		47.17		2.21

Estimated Total = 47.17  
 Variance = 2.21  
 Std. Error = 1.48

Estimated Mean = 0.4137  
 Variance = 0.000170  
 Std. Error = 0.0130

COEFFICIENT OF VARIATION = 3.15%

INSTALL ACTIVITY - UPGRADE

Stratum	N	n	Mean	N*Mean	s	N(N-1)s <sup>2</sup> /n
1	53	9	16,043.66	852,114	7,146.6	1323,369,799.41
2	37	7	45,593.87	1,688,603	13,375.4	263,688,977,160
3	16	2	54,992.00	879,872	28,349.3	900,263,384,000
4	8	2	76,492.22	611,938	24,207.5	1,408,402,633,559
	114	20		4,060,527		1,458,789,887,037

Estimated Total = 4,060,527.21  
 Variance = 145,678,939,871  
 Std. Error = 381,978.10

Estimated Mean = 35,818.6587  
 Variance = 11,209,521.30  
 Std. Error = 3,348,062.3

COEFFICIENT OF VARIATION = 9.40%

INSTALL TOTAL HOURS - UPGRADE

Stratum	N	n	Mean	N*Mean	s	N(N-1)s <sup>2</sup> /n
1	53	9	6,757.53	358,149	2,898.13	217,631,024.52
2	37	7	19,015.48	703,573	5,047.95	404,097,892,396
3	16	2	21,433.48	342,936	8,072.87	7,299,178,941.32
4	8	2	37,130.20	297,042	20,507.58	100,934,435,552
	114	20		1,701,699		236,061,434,542

Estimated Total = 1,701,699.13  
 Variance = 23,608,614,345  
 Std. Error = 153,654.20

Estimated Mean = 14,927.1893  
 Variance = 1,818,983.18  
 Std. Error = 1,347,843.9

COEFFICIENT OF VARIATION = 9.03%

UPGRADE

Estimated Population Mean Time per Install = 0.4191



**2003 Estimates and Standard Errors**

INSTALL TOTAL HOURS - DOWNGRADE									
Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n			
1	53	9	3,493.30	185,144.89	1,905.33	84,064,647.54			
2	37	7	7,130.70	264,131.88	4,248.84	285,994,177.51			
3	16	2	6,573.46	105,175.33	7,416.81	618,102,028.13			
4	8	2	9,374.99	75,000.00	3,948.13	374,105,987.00			
	114	20		666,252.12		1,033,571,394.67			

Estimated Total =	666,252.12
Variance =	10,335,713.846
Std. Error =	101,664.71
Estimated Mean =	5,844.3168
Variance =	795,299.626529
Std. Error =	881,7957
<b>COEFFICIENT OF VARIATION =</b>	<b>15.26%</b>

**DOWNGRADE** Estimated Population Mean Time per Install = 0.4192

INSTALL ACTIVITY - DOWNGRADE									
Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n			
1	53	9	8,083.23	427,351	3,412.3	307,083,481.41			
2	37	7	16,181.29	603,078	10,480.4	1,741,739,003.50			
3	16	2	18,615.00	303,840	18,324.0	3,760,821,436.80			
4	8	2	22,381.74	179,054	11,335.3	3,083,708,571.84			
	114	20		1,589,323		6,112,442,874.35			

Estimated Total =	1,589,323.50
Variance =	61,124,428.743
Std. Error =	247,233.55
Estimated Mean =	13,976.5132
Variance =	4,703,328,311.430
Std. Error =	2,166,7164
<b>COEFFICIENT OF VARIATION =</b>	<b>15.52%</b>

**DOWNGRADE** Estimated Population Mean Time per Install = 0.4192

AVG. INSTALL TIME - DOWNGRADE									
Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n			
1	53	9	0.4189	22.20	0.0840	2.29			
2	37	7	0.4048	14.98	0.0975	1.51			
3	16	2	0.4821	7.39	0.0636	0.32			
4	8	2	0.4800	3.88	0.0568	0.08			
	114	20		48.25		4.20			

Estimated Total =	48.25
Variance =	4.20
Std. Error =	2.05
Estimated Mean =	0.4232
Variance =	0.000323
Std. Error =	0.0180
<b>COEFFICIENT OF VARIATION =</b>	<b>4.25%</b>

**DOWNGRADE** Estimated Population Mean Time per Install = 0.4192

AVG. INSTALL TIME - TROUBLE CALLS*									
Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n			
1	53	9	0.3182	16.87	0.0523	0.71			
2	37	7	0.3591	13.29	0.1012	1.63			
3	16	2	0.3056	4.89	0.0786	0.89			
4	8	2	0.3333	2.67	0.0186	0.01			
	114	20		37.71		3.93			

Estimated Total =	37.71
Variance =	3.03
Std. Error =	1.74
Estimated Mean =	0.3308
Variance =	0.000233
Std. Error =	0.0153
<b>COEFFICIENT OF VARIATION =</b>	<b>4.82%</b>

\*Average of Inside Wire Service Calls, Customer-Owned Equipment Calls, and Customer Education Calls, assuming equal activity weights.

AVG. INSTALL TIME - VCR SEPARATE									
Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n			
1	53	9	-	-	-	0.00			
2	37	7	-	-	-	0.00			
3	16	2	-	-	-	0.00			
4	8	2	-	-	-	0.00			
	114	20				0.00			

Estimated Total =	-
Variance =	-
Std. Error =	-
Estimated Mean =	-
Variance =	-
Std. Error =	-
<b>COEFFICIENT OF VARIATION =</b>	<b>#DIV/0!</b>

**DOWNGRADE** Estimated Population Mean Time per Install = 0.4192

AVG. INSTALL TIME - VCR SAME									
Stratum	N	n	Mean	N*Mean	s	N(N-n)s <sup>2</sup> /n			
1	53	9	-	-	-	0.00			
2	37	7	-	-	-	0.00			
3	16	2	-	-	-	0.00			
4	8	2	-	-	-	0.00			
	114	20				0.00			

Estimated Total =	-
Variance =	-
Std. Error =	-
Estimated Mean =	-
Variance =	-
Std. Error =	-
<b>COEFFICIENT OF VARIATION =</b>	<b>#DIV/0!</b>

**DOWNGRADE** Estimated Population Mean Time per Install = 0.4192

**2003 SAMPLE DATA SUMMARY STATISTICS**

End Amount, Total Hours, Converter Hours

STRATUM		END AMOUNT	TOTAL HOURS	CONVERTER HOURS
(Total n = 20)				
1 (n=9)	MEAN	\$ 1,888,702.39	61,717.67	12,687.58
	SD	\$ 908,038.90	25,212.51	11,490.26
2 (n=7)	MEAN	\$ 3,989,576.01	139,774.64	28,791.81
	SD	\$ 1,034,263.36	31,328.34	10,573.51
3 (n=2)	MEAN	\$ 4,612,221.15	165,355.66	43,031.97
	SD	\$ 68,243.03	11,855.09	3,052.20
4 (n=2)	MEAN	\$ 10,377,172.73	294,120.48	59,994.91
	SD	\$ 3,253,819.85	89,856.67	13,867.35
Overall Estimate		\$ 404,528,459.30	13,441,352.47	2,906,209.31

HSC \$ 30.10

## 2003 SAMPLE DATA SUMMARY STATISTICS - Installation Times

Average Installation Times										
STRATUM	Unwired	Prewired	AO Same	AO Separate	Move Outlet	Upgrade	Downgrade	VCR Same	VCR Separate	Combined Trouble Calls <sup>2</sup>
<b>(Total n=20)</b>										
1	MEAN	1.1845	0.6308	0.3901	0.5900	0.4327	0.4031	0.4189	-	0.3182
(n=9)	SD	0.1749	0.1268	0.0829	0.0735	0.1931	0.0666	0.0940	-	0.0523
2	MEAN	1.3626	0.7278	0.4672	0.7398	0.5372	0.4211	0.4048	-	0.3591
(n=7)	SD	0.1301	0.0652	0.0363	0.1109	0.1297	0.0419	0.0975	-	0.1012
3	MEAN	1.3128	0.6111	0.4897	0.6892	0.4047	0.4058	0.4621	-	0.3056
(n=2)	SD	0.0217	0.0191	0.0476	0.0398	0.0567	0.0624	0.0536	-	0.0786
4	MEAN	1.2166	0.6725	0.3335	0.5029	0.5436	0.4663	0.4600	-	0.3333
(n=2)	SD	0.0934	0.0091	0.0179	0.0224	0.0759	0.1205	0.0566	-	0.0196
<b>Overall Estimate<sup>1</sup></b>		<b>1.2625</b>	<b>0.6625</b>	<b>0.4251</b>	<b>0.6464</b>	<b>0.4705</b>	<b>0.4137</b>	<b>0.4232</b>	<b>-</b>	<b>0.3308</b>

<sup>1</sup> These values do not account for activity levels.

<sup>2</sup> Average of Inside Wire Service Calls, Customer-Owned Equipment Calls, and Customer Education Calls, assuming equal activity weights.

Install Activity (Average # of Installs per month)										
STRATUM	Unwired	Prewired	AO Same	AO Separate	Move Outlet	Upgrade	Downgrade			
<b>(Total n=20)</b>										
1	MEAN	5,639	22,566	14,970	3,653	992	16,644	8,063		
(n=9)	SD	4,824	8,682	8,498	874	1,555	7,147	3,412		
2	MEAN	5,633	49,243	29,677	9,956	766	45,584	18,191		
(n=7)	SD	1,852	17,483	16,662	7,196	845	13,375	10,480		
3	MEAN	6,112	82,100	24,285	7,739	3,755	54,992	19,615		
(n=2)	SD	1,205	10,759	17,651	1,534	4,876	28,349	18,324		
4	MEAN	16,358	118,858	91,446	22,626	1,437	76,492	22,382		
(n=2)	SD	5,389	28,708	43,052	17,883	375	24,207	11,335		
<b>Overall Estimate</b>		<b>6,456</b>	<b>46,337</b>	<b>26,417</b>	<b>7,604</b>	<b>1,338</b>	<b>35,619</b>	<b>13,977</b>		

**2003 SAMPLE DATA SUMMARY STATISTICS - Installation Times**

Total Install Hours		Unwired	Prewired	AO Same	AO Separate	Move Outlet	Upgrade	Downgrade
<b>STRATUM</b>								
<b>(Total n=20)</b>								
1	MEAN	6,547	13,560	5,594	2,152	467	6,758	3,493
	SD	5,426	8,682	3,080	575	707	2,898	1,905
2	MEAN	7,828	35,585	13,719	7,447	379	19,015	7,139
	SD	3,077	11,878	6,894	5,348	356	5,048	4,247
3	MEAN	8,037	50,274	11,472	5,364	1,658	21,433	8,573
	SD	1,714	8,142	7,487	1,365	2,187	8,073	7,417
4	MEAN	20,152	80,067	30,114	11,580	795	37,130	9,975
	SD	8,083	20,384	12,726	9,500	313	20,508	3,948
<b>Overall Estimate</b>		<b>8,127</b>	<b>30,528</b>	<b>10,777</b>	<b>4,983</b>	<b>629</b>	<b>14,927</b>	<b>5,844</b>

**Estimated Population Average Time per Install<sup>3</sup>**

Unwired	1,2588	AO Same	0,4079	AO Separate	0,6553	Move Outlet	0,4698	Upgrade	0,4191	Downgrade	0,4182	Combined Trouble Calls	0,3908
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<sup>3</sup> These values take into account activity levels.

## Appendix E

Version #1

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

Community Unit Identifier (CUI) of cable system NJ 0097		Date of Form Submission 07/01/94	
Name of Cable Operator TKR CABLE COMPANY OF WILDWOOD			
Mailing Address of Cable Operator 67B MOUNTAIN BLVD. EXT.			
City WARREN	State NJ	ZIP Code 07059	
Name and Title of person completing this form WILLIAM H. MITCHELL			
Telephone number (908) 356-1010		Fax Number (908) 356-9087	
Name of Local Franchising Authority NJ BOARD OF REGULATORY COMMISSIONERS			
Mailing Address of Local Franchising Authority OFFICE OF CABLE TELEVISION, 2 GATEWAY CENTER			
City NEWARK	State NJ	ZIP Code 07102	

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/yyyy)

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:

12/31/93 (mm/dd/yyyy)

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	\$118,092.00	\$74,342.00	\$4,127.00	\$131,398.00	
C	Accumulated Depreciation	\$74,169.00	\$70,971.00	\$662.00	\$79,280.00	
D	Deferred Taxes	\$14,494.00	\$453.00	\$18.00	(\$5,860.00)	
E	Net Book Value [B-(C+D)]	\$19,429.00	\$2,918.00	\$1,147.00	\$17,978.00	\$0.00
F	Rate of Return	0.1125				
G Calculation of Gross-up Rate						
G1	Federal Income Tax Rate	0.35				
G2	State Income Tax Rate	0.06				
G3	Net Total Income Tax Rate [(G1+G2)-(G1 x G2)]	0.369				
G4 Adjustment to Reflect Interest Deductibility						
G4a	Actual Interest Amount	\$2,861,528.00				
G4b	Total Net Assets	\$49,350,058.00				
G4c	Base Return on Investment Amount [G4b x F]	\$5,551,881.35				
G4d	Interest Deductibility Factor [G4a/G4c]	0.5154				
G5	Effective Tax Rate [G3 x (1-G4d)] [C-Corps skip to G7]	0.1887				
G6 Adjustments for Non-C Corporations						
G6a	Base Return on Investment Amount [G4c]	0%				
G6b	Distributions					
G6c	Contributions (may not exceed G6b)					
G6d	Returns Subject to Income Tax [G6a-G6b+G6c]	0%				
G6e	Returns Percentage Subject to Income Tax [G6d/G6a]	0%				
G7	Gross-Up Rate [C-Corps: 1/(1-G5) Other: 1/(1-G5 x G6e)]	1.3723				
H	Grossed-Up Rate of Return [F x G7]	0.1536				
I	Return on Investment Grossed-Up for Taxes [E x H]	\$4,079,822.12	\$411,863.17	\$475,094.52	\$8,017,644.21	\$0.00
J	Current Provision for Depreciation	\$13,849.00	\$1,769.00	\$103.00	\$13,121.00	
K	Annual Capital Costs [I+J]	\$17,978,871.12	\$2,780,632.17	\$578,097.52	\$21,360,471.81	\$0.00
L	GRAND TOTAL (sum of Line K entries)	\$41,844,915.7				

Box 1.

Specify: Other 1. TEST EQ, SAFETY EQ, OFFICE EQ, LEASEHOLD, PHONE EQ, RADIOS  
Specify: Other 2. \_\_\_\_\_

SCHEDULE B: ANNUAL OPERATING EXPENSES FOR SERVICE INSTALLATION AND MAINTENANCE OF EQUIPMENT							
A		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.	\$78,873.00				\$3,743.00	\$12,605.00
B	GRAND TOTAL (sum of Line A entries)	\$84,421.00					

Box 2.

Specify: Other 1. CONVERTER REPAIR  
Specify: Other 2. INSTALLATION COSTS BEYOND THE POINT OF DEMARCATION

SCHEDULE C: CAPITAL COSTS OF LEASED CUSTOMER EQUIPMENT								
A	Equipment	Add Remote	Std Remote	Remote 3	Add Conv	Std Conv	Converter 3	Home Wire
B	Total Maintenance/Service Hours (Attach Explanation)				155	600	200	
C	Total # of Units in Service	4539			5924	16579	3493	42007
D	Gross Book Value	\$101,855.50			\$916,699.50	\$747,619.00	\$178,685.00	\$60,202.00
E	Accumulated Depreciation	\$84,988.40			\$764,895.60	\$747,619.00	\$178,685.00	\$29,365.00
F	Deferred Taxes	\$1,510.30			\$31,592.70			
G	Net Book Value [D-(E+F)]	\$13,356.80	\$0.00	\$0.00	\$720,271.20	\$0.00	\$0.00	\$30,837.00
H	Crossed-Up Rate of Return (From Sched. A, Line H)	0.1506						
I	Return on Investment Crossed-Up for Taxes [(G x H)	\$1,851,899.4	\$0.00	\$0.00	\$14,665,904.7	\$0.00	\$0.00	\$4,795,036.9
J	Current Provision for Depreciation	\$20,514.20			\$184,427.80			\$5,794.00
K	Annual Capital Costs [(I + J)	\$22,366,382.4	\$0.00	\$0.00	\$201,293,004.7	\$0.00	\$0.00	\$10,069,201.9
L	GRAND TOTAL (sum of Line K entries)	\$22,366,382.4						

Box 3.

SCHEDULE D: AVERAGE HOURS PER INSTALLATION		
A.	Average Hours per Unwired Home Installation (attach an explanation)	0.3833
B.	Average Hours per Pre-Wired Home Installation (attach an explanation)	0.1833
C.	Average Hours per Additional Connection Installation at Time of Initial Installation (attach an explanation)	0.3833
D.	Average Hours per Additional Connection Installation Requiring Separate Installation (attach an explanation)	0.3833
E.	Other Installation (by Item Type):	
	Item 1. (Specify)	
	Average Hours per Installation (attach an explanation)	TRUCK ROLL 0.0672
	Item 2. (Specify)	
	Average Hours per Installation (attach an explanation)	
	Item 3. (Specify)	
	Average Hours per Installation (attach an explanation)	



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]		\$41,354.0257
2. Total Annual Operating Expenses for Installation and Maintenance [Schedule B, Box 2]		\$94,671.00
3. Total Capital Costs and Operating Expenses for Installation and Maintenance [Line 1 + Line 2]		\$136,025.0257
4. Customer Equipment and Installation Percentage (attach an explanation)		1.
5. Annual Customer Equipment Maintenance and Installation Costs, Excluding Costs of Leased Equipment [Line 3 x Line 4]		\$136,025.0257
6. Total Labor Hours for Maintenance and Installation of Customer Equipment and Services (attach explanation)		1878
7. Hourly Service Charge (HSC) (Line 5/Line 6)		\$72.4564

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

Installations billed by the hour based on the HSC calculated in Line 7.

Installations billed as a standard charge.

STEP B. Installation Charge		
8. Uniform HSC for all installations (From Step A, line 7)		\$72
OR		
9. Average Charge for Installation Types		
a. Unwired Home Installation		
a1. HSC [Line 7]	\$72.4564	
a2. Average Hours per Unwired Home Installation (Schedule D, Line A)	0.2813	
a3. Charge per Unwired Home Installation [a1 x a2]		\$20.3957
b. Pre-wired Home Installation		
b1. HSC [Line 7]	\$72.4564	
b2. Average Hours per Pre-wired Home Installation (Schedule D, Line B)	0.1813	
b3. Charge per Pre-wired Home Installation [b1 x b2]		\$13.1467
c. Additional Connection Installation at Time of Initial Installation		
c1. HSC [Line 7]	\$72.4564	
c2. Average Hours per Additional Connection Installation at Time of Init. Install. [Schedule D, Line C]	0.2143	
c3. Charge per Additional Connection Installation at Time of Initial Installation [c1 x c2]		\$15.5277
d. Additional Connection Installation Requiring Separate Installation		
d1. HSC [Line 7]	\$72.4564	
d2. Avg. Hours per Additional Connection Installation Req. Sep. Install. [Schedule D, Line D]	0.2813	
d3. Charge per Additional Connection Installation Requiring Separate Installation [d1 x d2]		\$20.3957
e. Other Installations (As specified in Schedule D, Line E):		
e1. HSC [Line 7]	\$72.4564	
e2. Average Hours per Installation of Item 1 [Schedule D, Line E, Item 1]	0.0678	
e3. Charge per Installation of Item 1 [e1 x e2]		\$4.9027
e4. HSC [Line 7]	\$72.4564	
e5. Average Hours per Installation of Item 2 [Schedule D, Line E, Item 2]	0.	
e6. Charge per Installation of Item 2 [e4 x e5]		\$0.00
e7. HSC [Line 7]	\$72.4564	
e8. Average Hours per Installation of Item 3 [Schedule D, Line E, Item 3]	0.	
e9. Charge per Installation of Item 3 [e7 x e8]		\$0.00

STEP C. Charges for Leased Remotes (Calculate separately for each significantly different type)			
	a	b	c
	Addr Remote	Std Remote	Remote 3
10. Total Maintenance/Service Hours (Corresponding column from Schedule C, Line B)	0	0	0
11. HSC (Line 7)	\$74,545.4	\$74,545.4	\$74,545.4
12. Total Maintenance/Service Cost (Line 10 x Line 11)	\$0.00	\$0.00	\$0.00
13. Annual Capital Costs (Corresponding column from Schedule C, Line K)	\$72,965,859.4	\$0.00	\$0.00
14. Total Cost of Remote (Line 12 + Line 13)	\$72,965,859.4	\$0.00	\$0.00
15. Number of Units in Service (Corresponding column from Schedule C, Line C)	4520	0	0
16. Unit Cost (Line 14/Line 15)	\$16,138.46	\$0.00	\$0.00
17. Rate per Month (Line 16/12)	\$1,344.87	\$0.00	\$0.00

STEP D. Charges for Leased Converter Boxes (Calculate separately for each significantly different type)			
	a	b	c
	Addr Conv	Std Conv	Converter 3
18. Total Maintenance/Service Hours (Corresponding column from Schedule C, Line B)	753	600	200
19. HSC (Line 7)	\$74,545.4	\$74,545.4	\$74,545.4
20. Total Maintenance/Service Cost (Line 18 x 19)	\$56,099,089.4	\$44,727,251.3	\$14,909,089.4
21. Annual Capital Costs (Corresponding column from Schedule C, Line K)	\$204,292,000.7	\$4.00	\$0.00
22. Total Cost of Converter (Line 20 + Line 21)	\$260,391,090.1	\$44,731,251.3	\$14,909,089.4
23. Number of Units in Service (Corresponding column from Schedule C, Line C)	1924	1679	3493
24. Unit Cost (Line 22/Line 23)	\$135,333.26	\$26,697.6	\$4,268.19
25. Rate per Month (Line 24/12)	\$11,277.77	\$2,224.80	\$355.68

STEP E. Charges for Other Leased Equipment		Home Wire
26. Total Maintenance/Service Hours (Corresponding column from Schedule C, Line B)	0	0
27. HSC (Line 7)	\$74,545.4	
28. Total Maintenance/Service Cost (Line 26 x Line 27)	\$0.00	
29. Annual Capital Costs (Corresponding column from Schedule C, Line K)	\$16,069,016.9	
30. Total Cost of Equipment (Line 28 + Line 29)	\$16,069,016.9	
31. Number of Units in Service (Corresponding column from Schedule C, Line C)	43002	
32. Unit Cost (Line 30/Line 31)	\$373.68	
33. Rate per Month (Line 32/12)	\$31.14	

METHOD OF BILLING FOR CHANGING SERVICE TIERS OR EQUIPMENT (place an "x" in the appropriate box)

as a Nominal Charge (Enter the nominal charge in Line 34)

as a Uniform Hourly Service Charge

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	\$0.00
OR	
36. Average Charge for Changing Service Tiers	
36a. HSC (Line 7)	\$74,545.4
36b. Average Hours to Change Service Tiers	
36c. Average Charge for Changing Service Tiers (Line 36a x Line 36b)	\$0.00

WORKSHEET FOR CALCULATING TOTAL EQUIPMENT AND INSTALLATION COSTS	
1. Total Capital Costs of Installation and Maintenance [Schedule A, Box 1]	\$41,848,025
2. Total Annual Operating Expenses for Installation and Maintenance [Schedule B, Box 2]	\$94,821,000
3. Total Annual Capital Costs of Installation and Maintenance [Line 1 + Line 2]	\$136,669,025
4. Customer Equipment and Installation Percentage (attach explanation)	1
5. Annual Customer Equipment, Maintenance and Installation Costs, Excluding Costs of Leased Equipment [Line 3 x Line 4]	\$136,669,025
6. Total Capital Costs of Leased Customer Equipment [Schedule C, Box 3]	\$285,727,291
7. Annual Customer Equipment and Installation Costs [Line 5 + Line 6]	\$422,396,350
8. Percentage Allocation to Franchise Area (see instructions)	1
9. Allocated Annual Equipment and Installation Cost [Line 7 x Line 8]	\$422,396,350
10. Monthly Equipment and Installation Cost [Line 9 / (12)]	\$35,199,696
11. Number of Basic Subscribers in Franchise	32,752
12. Monthly Equipment and Installation Cost per Subscriber [Line 10 / Line 11]	\$1,075
13. Inflation Adjustment Factor [See Instructions]	1
14. Adjusted Monthly Equipment and Installation Cost per Subscriber [Line 12 x Line 13]	\$1,075

**SUMMARY SCHEDULE**

Current Equipment and Installation Rates	Permitted	Actual
<b>1. Charges for Cable Service Installations</b>		
<b>a. Hourly Rate [Step A, Line 7]</b>		
		0.00
<b>b. Average Installation Charges:</b>		
1. Installation of Unwired Homes [Step B, Line 9a3]		128.34
2. Installation of Wired Homes [Step B, Line 9b3]		112.07
3. Installation of Additional Connections at Time of Initial Installation [Step B, Line 9c3]		118.28
4. Installation of Additional Connections Requiring Separate Install [Step B, Line 9d3]		128.33
5. Other Installations (specify) [Step B, Lines 9e3, 9e6, 9e9]		
a.		55.01
b.		30.00
c.		20.00
<b>2. Monthly Charge for Lease of Remote Controls [Step C, Line 17, columns a-c]</b>		
Remote Control Type 1:		10.41
Remote Control Type 2:		10.00
Remote Control Type 3:		10.00
<b>3. Monthly Charge for Lease of Converter Boxes [Step D, Line 25, columns a-c]</b>		
Converter Box Type 1:		12.99
Converter Box Type 2:		10.22
Converter Box Type 3:		10.34
<b>4. Monthly Charge for Lease of Other Equipment [Step E, Line 35]</b>		
Other Equipment (Specify)		10.00
<b>5. Charge for Changing Terms (if any) [Step F, Line 34, 35 or 36c]</b>		
		10.00

**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 installations 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 TKR CABLE COMPANY OF WILDWOOD	Signature 
Date 6/30/94	Title SENIOR VICE PRESIDENT OF FINANCE

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

F1179 00653A Community Unit Identifier (CUID) of cable system		Date of Form Submission	
C00215 Name of Cable Operator		06/16/94	
TCI OF COLORADO, INC. II Mailing Address of Cable Operator			
16175 ACOMA			
City	State	ZIP Code	
DENVER	CO	80231	
Name and Title of person completing this form:			
SANTAMARIA, STEVE (METRO MGR) MGR			
Telephone number		Fax Number	
(303)778-2978		(303)778-2918	
Name of Local Franchising Authority			
Please see attached			
Mailing Address of Local Franchising Authority			
Please see attached			
City	State	ZIP Code	
Please see attached			

I. 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

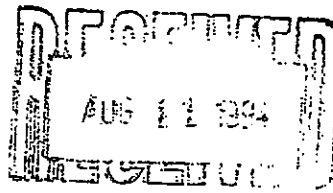
In order to fulfill FCC rules requiring an annual filing of this form  
Enter the date on which you last filed this form: [ ] (mm/dd/yy)

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: [12/31/93] (mm/dd/yy)  
Note: This will indicate the end of the 12-month fiscal year for which you are filing this form.

J. 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						
Equipment and Plant	Vehicles	Tools	Maintenance Facilities	Other 1. (Specify below)	Other 2. (Specify below)	
Gross Book Value	\$422,029.94	\$385,225.40				
C Accumulated Depreciation	\$199,379.24	\$65,296.18				
D Deferred Taxes	\$23,963.86	\$40,396.30				
E Net Book Value [B-(C+D)]	\$238,683.84	\$279,532.92	\$0.00	\$0.00	\$0.00	\$0.00
F Rate of Return	0.1125					
G Calculation of Gross-up Rate						
G1 Federal Income Tax Rate	0.35					
G2 State Income Tax Rate	0.055					
G3 Net Total Income Tax Rate [(G1+G2)/(1-G2)]	0.3838					
G4 Adjustment to Reflect Interest Deductibility						
G4a Actual Interest Amount	\$731,226,113.00					
G4b Total Net Assets	\$14,131,901,164.00					
G4c Base Return on Investment Amount [(G4a x F)]	\$1,589,838,880.95					
G4d Interest Deductibility Factor [(G4a/G4c)]	0.4599					
G5 Effective Tax Rate [G3 x (1-G4d)] [C-Corps skip to G7]	0.2553					
G6 Adjustments for Non-C Corporations						
G6a Base Return on Investment Amount [(G4c)]						
G6b Distributions	\$0.00					
G6c Contributions (not to exceed G6b)	\$0.00					
G6d Returns Subject to Income Tax [(G6a-G6b+G6c)]						
G6e Returns Percentage Subject to Income Tax [(G6d/G6a)]						
G7 Gross-Up Rate [C-Corps: 1/(1-G5) Other: 1/(1-G5 x G6e)]	1.2632					
Grossed-Up Rate of Return [F x G7]	0.1421					
Return on Investment Grossed-Up for Taxes [E x H]	\$33,918,323.4	\$39,722,863.8	\$0.00	\$0.00	\$0.00	\$0.00
J Current Provision for Depreciation	\$68,644.42	\$26,763.90				
K Annual Capital Costs [I+J]	\$102,562,737.4	\$66,486,763.8	\$0.00	\$0.00	\$0.00	\$0.00
L GRAND TOTAL (sum of Line K entries)	\$169,049,521.1					

Box 1.

Specify: Other 1 \_\_\_\_\_

Specify: Other 2 \_\_\_\_\_

SCHEDULE B: ANNUAL OPERATING EXPENSES FOR SERVICE INSTALLATION AND MAINTENANCE OF EQUIPMENT							
	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.	\$710,465.84	\$273,386.47	\$0.00	\$66,122.41	\$173,341.21	\$34,477.06	
B GRAND TOTAL (sum of Line A entries)	\$1,277,723.06						

Box 2.

Specify: Other 1 CONTRACT LABOR/CONVERTER MAINTENANCE

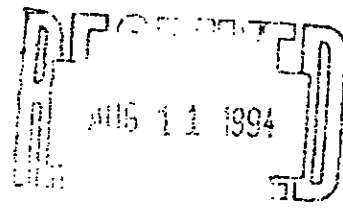
Specify: Other 2 VEHICLE EXPENSES

SCHEDULE C: CAPITAL COSTS OF LEASED CUSTOMER EQUIPMENT							
Equipment	Remote 1	Remote 2	Remote 3	Converter 1	Converter 2	Converter 3	Other Equip.
Total Maintenance/Service Hours (Attach Explanation)							
C Total # of Units in Service	24404			1149	26816		
D Gross Book Value	\$14,944.62			\$40,496.83	\$4,397,821.33		
E Accumulated Depreciation	\$179,367.97			\$45,844.73	\$2,618,361.52		
F Deferred Taxes	\$5,970.75			\$1,526.07	\$87,165.92		
G Net Book Value [D-(E+F)]	\$129,605.90	\$0.00	\$0.00	\$33,126.03	\$1,872,093.78	\$0.00	\$0.00
H Grossed-Up Rate of Return (From Sched. A, Line H)	0.1421						
I Return on Investment Grossed-Up for Taxes [G x H]	\$18,417,584.6	\$0.00	\$0.00	\$4,707,558.7	\$268,875,083.3	\$0.00	\$0.00
J Current Provision for Depreciation	\$40,725.25			\$10,281.19	\$587,241.36		
K Annual Capital Costs [I + J]	\$58,642,834.6	\$0.00	\$0.00	\$14,988,548.7	\$235,116,443.9	\$0.00	\$0.00
L GRAND TOTAL (sum of Line K entries)	\$58,642,834.6			\$14,988,548.7	\$235,116,443.9	\$0.00	\$0.00

Box J.

SCHEDULE D: AVERAGE HOURS PER INSTALLATION	
A. Average Hours per Unwired Home Installation (attach an explanation)	
B. Average Hours per Pre-Wired Home Installation (attach an explanation)	
C. Average Hours per Additional Connection Installation at Time of Initial Installation (attach an explanation)	
D. Average Hours per Additional Connection Installation Requiring Separate Installation (attach an explanation)	
E. Other Installation (by Item Type):	
Item 1. (Specify):	
Average Hours per Installation (attach an explanation)	
Item 2. (Specify):	
Average Hours per Installation (attach an explanation)	
Item 3. (Specify):	
Average Hours per Installation (attach an explanation)	

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WORKSHEET FOR CALCULATING PERMITTED EQUIPMENT AND INSTALLATION CHARGES	
<b>STEP A. Hourly Service Charge</b>	
Total Capital Costs of Installation and Maintenance (Schedule A, Box 1)	\$169,049,5211
Total Annual Operating Expenses for Installation and Maintenance (Schedule B, Box 2)	\$1,277,793.06
Total Capital Costs and Operating Expenses for Installation and Maintenance (Line 1 + Line 2)	\$1,446,842,311
Customer Equipment and Installation Percentage (attach an explanation)	
Annual Customer Equipment Maintenance and Installation Costs Excluding Costs of Leased Equipment (Line 3 x Line 4)	\$0.00
Total Labor Hours for Maintenance and Installation of Customer Equipment and Services (attach explanation)	
Hourly Service Charge (HSC) (Line 5/line 6)	#DIV/0!

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

Installations billed by the hour based on the HSC calculated in Line 7

Installations billed as a standard charge.

STEP B. Installation Charge	
8. Uniform HSC for all installations (From Step A, line 7)	
OR	
9. Average Charges for Installation Types	
a. Unwired Home Installation	
a1. HSC (Line 7)	#DIV/0!
a2. Average Hours per Unwired Home Installation (Schedule D, Line A)	0
a3. Charge per Unwired Home Installation (a1 x a2)	
b. Pre-wired Home Installation	
b1. HSC (Line 7)	#DIV/0!
b2. Average Hours per Pre-wired Home Installation (Schedule D, Line B)	0
b3. Charge per Pre-wired Home Installation (b1 x b2)	
c. Additional Connection Installation at Time of Initial Installation	
c1. HSC (Line 7)	#DIV/0!
c2. Average Hours per Additional Connection Installation at Time of Init. Install. (Schedule D, Line C)	0
c3. Charge per Additional Connection Installation at Time of Initial Installation (c1 x c2)	
d. Additional Connection Installation Requiring Separate Installation	
d1. HSC (Line 7)	#DIV/0!
d2. Avg. Hours per Additional Connection Installation Req. Sep. Install. (Schedule D, Line D)	0
d3. Charge per Additional Connection Installation Requiring Separate Installation (d1 x d2)	
e. Other Installations (As specified in Schedule D, Line E):	
e1. HSC (Line 7)	#DIV/0!
e2. Average Hours per Installation of Item 1 (Schedule D, Line E, Item 1)	0
e3. Charge per Installation of Item 1 (e1 x e2)	
e4. HSC (Line 7)	#DIV/0!
e5. Average Hours per Installation of Item 2 (Schedule D, Line E, Item 2)	0
e6. Charge per Installation of Item 2 (e4 x e5)	
e7. HSC (Line 7)	#DIV/0!
e8. Average Hours per Installation of Item 3 (Schedule D, Line E, Item 3)	0
e9. Charge per Installation of Item 3 (e7 x e8)	



STEP C. Charges for Leased Remotes (Calculate separately for each significantly different type)			
	a Remote 1	b Remote 2	c Remote 3
7. Total Maintenance/Service Hours (Corresponding column from Schedule C, Line B)	0	0	0
8. HSC (Line 7)	#DIV/0!	#DIV/0!	#DIV/0!
9. Total Maintenance/Service Cost (Line 8 x Line 11)	#DIV/0!	#DIV/0!	#DIV/0!
10. Annual Capital Costs (Corresponding column from Schedule C, Line E)	\$18,642.4346	\$0.00	\$0.00
11. Total Cost of Remote (Line 9 + Line 10)	#DIV/0!	#DIV/0!	#DIV/0!
12. Number of Units in Service (Corresponding column from Schedule C, Line C)	24404	0	0
13. Unit Cost (Line 11/Line 12)	#DIV/0!	\$0.00	\$0.00
14. Rate per Month (Line 13/12)	#DIV/0!	\$0.00	\$0.00

STEP D. Charges for Leased Converter Boxes (Calculate separately for each significantly different type)			
	a Converter 1	b Converter 2	c Converter 3
15. Total Maintenance/Service Hours (Corresponding column from Schedule C, Line B)	0	0	0
16. HSC (Line 7)	#DIV/0!	#DIV/0!	#DIV/0!
17. Total Maintenance/Service Cost (Line 16 x Line 11)	#DIV/0!	#DIV/0!	#DIV/0!
18. Annual Capital Costs (Corresponding column from Schedule C, Line E)	\$14,983,3487	\$256,116.4435	\$0.00
19. Total Cost of Converter (Line 17 + Line 18)	#DIV/0!	#DIV/0!	#DIV/0!
20. Number of Units in Service (Corresponding column from Schedule C, Line C)	1149	26816	0
21. Unit Cost (Line 19/Line 20)	#DIV/0!	#DIV/0!	\$0.00
22. Rate per Month (Line 21/12)	#DIV/0!	#DIV/0!	\$0.00

STEP E. Charges for Other Leased Equipment:	
23. Total Maintenance/Service Hours (Corresponding column from Schedule C, Line B)	0
24. HSC (Line 7)	#DIV/0!
25. Total Maintenance/Service Cost (Line 24 x Line 11)	#DIV/0!
26. Annual Capital Costs (Corresponding column from Schedule C, Line E)	\$0.00
27. Total Cost of Equipment (Line 25 + Line 26)	#DIV/0!
28. Number of Units in Service (Corresponding column from Schedule C, Line C)	0
29. Unit Cost (Line 27/Line 28)	\$0.00
30. Rate per Month (Line 29/12)	\$0.00

METHOD OF BILLING FOR CHANGING SERVICE TIERS OR EQUIPMENT (place an "x" in the appropriate box)

as a Nominal Charge (Enter the nominal charge in Line 34)

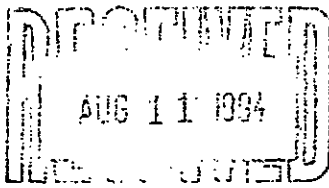
as a Uniform Hourly Service Charge

as an Average Charge (Enter the Average Hours for Changing Service Tiers in Line 36b.)

STEP F. Charges for Changing Service Tiers or Equipment	
31. Nominal Charges for Changing Service Tiers	
32. If you use an exclusive scale of charges, place an "x" in the box at the right.	
OR	
33. Uniform Hourly Service Charge	
OR	
34. Average Charge for Changing Service Tiers	#DIV/0!
35a. HSC (Line 7)	
35b. Average Hours to Change Service Tiers	
35c. Average Charge for Changing Service Tiers (Line 35a x Line 35b)	

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WORKSHEET FOR CALCULATING TOTAL EQUIPMENT AND INSTALLATION COSTS	
1. Total Capital Costs of Installation and Maintenance (Schedule A, Box 1)	\$169,049,5211
2. Total Annual Operating Expenses for Installation and Maintenance (Schedule B, Box 2)	\$1,277,793,06
3. Total Annual Capital Costs of Installation and Maintenance (Line 1 + Line 2)	\$1,446,842,5817
4. Customer Equipment and Installation Percentage (attach explanation)	0.2671
5. Annual Customer Equipment Maintenance and Installation Costs: Excluded Costs of Leased Equipment (Line 3 x Line 4)	\$379,316,7407
6. Total Capital Costs of Leased Customer Equipment (Schedule C, Box 3)	\$929,747,4267
7. Annual Customer Equipment and Installation Costs (Line 5 + Line 6)	\$1,455,064,5674
8. Percentage Allocation to Franchise Area (see instructions)	1
9. Allocated Annual Equipment and Installation Cost (Line 7 x Line 8)	\$1,455,064,5674
10. Monthly Equipment and Installation Cost (Line 9 / 12)	\$121,255,3806
11. Number of Basic Subscribers in Franchise	34518
12. Monthly Equipment and Installation Cost per Subscriber (Line 10 / Line 11)	\$3,5128
13. Inflation Adjustment Factor (See Instructions)	1
14. Adjusted Monthly Equipment and Installation Cost per Subscriber (Line 12 x Line 13)	\$3,5128



**SUMMARY SCHEDULE**

Current Equipment and Installation Rates	Permitted	Actual
<b>1. Charges for Cable Service Installations</b>		
a. Hourly Rate (Step A, Line 7)		
b. Average Installation Charges:		
1. Installation of Unwired Homes (Step B, Line 9a3)		
2. Installation of Wired Homes (Step B, Line 9b3)		
3. Installation of Additional Connections at Time of Initial Installation (Step B, Line 9c3)		
4. Installation of Additional Connections Requiring Separate Install (Step B, Line 9d3)		
5. Other Installations (specify) (Step B, Lines 9e3, 9e6, 9e9)		
a.		
b.		
c.		
<b>2. Monthly Charge for Lease of Remote Controls (Step C, Line 17, columns a-c)</b>		
Remote Control Type 1:	#D/V/M	\$0.00
Remote Control Type 2:	#D/V/M	\$0.00
Remote Control Type 3:	#D/V/M	\$0.00
<b>3. Monthly Charge for Lease of Converter Boxes (Step D, Line 23, columns a-c)</b>		
Converter Box Type 1:	#D/V/M	\$0.00
Converter Box Type 2:	#D/V/M	\$0.00
Converter Box Type 3:	#D/V/M	\$0.00
<b>4. Monthly Charge for Lease of Other Equipment (Step E, Line 33)</b>		
Other Equipment (Specify)	#D/V/M	\$0.00
<b>5. Charge for Changing Tiers (if any) (Step F, Line 34, 35 or 36c)</b>		

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*See attached  
5/13  
NMM*

**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 installations 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 504).

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 TCI OF COLORADO, INC. II	Signature <i>Nancy G. Murphy</i>
Date 8/11/94	Title NANCY G. MURPHY DIVISION RATE SPECIALIST

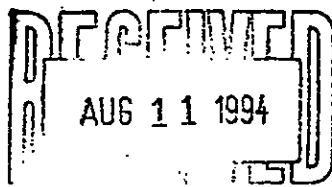
FCC FORM 1205  
 WORKSHEET FOR CALCULATING TOTAL EQUIPMENT AND INSTALLATION COSTS  
 ATTACHMENT

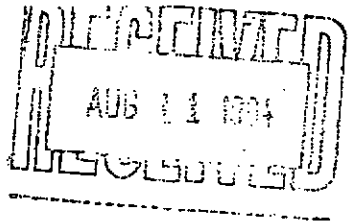
LINE 4

LINE 1.	Box 1 of Schedule A	\$	169,049.52
LINE 2.	Percentage of Line 1 equipment involved in maintenance and installation activities		0.2700
LINE 3.	Schedule A customer equipment maintenance and installation dollars (Line 1 x Line 2)	\$	45,643.37
LINE 4.	Schedule B Analysis End column total	\$	479,673.37
LINE 5.	Annual customer equipment maintenance and installation costs (Line 3 + Line 4)	\$	525,316.74
LINE 6.	Box 1 of Schedule A	\$	169,049.52
LINE 7.	Schedule B Analysis 100% column total	\$	1,277,793.06
LINE 8.	Total capital costs and operating expenses for installation and maintenance	\$	1,446,842.58
LINE 9.	Customer equipment and installation percentage, Line 4 (Line 5 / Line 8)		0.3631

SCHEDULE B ANALYSIS

LINE	Description	INSTALL /		
		100%	MAINT %	END
LINE 10.	Technical Salaries	\$ 661,224.82	0.2700	\$ 178,530.70
LINE 11.	Contract Labor	\$ 170,866.15	1.0000	\$ 170,866.15
LINE 12.	Maintenance/Operating Material	\$ 271,005.36	0.3000	\$ 81,301.61
LINE 13.	Freight	\$ 2,381.11	0.2700	\$ 642.90
LINE 14.	Converter Maintenance	\$ 2,475.06	1.0000	\$ 2,475.06
LINE 15.	Vehicle Exp-Gas & Oil	\$ 35,372.68	0.2700	\$ 9,550.62
LINE 16.	Vehicle Exp-Repairs & Tires	\$ 19,104.38	0.2700	\$ 5,158.18
LINE 17.	Vehicle Rental	\$ 0.00	0.2700	\$ 0.00
LINE 18.	Employee Benefits	\$ 49,241.02	0.2700	\$ 13,295.08
LINE 19.	Payroll Taxes	\$ 66,122.48	0.2700	\$ 17,853.07
LINE 20.	Total	\$ 1,277,793.06		\$ 479,673.37





TELE-COMMUNICATIONS, INC  
FCC FORM 1205  
PREPARATION DOCUMENTATION

This memo will serve to document in general terms the steps and methodologies behind the preparation of FCC Form 1205 for systems owned and/or managed by Tele-Communications Inc ("TCI"). Documentation will cover only those lines requiring manual or computer input and not those lines that are calculated mathematically or by obtaining information from another line.

FCC Form 1205 is being prepared in accordance with the General Instructions for Attachment of FCC Form 1205, Determining the Costs of Regulated Cable Equipment and Installation, page 9 Form 1200 instructions. Such instructions indicate that if the reporting unit's rates have been restructured to back out equipment and installation at cost based on a fiscal year for which the books have been closed prior to March 31, 1994 then that data may be utilized to complete a single Form 1205. Accordingly, TCI has utilized the equipment and installation cost data included in the reporting unit's FCC 393 for purposes of preparing the Form 1205 filed in conjunction with the reporting unit's Form 1200.

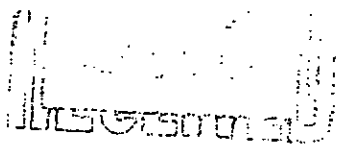
The cost data, subscriber information and converter unit information included in the Form 393s and utilized in the Form 1205s is included for the period closest to the initial date of regulation for which TCI had closed its books and for which the information is practically obtainable. The dates utilized are as follows:

Initial Date of Regulation prior to January 31, 1994:

Schedule A:	October 31, 1993
Schedule B:	December 31, 1992
Schedule C:	October 31, 1993
Subscribers/ Converter Units:	September 30, 1993

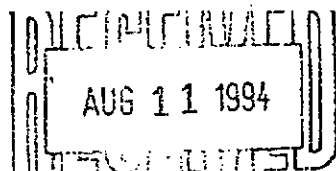
Initial Date of Regulation after January 31, 1994:

Schedule A:	December 31, 1993
Schedule B:	December 31, 1993
Schedule C:	December 31, 1993
Subscribers/ Converter Units:	December 31, 1993 or March 31, 1994



SCHEDULE A - CAPITAL COSTS OF SERVICE INSTALLATION  
AND MAINTENANCE OF EQUIPMENT AND PLANT

- Line A Represents the types of equipment necessary for installation and maintenance of cable facilities. TCI has identified these items as vehicles (accounts 2310.0000 and 2404.0000) and maintenance equipment (account 2300.0000)
- Line B Represents the gross book value of the equipment items listed in Line A at either October 31, 1993 or December 31, 1993. Gross book value is taken from the books and records of TCI.
- Line C Represents accumulated depreciation on the gross book value of the equipment items listed in Line A at October 31, 1993 or December 31, 1993. Accumulated depreciation is calculated using TCI's standard useful lives for the respective equipment items (5 years for vehicles and 10 years for maintenance equipment) on a straight-line basis (with half-year convention)
- Line D Represents the deferred tax balance associated with the items listed in Line A at October 31, 1993 or December 31, 1993. Deferred tax balances were calculated by multiplying the difference between the net book value and the net tax value by the sum of the Federal income tax rate (35%) and the applicable state income tax rate (net of the Federal income tax benefit). Net tax value was calculated using gross tax value minus accumulated tax depreciation.
- Where there is more than one reporting unit in the accounting unit (an accounting unit is the level at which TCI has historically accounted for the accumulation of costs in accordance with generally accepted accounting principles), TCI has allocated gross book value, accumulated depreciation and net tax value based on the proportionate number of subscribers in the community unit (franchise area) to the total accounting unit
- Line F Represents the required rate of return of 11.25%.
- Line G1 Represents the Federal income tax rate in effect during 1993 of 35%
- Line G2 Represents the reporting unit's applicable state income tax rate for 1993.
- Line G4a Represents 1993 interest expense for the entity (generally TCI) recognized for Federal and state income taxes purposes
- Line G4b Represents total net assets of the entity noted in Line G4a. Total net assets equal total property, plant and equipment minus accumulated depreciation, and total intangibles minus accumulated amortization.
- Line G6b Represents distributions made by partnership or joint venture systems managed by TCI during the year ended December 31, 1993. Amounts are included only for reporting units that are part of a partnership or joint venture.
- Line G6c Represents contributions received (cannot exceed amounts included on Line G6b) from those holding ownership interests in partnership or joint venture systems managed by TCI during the year ended December 31, 1993. Amounts are included only for reporting units that are part of a partnership or joint venture.



Line J \_\_\_\_\_ Represents annual depreciation expense for the items listed in Line A. Depreciation expense is calculated using TCI's standard useful lives on a straight-line basis (with half-year convention).

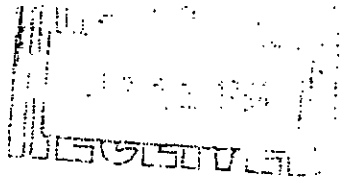
### SCHEDULE B - ANNUAL OPERATING EXPENSES FOR SERVICE INSTALLATION AND MAINTENANCE OF EQUIPMENT AND PLANT

Schedule B lists all annual operating expenses (excluding depreciation) for installation and maintenance of all cable facilities for the year ended December 31, 1992 or for the year ended December 31, 1993. Annual operating expenses for installation and maintenance of cable facilities are identified as technical salaries, contract labor, maintenance/operating material freight, converter maintenance, vehicle expense-gas and oil, vehicle expense-repairs and tires, vehicle rental, employee benefits and payroll taxes.

Technical salaries, contract labor, maintenance/operating material freight, converter maintenance, vehicle expense-gas and oil, vehicle expense-repairs and tires and vehicle rental expense amounts were obtained from the books and records of TCI. Employee benefits were calculated by multiplying the number of full time equivalent technical employees by \$2,100 (estimated average employee benefits per TCI employee as calculated by TCI's risk management department). Payroll taxes were calculated by multiplying technical salaries expense by 10% (estimated average payroll tax percentage).

### SCHEDULE C - CAPITAL COSTS OF LEASED CUSTOMER EQUIPMENT

- Line A Represents customer equipment for which there is a separate charge. TCI identified remotes, standard converters and addressable converters as those items of equipment which will have a separate charge.
- Line B Total maintenance/service hours are not included in Schedule C since the monthly charge for remotes and converters is not being recalculated at this time (i.e. not the annual filing of Form 1205).
- Line C Represents the number of units in service as of September 30, 1993, December 31, 1993, or March 31, 1994.
- Line D Represents the gross book value of the equipment items listed in Line A at October 31, 1993 or December 31, 1993. Gross book value (account 2110 0000) is taken from the books and records of TCI.
- Line E Represents accumulated depreciation on the gross book value of the equipment items listed in Line A at October 31, 1993 or December 31, 1993. Accumulated depreciation is calculated using TCI's standard useful life for converters (5 years) on a straight-line basis (with half-year convention).
- Line F Represents the deferred tax balance associated with the items listed in Line A at October 31, 1993 or December 31, 1993. Deferred tax balances were calculated by multiplying the difference between the net book value and the net tax value by the sum of the Federal income tax rate (35%) and the applicable state income tax rate (net of the Federal income tax benefit). Net tax value was calculated using gross tax value minus accumulated tax depreciation.



Where there is more than one reporting unit in the accounting unit TCI has allocated gross book value, accumulated depreciation and net tax value based on the proportionate number of subscribers or converter units in the community unit to the total accounting unit

TCI has historically recorded all costs associated with remotes, standard converters and addressable converters in one account (2110 0000). Accordingly to arrive at the gross book value, accumulated depreciation and net tax value account 2110.0000 was allocated between remotes, standard converters and addressable converters proportionately based upon estimated fair values. Estimated fair values are calculated by taking estimated costs for remotes (\$7) standard converters (\$38) and addressable converters (\$93) multiplied by the number of units in service. The proportionate fair value for each item to the total fair value was then multiplied by the total gross book value, total accumulated depreciation or total net tax value to arrive at the allocated amounts

Line J Represents annual depreciation expense for the items listed in Line A. Depreciation expense is calculated using TCI's standard useful life for converters on a straight-line basis (with half-year convention).

#### WORKSHEET FOR CALCULATING TOTAL EQUIPMENT AND INSTALLATION COSTS

- Line 4 Represents the percentage of costs and expenses entered on Line 3 (total annual capital costs of installation and maintenance) that relate to the maintenance of customer equipment and customer installations used to receive basic tier services. Calculated as the sum of the total of Box 1 of Schedule A and Box 2 of Schedule B (multiplied by the percentage of time technical employees spend maintaining customer equipment and performing service installation used to receive the basic service tier) divided by the total of Box 1 of Schedule A plus Box 2 of Schedule B
- Line 8 Represents the percentage allocation of Line 7 (annual customer equipment and installation costs) to the reporting unit. The allocation percentage for all TCI Form 1205s is 1.00 since the amounts included in Schedules A, B and C are already allocated to the reporting unit level.
- Line 11 Represents the number of basic subscribers to the reporting unit as of September 30, 1993, December 31, 1993, or March 31, 1994. Such dates approximate the dates of the information in Schedules A and C. The subscribers shown should generally equal the basic subscribers included in the reporting unit's FCC 393, Line 103
- Line 13 Represents the inflation adjustment factor. The factor of 1.00 was utilized since the information included in Schedules A and C (and Schedule B in certain cases) is for a period ending after September 30, 1993 (October 31, 1993 or December 31, 1993).



ATTACHMENT 2: ADDENDUM TO FINAL REPORT BY ASHPAUGH & SCULCO, CPAs,  
PLC AND FRONT RANGE CONSULTING, INC., TO THE PARTICIPATING LOCAL  
FRANCHISING AUTHORITIES REGARDING THE NATIONAL FCC FORM 1205 FILED  
BY COMCAST CABLE COMMUNICATIONS, INC., IN 2004 (January 18, 2005)

March 8, 2005



**Addendum to  
Final Report**

**By**

**Ashpaugh & Sculco, CPAs, PLC and**

**Front Range Consulting, Inc.**

**To**

**The Participating Local Franchising Authorities**

**Regarding the**

**National FCC Form 1205 filed by**

**Comcast Cable Communications, Inc.**

**In 2004**

**January 18, 2005**



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



Front Range Consulting, Inc.

## INTRODUCTION

Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc. (the "Consultants") provided to the Participants our Final Report on January 13, 2005. On review, one adjustment that was made to Comcast's National FCC Form 1205 (the "Filing") was not addressed. The following discusses and explains that adjustment.

## ANNUAL EMPLOYEE LABOR HOURS

Comcast calculated employee labor hours in each of the 20 sample systems for warehouse and dispatch, installation and technical personnel. In each calculation, Comcast started with the total number of annual working hours, 2,080, added overtime hours and then subtracted non-productive hours. The non-productive hours component was made up of 2 pieces – non-productive administrative hours and non-productive field hours. Non-productive field hours only applied to technical personnel.

Comcast was requested to provide support for non-productive administrative hours.

(For the Flint sample system) Question 28. Please provide detailed support for the amount of "373" for "Non-Productive Annual Hours" shown on "Attachment #1" worksheet. The support must include all studies, documents or other material used by the Flint personnel to support such amounts. To the extent the individual responsible for preparing such amounts did not use any supporting information, please state such and provide a detailed explanation for the source of the amount shown. Please provide the name and title of the individual supporting the hours shown on this schedule.

Response: Please see Exhibit 1205\_28\_082704.

This was the only response. This Exhibit is attached as Addendum Appendix A. This same response was consistent for each of the sample systems. The exhibit supporting the amount of "373" hours was identical in most cases.

The 373 hours consisted of the following – 80 hours of vacation, 60 sick leave hours, 80 hours for holidays, 49 hours for safety meetings and 104 other non-productive hours estimated at 25 minutes per day. The other activities included such things as completing paperwork, communicating with office personnel, completing time sheets and refueling vehicles. It should also be noted that the Exhibit is identified as "for systems owned and managed by Tele-Communications, Inc. ("TCI")". TCI has not owned or managed these systems for several years.

The hours are inconsistent with Comcast's policies. Comcast only has 6 paid holidays. Comcast does not have "sick leave", but has "flex hours". Comcast's calculation assumes



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



Front Range Consulting, Inc.

every employee uses 100% of all vacation, sick leave and holiday hours every year. The Consultants' analyses of other Comcast systems have shown that this is not the case and that the number of non-productive hours is significantly less than 373. Comcast has significant turnover in installation and technical personnel that result in less than 100% of vacation hours, flex hours and holiday hours being used, i.e. an employee terminates mid-year and does not receive compensation for July 4, Labor Day, Thanksgiving or Christmas. The Consultants' prior analyses also showed training hours exceed 49 hours per employee and the Consultants' calculation has increased this amount. As for other non-productive hours, Comcast has not supported the amounts and the Consultants' analyses from prior Comcast systems shows that 104 hours is overstated. As such, based on the best available information, the Consultants have reduced the amount of non-productive hours from 373 to 224 and reflected this adjustment in each sample system calculation of employee labor hours.

#### CONCLUSION

The Consultants recommend that the participating LFAs include this Addendum with the Final Report and accept the findings set forth herein.

Addendum Appendix A

**TOTAL PERSON HOURS FOR MAINTENANCE OF  
CUSTOMER EQUIPMENT AND SERVICE INSTALLATION**

Total person hours for maintenance of customer equipment and service installation (FCC Form 1205, Step A, Line 6) for systems owned and managed by Tele-Communications, Inc. (TCI) were calculated for each individual job category using the following methodology:

Regular Annual Working Hours	(A)	2,080	
Times: Annual Overtime Percentage	(B)	<u>105%</u>	
Total Annual Hours		2,184	
Less: Nonproductive Administrative Annual Hours	(C)	373	
Less: Nonproductive Field Annual Hours	(D)	<u>25</u>	(Technicians Only)
Total Annual Working Hours per Year		<u>1,786</u>	

The above calculation was formulated on the basis of the following:

- (A) Regular annual working hours available in one year was determined by taking the number of days in a normal year less total weekend days times the number of hours in a normal working day of eight (8) hours. The calculation can be demonstrated as follows:

Total days in a normal year	365
Less: Total weekend days in a normal year	<u>105</u>
Total working days in a normal year	260
Times: Normal working hours in a day	<u>x 8</u>
Regular Working hours available	<u>2,080</u>

- (B) The annual overtime percentage for each category of employees was determined using the following formula:

$$1 + \frac{1996 \text{ Overtime Salary} / 1.5 \text{ (Time and a Half Pay)}}{1996 \text{ Regular Salary}}$$

NOTE: The 5% amount shown above is an example, the actual overtime percentage will vary by job category.

- (C) The 373 nonproductive annual hours consist of vacation time, sick leave, paid holidays, safety meetings, and nonproductive hours and were determined as follows:

1. **80 Vacation Hours:** Vacation time was determined by taking average vacation days for technical employees of two weeks or ten working days. At eight hours per day, vacation time is equivalent to 80 hours.
2. **60 Sick Leave Hours:** Sick leave was estimated as 75% of the 80 hours allowed under TCI policy.
3. **80 Paid Holiday Hours:** Paid holiday time was determined by taking the number of paid holidays for all TCI employees of ten days. At eight hours per day, paid holidays are equivalent to 80 hours.
4. **49 Safety Meeting Hours:** Safety meetings are held once a week for one hour. All maintenance and installation personnel are required to attend. This safety meeting is required by TCI's policy to meet the Department of Labor, Occupational Safety and Health Administration safety standards. The estimate of 49 safety meetings is derived as 52 safety meetings less 3 meetings held while the employee is either on vacation or sick.
5. **104 Nonproductive Hours:** Nonproductive time is the average time per day a technician spends on performing duties such as completing field paperwork, communicating with office personnel, completing payroll time sheets, refueling vehicles, etc. (104 Hours)

Estimated nonproductive minutes per day	25
Divided by: Total minutes in 8 hour day	<u>/ 480</u>
Percentage of time spent on nonproductive duties	5%
Times: Regular working hours available per year	<u>x 2,080</u>
Annual nonproductive hours	<u>104</u>

(D) In addition to the 104 nonproductive administrative hours, non productive field hours are calculated for technicians in each individual system. These nonproductive field hours are obtained from the system technical P&L report and include service calls where no fault was found, the customer was not at home, and the customer canceled at the door.

NOTE: The 25 hours shown above is an example, the actual nonproductive field hours will vary by system.

0 • C  
80 • +  
60 • +  
80 • +  
49 • +  
104 • +  
373 • G+



ATTACHMENT 3: ERRATA TO FINAL REPORT ON THE COMCAST NATIONAL FORM  
1205

March 8, 2005





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

Ashpaugh & Sculco, CPAs, PLC  
1133 Louisiana Avenue, Suite 106  
Winter Park, FL 32789



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

**ERRATA**  
**TO**  
**FINAL REPORT**  
**ON THE**  
**COMCAST NATIONAL FORM 1205**

Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc. have identified two typing errors in the Final Report delivered to our participating LFAs on January 14, 2005. Those errors are:

- In Table 1 on page 5, the row identified as “unwired installation” in the third column reads “(\$13.35).” The correct figure should be “(\$14.35).”
- On page 24, the last line of the first paragraph under Table 3 beginning with “In sum,” contains the word “meet.” This word “meet” should be replaced with “met.”
- On page 31, footnote 29 should be corrected to replace “by 27” with “by 27%.”



ATTACHMENT 4: COMMENTS OF COMCAST CABLE COMMUNICATIONS, LLC ON  
THE FINAL REPORT AND ADDENDUM REGARDING THE NATIONAL FCC  
FORM 1205 (February 11, 2005)

March 8, 2005



**COMMENTS OF  
COMCAST CABLE COMMUNICATIONS, LLC  
ON THE FINAL REPORT AND ADDENDUM REGARDING  
THE NATIONAL FCC FORM 1205**

**COMCAST CABLE COMMUNICATIONS, LLC**

Peter H. Feinberg  
Associate General Counsel  
**Comcast Cable Communications, LLC**  
1500 Market Street  
Philadelphia, PA 19102  
(215) 320-7934

Steven J. Horvitz  
**Cole, Raywid & Braverman, LLP**  
1919 Pennsylvania Avenue, NW  
Suite 200  
Washington, DC 20006  
(202) 659-9750

Its Attorney

February 11, 2005

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**COMMENTS OF  
COMCAST CABLE COMMUNICATIONS, LLC  
ON THE FINAL REPORT AND ADDENDUM REGARDING  
THE NATIONAL FCC FORM 1205**

Comcast Cable Communications, LLC ("Comcast" or the "Company") appreciates this opportunity to comment on the Final Report and Addendum regarding the Company's 2004 National FCC Form 1205 (the "Report"), prepared by Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc. (together, the "Consultants").

It is clear that the Consultants and Comcast disagree about a variety of procedural and substantive issues, but the repeated suggestion that Comcast proceeded in bad faith is entirely unwarranted and inappropriate. In this regard, Comcast strongly objects to the Report's assertion that the Company "abused" the rate review process. The Company does not believe that this criticism is justified, and it will attempt to provide a more balanced perspective in these Comments. Comcast anticipates that each of the local franchising authorities ("LFAs") participating in this process will fairly consider these Comments in evaluating the reasonableness of Comcast's regulatory approach.

**I. THE REPORT ERRS IN ITS NEGATIVE CHARACTERIZATION OF COMCAST'S COOPERATION AND RESPONSIVENESS.**

The Report emphasizes Comcast's alleged failure to respond fully to each and every Request For Information ("RFI") propounded by the Consultants. An LFA reading the Report might mistakenly conclude that Comcast provided virtually no support for the Form 1205. That simply is not true. The Company responded to more than a thousand RFI questions and provided what amounted to more than three feet of material to the Consultants. Comcast also provided electronic access to thousands of the Company's vendor invoices.

Unfortunately, the Consultants' attempt to depict Comcast as unreasonable and uncooperative (so as to justify reliance on their own alternative Form 1205 calculations) omits the notion that an efficient regulatory process requires "cooperation" from both parties. The Report properly cites FCC precedent for the proposition that cable operators are expected to cooperate in the rate review process, but this same case law consistently conditions the operator's obligation on receiving "reasonable requests" from the LFA. Comcast appreciates that the parties may differ on what constitutes a "reasonable request," but the Consultants err when they dismiss *bona fide* concerns regarding an expansive and burdensome RFI as evidence of Comcast's bad faith.<sup>1</sup>

**A. The Report Mischaracterizes the Invoice Review.**

The Consultants' distorted perception of the regulatory process is perhaps best illustrated by their criticism of Comcast's reliance on existing financial records and its preference for responding to RFIs with relevant excerpts from the general ledger, rather than with boxes of invoices. *See, e.g.*, Report at 12-13. The FCC instructions to the Form 1205 plainly and unequivocally state that operators "should complete this Form using financial data from the company's general ledger and subsidiary records maintained in accordance with generally accepted accounting principles." FCC Form 1205 Instructions at 3. There is no suggestion in

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<sup>1</sup> Illustrative of the Consultants' antagonism to Comcast's *bona fide* concerns regarding the RFI process is their depiction of Comcast's efforts to move the review forward by seeking FCC guidance. The Report notes, "Comcast's filing of a Petition for Declaratory Ruling sought to short-circuit the normal process by asking the FCC to become involved before any of the resulting analysis and conclusions could be addressed by the participating LFAs." Report at 9. In fact, Comcast's FCC filing was well-intentioned. The Consultants and Comcast obviously disagreed as to the appropriate scope of review, and Comcast believed that it would be helpful to both parties if the FCC would quickly clarify this matter. Although the Consultants are certainly correct that disagreements can wait until rate orders are adopted and appeals are filed, Comcast generally prefers a more cooperative and less costly approach to resolving differences. Comcast filed the Declaratory Ruling Petition in pursuit of that objective.

those instructions that operators compiling the Form 1205 should ignore existing financial records and revisit each and every invoice.<sup>2</sup> Given the tremendous time and effort expended by a variety of Company personnel and outside auditors to ensure the accuracy of the Company's financial records, it is reasonable for Comcast to prepare the Form 1205, and for LFAs to review the Form 1205, in reliance on those records.

Comcast fears that the Consultants, in their zeal, have disregarded the "streamlined" objectives that are a critical part of the existing benchmark regulatory scheme and have turned this review process into something never intended by the Commission. With that said, Comcast acquiesced to the Consultants and provided access to all of the requested vendor invoices. Comcast made available an electronic document retrieval system that allowed the Consultants to view the requested invoices. Nevertheless, the Report complains that the Consultants' access to these vendor invoices "did not work well and was very cumbersome," Report at 13, and it implies that Comcast deliberately complicated the data access process to sabotage the review. These allegations are unwarranted. In truth, Comcast went to considerable effort to facilitate the Consultants' review.

The Company arranged for special access to the electronic retrieval system at separate offices in Leesburg, Florida and Denver, Colorado, so as to minimize any travel burden for the Consultants. Although Mr. Ashpaugh reports that the retrieval process at the Florida office was slow, he wrongly suggests that Comcast had a better option available.<sup>3</sup> The truth is that if

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<sup>2</sup> The FCC estimates that it will take just 20 hours for an operator to complete FCC Form 1205, "including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information." *Id.* at 5.

<sup>3</sup> Comcast disagrees that hard copies of the invoices would have been easier to work with, which is why the Company does not retain hard copies for its own use. If Comcast had hard copies of the requested invoices, they would have been provided to the Consultants.

Comcast were itself to produce every invoice the Consultants demanded, it would have had to go through the exact process that Mr. Ashpaugh found so unreasonable that he was unwilling to proceed.

Mr. Ashpaugh's complaint regarding his inability to access certain system information is also unfair. The Report fails to mention that Comcast gave Mr. Ashpaugh comprehensive lists of each and every invoice requested (including dates, invoice numbers, payee names, and dollars amounts) in advance of his visit to the Leesburg office. This information (which required many hours of work by several different Company departments to assemble) should have facilitated a targeted review, yet Mr. Ashpaugh did not even bother to bring that information with him. Comcast provided the lists a second time, and it was fully prepared to provide whatever additional instructions or repairs were necessary for Mr. Ashpaugh to complete his task.<sup>4</sup>

Although the Report complains that "Comcast has still never made the missing information available," Report at 13, the truth is the Consultants have had the option of accessing that information and chose not to exercise it. When Comcast staff returned Mr. Ashpaugh's call from the Leesburg office to see if they could help him resolve his apparent access problem, the offer was rejected. Mr. Ashpaugh explained, "I'm in my car on the way back to my office." He never returned, and Mr. Treich never visited the Colorado office made available to him.

Of course, the most remarkable aspect of this particular dispute is the fact that it involves a review of invoices. The scope of the Consultants' inquiry was truly extraordinary. Instead of criticizing Comcast for not making the invoice retrieval process even easier, the Consultants should be applauding Comcast for the extraordinary lengths it went to accommodate this review.

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<sup>4</sup> It should be noted that Comcast staff tested the electronic retrieval system both prior and subsequent to Mr. Ashpaugh's visit and had no difficulty retrieving the system information Mr. Ashpaugh claims he was unable to access.

Requests to review contractor invoices are exceptionally rare. In one instance when it did occur, Mr. Treich, who then led the regulatory accounting group responsible for rate filings at AT&T Broadband, instructed his staff not to provide invoices to regulatory consultants, because he regarded those requests as overly burdensome.

**B. Comcast Did Not Deliberately Complicate the Review Process.**

It is not reasonable to criticize Comcast for "making the RFI process an unnecessarily time-consuming and burdensome 'paper war,'" Report at 12, when the Consultants refused to rely on general ledger reports and demanded instead that Comcast produce actual vendor invoices. That extraordinary demand is irreconcilable with the interest the Consultants profess here in simplifying the review process and avoiding a "paper war." In any event, on at least two occasions, Comcast and the Consultants did attempt to schedule a conference call to discuss preliminary procedural matters. Comcast subsequently declined to participate in an informal discussion only when it became apparent that a conflict issue regarding Mr. Treich's prior work at AT&T Broadband needed to be resolved first.<sup>5</sup>

Comcast appreciates its responsibility to respond to RFIs issued by certified LFAs. In this case, however, it was far from clear whether the various RFIs forwarded by the Consultants were actually being issued on behalf of the LFAs. The consultants originally approached Comcast without identifying any of the LFAs they purportedly represented. Although a list was subsequently provided, at least one LFA who the Consultants claimed to represent told Comcast

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<sup>5</sup> The Consultants are similarly disingenuous in claiming that Comcast wanted RFIs mailed to the Company "for no apparent reason but with the effect of delaying the receipt and fulfillment of requests." Report at 12. As the Consultants are well aware, the e-mail delivery of RFIs during the week of August 23 contributed to a lock-up of "in box" capabilities of Comcast's Director of Rate Regulation. Comcast's request that RFIs be forwarded by mail was simply to avoid repeating that problem and to minimize the possibility of inadvertently deleting any of the RFIs.

otherwise. To make matters worse, there are now a number of LFAs who claim to be relying on the Report, but who were not identified as participants during the RFI process. It is hardly reasonable for an LFA to issue a rate decision based on alleged deficiencies in Comcast's RFI responses, when Comcast had no reason to believe it was responding to that particular LFA.<sup>6</sup>

**C. The Report Mischaracterizes Comcast's Level of Responsiveness.**

Although the Consultants complain that some of Comcast's answers were not adequately detailed, they fail to acknowledge that the Company actually responded to hundreds of questions within very short timeframes. Careful consideration of the examples the Report provides of Comcast's supposedly egregious misconduct fails to support the Consultant's negative characterization.

The Report, for instance, emphasizes Comcast's failure to "provide a signed letter from an Officer of Comcast certifying that ALL of these cost categories were unbundled in Schedule B in each and every original 1205 filed on or about August 12, 1994 by Comcast and its predecessors in interest with each of the LFAs where this National 1205 was filed." Report at 11. The Report concludes that the Company's refusal "is indicative of Comcast's belief that it may unilaterally decide what information it will provide to the participating LFAs." Report at 12. In fairness, Comcast repeatedly explained to the Consultants why factual circumstances made it "impossible to comply with this request." Report at 11. The Company went on to explain why it thought the request was improper, and it volunteered available information that it believed was relevant to this inquiry, even if not exactly what was requested. It is difficult to imagine what else Comcast could do in this circumstance.

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<sup>6</sup> Comcast objects to any LFA relying on the Report where there was never a notification by either the LFA or the Consultants during the review process that the LFA was a part of the group of LFAs who had retained the Consultants to review the Company's National Form 1205.

Comcast will address the substantive merits of the unbundling issue in the next section. The point here is simply that the Consultants err in impugning Comcast's commitment to cooperate based on an "impossible" request. The Consultants themselves are well aware that Comcast could not, in good faith, provide the requested certification. Comcast does not believe that the LFAs would want the Company to provide a false certification simply to appease the Consultants.

**II. THE REPORT ERRS IN PENALIZING COMCAST FOR ALLEGED UNBUNDLING INCONSISTENCIES.**

The Report repeatedly criticizes Comcast for failing to show that particular cost components included in the current Form 1205 filing (*e.g.*, bonuses/commissions, property taxes, and insurance) were "unbundled" in all of the original Form 1205 filings submitted more than a decade ago by the various companies that owned the many cable systems that now constitute Comcast.<sup>7</sup> It is perverse that Comcast is expected to rebut that criticism, when the Consultants already know the untenable position in which they have placed the Company. Indeed, Mr. Treich previously was the nation's leading proponent for eliminating any requirement that an operator show unbundling consistency. He properly recognized that such a requirement, even if once justifiable, has been rendered unworkable by the passage of time and changed circumstances.

Given the passage of more than a decade since the current era of cable rate regulation commenced, a categorical approach to unbundling is incompatible with ordinary business development. Surely an operator who failed to unbundle a very small cost component in 1993, that subsequently grew exponentially, should not be permanently precluded from including that

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<sup>7</sup> The Report errs in chastising Comcast for refusing to provide initial Form 1205 filings. The Company did provide copies of those filings for the relatively few sample systems for which the initial filings could be located.

escalating cost in its rate filings. A rigid unbundling cut-off is irreconcilable with changing business practices, particularly in the dynamic, technologically-evolving cable industry. Indeed, new costs may have arisen subsequent to 1993, and that hardly means that the recovery of such costs should be denied because they were not "unbundled."

Comcast explained in its Comments in the pending rulemaking on *Revisions to Cable Television Rate Regulation*, MB Docket No. 02-144, MM Docket Nos. 92-266, 93-215, CS Docket Nos. 94-28 and 96-157 (2002), that rigid adherence to "unbundling" principles increasingly threatens to undermine the viability of the benchmark regulatory scheme.<sup>8</sup> Indeed, the unbundling issue really should arise only when the LFA can demonstrate that the operator deliberately manipulated its initial and subsequent rate filings to evade the Commission's rate regulations. Cable operators should not, in fairness, be required to shoulder the insurmountable burden of demonstrating that each and every cost reflected in its current FCC Form 1205 was properly unbundled a dozen years earlier.<sup>9</sup>

The problem with the Report's draconian "unbundling" approach is manifest in its treatment of "bonuses/commissions." The Report claims that the "Consultants reviewed a number of 1994 Form 1205s and concluded that these items...do not appear to be part of the Schedule B amounts shown." Report at 15. The observation assumes that bonuses and commissions existed in 1993 and had a separate ledger entry at that time. In fact, it is possible that many of the system operators did not offer bonuses and commissions as part of their 1993 compensation scheme. It is also possible that these items did exist in 1993, but were not separately recorded in the financial records. In either instance, the Consultants would have

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<sup>8</sup> See Comcast Comments, *Review to Cable Television Rate Regulation* (submitted Nov. 4, 2002).

<sup>9</sup> Comcast recognizes that there is potentially conflicting FCC precedent, but this precedent does not address the circumstances of Comcast's current filing.



found no evidence on the initial Form 1205 filings that bonuses and commissions were unbundled in 1993, yet those items should clearly be included in the current Form 1205, even under a strict unbundling regime.

Although the Report suggests that bonuses and commission were not unbundled in the former AT&T Broadband / TCI systems, the basis for this assertion is unclear. To the best of Comcast's knowledge, the P&L statements used by TCI in the initial 1205 did not contain separate line items for bonuses and commissions. Those costs would simply have been entered as "Salaries." As such, they would have been unbundled as part of TCI's initial Form 1205 filings.

In any event, the Report goes no further than asserting that bonuses and commissions "were not unbundled by a *majority* of the systems." (Emphasis added.) Report at 15. The Consultants are effectively conceding that at least *some* of the systems did unbundle these costs. How, then, can the Consultants recommend that *all* bonuses and commissions be excluded today based on purported unbundling concerns?

This same problem exists wherever the Consultants reject a cost component based on purported unbundling concerns. In the case of insurance, for example, the Report notes, "The consultants' review of the prior Form 1205s filed by systems now part of Comcast has revealed that in *many* of these systems, the cable operator did not include insurance as part of Schedule B costs." (Emphasis added.) Report at 18. Again, the Consultants do not explain why even a rigid unbundling analysis requires an exclusion of *all* insurance costs from the current Form 1205. To the best of Comcast's knowledge, the Company's original Form 1205 filings included, among other things, property taxes, insurance, and office personnel. The Consultants do not acknowledge this fact, yet they have removed the contested costs from these systems as well.

### **III. THE REPORT ERRS IN ADJUSTING COMCAST'S ESTIMATED TIMES FOR INSTALLATION ACTIVITIES**

Among the remarkable proposals in the Report is the recommendation that the Company's own estimates of the time necessary to complete certain installation activities should be rejected and replaced by alternative figures created by the Consultants. The Consultants do not contest that a cable operator ordinarily can rely on the time estimates provided by its own field personnel, but they assert that the estimates in the case are unreliable because Comcast provided prejudicial "guidance" to the field. Report at 24. This is simply wrong and is one of many examples where the Report is based not on Comcast's costs but on the Consultant's unsupported postulations that are just not probative when compared to Comcast's own operating experience.

The so-called "guidance" Comcast provided was simply an identification of the preceding year's time figures. The instructions to field personnel make it clear that they are free to change those figures. In fact, field personnel frequently adjust the prior year's figure. Although the Report looks at four specific installation activities and concludes that "over half of the twenty sample systems appear to have followed the 'guidance' received from Comcast's corporate level," Report at 24, this is truly a "half empty" analysis. It is also true that of 80 surveyed responses (*i.e.*, 20 systems addressing 4 different installation activities), 34 responses (or more than 42%) were adjusted. In fact, a more comprehensive review of the field surveys reveals that each and every respondent adjusted at least one entry.

The point here is simple – there is nothing nefarious in Comcast's collection of field data. It is hardly surprising that the estimated time to complete certain installation activities did not vary from those reported for the prior year, as installation times tend to be relatively stable on a year-to-year basis. The record evidence clearly shows that field personnel were free to adjust

those figures based on their independent judgment and that they regularly exercise that prerogative.

The Consultant's manipulation of the "point system" used in Company's "work task tables" is equally disturbing, because by doing so they omitted a material component of the rate calculation – drive time. The Consultants, in effect, requested data from Comcast that was not developed for purposes of rate regulation and then used the data to create an alternative rate scheme. Comcast provided those work task tables to the Consultants because they explicitly requested this material. The Company never suggested that the work task tables (that are developed and used for very different purposes than rate regulation) should be controlling in this context.<sup>10</sup> To the contrary, the Company's response emphasized, "Comcast has used the past experience of its technical personnel to make their best estimate of average hours spent per installation activity." Report at 20. It reiterated, "The technical personnel rely upon the work task table and points assigned to **help** them determine the best estimate of average hours spent per installation activity." Report at 20. (Emphasis added.)

The Consultants had no basis to rely on the work task tables (rather than the field estimates). As the Consultants themselves recognize, the work task tables do not necessarily attempt to accurately track the time spent on particular tasks. This is well illustrated by the Flint, Michigan work task tables, which simply assign a single point to each task. Report at 21-22. Even in cases where the work task figures are more time sensitive, they do not comport with regulatory specifications. Among other things, the work task figures typically *exclude drive time*. Without an allowance for this drive time, Comcast could never be made whole for its installation and maintenance activities. It is for these reasons, that the field personnel might

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<sup>10</sup> The point system is typically used to help schedule work so that each installer/technician has a reasonable workload each day.

consider work task tables, but ultimately rely on their own best estimate in responding to the Form 1205 survey (which is precisely what the FCC expects).

**IV. THE REPORT ERRS IN ADJUSTING REPORTED HOURS.**

The Consultants wrongly contend that Comcast has underestimated labor hours used in the Form 1205 (and thereby improperly "loaded" the Hourly Service Charge) by overstating the average number of non-productive hours per employee. Their argument is premised on Comcast's decision to use the conservative hour methodology previously employed by TCI / AT&T Broadband (under Mr. Treich's direction). They claim that the "faulty supporting evidence" for that methodology is "inconsistent with Comcast's policies." Addendum at 1.

It was Comcast's intention in continuing to rely on the more conservative TCI / AT&T Broadband approach (which was previously used in TCI/AT&T's national filing) to avoid a dispute regarding changed policies. As the Report rejects this option, Comcast is compelled to update the previously reported figures to reflect the Company's current personnel policies. The update confirms that the original methodology used in the filing was an extremely conservative one. The 373 hour figure for "non-productive" time claimed in Comcast's filing actually *understates* the amount of non-productive time associated with Comcast personnel. The Consultants' unilateral reduction in the reported non-productive time by 30 percent (from 373 hours to 224 hours) is patently unreasonable.

The Company's current personnel policies allow:

- 56 holiday hours
- 24 floating holiday hours
- 64 flex time hours
- 80 to 160 vacation hours (depending upon years of service)
- Total potential paid time-off = 224 to 304 hours.

Remarkably, the 224 hour figure recommended in the Report exactly matches the amount of "leave" that the most junior Comcast employee receives. It falls well short of the "leave" available to more senior personnel, and it makes absolutely no allowance for any other form of non-productive time. As the Consultants themselves acknowledge, a substantial amount of safety training time needs to be added to this tally. Indeed, they volunteer that the 49 training hours originally reported understates actual training time. Addendum at 2. When these training hours are considered, the non-productive figure recommended by the Consultants becomes even more unrealistic.

The Consultants next assert that the additional 104 "non-productive" hours claimed by Comcast is overstated. Yet this tally amounts to just 25 minutes per day. The assertion that 25 minutes per day spent on a variety of "non-productive" tasks is overstated, makes no sense, particularly when one considers that this figure includes the drive time back from the final job of the day (which typically consumes 15 minutes). Once that drive time is deducted, only 10 minutes each day would be left for completing paperwork, communicating with technical supervisors and office personnel, submitting payroll timesheets, refueling vehicles, etc. The Consultants cannot possibly believe that 10 minutes per day on such tasks is excessive. In fact, Comcast suspects that the 104 hour it submitted is far too low.

In short, if any adjustment to the non-productive hours originally claimed by Comcast were warranted, it would be an increase, not a decrease.

**V. THE REPORT ERRS IN ITS TREATMENT OF THE STEP "A" ALLOCATION.**

At several different junctures, the Report criticizes Comcast for not providing sufficient detail for the Consultants to determine whether a particular cost component should be included in the Form 1205. The Report wrongly concludes that the allocation factor calculated in Step A

fails to remove all the costs that should be excluded from the equipment basket, and it recommends a dramatic and arbitrary reduction in the allocation factor to resolve this supposed problem. In so doing, the Consultants improperly reduce the Company's eligible equipment basket costs.

The Consultants clearly misunderstand the Step A allocation factor used by Comcast. They assert: "Comcast uses an allocation factor based on salaries and wages by determining the regulated portion and comparing it to total Technical salaries plus salaries for a group called 'Other'. **This does not include all salaries and wages within the system and, as such over-allocates costs to regulated services.**" (Emphasis added.) Report at 17. In fact, the Consultants are exactly wrong. The comparison of "regulated" compensation to "non-regulated" compensation *does* include in the latter group all salaries and wages within the system. That is accomplished through the inclusion of the "other" group in the calculation. It is precisely for this reason that Comcast's Form 1205 produces such a low allocation factor – just 16.27%. If, as the Consultants suggest, the allocation calculation began with just Technical Salaries in the denominator, the allocation factor would be much higher.

Comcast applies the Step A allocation factor to a relatively limited number of account entries that include at least some regulated activity. The low allocation factor used by Comcast ensures that certain "general" costs (like "Maintenance & Repair Costs" and "Property Taxes") are adjusted so only an appropriately small portion of those costs are assigned to regulated activities. The additional adjustments the Consultants propose would wrongly create a "double" deduction and artificially reduce equipment basket costs.

The Washington, DC sample system is a good example. A local allocation factor is developed to compare regulated activities to all other system activities. As a result, the total

Schedule B Salaries-Regular of \$10,860,397 was reduced by a 12.44% allocation factor to just \$1,351,033.

The problem with the Report's approach is manifest in their treatment of "Bonuses/Commissions." The Consultants insist that they need to know more details regarding bonuses/commissions (which appear under the "technical" category, as well as under other employee categories) to ensure that they are "actually related to regulated activities." Report at 16. They ultimately eliminate this cost entry entirely based on their "belie[f] that such bonus and commission plans are not tied directly to activities such as installation and are therefore not includable in the Form 1205." Report at 16. In fact, the entry needs to be included, because it is unquestionably part of the Company's overall compensation scheme. The existing allocation factor properly ensures that only a small portion of the total bonuses/commissions entry is included in the equipment basket. Removing that entry from consideration altogether gives an inaccurate picture of the total compensation scheme upon which the allocation factor functions. The Washington, DC example provided above illustrates that only 12.44% of local bonuses/commissions were included in the final Form 1205 Schedule B for this sample system.

## **VI. THE REPORT INCLUDES NUMEROUS ADDITIONAL ERRORS**

The Report recommends a variety of other erroneous adjustments to Comcast's rate filings. Comcast will highlight a few of those errors here so as to illustrate the pervasive scope of the Report's flaws.

### **A. Contractor Time**

The Report adjusts the contractor time reported by Comcast based on erroneous assumptions. As a preliminary matter, Comcast objects to the adjustments, because they are not adequately explained and Comcast has been unable to replicate the Consultants' results.

Comcast also disagrees that the Company's reported activity times should be averaged between "contractor" time and "in-house" time. The contractor time reported typically excludes drive-time, so any resulting average is distorted.

Comcast also objects to the Report's finding that "Drop activities are not part of the Form 1205 regulated activities, and their cost should not be included in the prices for installation activities." Report at 26. This assumption is wrong. Although the FCC typically specified which costs should be included in the equipment basket and which should be excluded, it afforded cable operators discretion with regard to the labor costs associated with drop installations. In *Comcast Cablevision of Tallahassee, Inc.*, 10 FCC Rcd. 7686 (1995), the Commission discussed the two available options for addressing drop labor. It concludes, "Comcast makes it abundantly clear that it elected to recover the cost of labor associated with the installation of subscriber drops through the installation charge." *Id.* at para. 36. The Commission went on to state that, given this election, "Comcast is required to include the labor costs and labor hours associated with subscriber drop installations in the calculation of the HSC." *Id.* The Report's exclusion of any contract labor costs or hours associated with drop installation contradicts this FCC mandate.

#### **B. Warehouse Personnel**

The Consultants remove warehouse personnel costs and labor hours from Schedule B based on the mistaken assumption that those costs and hours are already captured as capitalized costs on Schedule C. In fact, Comcast does not include any warehousing costs in Schedule C. All of the warehousing costs were properly reported on Schedule B.

Comcast can only assume that the Schedule C costs to which the Consultants are referring are those costs associated with the authorization of digital converters. These costs



(which are capitalized) are paid directly to the converter manufacturers. They are separate and apart from the costs Comcast pays to its own warehouse personnel for handling converter inventory. Accordingly, the assumption that Comcast is making a double-recovery on warehouse personnel costs is in error.

**C. Office Personnel**

The Report errs in concluding that Comcast did not adequately support its time estimates, because "Comcast did not provide the requested information for any of the sample systems." Report at 19. Comcast actually provided the Consultants in September 2004 with copies of the field survey sent to the sampled systems to develop time estimates. Comcast simultaneously provided completed copies of those same surveys in response to the sample system RFIs. Comcast also provided the Consultants with the requested work task reports in response to the sample system RFIs. The final four work task reports (which the Report erroneously claims were never provided, Report at 20, n.23) were sent to the Consultants on October 7 in a follow-up response.<sup>11</sup>

As the Consultants requested, the field surveys contained the names and titles of the system contacts for each sample system. These contacts were the personnel ultimately responsible for the information contained in the sample system support document that was provided with Comcast's response. In short, Comcast properly provided existing material responsive to the RFI.

**D. Inside Wiring**

The Report errs in eliminating 50% of the inside wiring trouble calls reported by Comcast simply because significant number of customers may subscribe to an optional wire maintenance

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<sup>11</sup> The follow-up response was provided as soon as the final documents were received from the field.

plan and not be separately "charged" for trouble calls. When Comcast prepares the Form 1205, it does not know whether a particular customer will be subject to the regulated rate charge. The only logical way for the Company to proceed is to complete the calculation as if every inside wiring trouble call will be regulated. If a particular customer ends up paying the Company on a different basis (*i.e.*, through the optional inside wiring plan), it does not change the fact that the regulated rate unit was properly set.

**E. Customer Trouble Calls**

The Report errs in reducing the 40 minute estimate provided by Comcast for customer trouble calls by 50 percent. Considering that the average drive time to a customer site is approximately 15 minutes, that would give each technician just 5 minutes to greet the customer, enter the customer's home, locate and check the cable equipment and various equipment interfaces, fix the problem (if any) with Comcast's equipment, explain the solution to the customer, get the customer's signature on the work order, and return to the truck. Many situations today involve sophisticated home theater systems, with a variety of video and audio interfaces, and it may take considerable time to identify and resolve a problem.

The Consultants err in assuming that the Comcast technician quickly exits a household upon determining that the problem is related to customer equipment. As a practical matter, to promote customer satisfaction, the technician will sometimes resolve the problem even when it is determined that the problem is not directly associated with Comcast equipment.

**F. VCR Connections**

The Report errs in eliminating any charge for VCR connections. Comcast gathered the available information from sample systems and provided that information to the Consultants. Although that information may have been limited, the Consultants concede that at least some of

the Field Data Reports did record VCR connection activities, Report at 31, and field personnel were able to provide time estimates for completing VCR connections. The limited records regarding VCR connections likely reflects the fact that many systems voluntarily forbear from imposing this modest fee on cable customers. That does not mean, however, that the systems are not entitled to impose such a fee.

**G. DVR Service**

The Report errs in asserting regulatory authority over Comcast's DVR service simply because that service happened to be inadvertently identified on certain rate cards as an "equipment" charge. As the Consultants do not dispute that DVR service can be offered on an unregulated basis, it would irrationally elevate form over substance to adopt a contrary approach based on a mistaken formatting of rate cards. The rate card error identified by the Consultants apparently occurred in the communities represented by the North Suburban Communications Commission in Minnesota, but that hardly justifies precluding a recovery of DVR service fees on a nationwide basis. The vast majority of Comcast's service areas followed corporate policy and properly identified the DVR fee as a service charge.

**H. Unreturned Equipment Charge**

The Report errs in asserting that charges imposed for unreturned equipment must be subjected to the Form 1205, particularly because some pricing flexibility is necessary in this area to deter theft. The Commission has never required that such charges be subject to regulation. There are no existing instructions to calculate this sort of a charge, and there is no place on the Form 1205 to make such a calculation.

An unreturned charge is assessed only when a customer fails to honor its obligation to return leased equipment, and it necessarily falls outside the ordinary Form 1205 restraints.

**VII. THE REPORT ERRS IN QUESTIONING THE STATISTICAL ACCURACY OF COMCAST'S SAMPLING.**

The end of the Report discusses a variety of different concerns that do not directly lead to a change in Comcast's Form 1205, but are apparently presented to cast further doubt on the integrity of that filing. Although Comcast will not address each of those concerns, it is compelled to respond to the criticism of the Company's sampling methodology. The criticism is disconcerting, because (to the best of Comcast's knowledge) neither Mr. Ashpaugh nor Mr. Treich is a trained statistician. Comcast (like AT&T Broadband before it) has relied on the statistical work of Robert C. Hannum, Ph.D. Department of Statistics and Operations Technology, Daniels College of Business, University of Denver.

Comcast shared the Report's purported concern that fewer "systems" are included in the sample than when Dr. Hannum first adopted a sampling methodology for TCI in 1996. Dr. Hannum provided the following explanation to Comcast:

The systems (management areas) are not smaller now, but larger. This is, in fact, why the sample size can be smaller; the larger population is divided into fewer systems and hence a smaller sample can capture more of the population. Note for example, that the average percentage of subscribers in the population captured in the four years since 2001 (including the current 2004 sample) when the sample was reduced to twenty because of the aggregation alluded to above is actually greater (32%) than that for the first five years when the sample size was forty (26%). It may help to consider in the extreme – if the population consisted of only one system, the necessary sample size would be just one system.

Accordingly, the Report's sampling concerns are ill-founded.<sup>12</sup>

**CONCLUSION**

Contrary to the allegations made in the Report, Comcast recognizes and respects the regulatory authority of its local franchise authorities, and it is committed to cooperating in the

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<sup>12</sup> Comcast disagrees with the Consultants that any of the minor adjustments made in the Form 1205 process affect the statistical accuracy of the established sampling methodology.

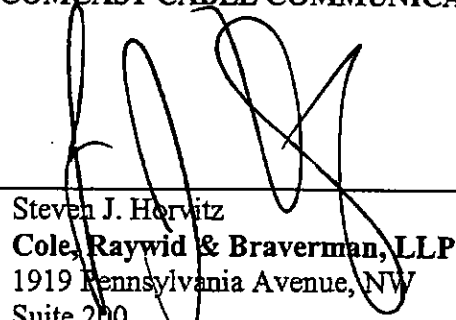
rate review process. It is essential, however, that LFAs and their advisors proceed in a reasonable fashion.

These Comments have identified several critical areas where the Report is deficient. The errors reflect mistaken assumptions and conclusions by the Consultants. In some areas, the Consultants misunderstood or misconstrued Comcast's submission. In other areas, they wrongly discredited and discounted Comcast's filings and concerns. These errors must be corrected, because they materially and unreasonably reduce Comcast's equipment and installation rates. Alternatively, the Report should be rejected in its entirety.

Respectfully submitted,

**COMCAST CABLE COMMUNICATIONS, LLC**

Peter H. Feinberg  
Associate General Counsel  
**Comcast Cable Communications, LLC**  
1500 Market Street  
Philadelphia, PA 19102  
(215) 320-7934



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Steven J. Horvitz  
**Cole, Raywid & Braverman, LLP**  
1919 Pennsylvania Avenue, NW  
Suite 200  
Washington, DC 20006  
(202) 659-9750

Its Attorney

February 11, 2005

**DECLARATION OF WARREN O. FITTING**

I, Warren O. Fitting, declare under penalty of perjury, that the statements made herein are true and correct:

1. I am the Director, Rate Regulation for Comcast Cable Communications, LLC. I am the individual at the Company responsible for overseeing the development and submission of the Company's national FCC Form 1205 filing.
2. I previously was employed by TCI and AT&T Broadband. My work at those companies involved rate regulation, and my supervisor was Andrew Elson, who reported to Richard Treich.
3. I have reviewed the attached Comments. I am familiar with the matters addressed in the Comments. The factual statements made therein are accurate to the best of my knowledge and belief.

2/11/05  
Date:

Warren O. Fitting  
Warren O. Fitting

ATTACHMENT 5: SUPPLEMENTAL REPORT OF ASHPAUGH & SCULCO, CPAs, PLC  
AND FRONT RANGE CONSULTING, INC., TO THE FEBRUARY 11, 2005  
COMMENTS OF COMCAST CABLE COMMUNICATIONS, LLC ON THE FINAL  
REPORT AND ADDENDUM REGARDING THE NATIONAL FCC FORM 1205  
(February 2005)

March 8, 2005





**Supplemental Report  
of  
Ashpaugh & Sculco, CPAs, PLC and  
Front Range Consulting, Inc.  
To  
The  
February 11, 2005  
Comments  
Of  
Comcast Cable Communications, LLC  
On  
The  
Final Report and Addendum  
Regarding  
The  
National FCC Form 1205**

**February, 2005**



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



Front Range Consulting, Inc.

## I. INTRODUCTION

The various rate regulation authorities participating in the review of the national FCC Form 1205 provided Comcast Cable Communications, LLC ("Comcast") with an opportunity to provide written comments on the Final Report ("Final Report") and Addendum to Final Report ("Addendum") prepared by Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc. (individually and collectively the "Consultants"). More specifically, Comcast was given a period of twenty-eight (28) days to respond to the Final Report (*i.e.*, January 15, 2005 through February 11, 2005 – the deadline established in the extension agreement between Comcast and the participating rate regulation authorities). The Consultants received Comcast's written comments on the Final Report by electronic mail on February 11, 2005 (the "Comments"). The following Supplemental Report will address those Comments.

## II. SUMMARY

The substantive portions of Comcast's comments have generally not provided any information that convinces the Consultants to alter the recommendations contained in the Final Report.

Comcast does not challenge many of the adjustments made by the Consultants. For example, Comcast does not challenge the adjustment made to Converter Repair and Maintenance. This adjustment removed ten percent (10%) of the costs of this category because an invoice review showed cable modem costs were included in the general ledger accounts for converters.

With respect to those adjustments Comcast does challenge, many of the criticisms are misplaced. Comcast spends a significant amount of its comments criticizing Consultants personally. Such criticisms do not support Comcast's proposed rates, and for that reason there is little reason to focus on them in this report (even though we disagree with the company's claims). Likewise, Comcast argues that the Consultants asked for an unreasonable amount of detail, arguing, for example, that a review of invoices was unnecessary (Comments at 2-5). Detailed supporting information was required because Comcast's generalized statements proved unreliable. Comcast, for example, assured Consultants that cable modem costs were not included in the accounts used to prepare the Form 1205. The Consultant's review of individual invoices showed that the company's representation was not accurate.

In any case, with respect to the disputed adjustments, the data Comcast produced in support of its filing contains enough errors, conflicts and omissions that one cannot conclude that Comcast's proposed rates reasonably reflect costs. Consistent with FCC rules, the Consultants therefore set rates based on the best data available.



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### III. ISSUES NOT ADDRESSED BY COMCAST

Comcast's Comments do not address many of the issues raised in the Final Report and Addendum. Detailed below is a listing of the areas where Comcast has not provided any response or comments to the Consultants' Final Report and Addendum.<sup>1</sup>

- Bonuses and Commissions (discussed in Final Report, VIII.A) – Bonuses and commission were disallowed because (a) Comcast failed to show that they had been unbundled from service rates; but as importantly (b) because Comcast did not show the bonuses and commissions were related to regulated equipment. Comcast does not address the second point, which by itself justified disallowance of the bonus and commission plans.
- Installation Times (Final Report VIII.K) – Consultants pointed out that Comcast's selected installation times did not match the times recommended by their own analyst, Dr. Hannum, and noted that Comcast had not justified its own choices. Comcast does not challenge this conclusion. Other adjustments made by Consultants to installation times that were challenged by Comcast are discussed below. However, this admitted error is significant, and by itself indicates that Comcast's proposed rates are unreasonable.
- Contract Labor (Final Report H.2). The Consultants explained that contract labor estimates included time spent on activities that are not properly included in setting equipment rates. Comcast did not challenge this conclusion, but in its Comments proposes no adjustment to rates to correct this error. (The company does challenge the Consultants' exclusion of labor time associated with installing a drop to the subscriber's home, but that was only one of the activities improperly included in the labor estimates).
- Payroll Taxes (Final Report VIII.D) – Comcast did not address this area at all, however, this adjustment would follow the treatment of bonuses and commissions.
- Other Converter Asset Costs (Final Report VIII.O 2-3) – Comcast provided no comments with respect to this issue.
- CableCARDS (Final Report VIII.P.1) – Comcast did not provide any comments on this issue.
- HDIV Installations (Final Report VIII.Q) – Comcast did not provide any comments on this issue.

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<sup>1</sup> Comcast has attempted to preserve its rights to raise additional points later by including such general statements as "Comcast will highlight a few of those errors here so as to illustrate the pervasive scope of the Report's flaws" (See Comments at 15) However, we understand that Comcast was required to submit all its comments by February 11.



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Based on Comcast's admission and comments alone, it would be fair to conclude that Comcast's proposed rates were unjust and unreasonable.

#### IV. ADJUSTMENTS

##### A. Unbundling

The FCC Form 1205 sets rates for regulated equipment. The FCC Form 1240 sets rates for service. Both forms are filed annually. The FCC's rate regulation system required operators to remove all regulated equipment-related costs from service rates, so that equipment and service costs could be set separately. "Unbundling" equipment costs from service rates was critical to the integrity of the scheme. An operator that left an equipment-related cost in service rates was able to keep service rates higher. If that operator then later included the equipment cost in a Form 1205 filing without making an offsetting reduction in service rates, the operator would be recovering the same cost in service rates and equipment rates -- a double recovery. The FCC has generally refused to accept cable operator methodologies that result in such a double recovery.

In 1999, the FCC applied this rule in reviewing a national rate filing made by a cable operator, TCI. (See e.g., *In the Matter of TCI Cablevision of Oregon, Inc. d/b/a TCI of Tualatin Valley, Inc.* DA 99-2227 (1999)<sup>2</sup>) According to TCI, its national rate filing set equipment rates for systems where a particular equipment costs had been unbundled and also for systems where the same cost had not been unbundled. TCI argued that it would be too burdensome to require the company to ensure that costs had been unbundled everywhere, particularly in light of the time that had passed since the initial unbundling, and in light of the fact that many of the systems covered by its filing had been owned by different companies initially. The Commission, however, concluded that unbundling was required: "nothing" permits operators to "recover the same costs through both programming and equipment rates."

This case, like the *Tualatin* case, involves a national filing that combines costs from systems that had been previously owned by several different cable operators. The costs identified in each initial 1205 with each of the participating LFAs on this project originally related to local or regional filings. Each filing was unique, and filings in one region did not always use the same methodology for unbundling as in another region, even within the same company. Consultants, relying in part on their experience in reviewing past equipment filings, identified costs where (a) they knew that unbundling had not occurred for at least some of the systems covered by the filing; or (b) the cost item had not previously appeared in local Form 1205 filings. Absent some

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<sup>2</sup> See also *Jones Communications of Georgia/South Carolina, Inc. d/b/a Jones Communications* (Savannah and Chatham County, Georgia), DA 04-2448 (August 4, 2004)



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proof that a cost item which was making its initial appearance on a form was in fact a new cost item, it was reasonable to assume that the cost had not been unbundled in the past.

The Final Report found that Comcast had failed to show that unbundling had occurred with respect to costs associated with office personnel and warehouse personnel, insurance, property taxes, maintenance and repair – plant and equipment, and bonuses and commissions.<sup>3</sup> With respect to each of these costs, there were also significant additional reasons for reducing or removing the proposed cost from rates.<sup>4</sup>

Comcast's Comments beginning on page 7 regarding the "unbundling" issue appear to admit that its approach to unbundling is inconsistent with some FCC precedent. It argues that the precedent should not be applied in this circumstance, because of the passage of time, business complications and burden. Similar arguments against unbundling were raised and rejected by the FCC in *Tualatin Valley*, and Consultants have been presented with no facts that would justify a different approach here.

The company does not challenge the conclusion of Consultants that costs associated with office personnel and warehouse personnel, insurance; property taxes, maintenance and repair – plant and equipment, and bonuses and commissions were not uniformly unbundled. Comcast argues (Comments at 9) that disallowing costs based on unbundling concerns is inappropriate since some systems may have unbundled, even if others did not.<sup>5</sup> However, that was also the case in *Tualatin Valley*, where the Commission emphasized that it was incumbent on the operator to fully unbundle costs if it wished to recover them through a national filing.

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<sup>3</sup> Comcast's data responses showed that costs had not been fully unbundled. Systems previously owned by TKR, for example, had not unbundled insurance and property taxes. As another example, prior filings made in Denver and Montgomery County did not include costs the company included in the Form 1205 in this filing. While the company states (at p. 9) that to the "best of Comcast's knowledge" filings covering systems it owned in 1993 unbundled insurance costs, property taxes and office personnel, those systems would represent only a small percentage of the systems covered by the current national filing. In addition, Comcast does not state that even the systems it owned unbundled bonuses and commissions.

<sup>4</sup> Concerning bonuses and commissions, the Consultants specifically requested information and support for the reason Comcast believed bonuses and commissions were applicable to Form 1205 regulated activity. Comcast did not provide it. As far as the Consultants know, the bonuses and commissions could well relate to sales and installation activity associated with cable modems. Even if bonuses and commissions were properly unbundled in the 1994 Form 1205, such costs would only be included in the instant 1205 to the extent the costs related to regulated activity. No such relationship has been demonstrated or supported by Comcast.

<sup>5</sup> Comcast would apply this rule even if the majority of systems had failed to unbundle the costs. Comcast does not appear to challenge the Consultants' assertion that unbundling had not been performed in a substantial number of the systems.



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Comcast argues (Comments at 8) that bonuses and commissions *might* have been unbundled because they *might* have been included in line items for salaries. Likewise, the company argues that bonuses and commissions *might* be new costs. However, nothing presented to Consultants and nothing in Comcast's comments actually show that bonuses and commissions were included in other costs and unbundled for the systems covered by the Filing, and nothing shows that the costs are new costs. What is clear is that the bonuses and commission cost item did not appear in several previous Form 1205s (Montgomery County is one example). Comcast's speculative argument effectively proposes to include costs if one can imagine that they might have been unbundled in some cases. But *Tualatin Valley* appears to require companies to take steps to ensure unbundling occurs. That has not occurred, as far as the record shows.

Finally, Comcast argues that Mr. Treich of Front Range Consulting, Inc. opposed unbundling when he worked in the cable industry. The comment is surprising in light of the fact that the authors of the Comcast comments were involved in obtaining Mr. Treich's agreement to refrain from consulting on unbundling issues in a Comcast FCC Form 1205 until December 31, 2005 (an agreement Mr. Treich has honored). Comcast cannot legitimately ask for Mr. Treich's exclusion from this issue in this analysis and then make assertions concerning positions he may or may not have taken in the past. But even if Comcast's statement above were accurate, positions taken on behalf of a former employer cannot be used to trump what is now Commission precedent.<sup>6</sup>

The FCC's orders require the use of nationally aggregated 1205s to be revenue neutral.<sup>7</sup> Fundamental to that neutrality is that additional costs cannot be added into the 1205 simply because it is compiled on a national basis as opposed to the local basis that had been used previously. Comcast would have to exclude costs from a local filing that had not been unbundled; if it could include them in a national filing, the effect would not be neutral, as the aggregate rates with these costs added would be higher than they would have been in the separate local filings combined. Under the circumstances, particularly in light of the significant evidence that the filing includes costs that have not been unbundled, the unbundling adjustments proposed are appropriate.

#### **B. Estimated Times for Installation Activities**

As the Final Report explained, Comcast gave the Consultants limited and conflicting data with respect to installation times. Comcast asked local systems to provide it with estimates of times required for installation. Comcast also provided the local systems with an unsupported estimate

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<sup>6</sup> Mr. Treich can neither verify nor deny the accuracy of the statement because of his agreement to not participate in unbundling issues.

<sup>7</sup> See FCC 96-257, paragraph 21.



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from the corporate office purportedly reflecting the time reported on the previous year's Form 1205, which related only to the former AIT Broadband systems. As Comcast notes in its Comments, this estimate was adopted in more than half the cases. Comcast also relied upon the point system that is used to schedule installations to develop install times.

This data points in very different directions. As Comcast notes in its Comments at 10, "installation times tend to be relatively stable on a year to year basis." Yet as the Final Report indicates, there was in fact significant variation between (a) installation times gathered from systems and used in the national filing and (b) installation times that had been used previously for the same systems.<sup>8</sup> Comcast did not explain the variation.<sup>9</sup> The point system is used to schedule trips and appointments, and therefore should provide dispatchers with a relatively accurate estimate of the time required to perform typical tasks. Yet there was a significant difference between installation times derived from the point system and the results of the field surveys. Similarly, there is no explanation for the difference in install times for employees and contractors, yet contractor install times were lower than employee install times.

Adding to the complication were at least two other factors. First, the install estimates used by Comcast appeared to mix activities properly included in the Form 1205, and activities that should be excluded from the Form 1205. Second, in the national Form 1205, Comcast did not provide the breakdown of installation activities by task, and thus provides a means for checking the reasonableness of estimates and ensuring only appropriate costs are included in the Form 1205.

Given the significant problems with the data, Comcast's failure to explain the variations from estimate to estimate, and the failure to separate out tasks properly included in the Form 1205 from those that are not properly included in the Form 1205, Comcast's install estimates could not be used.<sup>10</sup> The Consultants in the Final Report therefore made two general changes to Comcast's estimated times for the installation activities by employees: (1) a reduction in the un-wired and

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<sup>8</sup> Comcast set national installation rates based on install times estimated for a sample of systems. The Consultants looked at past installation time estimates for some of the sample systems, and sought to determine whether the difference between the past estimates and those used in the current filing could be explained. Comcast could not explain the differences.

<sup>9</sup> For example, page 23 of the Final Report points out that Comcast significantly lowered the amount of time to do an install in the Flint MI system. Comcast was asked to support this adjustment but it did not do so. (See Final Report at 22.) Absent some explanation, the variation suggests that either the estimate used in this filing by Comcast or the past estimate was incorrect.

<sup>10</sup> The Consultants asked for documentation that would explain the estimates used by Comcast and received only vague and partial responses. (See Final Report section H at 21.) It is still unclear, for example, what led personnel to depart from times reflected in the prior estimates, corporate guidance or the point system and substitute an alternative times.



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pre-wired installation times to reflect times related to drop activities (*see* Final Report at 27); and (2) a reduction in the installation times for some sample systems where Comcast provided sufficiently detailed point system data to derive an installation estimate.<sup>11</sup> Comcast's comments are almost entirely devoted to these two adjustments, rather than a defense of its own estimates.

Comcast challenges the use of certain point system data rather than the information Comcast obtained in its limited field surveys. Consultants chose that data as the most likely to be reliable for at least four reasons. First, because the point system is used for scheduling, and failure to schedule properly can result in violations of customer service standards, that system appeared likely to provide a reasonable benchmark for times associated with certain tasks. Second, because the point system is not simply used for rate regulation purposes, it appeared less likely to be manipulated purely for rate regulation purposes. Third, the point system appeared to be more consistent with contractor time estimates. Fourth, Comcast's sample system personnel used the data in part for their own estimates.

None of Comcast's criticisms justify rejecting Consultants' approach and adopting Comcast's estimates instead. Comcast argues that the point system used by the Consultants to make the minor adjustments to the installation times "typically exclude drive time." (*See* Comments at 11.) There is no evidence that is the case. To the contrary, in the data for the New Haven, CT system, Comcast provided the point system for an "A/O at time of install" and an "A/O separate trip." As the only difference between the activities listed could be "drive time," Comcast cannot explain that the points for the "A/O at time of install" are 8 and the points for the "A/O separate trip" are 10. As each point is 5 minutes, this would equal an estimated drive time of 10 minutes. Interestingly, in the New Haven case, the point system yields times higher than those estimated by the system personnel; these higher times were included in the adjustment recommended by the Consultants on page 24 of the Final Report.

Comcast also argues that its point system for some systems (the Flint, Michigan system, for example) appears completely unrelated to the time required to complete particular tasks. Consultants agree. The Final Report only made adjustments based on the point system where the point system was sufficiently detailed to allow for an adjustment to be made.

Comcast's other criticism of the installation time analysis is a red herring. Its Comments on page 10 begins by suggesting that the Final Report concludes that the install estimates are unreliable because Comcast provided prejudicial guidance to the field. That is not the case. The

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<sup>11</sup> The point system was not used where it was apparent that it was not an accurate indicator of times spent on a task (*see* discussion below). Where the point system could not be used, Consultants were forced to use the Comcast installation estimate, adjusted to remove tasks that should not be included in the equipment basket. Thus, the Final Report did not reject the unsupported installation times but rather began with the installation times Comcast used in the Form 1205 and made adjustments based on the "best available information" to reflect a more reasonable time estimate. (*See* Final Report at 27.)





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Consultant's conclusions were based on a variety of facts that indicated the installation estimates are unreliable, discussed in the Final Report and above. While the manner in which "guidance" was provided was of some concern, the problem here is that Comcast failed to support its choice of installation estimates.

The adjustment for drop times is discussed in Part IV. E, below.

### C. Adjusting Reported Hours

As part of the calculation of the Hourly Service Charge, it is typically necessary to reduce total employee hours by unproductive hours.<sup>12</sup> In its Addendum, Consultants pointed out that Comcast has reduced reported employee hours by 373 hours based on TCI's 1996 data regarding employee policies and practices. Consultants pointed out that Comcast's current policies and practices are not the same as TCI's policies. In response, Comcast does not defend its use of the TCI data.<sup>13</sup> Instead it introduces new information in its Comments that it did not use in its Filing and did not provide to the Consultants. (See Comments at 12.) By the introduction of this new information, Comcast is conceding that the information used in the Filing cannot be relied upon to establish unproductive hours.

Comcast argues that given the total potential paid time-off under Comcast policies (224-304 hours) plus 104 of administrative hours per year plus 49 hours of training, no adjustment is required to the 373 hours estimate. This argument assumes that every employee takes full advantage of every hour of every holiday, floating holiday, flex time and vacation during the year. The Consultants' analyses of other Comcast filings over the last several years have consistently found that this assumption is not justified. (See Addendum at 2.) Comcast has high turnover in installation and technical positions. The weighted averages of actual time associated with each category (holiday, floating holiday, flex time and vacation) fall far short of the total available. If Comcast is seeking to justify the 373 hours by arguing that the 104 administrative hours is actually too low, that effort too, should be rejected. Comcast was specifically asked to provide detailed support for this amount, *see e.g.*, question 26 of the Wildwood NJ sample system data request, and it failed to do so. It cannot now propose some

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<sup>12</sup> The Hourly Service Charge that Comcast can charge for installation and certain other activities basically is calculated by identifying costs associated with installation -type activities, and dividing those costs by the total number of employee hours devoted to those activities. If the number of hours reported is reduced, the Hourly Service Charge increases. Both Comcast and Consultants agree that non-productive hours have to be excluded.

<sup>13</sup> Comcast states its "intention" in using the data was to use "a more conservative approach" and avoid disputes Comcast Comments at 12. Comcast thus seems to admit that it intentionally reported hours it knew were not reflective of its own practices. There is a conflict here that calls into question the reliability of any attestations made by the company



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substantially higher amount based on mere assertion. The Consultants continue to support the adjustment in the Final Report.

#### D. Treatment of the Step A Allocation

The Step A Allocation relates to adjustments to maintenance and repair – plant and equipment (Final Report VIII.C); Payroll Taxes (Final Report VIII.D); Property Taxes (Final Report VIII.E) and Insurance (Final Report VIII.F). This allocation is designed to ensure that a fair share of these general costs are reflected in equipment rates – but no more than a fair share. As the Final Report explains, in each instance the company uses an allocation factor that shifts to regulated equipment expenses that should be attributed to unregulated services or equipment.

Comcast's Comments provide no new information or facts to support any changes to the Consultants' Report with respect to the allocation in Step A of the Form 1205. (See Comments at 13.) Comcast's page 255 of the sample data shows the "Schedule B Support" and the "Calculation of the Schedule B %." This percentage is carried forward to "Page 3" of the sample data where it is used to allocate all of the following costs to regulated 1205 activity: Salaries – Regular, Salaries – Overtime, Salaries Bonuses, Commissions, Employee Benefits, Operating Supplies, M&R Plant/Building, M&R – Equipment, Utilities, Rentals/Lease Expense, Vehicles – Gas & Oil, Vehicles – Maintenance, Payroll Taxes, Property Taxes and Insurance. This allocation percentage is calculated on page 255 as follows: Total salaries and overtime related to regulated activity divided by Total salaries and overtime. However, the "Totals" are only for the Technical Department. For the Wildwood system, the calculation results in a percentage of 16.35% based on the total number of Technical Department employees of 37.50, consisting of 17.14 Installers, 9.61 Technicians, 1.00 Dispatchers 1.75 Warehouse Staff, and Other 8.00, and the associated salaries and overtime of each. No other departments are included in the calculation. The calculation does not include Administrative and General or Marketing personnel. Yet it is used by Comcast to allocate rent/lease expenses, property taxes and insurance to the Filing. The Consultants limited review of a sample of invoices clearly and positively shows costs included in rent/lease expense and property taxes that are associated with administrative offices, customer service locations, and bill payment facilities. (See Final Report at 17 and 18.) The Consultants contend that the costs for marketing and administrative personnel are not included in the "Other" category and therefore allow the categories of rent, property taxes, insurance, etc. to be over allocated to the regulated activities.

Comcast's allocation of these costs in the Filing to the equipment basket in this manner is incorrect. On page 255 of Comcast's Chicago sample system, Comcast identifies 331.75 employees in the "Other" category summing to a total of 586.75 "Total Technical" employees. (Emphasis added) This amount of 586.75 employees would not therefore include the administrative, marketing, customer service and other employees.



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Comcast's Comments on page 14 that its "16.27%" is "such a low allocation factor" is unsupported.<sup>14</sup> In Detroit MI, Comcast's 2004 1205 filing showed the percentage of technical salaries for installation and maintenance (\$147,443) to total system salaries (\$15,277,275) was 0.97% for the year 2003 – the same year used in the Filing. Typically, this percentage is less than 4.0%. The Consultants did not use the results of the Detroit MI analysis but conservatively reduced the percentage allocation by 2/3 to account for the administrative, marketing and customer personnel based on the Consultants' best available information.<sup>15</sup> The Consultants request that the participating LFAs reject Comcast's position and adopt the adjustments in the Report.

#### E. Contractor Time

Comcast raises two substantive and one procedural objection to adjustments related to contractor time.

First, in the Final Report, VIII.K, the Consultants concluded that Comcast had improperly used only installation time estimates for in-house personnel in calculating the time required for an installation. As discussed at pages 25-27 of the Final Report, installations performed by contractors represent the majority of installs, and if contractor install time is different from the time reported by employees, it needs to be taken into account to come up with an appropriate average installation time. The best available data indicates that there are substantial differences in employee-reported installation times and contractor-reported installation times, and so the Final Report developed an average installation time based on the information available.

Comcast objects that contractor time "typically" does not include drive time. (See Comments at 16.) First, that statement is unsupported. Second, by use of the word "typically" Comcast admits that drive time is not always excluded – and it is not clear it is excluded from any of the sample systems. Third, the in-house estimates for installations are generally longer than the estimates for contractors. Drive time (which should not vary for tasks) cannot explain that difference. Finally Comcast on sheet 270 in the sample system data used the same install times as the Consultants to calculate contract labor hours. If Comcast is correct in its Comments that drive time is not included (and should be), it is also admitting that it is knowingly and intentionally understating contract labor hours, which would inflate the Hourly Service Charge ("HSC") in the Filing. If only for consistency, then, use of the contractor hours is justified. In sum: even if one assumed that Comcast's point had some merit, it does not justify the Comcast

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<sup>14</sup> Comcast has the burden of providing the supporting calculations. Comcast's claim of being "too low" should not be considered, as Comcast is responsible for preparing this Filing using supportable figures and amounts.

<sup>15</sup> This reduction had no practical affect in the revised rates as the Consultants had already eliminated this category because of the unbundling concerns.



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approach, which is to ignore contractor time altogether. The approach used by Consultants is the best approach given the data available, and makes sense as a matter of internal consistency in the filing.

Second, Consultants reduced contractor time by the time estimated to install a drop to the demarcation point at a home. Comcast admits it included drop install time, and justifies that decision by selectively quoting an FCC order at page 16 of its comments. Comcast quotes the first line of paragraph 36 of *Comcast Cablevision of Tallahassee, Inc*, 10 FCC Rcd. 7686 (1995), but fails to provide the language of paragraphs 34 - 36 that are exactly on point in this issue.

34. With respect to the treatment of labor costs associated with installation of customer drops, we further explained in the HSC calculation instructions in Form 1205 (one of the successor forms to Form 393) that operators have another option in addition to recovering such costs through the installation charge. The other option is for the operator to capitalize [the labor costs] in distribution plant as part of the cost of the drops.

35. Commission rules thus allow one of two options for the recovery of labor related to the installation of subscriber drops at the time of service installation. These options are: (1) to recover the labor costs associated with the installation of subscriber drops through the installation charges; or (2) to capitalize such costs in distribution plant as part of the cost of drops. (Footnote 96 – See instructions to Form 1205.) Under the first option, related labor costs and labor hours should be included in the calculation of the HSC (in Part III, Step A, Lines 1 and 4). This is required by the HSC formula in order to ensure that the HSC is properly based on all the activities to which it applies. (Footnote 97 – See 47 C.F.R. § 76.933(d).) Under the second option, the labor cost for drops is recovered in the charges for cable services only – not in installation or customer equipment charges. (Footnote 98 – Form 1205, at 14 (Worksheet for Calculating Permitted Equipment and Installation Charges, Step A: Hourly Service Charge, Note 2).)

36. Comcast makes it abundantly clear that it elected the first option – to recover the cost of labor associated with the installation of subscriber drops through the installation charge. (Footnote 99 – Appeal at 24 (“Consistent with the Commission’s policy, Comcast instead chose to include labor costs as part of its installation charge when initial installations require cable drop installation”)) Thus Comcast calculates its installation charge by including subscriber drop installation labor hours in determining the overall installation time, and then multiplying the overall time by the HSC. (Footnote 100 – See Appeal, Exhibit Q (Comcast Version Form 393), at Attachment 4.) It is clear however that Comcast



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did not include the labor costs and labor hours associated with installation of subscriber drops in the calculation of the HSC.”

In its June 21, 2004 response to Question 12 in connection with this Filing, Comcast stated the following:

Question 12. Please explain in detail Comcast's capitalization policy regarding installations in each system included in the National 1205, including but not limited to:

- a) Does Comcast capitalize the cost of the service drop to a home or business?
- b) Does Comcast capitalize the initial install of a home or business?
- c) Does Comcast capitalize the prewired initial install of a home or business?
- d) Does Comcast capitalize the initial install of any/all additional outlets in a home or business?
- e) Please provide the total gross amount capitalized per books per system, the net amount capitalized per system and the depreciable life of the asset.

Response:

Please see the attached exhibit titled “Accounting for Subscriber Connection Costs” from Comcast’s Financial Policies & Procedures Manual. Answers to Question a) through e) are provided below.

- a) Yes.
- b) Yes.
- c) No.
- d) Yes.
- e) Please see the attached exhibit, “Capitalized Labor”.

The excerpt from Comcast’s Manual had the following title: “Chapter 8, Section 5, Financial Policies & Procedures Manual, Subject: Accounting for Subscriber Connection Costs, Scope: This statement of policy addresses the general accounting for the capitalization of subscriber connection costs. Effective Date: January 2004.” In addition, Comcast provided the following responses on page 7 of the filed Form 1205:

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



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Comcast's response – No.

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

Comcast's response – Yes.

Comcast's representations on page 16 of its comments that the "Report's exclusion of any contract labor costs or hours associated with drop installation contradicts this FCC mandate" is incorrect. By its own admission in the above responses to the Consultants requests and to the questions on the Form 1205, Comcast indicates that it has chosen to capitalize the labor costs of its drop and therefore based on the *Comcast of Tallahassee* order must exclude the labor costs (and hours) associated with the drops from the Form 1205. The exclusion is precisely what the Final Report did with the contract labor costs and the time estimates. (See Final Report at 27.) The Consultants request that the participating LFAs reject Comcast's position and adopt the adjustments in the Report.

Finally, at page 15 of its Comments, it "objects to the adjustments, because they are not adequately explained." The Consultants do not understand Comcast's contention. The information attached to the Final Report is the same sort of information furnished by Comcast with the Filing - a revised Form 1205 (Final Report Appendix C) and a statistical sample summary (Final Report Appendix D). Comcast's Comments at 15 state that it "has been unable to replicate the Consultant's results." We do not understand the difficulty, and Comcast never requested any support or explanation from the Consultants. We have attempted to provide information to Comcast even where not technically required to do so. For example, by electronic mail on January 26, 2005 Comcast requested "Is it possible for you to forward to us electronic versions of both Appendix C and Appendix D so that we can get a better understanding of how you arrived at your final numbers?" Copies of the Excel spreadsheets for Appendices C and D were provided by electronic mail on January 28, 2005, and were provided in the same form as Comcast's response to a similar request by the Consultants. This was Comcast's only request concerning the Final Report. Under the circumstances, Comcast's criticism does not justify rejection of any adjustment.

#### F. Warehouse Personnel

Consultants eliminated warehouse personnel from Schedule B of the 1205 because (a) the costs had not been unbundled previously; and (b) the same cost appeared to be capitalized in Schedule C. Although Comcast does not provide support for the assertion, Comcast Comments claim that the costs on Schedule B are not the same as the costs capitalized on Schedule C. Even if one assumed that were the case, it would not solve the unbundling problem. Moreover, it does not mean that Comcast's estimates are otherwise reasonable. Comcast included costs and hours for warehouse personnel in some of the sample system data that implies that warehouse personnel



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spend in excess of 70% of their time on converter issues alone.<sup>16</sup> Considering that these warehouse personnel also support non-regulated equipment and installation activities such as cable modems and telephone service, that percentage does not appear reasonable, and Comcast did not provide data that would support that percentage.

Consultants therefore conclude that Comcast has not shown its estimates are reasonable with regard to this cost category nor has it proven that these costs were unbundled originally. (See Final Report at 19.) The Consultants request that the participating LFAs reject Comcast's position and adopt the adjustments in the Final Report.

### G. Office Personnel

Comcast does not provide any facts that change the conclusions in the Consultants' Final Report regarding office personnel. (See Final Report at 19.) For example, Comcast's Comments reference the discussion at page 20, footnote 23 of the Final Report, a discussion that has nothing to do with office personnel. Footnote 23 in the Final Report deals with point sheets that were missing for the four identified sample systems. The Consultants agree that the missing point sheets were provided by letter dated October 7, 2004. Comcast makes the statement "In short, Comcast properly provided existing materials responsive to the RFI." (Comments at 17) The response "properly provided" for the Wildwood sample system was:

Questions 23. Please provide support for amount shown for "Office Converter Maintenance Hours" of "61.00" per week on the "Miscellaneous Regulated Activities" worksheet. **The support must include all studies, documents or other material used by the Wildwood personnel used to support such amounts. To the extent the individual responsible for preparing such amounts did not use any supporting information, please state such and provide a detailed explanation for the source of the amount shown. Please provide the name and title of the individual supporting the hours shown on this schedule. (Emphasis added)**

Response:

The FCC has stated, "We anticipate that cable operators will use their **past experience and historical data** to make the best estimate of the number of service repair hours for remotes. Charges for leasing of converter boxes and all other equipment will be calculated in the same manner as for remotes. For installation charges, the cable operator must elect a uniform installation charge that is calculated based on either: (1) the HSC times the person hours of the visit; or (2) the HSC times the average hours spent per

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<sup>16</sup> For example, see the Flint MI sample system where the percentage is 79%



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installation visit.” (See FCC Report and Order, FCC 93-177, released May 3, 1993, Paragraph 296.) (Emphasis added)

Comcast has used the past experience of its office personnel to make their best estimate of the average hours spent per week on converter maintenance. The office converter maintenance hours of 61 are a sum of the activities listed on the Miscellaneous Regulated Activities worksheet labeled “O”, indicating office personnel perform these functions.

The information on the sample data worksheet Miscellaneous Regulated Activities that was labelled “O” and totaled 61 hours per week were: (1) 8 hours per week “trouble shooting equipment/converter problems over the telephone prior to scheduling service call;” (2) 45 hours per week keying of converter serial numbers to customer accounts after installation or exchange, and completing associated paperwork;” and (3) 8 hours per week “time spent exchanging or retrieving converter equipment at the front counter.” This does not provide studies, documents or other materials, does not provide a detailed explanation for the source of the amount shown, and does not identify the individual supporting the hours shown on the schedule. The Consultants asked for Comcast to provide details in the data request detailed above that would have encompassed “past experience and historical data.” Comcast provided no such supporting data. The Consultants therefore were not able to evaluate the data used by Comcast to any supporting information. Comcast has not shown in these comments that it has met its burden of proof on inclusion of these office personnel.

The lack of support alone would justify exclusion of this cost, but exclusion is also justified by the unbundling issue discussed above. In light of these two flaws, Consultants request that the participating LFAs reject Comcast’s position and adopt the adjustments in the Report.

#### H. Inside Wiring

Comcast’s Comments on page 17 and 18 fail to address the principal concern with the inclusion of all of the trouble calls for inside wiring. The Consultants were concerned primarily that some of these calls would relate to wiring that is not related to cable service, such as home networking and telephone wiring that are covered under the wire maintenance plans, thus including the time estimates and costs for these non-cable and non-inside wiring maintenance plan customers in the Filing.<sup>17</sup> (See Final Report pages 27 – 29). The Consultants asked for copies of the inside wiring plans and the number of customers on the plan. Comcast only provided the number of current customers on the plan but in almost all of the responses, Comcast never provided the plan. Further, Comcast provided no estimate of the time associated with these inside wire trouble calls that would permit one to distinguish between cable service-related calls and call related to

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<sup>17</sup> It should be noted that the wire maintenance plan is a separate charge on the subscriber’s bill and none of the revenues generated from these charges are offset against the inside wiring expenses





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maintenance of telephone wires or home computer networks. Comcast's approach – which treats all inside wire calls as if they were cable-related – therefore is not reasonable. The Consultants, however, have not disallowed this item completely, but have removed 50% of the number of inside wire trouble calls and left in the remaining calls as the best available information. The percentage was based on information from Comcast regarding the number of customers who subscribe to an inside wiring plan (while Comcast does not know how many trouble calls will involve customers who subscribe to wire maintenance plans, it is at least reasonable to assume given the absence of other information that it will bear some relationship to the number of subscribers who have take a wire maintenance plan). Comcast has not provided any information that would suggest that the Consultant's adjustment results in an unreasonably low rate.<sup>18</sup> The Consultants request that the participating LFAs reject Comcast's position and adopt the adjustments in the Report.

### I. Customer Trouble Calls

Comcast's Comments on page 18 do not address the problem identified by the Consultants. The Consultants on pages 31 and 32 of the Final Report identified two issues with the inclusion of customer trouble calls: (1) no supporting data and (2) no support that these amounts were unbundled in the original Form 1205 unbundling. Setting aside the unbundling issue, Comcast's comments at 18 do not address the failure by Comcast to meet its burden of proof with regards to the support for the customer trouble calls. If Comcast had provided the support and had reliable estimates of the number and time to complete these calls, the adjustment might not have been necessary. While Comcast may believe that the Consultants' estimate is unreasonable, it is in fact generous considering that Comcast has not actually supported inclusion of any time, much less the 40 minutes it proposed.<sup>19</sup> Comcast's Comments appear to support the notion that this is not an area where Comcast has either significant costs – Comcast seems to indicate that it will even waive these charges to promote customer satisfaction. (See Comments at 18.)

The Consultants request that the participating LFAs reject Comcast's position and adopt the adjustments in the Report.

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<sup>18</sup> Based on Comcast's Comments, the Consultants re-ran their analysis for the Trenton sample system to reverse the 50% exclusion of the number of inside wire trouble calls. The HSC calculated as part of the Final Report showed a HSC for this system to be \$34 93. After eliminating the adjustment recommended, the HSC was lowered to \$34 88 – a minor change modifying the Final Report based on Comcast's Comments resulting in a slightly lower HSC.

<sup>19</sup> Comcast gives examples of cases where it could take more than 20 minutes to identify a problem that is unrelated to equipment. But it is also easy to imagine cases where it could take less than 20 minutes – where the customer has inadvertently unplugged equipment, for example. Aside from drive time (accounted for in Consultants estimate) there is no basis for assuming that there is any significant time associated with the type of trouble call at issue, and as the company has the burden of proof, it is appropriate to assume that the time is short.



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## J. VCR Connections

Comcast's comments at 18 do not address the fact that these VCR connections are already included in the un-wired and pre-wired installation rates charged by the contractors. Comcast claims to have "limited" records on these VCR connections. (See Comments at 18.) Yet VCR connections have been a regulated activity since the 1990's and the Consultants continue to question why Comcast has not captured the number of VCR connections done each year on its "field data reports." The mere fact that Comcast is silent on the potential for double recovery – once in the contractor installation costs and again via a separate charge – underscores the need to eliminate these charges until it can be ensured that no double recovery occurs. The Consultants do agree that VCR connections can be charged – if it can be shown that (a) it takes additional time to hook up a VCR – time that is not reflected in the initial installation; and (b) if it can be shown that the estimated time for those VCR installs reflect only the time to connect only to a television, as opposed the time to connect the cable to the average subscriber's equipment. Neither showing has been made. The Consultants do recognize that the potential double recovery might not occur in a VCR connection – separate trip and therefore will modify their recommendation to include a "VCR – separate trip" charge with an MPR of \$13.78 (4577 hours times the \$30.10 HSC).

The Consultants request that the participating LFAs reject Comcast's position and adopt the revised recommendation described above.

## K. DVR Equipment

Comcast misconstrues the Consultants' Final Report and findings. (See Final Report at 32.) Comcast claims at page 19 that the "Report errs in asserting regulatory authority over Comcast's DVR service simply because the service happened to be inadvertently identified on certain rate cards...." This is not the case. The Consultants point out, and Comcast does not refute, that "DVR service" is not a service but is equipment – equipment that is used to receive and record the Basic Service Tier along with other programming. (See Final Report at 32.) The FCC's rules clearly indicate that such equipment, because it is used to receive basic service, is regulated and should be included in the Form 1205. Comcast has failed to include the equipment in the Filing and should be precluded from charging a rate different than an addressable converter rate until such time as it files a Form 1205 supporting a different amount. If Comcast can show that it is providing a service independent of the equipment used, then it may be able to also establish a rate for service (it obviously cannot combine a rate for service with a rate for regulated equipment). The Consultants request that the participating LFAs reject Comcast's position and adopt the adjustments in the Report.



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#### L. Unreturned Equipment Charge

Based on recent action by the FCC,<sup>20</sup> the Consultants recommend the participating LFAs do not set a charge or require Comcast to support such a charge at this time as part of this Form 1205. Based on the FCC decision, communities may wish to consider individually whether they have authority under state law to regulate the charges at issue. It may also be wise to be clear in any Order that Comcast's unreturned equipment charges are not being adopted or endorsed.

#### V. STATISTICAL ACCURACY OF COMCAST'S SAMPLING

The Consultants appreciate Comcast's further explanation regarding the sampling concerns. (See Comments at 20) However, the participating LFAs should also note that the sampling concerns discussed in the Final Report were not limited to the single point addressed by Comcast. The Consultants continue to support the recommendations in Final Report.

#### VI. COMCAST'S COOPERATION AND RESPONSIVENESS

##### A. Generally

In the Final Report, Consultants explained that their review had been hampered by Comcast's failure to respond promptly and completely to data requests regarding the Form 1205. In response, Comcast variously argues that it did reasonably cooperate with the Consultants and that the Consultants requests for information were unreasonable, or unduly burdensome. In fact, given the scope of this filing, and the methodology used by Comcast, the Consultants were consistent with the scope of their requests submitted as part of the Form 1205 review process.

Comcast seems to suggest, for example, that the number of questions asked -- "more than a thousand RFI questions -- was extraordinary. Comcast's filing was based on data collected from 20 sample systems. The same data request was submitted for each of the 20 sample systems. Over 960 of the requests were thus duplicate questions regarding each of the sample systems (See Comments at 1.). Far from being a burden, by having separate, albeit duplicate requests for each system, the Consultants and Comcast could more easily keep the data segregated for each of the twenty sample systems.

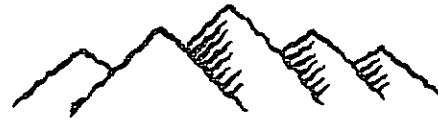
Comcast's reference to providing "more than three feet of material to the Consultants" is misleading. (See Comments at 1.) Comcast collected information from its sample systems in order to develop its own Form 1205. Just copies of the sample system material Comcast collected for its own purposes amounted to about three feet of paper. As Comcast's answer suggests, Comcast gave Consultants the data it wanted them to accept, but it was not willing to

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<sup>20</sup> *Charter Communications Entertainment I, LLC*, DA 05-392, released February 14, 2005.



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provide a significant amount of additional information to permit Consultants to fully probe the company's filing. This was particularly troubling because information that was provided indicated that there were inconsistencies and errors in the Filing that could only be fully addressed through review of information that was never provided.

Among other things, the Consultants sought information that would allow them to identify and correct unbundling problems. It sought historical filings for all the Comcast systems covered by the filing, and when that was refused, sought historical information for the sample systems. Comcast responded by filing a petition to quash the requests at the FCC. While Comcast claims in footnote 1 of its Comments that its "FCC filing was well-intentioned" and that it "believed that it would be helpful to both parties if the FCC would quickly clarify this matter," the fact remains that the FCC did not authorize the company to withhold data. The company, however, has continued to refuse to provide the information that was requested,<sup>21</sup> so the Consultants were required to resolve unbundling and other issues based on the best information available to them.<sup>22</sup>

The requests submitted by the Consultants' in reviewing the Filing were not unusual or unreasonable. In fact, Comcast's predecessor, AT&T Broadband, typically provided several boxes of supporting data with a consultant's first data request – that being the detailed support used for the sample systems. Comcast has responded to these same requests in prior years when the Form 1205 filings were at a local or system level. (See Supplemental Report Attachment 2 – Pages 11 and 14 of Comcast's March 10, 2004 response to #32 and Page 9 of Comcast's April 16, 2004 response to #16 in the City of Detroit Cable Communications Commission review of the 2004 filed FCC Form 1205.)

## B. Invoices

In this case, Comcast has been particularly reluctant to produce invoices to support its cost claims. Comcast states in its comments that review of Form 1205 cost data and supporting documents should be limited to "existing financial records," a term which is not defined or

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<sup>21</sup> The Consultants' Final Report does not mischaracterize Comcast's level of responsiveness as Comcast claims in its Comments at 6. (See Final Report at 8.) In fact, the Final Report merely summarizes the responses. Comcast did respond (in some fashion) to "hundreds of questions," but the company did not provide all of the information requested and in numerous instances only provided narrative responses when specific documentation was requested (and vice versa) or provided a partial answer at best. (See Final Report at 13, 16, and 22.)

<sup>22</sup> The Consultants made it clear in an August 4 request that if Comcast did not provide the requested information, the Consultants review would rely on the "best available information." In its August 18 response, Comcast again refused to provide the requested information. The Consultants unbundling recommendations therefore had to be based on historical information and data that was available, and Comcast's criticisms must be weighed in that light.



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explained, and "relevant excerpts from the general ledger." (See Comments at 2 and 3.) What Comcast provided, by and large, was "general ledger" data.

The Consultants were concerned that "general ledger" information may not identify costs that would be inappropriate for the Form 1205 filing. In order to address this concern, the Consultants asked for Comcast to produce actual invoices supporting the costs claimed by Comcast in the Form 1205 filing. In previous filings made by Comcast, for example, such an invoice review identified that Comcast had included cable modem costs incorrectly in certain general ledger accounts and included in those accounts in prior Form 1205s and had allocated property taxes to converters when said property taxes were not applicable to converters. (See attached affidavit of Garth T. Ashpaugh.) Comcast claimed in response to specific requests of the Consultants<sup>23</sup> concerning the Filing that cable modem costs were not included in the Form 1205, although examination of invoices showed that cable modem costs were included.<sup>24</sup> Such experience shows that a reviewer cannot simply take Comcast's general statements for granted without examining their support.

The Consultants also were concerned that examination of general ledger data would not, for example, provide the necessary split of contractor labor between regulated (within 12 inches of the home) and unregulated activity, such as installation of telephone service and or cable modem service. Nor would it identify "combo" installations – an installation involving a combination of activities, some that are regulated and some that are not regulated. Examination of general ledger and "existing financial records," whatever those may be, will not provide the necessary assurance for costs claimed in the 1205 that review of invoices will.

Examination and recalculation of invoices is not new to this regulatory process. It has been a key component of the LFA review since 1993. Furthermore, Comcast did not use any information from its "existing financial records" to support its contract labor costs. (See Comcast letter dated June 21, 2004, response 9.) The preparers of the Filing "created" these costs by using un-audited "field data reports" and "cost sheets" which may or may not have any correlation to actual costs paid by Comcast to these contractors.

Comcast states:

Requests to retrieve contractor invoices are exceptionally rare. In one instance when it did occur, Mr. Treich, who then led the regulatory accounting group responsible for rate filings at AT&T Broadband, instructed his staff not to provide invoices to regulatory consultants, because he regarded those requests as overly burdensome. (Comments at 5)

<sup>23</sup> See Comcast letter dated June 21, 2004, response to question 11.

<sup>24</sup> It should be noted that the Consultants' Report made specific adjustment to eliminate cable modem costs from converter costs and that Comcast has not disputed that adjustment in its Comments



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Comcast fails to give any specific reference or support for that statement or the specific "request" to which Comcast attributes its remarks.<sup>25</sup> But in the end it does not matter what Mr. Treich's personal views may have been. As a factual matter, AT&T Broadband actually did produce invoices. For example, in the City of Richardson appeal to the FCC, the company provided the FCC with copies of all of the information given to the city, which comprised several large boxes of material. In the next year, the AT&T Broadband not only allowed the regulatory consultant access to all of its books and records, but the company also agreed to reimburse the regulatory consultant for his costs associated with traveling to the corporate headquarters in Denver.

Indeed, Consultants have been reviewing contractor invoices associated with Form 1205 filings of Comcast since 1996. In the Consultants' review of Comcast's 2004 Detroit 1205 filing, the Consultants requested and were provided contractor invoices and converter repair invoices for the entire year of 2003 – the same year the Filing covered. Comcast has also provided copies of contractor invoices for its Montgomery County, MD and Arlington County, VA 1205 filings to the Consultants since 2000 – the year Comcast took over the system.

To be sure, Comcast did make some invoices available, and where invoices were made available, Consultants were able to identify costs that were not properly includable in the Form 1205, such as cable modem costs. However, the Consultants were not provided and were unable to review any invoices for: Bonuses, Commissions, Property Taxes, Insurance and Contract Labor. These five categories encompass over 20 percent of the Schedule B costs shown on Comcast's Form 1205 filing. (See Form 1205 filing, FCC Form 1205 Capital Asset/General Ledger Audit report 2003, page 3.) Comcast, in response to the sample system data requests for invoices, responded:

Comcast will provide the requested documents after we have retrieved the documents from our data storage systems and copied them for transmittal. In the meantime, please see the attached Exhibit 1205\_42\_082404, the General Ledger for account 46110, Contract Labor – Installs. Please note that the Contract Labor – Install General Ledger balance is \$773,086.32 or \$386,156.32 more than the invoice total you are requesting that we tie out to of \$386,930. Also please refer to our June 21, 2004 detailed response to your request for additional information question number 9.

As noted above, we are in the process of obtaining the invoices for additional support.

(For example, see Comcast response to the Wildwood NJ sample system question 42.)

The invoices were never provided. (See Final Report at 16.)

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<sup>25</sup> Comcast has attached an affidavit to its Comments supposedly supporting the accuracy of that statement, although it does not appear to be based on personal knowledge Mr. Treich can neither verify nor deny the accuracy of the statement because of his agreement not to disclose non-public information.



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The Consultants specifically and repeatedly asked for copies of the invoices supporting contract labor and the sample system costs. (See Final Report at 16.) It is not unusual for Comcast to provide in excess of 2,000 pages for a local Form 1205 review. In the case of this Filing, it is a composite of 20 regional reviews spanning hundreds of LFAs; in that context an 85,000 page production would not be surprising.<sup>26</sup>

Even where invoices were produced, the company produced them in a manner that made review difficult, via an electronic invoice retrieval system that was discussed in the Final Report.

Comcast claims that the invoice retrieval system it provided was adequate for the Consultants' review and made the requested invoices available. (Comments at 3) The Consultants disagree. First, the access to the invoice system was over an Internet connection. Comcast could have easily made that Internet access available to the Consultants remotely and not required trips to the Leesburg and Denver offices. While the Consultants made it clear to Comcast with the initial request that they would travel to Comcast's offices if necessary to view the invoices, the Consultants were also clear that copies were to be made available. Comcast does not dispute the "cumbersome" process, but appears to be stating that this was as good as it could do. (See Comments at 3.) The Consultants disagree. As noted above, in other cases, (Detroit is an example) the company has produced paper invoices. Consultants have no reason to believe that paper invoices are not available for other Comcast systems. Nonetheless, paper invoices – which are relatively easy to review – were not provided here. The Consultants were prepared to go to each sample system location and review the invoices specific to the amounts claimed in the data provided. Comcast never made available this an option.

Comcast claims it provided "comprehensive lists of each and every invoice" that "should have facilitated a targeted review." (See Comments at 4.) Attached as Supplemental Report Appendix A are the first 6 pages for the Ann Arbor system from this "comprehensive list." Each entry spans 6 pages. For the Ann Arbor system, the total length of the list is 438 pages. In all, it is 5,550 pages for the 20 sample systems - hardly a tool for "facilitating" the Consultants' review. Comcast never indicated such a list (1) would not be available onsite or (2) that the list would be required for the review of the invoices. (See email from Comcast attached as Supplemental Report Appendix E.) Notwithstanding this miscommunication, the Consultants were able to get a partial copy of these invoice spreadsheets in Leesburg that allowed them to

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<sup>26</sup> Comcast on page 3 of its Comments suggests in footnote 3 that the Form 1205 should take 20 hours to complete. The Consultants believe that estimate was developed many years ago and has not been revised by the FCC to encompass the use of the FCC's Equipment Averaging methodology. It is hard to imagine even Comcast believes it should be able to complete a Form 1205, and in addition respond to data requests for all of its systems nationwide in the 20 hours estimated for completing the form for a single system. This is particularly so in light of the unbundling issues raised by the filing, and the Commission's *Tualatin* decision



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begin their review. (See Comments at 4.) It was too large for the Leesburg office to print in total, even for a single sample system.

Moreover, the electronic retrieval system did not allow the Consultants to access all invoices requested for the sample systems. (See Final Report at 13.) Comcast's Comments on page 4 that "the truth is the Consultants have had the option of accessing that information and chose not to exercise it" is incorrect. Comcast claims that it was able to access all of the invoices. Attached, as Supplemental Report Appendix B, is a copy of the electronic mail message sent to Comcast upon return from the Leesburg review. Comcast never replied to that message and never informed the Consultants that the information for the eight sample systems was available. Comcast also never disputed the Consultants' claims other than to state that Comcast had previously tried to access the information from its office and had been able to do so. (See Final Report at 13.) The local Comcast personnel, while very cordial, were not familiar with the software used in accessing the data. Comcast had no one in Leesburg to assist with the review. As for "(w)hen Comcast staff returned Mr. Ashpaugh's call ...," the call to Comcast was placed while the Consultants were at the Leesburg office and the Consultants had to leave a message for Comcast. Comcast did not return the call until sometime later after the Consultants had left the Leesburg office. (See Comments at 4.) By that time there was no sense in returning to the Leesburg office until the problem accessing the data for the eight additional systems was resolved. As noted above, Comcast never notified the Consultants that the problem was resolved. In any event, the 2-day review of documents in Leesburg using the data access program demonstrated convincingly that Comcast's process did not work well and was not conducive to the Form 1205 review and that the Consultants would require copies to be provided. (See Final Report at 13.) Comcast was specifically told this when Comcast returned the Consultants' call.<sup>27</sup>

### C. The Process

As stated in the Final Report at 8 and as explained above, Comcast continually chose to withhold data and provided wrong or misleading responses. In April 2004, the Consultants discussed with Comcast representatives that the Consultants would be doing the review of the Form 1205 filing for a group of LFAs across the country and indicated that this should simplify things for Comcast – dealing with one review for a large number of LFAs. (See Final Report at 7.) Comcast's comments are a perfect example of this simplification – one set of comments addressing the regulatory review of over 90 LFAs.

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<sup>27</sup> Comcast's Comments at 4 discusses that "Mr. Treich never visited the Colorado office." The Consultants chose to have Mr. Ashpaugh, who is a certified public accountant, handle this task since he has a background advantageous to this type of review and work





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Comcast references page 12 of the Final Report on page 5 of its Comments concerning the phrase "paper war." Comcast takes the statement out of context. The discussion on page 12 of the Final Report deals with the fact that "(t)he Consultants expressed a desire to meet and discuss the initial RFI requests with Comcast, so that the company could provide information responsive to the requests and address any confusion or discrepancies before assembling the necessary information. Comcast refused to have this meeting and instead prepared its responses without the benefit of such informal discussions." That discussion has nothing to do with Comcast's statement "the Consultants refused to rely on general ledger reports and demanded instead that Comcast produce actual vendor invoices." (See Comments at 5.) In fact, the initial request asked for contractor invoices at #9 – "Please provide copies of all contractor invoices for the year ended December 31, 2003 by system comprising the total of \$194,080,983 included in the National 1205 and copies of any analyses of contract labor prepared by Comcast." (Initial Request for Information dated May 21, 2004.)

Comcast claims in footnote 5 that "(t)he Consultants are similarly disingenuous ...." when they asserted that the company had insisted, without reason that data requests be mailed rather than emailed. According to Comcast, this requirement was established only because the electronic requests were "locking up" the Director of Rate Regulation's mailbox. Attached as Supplemental Report Appendix C is a copy of the September 9, 2004 letter from Comcast. Nowhere does it provide any explanation for the demand to "submit additional requests via first class mail to my attention at: ...." In fact, Comcast's initial June 21, 2004 response contained similar language of "submit additional requests to my attention at: ...." The September 9, 2004 response was the first time that "via first class mail" was inserted into that line of the cover letter to any response. Comcast could just as easily have requested faxing or overnight delivery of the requests, but instead it only provided regular U.S. mail for receipt of requests.

Comcast makes at pages 5 and 6 of its Comments the extraordinary claim that the list of participating LFAs provided by the Consultants misrepresented the participants and that the Consultants withheld information regarding participants from Comcast. Comcast requested a list of participants on June 18, 2004 and was provided the list by facsimile transfer on June 19, 2004. That was the first and only time Comcast requested such a list. Each participant listed on June 19, 2004 response and in all subsequent communications had a signed agreement with the Consultants for participation. Subsequently, by letter of July 23, 2005, the Village of Northbrook, Illinois, which was completing its franchise renewal with Comcast, withdrew its participation for no stated reason. A copy of the withdrawal letter is attached as Supplemental Report Appendix D. While there have been additions to the participant group, that is the only withdrawal. Comcast makes the unsupported statement that "at least one LFA who the Consultants claimed to represent told Comcast otherwise" but does not name the LFA. (See Comments at 6.) Each of the participating LFAs has paid for this report and have engaged legal counsel to support their efforts in getting an extension of the time to allow Comcast more time to



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prepare its Comments. In any event, confusion on Comcast's part about the participants does not excuse Comcast's failure to provide the requested information.

As for additions to the number of participating LFAs after the June 19, 2004 letter, the Consultants do not understand Comcast's concern. (See Comments at 5 and 6.) Comcast filed the same Form 1205 with all but a few LFAs across the country. Surely, Comcast is not claiming that it would have responded differently to different LFAs' identical questions concerning the Filing. Comcast, in the initial discussions between the Consultants and Comcast representatives, agreed that each participating LFA would not have to send individual information requests. Comcast agreed that the Consultants were to send such requests directly to Mr. Fitting. (See Final Report at 7.) Comcast's letter of June 18, 2004 stated:

To date, we have not received the aforementioned list of local franchise authorities. It has generally been your practice to have a franchising authority provide us with a letter requesting the provision of this information. Before we respond to your request, we need some confirmation that each of your client franchise authorities has engaged your services. Upon receipt of this confirmation, we will respond to your request accordingly except as noted below. In order to expedite your notification to us of this necessary information, I request that you provide us with a list of franchising authorities that have retained you services. Please show a "cc" to each of them on the transmittal letter providing us this information which will serve as a confirmation of your representation for purposes of the review.

The Consultants responded by letter of June 19, 2004, sent to Comcast by facsimile that included the following:

I am in receipt of your letter faxed to me and dated June 18, 2004 requesting the list of participants in our review of Comcast's 2004 FCC Form 1205. Enclosed is the current participant list who are each being copied on this letter. Please note that we will periodically update this list as additional participants join this project. We have contracts for participation pending in a number of communities.

In subsequent correspondence and filings, the list of participating LFAs was also disclosed. Every RFI request through August 27, 2004 included a "cc" to each participating LFA and on each of the emails sent to Comcast, each participating LFA was included with their individual email address. A copy of the email transmittal for the August 27, 2004 RFI is attached as Supplemental Report Appendix F. The facts do not support Comcast's Comments at 6.

Comcast appears to be claiming that its Comments or its responses to the RFIs would have been different had it known an additional LFA was participating. (See Comments at 6) Every participating LFA has provided Comcast notice of its process, a copy of the Final Report, a deadline for submitting comments, its willingness to use the Report and to issue an order.



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Comcast has never requested the Consultants or the participating LFAs to provide "notification" other than the notification of "cc"ing each participant requested on June 18, 2004. The Consultants were clear in the response to the June 18, 2004 request that other LFAs may join the process and Comcast never requested notification of any new additions. Never the less, the Consultants did continue to identify the current list of participating LFAs on each email RFI sent to Comcast.

## VII. CONCLUSION

The Consultants request that the participating LFAs reject Comcast's position and adopt the adjustments indicated in this Supplemental Report.

**Comcast 2004 FCC Form 1205 List of Participating Local Franchise Authorities**

City of Albuquerque, New Mexico

Arlington County, Virginia,

Burnsville/Eagan Telecommunications Commission (which is comprised of the Cities of Burnsville and Eagan, Minnesota)

City of Coon Rapids, Minnesota

District of Columbia

Village of Downers Grove, Illinois

Greater Metro Telecommunications Consortium (which is comprised of Adams County, Arapahoe County, Arvada, Aurora, Brighton, Broomfield, Castle Rock, Centennial, Cherry Hills Village, Columbine Valley, Commerce City, Denver, Douglas County, Edgewater, Englewood, Erie, Federal Heights, Glendale, Greenwood Village, Jefferson County, Lafayette, Lakewood, Littleton, Lone Tree, Northglenn, Parker, Sheridan, Thornton, Westminster, and Wheat Ridge, Colorado)

City of Los Angeles, California

City of Mentor, Ohio

Metropolitan Area Communications Commission, The (which is comprised of the Cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Gaston, Hillsboro, King City, Lake Oswego, North Plains, Rivergrove, Tigard and Tualatin and Washington County, Oregon)

Montgomery County, Maryland

City of Murfreesboro, Tennessee

North Metro Communications Commission (which is comprised of the Cities of Blaine, Centerville, Circle Pines, Ham Lake, Lexington, Lino Lakes, and Spring Lake Park, Minnesota)

North Suburban Communications Commission (which is comprised of the Cities of Arden Hills, Falcon Heights, Lauderdale, Little Canada, Mounds View, New Brighton, North Oaks, Roseville, St. Anthony and Shoreview, Minnesota)

City of St. Paul, Minnesota

Quad Cities Telecommunications Commission (which is comprised of the Cities of Andover, Anoka, Champlin and Ramsey, Minnesota)

Ramsey/Washington Counties Suburban Cable Commission (which is comprised of the Cities of Lake Elmo, Maplewood, North St. Paul, Birchwood Village, Dellwood, Mahtomedi, Vadnais Heights, White Bear Lake, Willernie, Grant Township, White Bear Township and Oakdale Minnesota)

City of St. Paul, Minnesota

City of Santa Clara, California

City of Skokie, Illinois

South Washington County Telecommunications Commission (which is comprised of the Cities of Cottage Grove, Newport, St. Paul Park and Woodbury and the Township of Grey Cloud, Minnesota)

City of Wheaton, Illinois

**SUPPLEMENTAL REPORT APPENDIX A**

Entity	VendorNum	Vendor Name	Period Name	Accounting Date	Invoice Date	Invoice Num	Check Number
230	117308	A NOVO BROADBAND	FEB-03	02/12/03	01/14/03	187680	229,228,270.
230	117308	A NOVO BROADBAND	MAY-03	05/05/03	04/16/03	204773	209,350,718.
230	117308	A NOVO BROADBAND	JUN-03	06/11/03	04/22/03	205019	229,265,841.
230	117308	A NOVO BROADBAND	MAY-03	05/15/03	05/02/03	205792	209,350,718.
230	137929	CONFLUENT TECHNOLOGIES GROUP	OCT-03	10/10/03	09/01/03	HIL081803	229,302,064.
230	137929	CONFLUENT TECHNOLOGIES GROUP	OCT-03	10/10/03	09/01/03	HIL082003	229,302,064.
230	137929	CONFLUENT TECHNOLOGIES GROUP	OCT-03	10/10/03	09/01/03	HIL090803	229,302,064.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	SEP-03	09/26/03	09/02/03	212447	229,298,152.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	OCT-03	10/13/03	09/16/03	213335	229,302,867.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	OCT-03	10/13/03	09/29/03	214016	229,302,867.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	OCT-03	10/13/03	09/29/03	214017	229,302,867.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	OCT-03	10/13/03	09/29/03	214018	229,302,867.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	OCT-03	10/13/03	09/29/03	214019	229,302,867.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	DEC-03	12/17/03	11/10/03	217392	229,323,027.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	DEC-03	12/17/03	11/18/03	217806	229,323,027.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	DEC-03	12/23/03	11/20/03	218274	229,323,027.
230	188157	TELEPLAN VIDEOCOM SOLUTIONS INCORPORATED	DEC-03	12/23/03	12/08/03	219202	229,325,550.
230	11939	PETTY CASH CUSTODIAN	APR-03	04/24/03	04/21/03	230APR03PC	229,250,037.
230	11952	HJ GELZER & SON INCORPORATED	APR-03	04/21/03	01/06/03	H211732	229,248,813.
230	11952	HJ GELZER & SON INCORPORATED	APR-03	04/21/03	01/16/03	H212172	229,248,813.
230	11952	HJ GELZER & SON INCORPORATED	APR-03	04/21/03	01/24/03	H212614	229,248,813.
230	11952	HJ GELZER & SON INCORPORATED	APR-03	04/21/03	01/29/03	H212718	229,248,813.
230	11952	HJ GELZER & SON INCORPORATED	APR-03	04/21/03	02/06/03	H213166	229,248,813.
230	11952	HJ GELZER & SON INCORPORATED	APR-03	04/21/03	02/06/03	H213355	229,248,813.
230	11952	HJ GELZER & SON INCORPORATED	APR-03	04/21/03	02/24/03	H213738	229,248,813.
230	11952	HJ GELZER & SON INCORPORATED	APR-03	04/21/03	02/25/03	H214043	229,248,813.
230	11952	HJ GELZER & SON INCORPORATED	MAY-03	05/05/03	03/07/03	H214489	229,253,688.
230	11952	HJ GELZER & SON INCORPORATED	MAY-03	05/05/03	03/18/03	H214973	229,253,688.
230	11952	HJ GELZER & SON INCORPORATED	MAY-03	05/09/03	04/04/03	H215100	229,255,477.
230	11952	HJ GELZER & SON INCORPORATED	MAY-03	05/09/03	04/08/03	H215136	229,255,477.
230	11952	HJ GELZER & SON INCORPORATED	MAY-03	05/09/03	04/11/03	H215238	229,255,477.
230	11952	HJ GELZER & SON INCORPORATED	MAY-03	05/09/03	04/08/03	H215401	229,255,477.
230	11952	HJ GELZER & SON INCORPORATED	JUN-03	06/11/03	05/08/03	H217280	229,265,928.
230	11952	HJ GELZER & SON INCORPORATED	JUN-03	06/11/03	06/13/03	H217397	229,265,928.
230	11952	HJ GELZER & SON INCORPORATED	JUN-03	06/11/03	05/14/03	H217448	229,265,928.
230	11952	HJ GELZER & SON INCORPORATED	JUL-03	07/18/03	06/04/03	H218106	229,275,546.
230	11952	HJ GELZER & SON INCORPORATED	JUL-03	07/18/03	06/13/03	H218754	229,275,546.
230	11952	HJ GELZER & SON INCORPORATED	AUG-03	08/08/03	07/13/03	H219695	229,283,437.

Ann Arbor

Line Type Lookup Code	Dist Amt.	Invoice Amount	Amount Paid	Void Date	Pay Amount	Total Pay Amount	Dist Description
ITEM	47.75	46.05	46.05		45.05	47.75	
ITEM	752.42	748.31	748.31		740.31	752.42	
ITEM	82.77	80.35	80.35		80.35	82.77	
ITEM	404.14	397.96	397.96		397.96	404.14	
ITEM	780.02	778.22	778.22		778.22	780.02	
ITEM	1,679.60	1,676.18	1,676.18		1,676.18	1,679.60	
ITEM	125.93	125.32	125.32		125.32	125.93	
ITEM	750.43	740.99	740.99		740.99	750.43	
ITEM	39.95	39.95	39.95		39.95	39.95	
ITEM	68.27	66.67	66.67		66.67	68.27	
ITEM	68.27	66.67	66.67		66.67	68.27	
ITEM	68.32	66.72	66.72		66.72	68.32	
ITEM	86.43	83.80	83.80		83.8	86.43	
ITEM	489.24	477.53	477.53		477.53	489.24	
ITEM	255.57	254.83	254.83		254.83	255.57	
ITEM	68.32	66.72	66.72		66.72	68.32	
ITEM	144.35	140.71	140.71		140.71	144.35	
ITEM	26.46	53.56	53.56		53.56	26.46	
ITEM	6.67	6.67	6.67		6.67	6.67	
ITEM	16.51	16.51	16.51		16.51	16.51	
ITEM	5.51	5.51	5.51		5.51	5.51	
ITEM	14.12	14.12	14.12		14.12	14.12	
ITEM	74.14	74.14	74.14		74.14	74.14	
ITEM	106.75	106.75	106.75		106.75	106.75	
ITEM	15.26	15.26	15.26		15.26	15.26	
ITEM	59.23	59.23	59.23		59.23	59.23	
ITEM	35.93	35.93	35.93		35.93	35.93	
ITEM	32.57	32.57	32.57		32.57	32.57	
ITEM	5.08	5.08	5.08		5.08	5.08	
ITEM	4.21	4.21	4.21		4.21	4.21	
ITEM	15.89	15.89	15.89		15.89	15.89	
ITEM	12.78	12.78	12.78		12.78	12.78	
ITEM	40.36	40.36	40.36		40.36	40.36	
ITEM	12.56	12.56	12.56		12.56	12.56	
ITEM	9.51	9.51	9.51		9.51	9.51	
ITEM	3.92	3.92	3.92		3.92	3.92	
ITEM	243.59	243.59	243.59		243.59	243.59	
ITEM	59.35	59.35	59.35		59.35	59.35	

3-CE/HDL

Account	Dept	SubDept	Batch Name	Address Line1	Address Line2
45320	100	000	MW021203DC	196 QUIGLEY BLVD	
45320	100	000	MW050503DC	196 QUIGLEY BLVD	
45320	100	000	MW061103DC	196 QUIGLEY BLVD	
45320	100	000	MW051503DD	196 QUIGLEY BLVD	
45320	100	000	MW101003DD	18023 US HIGHWAY	61 SOUTH
45320	100	000	MW101003DD	18023 US HIGHWAY	61 SOUTH
45320	100	000	MW101003DD	18023 US HIGHWAY	61 SOUTH
45320	100	000	MW092503DA	DEPT 2829	
45320	100	000	MW101303DA	196 QUIGLEY BLVD	
45320	100	000	MW101303DB	196 QUIGLEY BLVD	
45320	100	000	MW101303DB	196 QUIGLEY BLVD	
45320	100	000	MW101303DB	196 QUIGLEY BLVD	
45320	100	000	MW101303DB	196 QUIGLEY BLVD	
45320	100	000	MW121703ID	196 QUIGLEY BLVD	
45320	100	000	MW121703ID	196 QUIGLEY BLVD	
45320	100	000	MW121703ID	196 QUIGLEY BLVD	
45630	100	000	MW122303IB	196 QUIGLEY BLVD	
45630	100	000	MW042403DE	RHONDA PETERS	
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	4 S HOWELL ST
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW042103DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW050503DC	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW050503DC	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW050903DA	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW050903DA	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW050903DA	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW050903DA	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW061103DC	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW061103DC	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW061103DC	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW071803DA	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW071803DE	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE
45630	100	000	MW080803DG	56-62 NORTH HOWELL ST	HILLSDALE HARDWARE



Address Line3	State	City	Zip	DLN	Accrual Posted Flag	Cancelled Date	Approval Status	Posting Status	Quantity Unencumbered
	DE	NEW CASTLE	19720	1. Y					47.75
	DE	NEW CASTLE	19720	1. Y					752.42
	DE	NEW CASTLE	19720	1. Y					82.77
	DE	NEW CASTLE	19720	1. Y					404.14
	MO	SIKESTON	63801	1. Y					780.02
	MO	SIKESTON	63801	1. Y					1,679.6
	MO	SIKESTON	63801	1. Y					125.93
	CA	LOS ANGELES	90084-2829	1. Y					750.43
	DE	NEW CASTLE	19720	1. Y					39.95
	DE	NEW CASTLE	19720	1. Y					68.27
	DE	NEW CASTLE	19720	1. Y					68.27
	DE	NEW CASTLE	19720	1. Y					68.32
	DE	NEW CASTLE	19720	1. Y					86.43
	DE	NEW CASTLE	19720	1. Y					489.24
	DE	NEW CASTLE	19720	1. Y					255.57
	DE	NEW CASTLE	19720	1. Y					68.32
	MI	HILLSDALE	48242	2. Y					144.35
	MI	HILLSDALE	48242	1. Y					26.46
	MI	HILLSDALE	48242	1. Y					6.67
	MI	HILLSDALE	48242	1. Y					16.51
	MI	HILLSDALE	48242	1. Y					5.51
	MI	HILLSDALE	48242	1. Y					14.12
	MI	HILLSDALE	48242	1. Y					74.14
	MI	HILLSDALE	48242	1. Y					106.75
	MI	HILLSDALE	48242	1. Y					15.26
	MI	HILLSDALE	48242	1. Y					59.23
	MI	HILLSDALE	48242	1. Y					35.93
	MI	HILLSDALE	48242	1. Y					32.57
	MI	HILLSDALE	48242	1. Y					5.08
	MI	HILLSDALE	48242	1. Y					4.21
	MI	HILLSDALE	48242	1. Y					15.89
	MI	HILLSDALE	48242	1. Y					12.78
	MI	HILLSDALE	48242	1. Y					40.36
	MI	HILLSDALE	48242	1. Y					12.56
	MI	HILLSDALE	48242	1. Y					9.51
	MI	HILLSDALE	48242	1. Y					3.92
	MI	HILLSDALE	48242	1. Y					243.59
	MI	HILLSDALE	48242	1. Y					59.35

Encumbe red Flag	Reversal Flag	Posted Flag	Match Status Flag	Final Match Flag	Payment Status Flag	Check Date	Check Date Month	Check Date Year	Check Date Quarter	Num 1099	Type 1099	PO Num	Payment Method Lookup Code
Y		Y	A		Y	02/17/03	Feb	2003	Q1	31-1239657	1099		CHECK
Y		Y	A		Y	05/20/03	May	2003	Q2	31-1239657	1099		CHECK
Y		Y	A		Y	06/16/03	Jun	2003	Q2	31-1239657	1099		CHECK
Y		Y	A		Y	05/20/03	May	2003	Q2	31-1239657	1099		CHECK
Y		Y	A		Y	10/13/03	Oct	2003	Q4	43-1697125	1099		CHECK
Y		Y	A		Y	10/13/03	Oct	2003	Q4	43-1697125	1099		CHECK
Y		Y	A		Y	10/13/03	Oct	2003	Q4	43-1697125	1099		CHECK
Y		Y	A		Y	09/29/03	Sep	2003	Q3	02-0692954	1099		CHECK
Y		Y	A		Y	10/14/03	Oct	2003	Q4	02-0692954	1099		CHECK
Y		Y	A		Y	10/14/03	Oct	2003	Q4	02-0692954	1099		CHECK
Y		Y	A		Y	10/14/03	Oct	2003	Q4	02-0692954	1099		CHECK
Y		Y	A		Y	10/14/03	Oct	2003	Q4	02-0692954	1099		CHECK
Y		Y	A		Y	12/18/03	Dec	2003	Q4	02-0692954	1099		CHECK
Y		Y	A		Y	12/18/03	Dec	2003	Q4	02-0692954	1099		CHECK
Y		Y	A		Y	12/18/03	Dec	2003	Q4	02-0692954	1099		CHECK
Y		Y	A		Y	12/26/03	Dec	2003	Q4	02-0692954	1099		CHECK
Y		Y	A		Y	04/25/03	Apr	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	04/23/03	Apr	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	04/23/03	Apr	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	04/23/03	Apr	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	04/23/03	Apr	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	04/23/03	Apr	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	04/23/03	Apr	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	04/23/03	Apr	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	05/06/03	May	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	05/06/03	May	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	05/12/03	May	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	05/12/03	May	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	05/12/03	May	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	05/12/03	May	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	05/12/03	May	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	05/12/03	May	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	06/16/03	Jun	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	06/16/03	Jun	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	06/16/03	Jun	2003	Q2	02-0692954	1099		CHECK
Y		Y	A		Y	07/21/03	Jul	2003	Q3	02-0692954	1099		CHECK
Y		Y	A		Y	07/21/03	Jul	2003	Q3	02-0692954	1099		CHECK
Y		Y	A		Y	08/12/03	Aug	2003	Q3	02-0692954	1099		CHECK

Group of Period Name	Computed	Voucher Num	Check Date Month2	Check Date Year2	Check Date Quarter2
2003	1.		Feb	2003	Q1
2003	1.		May	2003	Q2
2003	1.		Jun	2003	Q2
2003	1.		May	2003	Q2
2003	1.		Oct	2003	Q4
2003	1.		Oct	2003	Q4
2003	1.		Oct	2003	Q4
2003	1.		Sep	2003	Q3
2003	1.		Oct	2003	Q4
2003	1.		Oct	2003	Q4
2003	1.		Oct	2003	Q4
2003	1.		Oct	2003	Q4
2003	1.		Dec	2003	Q4
2003	1.		Dec	2003	Q4
2003	1.		Dec	2003	Q4
2003	1.		Dec	2003	Q4
2003	1.		Apr	2003	Q2
2003	1.		Apr	2003	Q2
2003	1.		Apr	2003	Q2
2003	1.		Apr	2003	Q2
2003	1.		Apr	2003	Q2
2003	1.		Apr	2003	Q2
2003	1.		Apr	2003	Q2
2003	1.		Apr	2003	Q2
2003	1.		May	2003	Q2
2003	1.		May	2003	Q2
2003	1.		May	2003	Q2
2003	1.		May	2003	Q2
2003	1.		May	2003	Q2
2003	1.		May	2003	Q2
2003	1.		Jun	2003	Q2
2003	1.		Jun	2003	Q2
2003	1.		Jun	2003	Q2
2003	1.		Jul	2003	Q3
2003	1.		Jul	2003	Q3
2003	1.		Aug	2003	Q3

**SUPPLEMENTAL REPORT APPENDIX B**

Warren Fitting, 11:01 AM 12/15/2004, Leesburg Review

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To: Warren Fitting  
From: Garth Ashpaugh <gashpaugh@ascpas.com>  
Subject: Leesburg Review  
Cc: "Dick Treich" <dick@frc-inc.com>  
Bcc:  
Attached:

Warren:

As we discussed yesterday, the process you set up for reviewing the invoices did not work very well and was very cumbersome. No instructions on how to use this were provided other than the simple email. The search and documents located had options that were not explained and had to be "found". There were significant delays waiting for the downloads of information.

I had to specifically know what I was looking for - system and account number. I could not go through and see what was available then peruse through what I wanted to see. I had to manually enter the info, wait for the search which always took 15 seconds or more. I could only see one page at a time and had to wait for it to load each page. This then only produced a list. I then had to choose the specific invoice and wait another 15 seconds or more for the "pdf" document. Again, only the first page, I had to manually request it to then provide "all" pages. If I wanted a copy, I had to then go to print and wait another 15 seconds or more for the print function to complete and free up the computer to move to the next item. In order to move to the next item, I had to go back to the list and start again. There seemed to be an option to choose multiple documents, but I could not get it figured out and I did not have any instructions. It would be impossible for any auditor to be productive using this setup.

I was unable to access any data for the following: E332 Wildwood, E840 Trenton, A54 Chesapeake Bay, EK32 New England East, E858 Montgomery County, E346 Connecticut, E868 Vineland and B56 Ann Arbor.

On the facilities, Mr. Fuller and his staff were excellent hosts. When we encountered the computer problem to start on Monday, he and his people were immediately on it. Unfortunately it did take a while to resolve. I would like to express my thanks to Mr. Fuller, Chris, Donna and the other people I met in the Leesburg office.

Garth

Garth I. Ashpaugh, CPA  
Ashpaugh & Sculco, CPAs, PLC  
1133 Louisiana Avenue, Suite 106  
Winter Park, FL 32789  
Phone (407) 645-2020  
Fax (407) 645-4070

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Printed for Garth Ashpaugh <gashpaugh@ascpas.com>

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**SUPPLEMENTAL REPORT APPENDIX C**



Comcast Cable  
183 Inverness Drive West  
Englewood, CO 80112

**VIA FACSIMILE (Questions and Responses Only) AND OVERNIGHT DELIVERY TO ADDRESSEES**

September 9, 2004

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

RE: FCC Form 1205 for Comcast  
Your Letter Dated August 27, 2004  
Ann Arbor, MI Sample System

Dear Mr. Ashpaugh:

Enclosed are responses to the requests for additional information regarding the FCC Form 1205 submitted by Comcast Cable Communications, LLC ("Comcast" or "Company") to the municipalities who have engaged your services

The responses follow the order of the questions contained in your letter pertaining to the Ann Arbor sample system. Additional support is provided where necessary and where we have been able to retrieve the supporting documents. We are still attempting to obtain additional supporting documents.

Please let me know if you require any additional information. Please submit requests for additional information in writing via first class mail to my attention at:

Comcast Cable Communications, LLC  
1500 Market Street -- 32E  
Philadelphia, PA 19102

Sincerely,

Warren Fitting  
Director, Rate Regulation  
Comcast Cable Communications, LLC

Cc: R. Treich, Front Range Consulting, Inc.  
M. Anderson  
P. Feinberg

**SUPPLEMENTAL REPORT APPENDIX D**



VILLAGE OF



# NORTHBROOK

1225 CEDAR LANE

NORTHBROOK, ILLINOIS 60062-4582

847/272-5050

FAX 847/272-9760

BOARD OF TRUSTEES

Robert J. Jaeger

A. C. Buehler III

Sandra E. Frum

Kent I. Donewald

James A. Karagianis

Brian J. Meek

PRESIDENT  
Mark W. Damisch

Lona N. Louis

Village Clerk

Village Manager  
John M. Novinson

July 23, 2004

Garth I. Ashpaugh, CPA  
President  
Ashpaugh & Sculco, CPA, P.C.  
1133 Louisiana Ave  
Suite 106  
Winter Park, FL 32789

Dear Mr. Ashpaugh,

Per our telephone conversation today, this letter confirms that the Village of Northbrook, Illinois, will no longer be participating in the analyses and report regarding the 2004 FCC Form 1205 filed by Comcast Cable. Please remove "Village of Northbrook" from the list for FCC Form 1205 Review Participants. Thank you.

Sincerely,

Cheryl Fayne  
Communications Manager

Cc: Richard Nahrstadt, Assistant Village Manager

www.northbrook.il.us  
e-mail: village@northbrook.il.us



**SUPPLEMENTAL REPORT APPENDIX E**

X-Original-To: gashpaugh@ascpas.com  
Delivered-To: gashpaug@localhost.worldramp.net  
From: "Fitting, Warren" <Warren\_Fitting@cable.comcast.com>  
To: "gashpaugh@ascpas.com" <gashpaugh@ascpas.com>  
Cc: "Fuller, Fred" <Fred\_Fuller@cable.comcast.com>, "Feinberg, Peter" <Peter\_Feinberg@Comcast.com>, "Anderson, Marcia" <Marcia\_Anderson@cable.comcast.com>  
Subject: Sample Systems Invoices Review  
Date: Thu, 4 Nov 2004 09:35:24 -0500  
X-Mailer: Internet Mail Service (5.5.2653.19)

Garth,

We are set up to have you review the sample systems' invoices you requested in our Lake County / Leesburg, FL office.

The address is 8130 County Road 44, Leg A, Leesburg, 34788.

The contact person at that facility is Fred Fuller. You may contact Fred at 352-516-6862 (cell) or 352-787-9601 ext 126 (office).

Our hours of operation in Leesburg are 8:00 AM to 6:00 PM. You are welcome to work during the entire 10 hours of operation each day.

The PC you will utilize is connected to a network printer so that you may print copies of the invoices.

Attached are instructions on how to access the documents through the web portal.

In a separate e-mail, I will send to you lists of all the invoices sorted by sample system and account number.

I'll be sending a similar message to Dick.

If you have any questions, please contact me at 215-320-7405.

Warren

Warren Fitting  
Director, Rate Regulation  
Comcast Cable Communications, LLC  
1500 Market Street  
East Tower - 32nd Floor  
Philadelphia, PA 19102  
215-320-7405 (office)  
215-981-7855 (fax)  
610-742-2861 (cell)  
Warren\_Fitting@cable.comcast.com

<<6 14 The Web doc>>



6.14 The Web.doc

Searching for Documents on the Web



<b>Searching for Documents on the Web</b>
---

## Searching for Documents on the Web

### Searching for Documents via the Web

To search for a document (or documents) on the web, you will need to login to the Website address: <http://10.20.11.56:8080/webfdd/login.jsp>.

The login that you have been provided is:

Login: auditor

Password: comcast5.

After you have accessed the website, do the following:

**Step 1) Login into the Feith Document Database**

### Feith Document Database

Username	<input type="text"/>
Password	<input type="password"/>
Database	<input type="text" value="fdd"/>
<input type="button" value="Login"/>	

**FEITH** SYSTEMS AND  
SOFTWARE, INC.

## Searching for Documents on the Web

**Step 2)** Select the File Cabinet Audit\_ACCT\_ENT and the Search File Cabinet image will display on the screen

Search in File Cabinet Audit\_ACCT\_ENT

-- BATCH_NAME	-- VENDOR_NAME	-- VENDDR_NUMBER	-- INVOICE_DATE	-- INVOICE_NUM
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
-- INVOICE_AMOUNT	-- VOUCHER_NUM	-- ENTITY	-- ACCT_NUM	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	

Search Reset Clear | Rows per page 20 | Case Sensitive  | Show fields 9 / 9 | Logout Folder

**Step 3)** Input your search criteria in the file cabinet fields. Use the tab key to move from one cell to the next.

**Step 4)** Click on Search

**Step 5)** After your results are returned, click the box view and your image will be retrieved.

Audit\_ACCT\_ENT Rows per page 20 Show fields 9 / 9

BATCH NAME	VENDOR NAME	VENDOR NUMBER	INVOICE DATE	INVOICE NUM
MUMBAI0911	MUMBAI WITH LIBRARY / PUNTOA TRIBE ACCOUNTING	0924	01/20/2009	178 INVOICES

**Step 6)** To rotate the image click on the rotate buttons:



To return to your list of invoices, click on the back arrow:



Searching for Documents on the Web

Visual Document - Microsoft Internet Explorer

Modify | Version | Logout

INVOICE NUMBER	INVOICE DATE	INVOICE AMOUNT	INVOICE TYPE	APPROVAL STATUS	INVOICE

1 Note

11/11/04

7/11

COMCAST CORPORATION  
TAX DEPARTMENT  
CHECK REQUEST

INVOICE NUMBER: 23-2893269 (Fed. ID#) DATE OF REQUEST: 03-Apr-03

COMPANY: Comcast Cablevision of Philadelphia Area 1, Inc. Division: Cable

PAID TO: (R) City of Philadelphia System #: Philadelphia Area 1, Inc. 817

MAILING ADDRESS: Department of Revenue  
City of Philadelphia  
P.O. Box 1629 Philadelphia, PA 19105-1629

PROCESSED

EDR Graham - 3rd Floor 18489  
ES - 23723 - Acct. Rec'd Prop. Taxes  
PBT - 91000 - Member of Tax-Exempt Fed-  
Type of Tax: Gross Receipts Tax Exemption

0



**SUPPLEMENTAL REPORT APPENDIX F**

Comcast of Detroit, GP.  
FCC Form 1240 and Form 1205  
February 1, 2004

Response: The hours represented above were suggested by the City and A&S in the City's letter to the Company dated January 11, 2001 and were used by Comcast in its previous filings.

31 Regarding warehouse personnel for the year 2003, please specifically identify:

a Each person;

Response: Please see Attachment # 15

b The number of hours worked by person;

Response: Please see Attachment # 15

c All activity and tasks performed by warehouse personnel; and,

Response: Please see Attachment # 22

d All types of equipment and inventory stored and maintained

Response: Please see Attachment # 22

32 Provide copies of all contractor invoices for the year ended December 31, 2003, including any summary analysis prepared by Comcast supporting the amount shown in Schedule B

Response: The amount in Schedule B was taken from the financial reports Attachment 24 - is a listing of all contractor invoices paid, and Attachment 24 include copies of all the contractor invoices for this type of labor.

33 Regarding the "Supplemental Information" Step A, Line 6, please provide detailed support for the amount of "Total Installation hours" of 123,016

Response: Please see Attachment # 20

34 Please provide the total number of installs in 2003 by type of activity.

Response: Please see Attachment # 23.

35. Please provide the "analysis of service calls" for 2003 installation activity

Response: In the FCC Form 1205 and supporting documentation submitted to the City, there was not an attachment labeled "analysis of service calls"

36 Please provide a list of all in-house employees of 2003 included in the determination of the amounts referenced in the responses above. For all employees, show the date hired, if during 2003 the date terminated, the number of vacation hours taken, the number of holiday hours taken, the number of sick leave hours taken, the number of personal leave hours taken, and the number of hours of training

Response: See Attachment # 15. This worksheet includes regular hours worked and overtime hours worked

37. Please provide a copy of Comcast's employee policies for the Detroit system on:

- a Holiday Hours;
- b Vacation Hours;
- c Personal Leave Hours; and,
- d Flex Hours; and,
- e Sick Hours

Response:

Comcast of Detroit, GP.  
FCC Form 1240 and Form 1205  
February 1, 2004

Detroit 2004 1240/1205 Response

List of Attachments

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- Attachment 1 Amended 2003 1240 Form
- Attachment 2 Subscriber Information
- Attachment 3 Caps Channels
- Attachment 4 Average BST Channels
- Attachment 5 Programming Cost Information
- Attachment 6 Copyright Form
- Attachment 7 Franchise Related Cost Information
- Attachment 8 Channel Line-ups and Rate Cards
- Attachment 9 Depreciation Expense Report
- Attachment 10 Supplemental Balance Sheet calculations
- Attachment 11 SBT Tax Rate - State of Michigan
- Attachment 12 Balance Sheet
- Attachment 13 Salary Information by Department from P&L
- Attachment 14 P/R Wages and Hours by department
- Attachment 15 P/R Detailed Hours by Employee
- Attachment 16 Schedule C, Line B Hours
- Attachment 17 Converter and Remote Subscriber Information
- Attachment 18 Reconciliation of Installation Costs
- Attachment 19 Contract Labor Allocation Calculation
- Attachment 20 Average Contractor Rate
- Attachment 21 Repair & Maintenance Hours - MTR
- Attachment 22 Warehouse Job Description & Inventory Listing
- Attachment 23 Task Summary
- Attachment 24 Copies of Contract Labor Invoices

Comcast of Detroit, GP.  
FCC Form 1240 and Form 1205  
February 1, 2004

Regarding Property Taxes, please provide:

- a. The calculation of the amounts involved with support for each amount;
- b. A complete listing and inventory of all equipment included in the return; and,
- c. Copies of the tax returns:

Response: Additional information will be provided to the Commission by April 30, 2004

16 Comcast failed to respond to #30a in the February 13 request Comcast provided response simply identified an amount on a page. The response does not provide any supporting detail for the amount of converter repair expense of \$114,389 and does not provide any explanation of the charges. Please provide supporting invoices for these charges that:

- a) Identify the specific type of equipment repaired
- b) Who performed the work and
- c) The associated charges

Response: Comcast responded in its March 10<sup>th</sup> letter identifying the amount in Attachment #13. The attachment was a copy of the financial statement, and showed an amount of \$114,389 for Converter Repair Expense. This document was the source document for the amount entered into the "Supplemental Calculations for Schedule C, Line B"

The newly requested information listed in 16a through 16c above can be found in Attachment #32 The copies of the invoices will only be sent to A&S.

17 Comcast failed to respond to #30b in the February 13 request Comcast provided Attachment #20 that shows the \$30.33 contractor rate but actually computes an average rate of \$28.81 (\$4,123,724/143,157). Please provide the calculation supporting the \$30.33 or provide an amended 1205 correcting the previous filing.

Response: Comcast responded in the March 10<sup>th</sup> letter with Attachment #20. Included with this letter is previously submitted Attachment #20 with narrative that identifies the calculations. The assumption by the Commission of the calculation of the \$30.33 was incorrect. If, as suggested, the rate was calculated by taking the extended contractor amounts of \$4,123,724 and dividing it by the total extended hours of 143,157, the formula would be circular since a portion of the maintenance hours are based on the average contractor rate. Instead the calculation is (as corrected) \$4,123,724 divided by the sum of the installation task hours of 123,016 plus the service call hours of 12,669. The other 2 categories for equipment maintenance and repair (contractor converter repair and in-house equipment repair) are not included in this calculation because they are not included in the extended amounts shown. Only installation and service call activity is represented and as such, were the only items included in the resulting calculation.

There was a slight error in the calculation and an amended Form 1205 will be sent with the remaining documentation. The revised average contract labor rate changed from \$30.33 to \$30.39. The changes to the amounts reflected on the Form 1205 were immaterial and once the amounts are rounded to 2 decimal places, there were no changes to the calculated maximum permitted rates. Please see Attachment #25.

18. Comcast failed to respond to #30c in the February 13 request Comcast was requested to provide "detailed explanation and support" Comcast only provided Attachment #21. No support was provided for any of the amounts shown and no explanation was provided. Please provide the requested "detailed explanation and support" for the total repair and maintenance service hours of 25,338.

Response: Comcast's technical reporting database produces a Monthly Technical Report ("MTR") This report shows the total service calls per month, the percentage of connects by contractors, percentage of total activity by contractors and a factor of converter related service calls per 1,000 subscribers. Attachment #31 shows these items. The calculation of Services calls on converters is equal to the Ending Basic Subscribers, divided by 1,000 and multiplied by the factor shown.

1  
2  
3 **DECLARATION OF GARTH T. ASHPAUGH**

4 I, Garth T. Ashpaugh, declare as follows:

5 1. I have served as President and Member of Ashpaugh & Sculco, CPAs, PLC,  
6 ("A&S") since December 1999. I am licensed as a Certified Public Accountant in the States of  
7 Florida and Missouri. I previously served as an Audit Supervisor for the Missouri Public Service  
8 Commission. I earned my Bachelor of Science in Business Administration from the University of  
9 Missouri in 1977.

10 2 I have over twenty years of experience in cable and utility rate regulation matters.  
11 Since 1992, I have worked with over 200 cities and counties in cable-related matters. I have  
12 performed financial analyses and audits of cable operator rate and equipment filings, renewal  
13 proposals, and transfer applications in Arizona, California, Florida, Kentucky, Maryland, Michigan,  
14 Minnesota, New Mexico, New York, Ohio, Pennsylvania, Tennessee, Texas, Virginia, Wisconsin  
15 and Wyoming. I have also assisted clients in evaluating mergers and purchases including Kansas  
16 City Power and Light and UtiliCorp, Baltimore Gas and Electric Company and Potomac Electric  
17 Power Company, SBC Media and Prime Communications, Prime Communications and Comcast,  
18 AT&T Communications and Tele-Communications Inc., and AT&T Broadband and Comcast  
19 Communications.  
20  
21

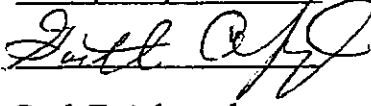
22 3. I have performed expert reviews of the FCC Form 1205s filed by Comcast Cable  
23 Communications with the City of Detroit, Michigan, the County of Montgomery, Maryland and the  
24 County of Arlington, Virginia since the mid 1990s. In these reviews, I have requested, been  
25 provided and have reviewed invoices, including contractor invoices and converter repair invoices.  
26  
27 This is a normal request and review step in the Form 1205.  
28

1           4.     I have also reviewed the national filing of AT&T Broadband. I was provided cost  
2 support for the sample systems that I reviewed. That sample information was the basis for  
3 adjustments and for additional questions submitted to and responded to by AT&T Broadband.

4           5.     I declare that the copies of the data request responses included as Supplemental  
5 Report Appendix F are true copies of the responses of Comcast.

6           6.     I declare that the statements contained within the Supplemental Report concerning  
7 reviews of Detroit, Montgomery County and Arlington County are accurate.  
8

9  
10  
11  
12           I declare under penalty of perjury that the foregoing is true and correct.

13           Dated: 2/25/05  
14           BY:   
15           Garth T. Ashpaugh



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

Ashpaugh & Sculco, CPAs, PLC  
1133 Louisiana Avenue, Suite 106  
Winter Park, FL 32789



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

**ERRATA**  
**TO**  
**SUPPLEMENTAL REPORT**  
**ON THE**  
**COMCAST NATIONAL FORM 1205**

Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc. have identified two items not included in Section in the Supplemental Report delivered to our participating LFAs on February 25, 2005. Those are:

- In Section III of the Supplemental Report should include a bulleted item:
  - Converter Maintenance at Time of Installation (VIII I) -- Comcast did not address the issues raised in the Final Report regarding the exclusion of these time estimates.
- In Section III of the Supplemental Report should include a bulleted item:
  - Other Converter Costs – Converter Repair (VIII O (1)) -- Comcast did not address the issues raised in the Final Report regarding the exclusion of a portion of these costs.

